

Economic Climate Report – Place

Conclusions

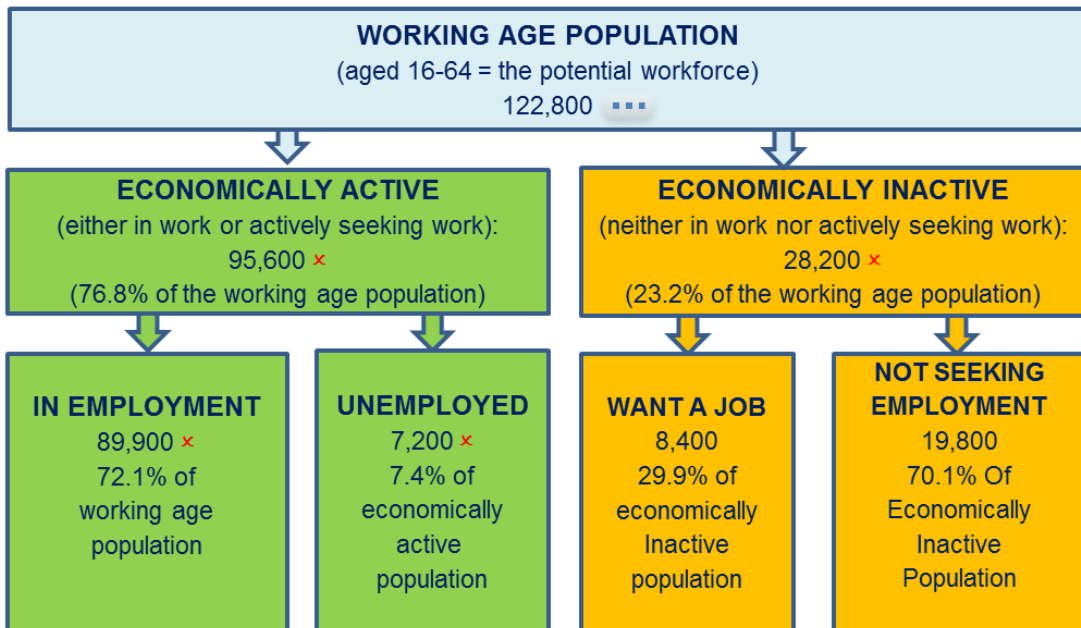
- Business growth continues yet a considerable amount of floorspace is available and actively marketed.
- There is potentially a shortage in the availability of larger business premises and this will be investigated further in an upcoming study
- The central area (including Stockton Town Centre, Teesdale and Thornaby Place) is the location with the largest supply of marketed office floorspace.
- Other locations with a large supply of marketed office floorspace include Preston Farm / Bowesfield and Billingham.
- The ELR highlights that there has been low levels of speculative industrial development highlighting two current industrial unit size brackets where availability is limited; firstly, units between 50 and 500 sq.m, and secondly units in excess of 2,000 sq.m.
- The former Sims Group warehouse site at Cowpen lane is marketed and covers more than 25,000 square meters of industrial floorspace.
- Key Events in Stockton Town Centre have coincided with considerable increases in Town Centre footfall with Stockton International Riverside Festival and the Stockton Cycling Festival in particular seeing a footfall counter on Dovecot street record some of the busiest days in the year.
- New Businesses continue to emerge in Stockton Town Centre with a rise in the number of food and drink establishments opening for business. At the end of October 2016 the Town Centre had an occupancy rating of 81.27%, up from 80.8% the previous year.
- A survey of residents' last trip to a restaurant and bar/pub highlighted trends in behaviours relating to the night-time economy.
- Unlike other parts of the UK house prices in Stockton have seen little change in recent years whilst the ratio of median house prices to median earnings remains below its pre-recession peak
- House prices within Stockton-on-Tees vary with lower house prices in Norton, Billingham, Stockton and Thornaby which are home to three quarters of all residents.
- There is an imbalance between housing in these areas and the rest of the Borough with Ingleby Barwick, Yarm, Eaglescliffe and other Rural Villages such as Wynyard having less affordable housing and higher rates of privately owned, detached and 4+ bedroom properties.
- The average price paid when houses have been sold in the past 5 years has increased in the Borough with the exception of Norton and Billingham where housing sales in 2015 were lower than in 2010
- The affordability of rental properties is similar to neighbouring local authorities and more detail about the affordable rental market will be provided in an upcoming report
- Housing market renewal sites have contributed to 635 (gross) affordable homes being built since 2011 and 2,250 additional dwellings built in Stockton between 2011/12 – 2015/16.
- Officers are undertaking a study to understand in greater detail the quality of housing in the Borough against a series of categories and criteria. This will be reported to Members at a future date.
- The case study in this report provides a brief overview of the development of affordable housing specifically to support adults with learning disabilities to live independently in their community

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 ... | Record ★

Labour Market Structure (July 2015 – June 2016)

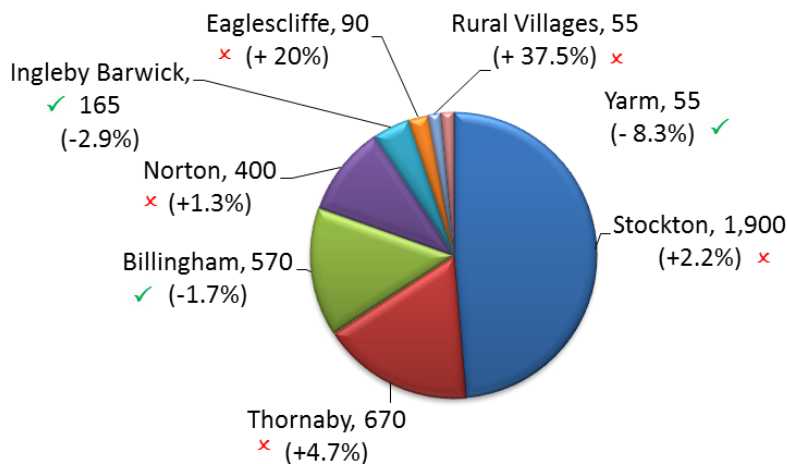


Source: Office for National Statistics, Annual Population Survey

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 for the national statistics

Job Seekers Allowance Claimants (November 2016)

3,900 people (November 2016) claiming JSA or without a job and claiming Universal Credit +90 persons (2.4%) increase since July 2016 ✗



(% changes are compared to July 2016 figure)

Updates

Strategic Updates

- **Virgin Media Business** is aiming to connect tens of thousands more businesses to ultrafast broadband as part of its £3bn 'Project Lightning' network expansion by the end of 2019. It is initially targeting under-served business parks and office blocks within reach of its existing optical fibre network. A Stockton-based business, **Cornerstone Business Solutions**, is the main contractor for Virgin Media Business for this project in the North East and is currently working to enable businesses on Teesside Industrial Estate in Thornaby to benefit from broadband speeds of up to 300Mbps from January 2017. The company is keen to supply other industrial estates, business centres and office blocks where there is an identified need. However, way leave issues can delay supply. Where there is no optical fibre network, small groups of businesses may still be able to access Virgin Media Businesses' ultrafast broadband via a satellite / laser line of sight link from a suitable tall building in the vicinity. [Tees Valley Combined Authority](#) Board discussed proposals to give over 15,000 more homes and businesses in Tees Valley access to superfast broadband by the end of 2018. It follows agreement reached between the Combined Authority and the Government agency Broadband Delivery UK (BDUK). The proposal will use up to £1m of funding secured by the Tees Valley under the Devolution Deal, matched with an equivalent contribution from BDUK, leveraging additional investment from the private sector. The programme will be delivered in partnership with Digital Durham, who has already worked successfully to connect thousands of homes across the region.
- TVCA and Tees Valley Business Compass have agreed to sponsor the first **Innovate Tees Valley Festival** which was held on 8th December. The event which was the first of its kind to be held in Tees Valley brought together local businesses, investors, researchers and innovation experts to make connections and find new solutions.
- The **Innovate Tees Valley Festival** held on 9th December was a free, full-day event focussing on how businesses can grow through innovation, designed to connect businesses, corporates, investors, academics and advisors with specific expertise in innovation. The programme included the high profile speakers, in-depth workshops and one-to-one coaching sessions from industry innovation experts. There was also the opportunity for attendees to pitch their product or idea to leading investors and seed funders. The Festival is part of the wider Innovate Tees Valley programme, delivered by Teesside University, Digital City, NEPIC and the Materials Processing Institute.
- On 1st December the Secretary of State recommended that **planning permission** should be granted to erect a designer outlet centre with restaurants and associated landscaping, car parking, servicing and access arrangements on land west of **A6108 Barracks Bank, Scotch Corner, North Yorkshire**. Given the particular trading nature of a designer outlet centre there is no objective evidence that would have a significant adverse impact on the vitality and viability of Stockton Town Centre.
- An Australian firm has revealed plans to base a £70m mineral processing site on Tees Valley and bring with it up to 100 jobs. Perth based **Peak Resources** has confirmed the Wilton International site as its preferred location for a £70m "rare earth" refinery. The refinery would process minerals for use in a range of products, including mobile phones, wind turbines and for the automotive sector. If the proposal gets the go-ahead, production is expected to start in 2019. Officers are investigating the local supply chain opportunities that may be available as a result of this announcement.
- Lord Heseltine launched the [Tees Valley Strategic Economic Plan : The Industrial Strategy for Tees Valley](#) on 8th December, and was joined by over 250 business leaders, and the Leaders of the 5 Local Authorities. The Plan sets out key priorities and areas of activity over the next 10 years.
- Officers have begun the process of engaging with Hilton and Interstate regarding the required workforce during the construction and operating phases of the new Hotel to enable employment opportunities for local residents.

Transport and Infrastructure

- **A19 Norton to Wynyard Improvement Scheme** - Highways England held public exhibitions on 13th

and 15th October to outline proposals and obtain feedback from the public. The preferred scheme involves widening to 3 lanes in both directions between A19/A689 (Wynyard) and A19/A1027 (Norton) junctions. Existing road and rail bridges will be retained and other public rights of way will be maintained or replaced. Current projections, as outlined in the exhibition material, are for a preferred route announcement in Spring 2017, start of construction in March 2020 and road opening in Spring 2022.

- **North East Rail Management Unit Board** - The North East Rail Management Unit (NERMU) Board met for the first time on 4th October. The main business of the meeting was to consider and approve the 2016/17 NERMU Business Plan and to get an update from Northern Rail on current franchise issues and future investment plans. The Board will meet twice a year with monthly officer meetings and bi-monthly meetings with all NE Train Operators and Network Rail covering the regular NERMU business.
- **Tees Valley Key Route Network** - As part of its emerging Roads Strategy, Transport for the North is proposing to define and establish a Major Route Network (MRN) across the North of England. This is to be based on certain criteria and TfN's aim is to develop "a stronger and more effective argument for future investment and coordination in our key highway networks across the north", and for east to west connectivity. In order to ensure that the Tees Valley network is accurately reflected by TfN, TIG is currently developing a KRN for the Tees Valley to feed into the TfN process.
- It was confirmed on 28th November that a new **River Tees Crossing** moved closer following an announcement that a proposal by the Tees Valley Combined Authority to develop a detailed business case has been endorsed by Government. Transport Secretary, Chris Grayling, has agreed to help accelerate the development work. The project will be developed by the Tees Valley Combined Authority with £450,000 Government funding through the 'Large Local Majors Scheme'.
- The final version of the **Tees Valley Strategic Transport Plan framework**, '[Connecting the Tees Valley](#)', was presented to the Transport Committee on 30th November, and marked the start of a public 8-week public consultation. The framework sets out the transport priorities up to 2026 and offers the opportunity for stakeholders, interest groups, and the public to help inform the development of the Strategic Transport Plan.

Business Announcements / Intentions

The following section provides a summary of a number of major business announcements, but does not represent an exhaustive list.

- **Darchem**, based at Stillington, has been named preferred bidder for a £100m contract at the Hinkley Point nuclear power station in Somerset. The precision engineering firm, which represents the UK arm of the Engineering Materials group within Esterline Technologies Corporation, is expected to accrue sales of £70m over six years. Darchem has been selected, along with partners Efinor, for the multi-million pound EDF Energy nuclear project. The work is for the manufacture and installation of the reactor and fuel pool stainless steel liners, in-containment reactor water storage tank liners and liners for sundry smaller tanks and sumps. In total, around 100 jobs will be secured between the Darchem manufacturing facility, Efinor's facility in Normandy and the Hinkley site in Somerset.
- **Sutton Tankers** has invested £250,000 in expanding and refurbishing its headquarters at Preston Farm Industrial Estate. Suttons Tankers is part of the Suttons Group - a multi-national haulage and logistics group that has sites in the UK, Germany and Belgium, among other locations.
- **Nissan** has confirmed it will build the new Qashqai model, as well as the X-Trail SUV, at its Sunderland plant, securing 7,000 jobs.
- A new **JCT 600 Porsche Centre** at Concorde Way, Preston Farm Industrial Estate is underway and is expected to create 30 new jobs. Scheduled to open early in summer 2017, the development is adding to the current 36-strong Porsche Centre network in the UK and Ireland. The 35,707sq.ft new centre will offer the full range of Porsche services including new and pre-owned Porsche Approved car sales, servicing, parts, a service loan fleet and a full range of Porsche demonstrators.
- **All England Gas Services** based at Durham Tees Valley Business Centre is recruiting 6-8 gas engineers to add to its team of 60 engineers based around the UK as part of its continuing expansion plans. The company is also adding to the services it offers to the domestic and

commercial markets and will need more office space next year and additional office staff. This company received support from Stockton Council's ERDF 'Over the Threshold' project in its early stage to support its ambitious growth plans.

- **Caterpillar** has announced it is seeking a reduction of up to 45 hourly employees from its Building and Construction Products staff. A voluntary severance programme is being offered and consultation with union representatives has been initiated.
- **Nicander**, a traffic management systems business, based at Belasis Business Park is receiving support from the 'Innovate Tees Valley' project via £7.5K match funding for the 9 month employment of a Teesside University graduate.
- **Hewden Crane & Plant Hire**, which has a depot off Haverton Hill Road, has gone into administration. Nationally 250 people were immediately made redundant, 130 were transferred to A-Plant Hire, which bought some parts of the business and the future of 350 jobs was uncertain; there are 51 people employed at the Billingham depot and the situation for these people is not currently known. Jobcentre Plus is in contact with the administrators and is providing support.
- **Impetus Waste Management** – The Billingham-based company confirmed in November that it had gone into administration. 73 redundancies took place at the Billingham site. However, 31 jobs have been saved after parts of the business were taken over by new ownership. A sale of the company's two landfill and composting facilities at Cowpen Bewley and Teesport has been completed to Highfield Environmental Limited, safeguarding the jobs of the majority of the workforce at these locations, and at the Head Office in Wynyard.
- **Fine Industries** at Seal Sands made 64 staff redundant in November, due to lower demand for their products from the Agricultural/Chemical sector. 23 of those affected were from the Borough.
- **Air Products** – A prospective buyer of TV1 and TV2 has decided not to proceed with the purchase and there are currently no other interested parties. Air Products is therefore closing down the site and making it safe. Staff consultation has commenced and an HR1 has been issued. 99 on-site staff are affected with the first wave of 59 redundancies which took place in January 2017. A further 25-30 redundancies will be made by the end of March 2017 and the final 10-15 redundancies will be made by the end of September 2017 in the run up to full closure.

Strategic Locations

- **Durham Tees Valley Airport** is one of six airports that would benefit from domestic routes to Heathrow once its long-awaited third runway has been completed. On 25th October ministers announced their support to a new runway at Heathrow that is expected to bring economic benefits to passengers and the wider economy worth up to £61bn. A public consultation will now be held before the government makes a final decision as part of a 'national policy statement' on aviation.
- A **36-acre development site adjacent to Portrack Interchange Business Park** is being marketed. If developed, the site could accommodate more than 500,000 sq.ft of employment space. The agents appointed to sell the land commented, "It should appeal to investors, developers and end users alike and we anticipate a high level of interest".
- Harper Parade in Hartburn, which contains 9 retail units, sold at auction in October 2016 for £1.73m
- Fusion Hive at Northshore continues to do well in letting commercial space; with CJ Garland & Co recently taking on additional office space adjacent to their existing unit; **Boho Media**, a Digital marketing agency, moved from the Boho Zone in Middlesbrough; **Change & Transformation**, a Leadership Consultancy, has taken their first commercial premises within the building.

Town Centres

- Stockton High Street was crowned the winner of the '**Great British High Street of the Year Awards** Rising Star category at a ceremony in London on 12th December. This year's competition saw a record 900 entries across all 14 categories, with winners being decided by a combination of scores from a judging visit and a public vote.
- There have been various retailers moving into and within Stockton Town Centre, for example, the evening and leisure economy has been supplemented with the opening of new cocktail bars in Regency West Mall '**Dr Inks**', and '**The Nuthatch**' in Wasp Nest Yard, and the new micro-pub '**Hope & Union**' at Silver Court.
- Several businesses have **invested in refurbishing existing retail units** to move into, such as at

Dovecot Street and The Shambles.

- Two tenants of the Enterprise Arcade have recently begun trading in Stockton Town Centre - **Expressions Re-Born Babies, and Drake - The Bookshop.**

Training & Skills

- In response to the recent £600K investment by **Cubic** in a service desk centre, **Stockton Council's Learning and Skills** service is supporting the business with its recruitment plans along the lines of a sector routeway approach, as the business is seeking to grow the service desk staff numbers to 80-100.
- The Skills Funding Agency, European Social Fund (ESF) contracts for Tees Valley have been awarded to:
 - **Skills Support for the Unemployed (2 contracts) – PeoplePlus and Middlesbrough College**
 - **Skills Support for the Workforce – Calderdale College**
 - **Routes to Enterprise – PeoplePlus**
 - **Careers, Education, Information, Advice & Guidance (CEIAG) – PeoplePlus**
 - **Skills Support for Redundancy – New College Durham**
 - **Sector Led Apprenticeship Routeways – Middlesbrough College**
 - **ESOL – Awaiting decision**
 - **DWP/ESF Wheels to Work – Awaiting decision**

Young Enterprise

- **Children and Young People's Christmas Market:** The groups trading at Stockton Sparkles market were:
 - 3 Primary Schools/Academies, 4 Secondary Schools/Academies, 2 Colleges, 2 Youth Organisations, 1 Young Business Club member, 1 Stockton Start Up Programme participant

Eastern Ravens Trust made over £1000 profit.

- **Youth Direction at Stockton Sparkles – 'Ignite' Enterprise programme:** The second 'Ignite' programme saw 15 young people that were not in education, employment or training (NEET) attend 10 hours of workshops in the lead up to trading on Stockton Sparkles Market. The young people were given £200 as a budget and made £392 in cash sales. The young people will gain an ASDAN Enterprise short course qualification which is endorsed by the Institute of Entrepreneurs and Enterprise (IOEE).

Environment

- **Affordable Warmth** - Stockton Council's approach has been to offer a wide range of measures in partnership with energy suppliers, funders and third sector partners to improve living and economic conditions for households. In September 2016 a newly formed Housing, Neighbourhoods and Affordable Warmth Partnership was launched within the Local Strategic Partnership to improve targeting and to share resources across all housing sectors, and a range of valuable programmes continue to be delivered including: 'Warm Homes Healthy People', 'Big Community Switch', 'Winter Resilience Programme', large scale area based insulation schemes. From 1st October 2016, SDAIS will be providing a new pilot programme in Thornaby pharmacies; offering every individual with respiratory or COPD related illnesses free support on home energy. See also paragraphs 79 and 80 of the thematic review section of this report.
- Officers will be undertaking a piece of research to understand the positive and negative effects of new legislation/regulations applying to landlords that does not allow them to lease premises with an **energy performance rating** of F or G.

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.¹
2. This place based review focuses primarily on the availability of employment floorspace utilising information from 'Estates Gazette' - 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 general / retail floors pace.

Figure 1 – Marketed employment floorspace in square metres (sq.m) in the Borough

Type of Floorspace	Market 2015	Currently Marketed
Office	57,445	55,365
Industrial / Warehouse	88,828	81,918
General / Retail	Not reported	23,859
Total	146,273	167,254

Source: Estates Gazette information (2015 figures from CoStar Focus)

5. As can be seen there is a significant supply of floorspace which is currently being marketed. However, this is just over 10% of the 1.5million sq.m stock of office and industrial floorspace identified in the Local Economic Assessment for 2012.

Floorspace Availability by Location

6. **Figures 2, 3 and 4** below provide 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.

¹ Excluding retail uses

APPENDIX 1

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

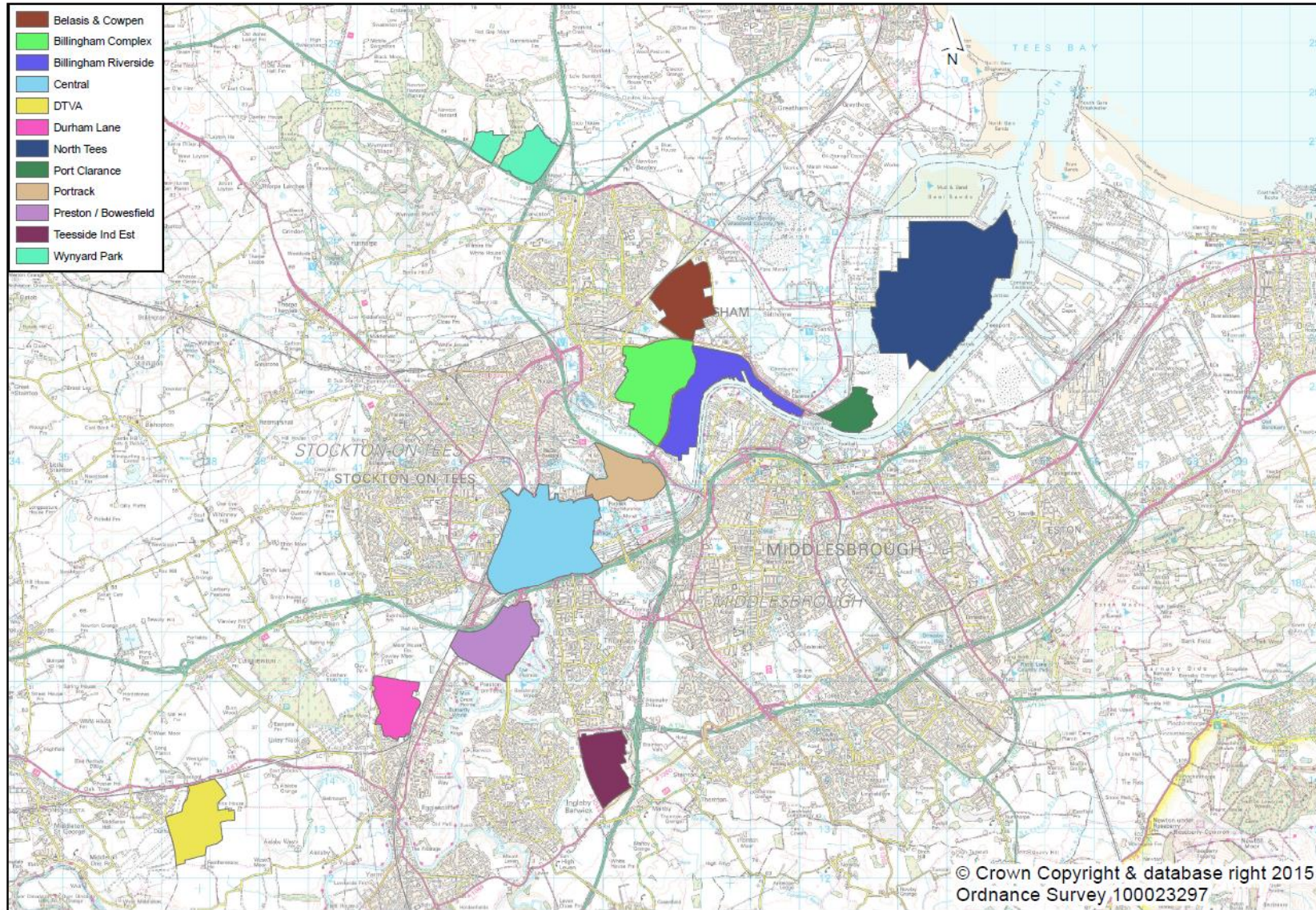
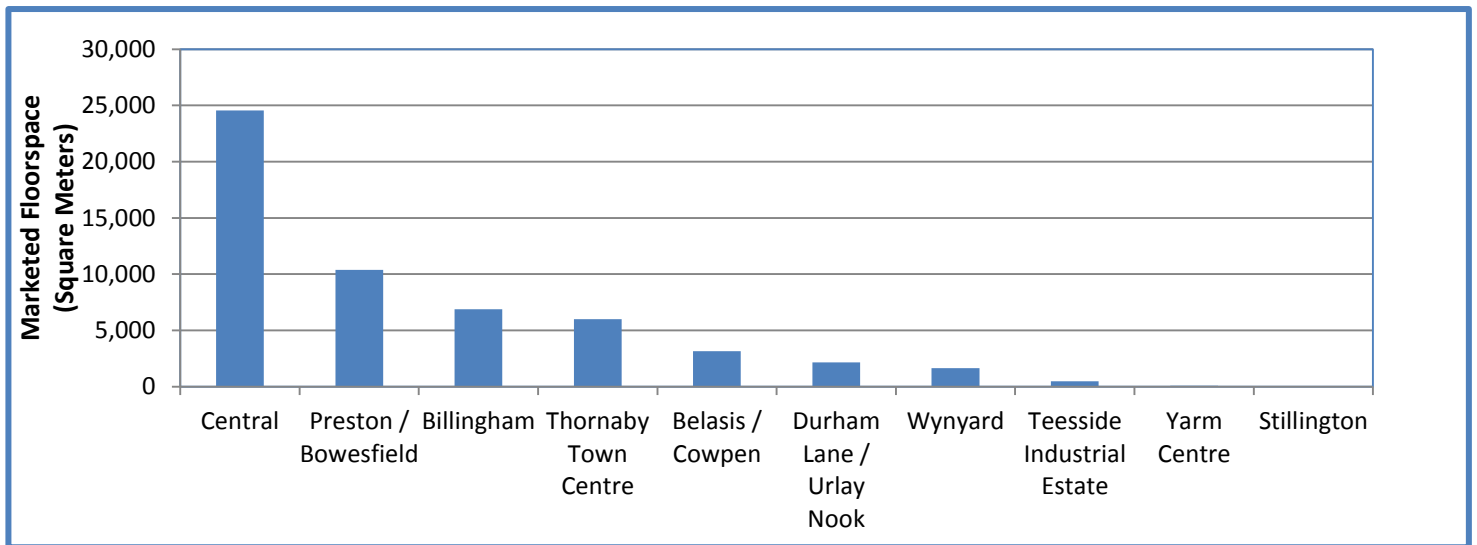


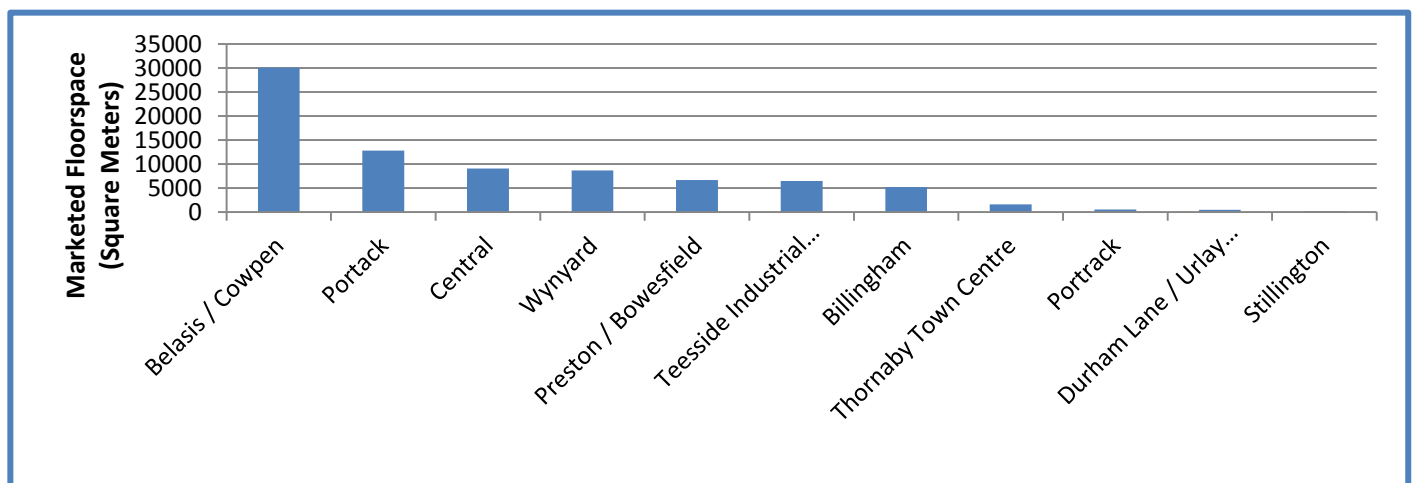
Figure 2 – Office floorspace (sq.m) which is marketed by Estates Gazette



Source: Estates Gazette information

7. There was 55,035sq.m of office floorspace marketed at the start of November 2016 as determined by information from the Estates Gazette. This was small reduction on the 57,445 reported last year (though last year's figure was acquired using a different source; Co Star Focus)
8. Of the 55,035sq.m of office floor-space identified as marketed in **Figure 1**, nearly 25,000 sq.m or 44.3% is located in the Central area. Down from over 29,000 reported a year ago.
9. As was the case last year, the majority of the Central area office space is located in the Teesdale area.
10. The largest single listing advertised was Phoenix House in Thornaby Town Centre with floorspace of 4,772 sq.m and a multimillion pound asking price for a freehold deal.
11. Other buildings with significant marketed floorspace include Dunedin House in Teesdale where ground, 1st and 3rd floor floorspace totalling over 4,800 square metres is advertised.

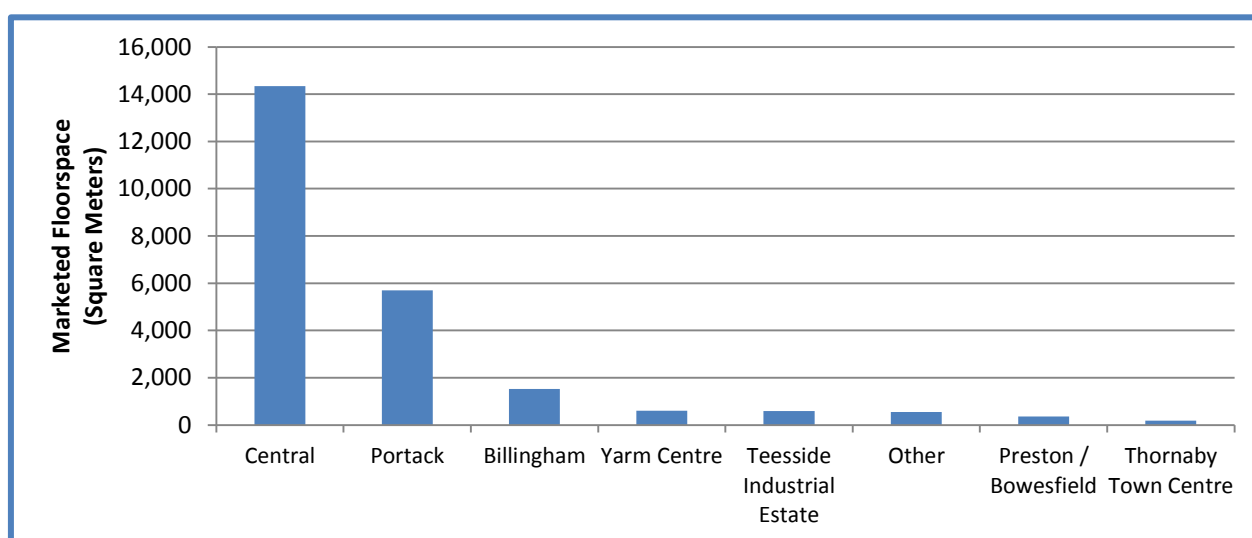
Figure 3 – Marketed Industrial / Warehousing floorspace by location



Source: Estates Gazette information

12. Of the 81,918 sq. m of industrial / warehousing floorspace marketed more than 30,000 sq m (36.7%) is located in the Belasis / Cowpen area followed by Portrack with nearly 13,000 sq. m (15.7%)
13. More than 25,000 sq.m of floorspace marketed in Belasis / Cowpen area was from 1 building on Macklin Avenue on Cowpen Lane Industrial Estate formerly occupied by the Sims Group UK Ltd.
14. Compared to last year's figures from CoStar focus there has been a 7.8% reduction in marketed Industrial / Warehouse floorspace.
15. 60% of units marketed were under 1000 sq. m

Figure 4 – Marketed General / Retail floorspace by location



Source: Estates Gazette information

16. Of the 23,859 sq. m of general/retail floorspace identified in **Figure 1**, 14,399 sq. m is in the central area with a further 5,704 sq.m in the Portrack area.
17. Most of the Portrack floorspace is made up of the 2 largest units marketed which are 1,852 and 1,401 sq.m respectively.
18. Over half of the 97 units marketed have retail floor space of less than 150 sq. m
19. Marketed general and retail floorspace was not reported in last year's climate report so comparisons are not available

Employment Floorspace Demand

20. The Employment Land Review (ELR) which forms part of the evidence base for the emerging local plan highlights that Stockton contains and estimated 1,215,000 sq.m of industrial space.
21. In addition the ELR highlights that there has been low levels of speculative industrial development highlighting two current industrial unit size brackets where availability is limited; firstly, units between 50 and 500 sq.m, and secondly units in excess of 2,000 sq.m.
22. Stockton Council is currently commissioning a study to identify the need and demand for new industrial accommodation.
23. The study will focus on a quantitative and qualitative assessment of existing supply, gaps in provision and any market opportunities. The study would also seek to identify a number of viable options/models for interventions to assist in developing a business case for potential interventions.
24. Last year the Economic Climate Report provided a summary of the top 10 deals recorded on CoStar Focus for office and industrial/warehousing floorspace. These covered a period of 2012-2015.
25. Since then, the council is using a different tool to monitor deals and in light of the emerging study into industrial accommodation will not be reporting on the demand for floorspace in significant depth in this economic climate report.
26. Officers have monitored or previously reported some significant deals in the last year including:
 - Odyssey Systems expanding into premises occupying the top floor of the building at Preston Farm whilst refurbishing 20,000sq.f of the building to create new, fully-fitted offices for business tenants.
 - Quickly Finance purchasing the freehold of Churchill House, a 3,000sq.m office block with 184 car parking spaces, on Teesdale Business Park
 - VisualSoft expanding into a 30,000sq.ft building provides accommodation to their expanding workforce (2015).
 - The refurbishment of Gloucester House, the former VisualSoft premises, attracting businesses keen to take advantage of 500Mb Internet access and is around 50% occupied in its first year.
27. Anecdotally there is a lot of movement of businesses within the Borough and wider area. Broadband availability and the quality of premises are key factors in business decisions where to locate. The differences in quality of premises and broadband speed mean that whilst there is a large amount of available floorspace, not all of it is fit for the needs of businesses.

TOWN CENTRES

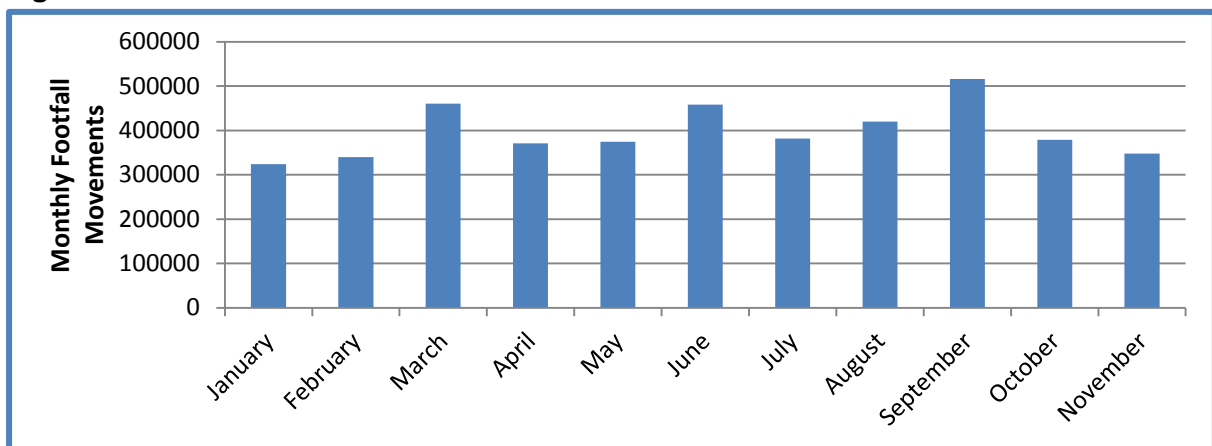
Footfall

28. In November 2015 the Council installed a footfall counter² close to the Dovecot Street entrance to Wellington Square.
29. The busiest week of the first quarter of 2016 was the week of the Stockton calling event which saw a 17% increase in Saturday footfall.
30. The Queen's Birthday was celebrated in the Town Centre with a Beacon Event on 21st April seeing the 3rd highest footfall for a Thursday in 2016 to date – a 50% increase on the previous Thursday which is an additional 5,332 footfall movements.
31. The Sunday of the Queen's (Other) Birthday Celebration and Launch of the Stockton Flyer saw Sunday footfall increase by 38% compared to the previous Sunday and made the 12th June the 5th busiest Sunday since the footfall counter was installed, only exceeded by the SIRF, Cycling festival and the 2 Reindeer Parades.
32. The two biggest events were Stockton International Riverside Festival and Stockton Cycling Festival which saw footfall up 36% and 29% respectively for their equivalent days the previous week.
33. The Sundays of the SIRF and the Cycling festival saw footfall increase 137% and 116% respectively on the previous week.



397k
Average Monthly Footfall Movements
on Dovecot Street counter (Jan-Nov 2016)

Figure 5 – Footfall data in 2016 to most recent full month



Source: Springboard Analyser – Dovecot Street Footfall Counter data

² 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 5 capture all movements passing in front of the counter, regardless of the direction of travel of that person.

Occupancy Rates

34. In October 2016 officers recorded that 144 of the 173 units on the primary shopping frontage were occupied whilst 73 of the 94 units on the secondary shopping frontage were occupied. This gave the town centre an occupancy rate of 81.27% though there have been new businesses emerge since this was recorded including The Nuthatch, the Hope and Union and That's Entertainment. Drake the Bookshop also occupied a unit on Silver Street shortly after the occupancy rate was recorded moving from the Enterprise Arcade.
35. In the last year, there has been some movement within the town centre of businesses who have taken up a vacant space though leaving their existing unit vacant therefore not effecting the occupancy rate. These include EE, Vodaphone, Tyne Bargains and Mad Dog Music.
36. Over half the businesses on the Primary Shopping area are national chains whilst 62% of the secondary frontage made up of independents retailers. The use class also differs between the Primary and Secondary frontage with 84% of the primary frontage made up of retail³ units whilst less than half of the secondary frontage is in retail use.
37. 16% of the secondary shopping frontage is classed as a drinking establishments an important element of the night time economy which appears to be growing in the Borough. 4,500 jobs in food and beverage service activities were estimated in the Borough in 2015. This figure has grown by over 1,300 since 2015; growth of over 40%.⁴
38. With regard to other centres in the Borough it is noted that Yarm, Norton and Thornaby continue to trade well. Their occupancy rates are 96.8%, 96.7% and 97.6% respectively.



Food and Beverage activity

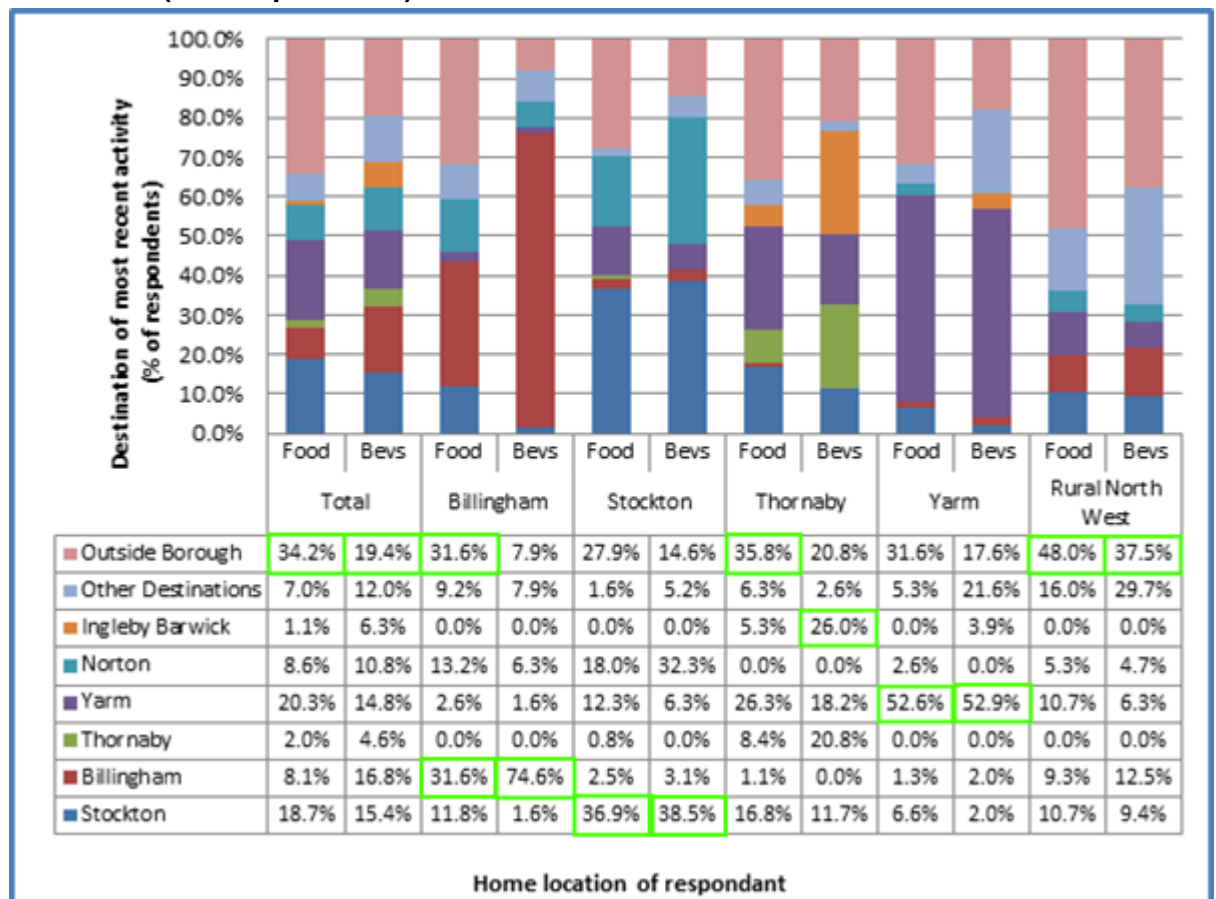
39. Figure 6 shows the result of a survey where residents were asked the location of their last trip to a restaurant and their last trip to drinking establishment. The table in figure 6 presents this information by listing all potential locations along the left hand side of the table, they are also colour coded. The column headings of each table set out the broad survey area zones.
40. For the purpose of this survey Thornaby and Ingleby Barwick were surveyed as one zone, referred to in the table as 'Thornaby'. In addition the Yarm area included Eaglescliffe and surrounding villages including Kirklevington and Longnewton. The Rurul North West includes Wynyard and all other villages in the Borough north of Darlington Back Lane

³ Retail defined as Planning A1 Use Class

⁴ Office for National Statistics - Business Register and Employment Survey (2016)

41. Residents in the Rural North West of the Borough are the most likely to leave the area for pubs, bars and restaurants which is likely to be a result of a limited local offer, proximity to County Durham and Darlington and higher car ownership.
42. Billingham has a noticeably higher level of survey respondents staying within the area for pubs and bars but going elsewhere for restaurants indicative of a limited restaurant offer in the area.
43. Of the respondents living in the Thornaby survey area 26.3% visited Yarm for their last trip to a restaurant followed by Stockton (16.8%).
44. In contrast, within the Yarm survey area the majority, over 50%, of people stay within the area when choosing where to eat or drink. In Stockton the most popular location for eating and drinking was Stockton. However, Norton was also a popular destination reflecting the growth in activity in recent years.

Figure 6 – Location of residents’ last trip to a pub/bar (351 respondents) or restaurant (444 respondents)



Source: NEMS / SBC

HOUSING MARKET

Housing Stock

45. There are just less than 85,000⁵ dwellings in the Borough of Stockton-on-Tees as of April 2016 growth of nearly 2000 houses since April 2012. At the most recent census, for every 10 houses around 3 are rented, 3 are owned outright by the occupant and 4 are owned by the occupant after being bought with a mortgage.
46. Three quarters of residents live in the Norton, Billingham, Stockton and Thornaby areas where the housing stock contrasts with the rest of the Borough. The areas of Ingleby Barwick, Eaglescliffe, Yarm and Rural Villages are characterised by larger, more expensive housing with higher rates of private ownership and a higher proportion of detached housing.

6

47. Between 2011/12 and 2015/16 423 long-term residential properties (491 units) were returned to use.

Median House Prices⁷

48. As shown in figure 7, in the final quarter of the 1995 the median house price in England was £55,000 which was 21.5% higher than the figure in Stockton-on-Tees of £42,450. Between 1995 and 2002 house price growth nationally outpaced growth in Stockton-on-Tees and by the first quarter of 2008 the median house price in England was £95,000 which was 58.3% higher than the figure for Stockton-on-Tees.



49. House prices across the country saw a period of rapid growth between 2002 and 2008. In Stockton-on-Tees the median house prices more than doubled from £60,000 in the first quarter of 2002 to £134,000 in the first quarter of 2008; growth of 123%. The 2008 financial crisis caused a decline in house prices and by the first quarter of 2012 house prices in Stockton were 6.8% lower than their pre-recession peak of £134,000 whilst the national median house price had returned to its pre-recession level of £180,000; a level 34.3% higher than the figure for Stockton-on-Tees.



50. Since 2012, house prices grew steadily to their current, similar to pre-recession level of £135,000 whilst the national median house price outpaced local growth, driven by house prices in London and the South East, to their current level of £215,000; which is 59.3% higher than the Stockton-on-Tees figure.

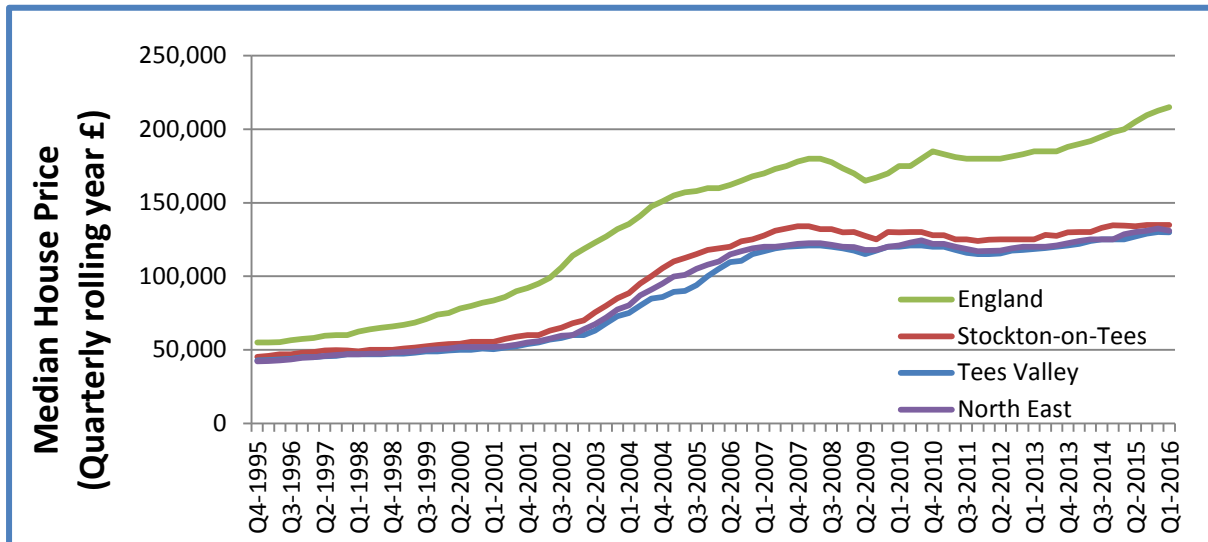
⁵ Valuation Office Agency – Number of council tax records held (April 2016)

⁶ SBC Private Sector Housing (November 2016)

⁷ The median is the mid-point of a set of numbers, in this case the sale price of houses sold over a set period of time. The median is preferred to the mean as it is more reflective of the market as the mean can be skewed by extreme values.

51. Median House prices in Stockton have followed a similar pattern to those in the wider Tees Valley and the North East region which are both slightly lower than the Stockton figure.

Figure 7 - Median House Prices in Stockton, North East, Tees Valley and England (quarterly rolling year to March 2016)



Source – Office for National Statistics (2016) – House Prices for small areas

52. House price growth has caused, contributed to or coincided with changing trends in housing and home ownership. The last decade has seen lower numbers of first time buyers, decreasing numbers of younger homeowners, an increase in the amount of deposit needed for first time buyers, an increase in younger people living with parents, an increase in the private rental sector stock and a lower rate of house building. This has contributed to a housing market with increasing demand from population growth but limited supply.

The impact of house price growth on affordability

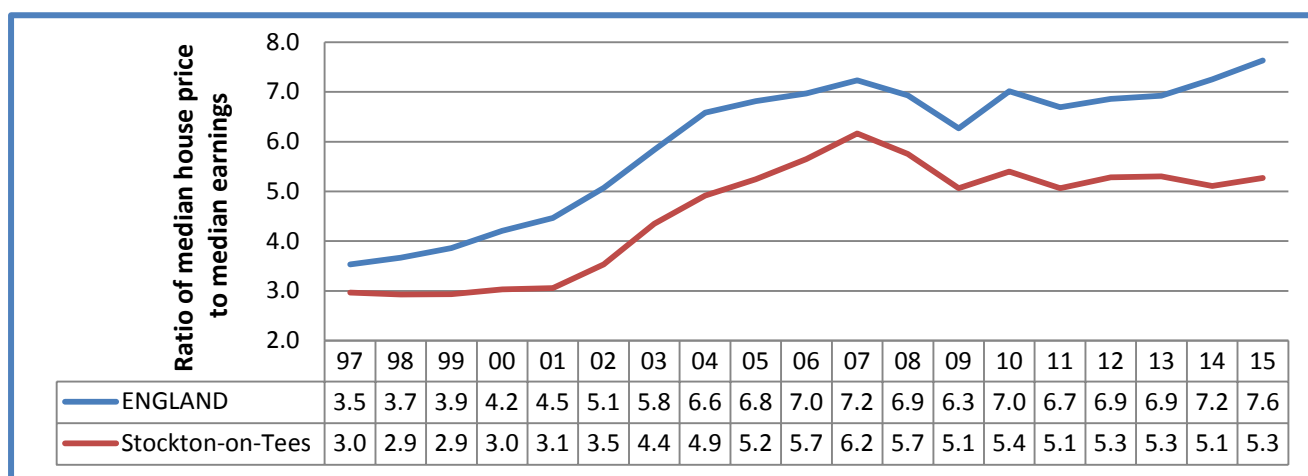
53. Median house prices in Stockton-on-Tees in 2015 were 5.3 times the median earnings. This ratio is known as the affordability ratio and the higher the number the less affordable housing is deemed to be. Stockton's ratio is lower than the England figure of 7.6. Affordability, like house prices, varies across the country with higher income to house price ratios in the South East of the country.

5.27
 Ratio of median house prices
 to median earnings (2015)
 Lower than the nationally (7.63)



54. House prices to Income ratios are slightly higher in Stockton-on-Tees than other Tees Valley local authorities where ratios range from 4.6-4.9. Hambleton to the South of Stockton is considerably less affordable than Stockton with median house prices 8.8 times the median earnings.

Figure 8 - Ratio of median house prices to median earnings in England and Stockton-on-Tees (1997-2015)



⁸ Source – Department for Communities and Local Government (2016) - Live tables on housing market and house prices

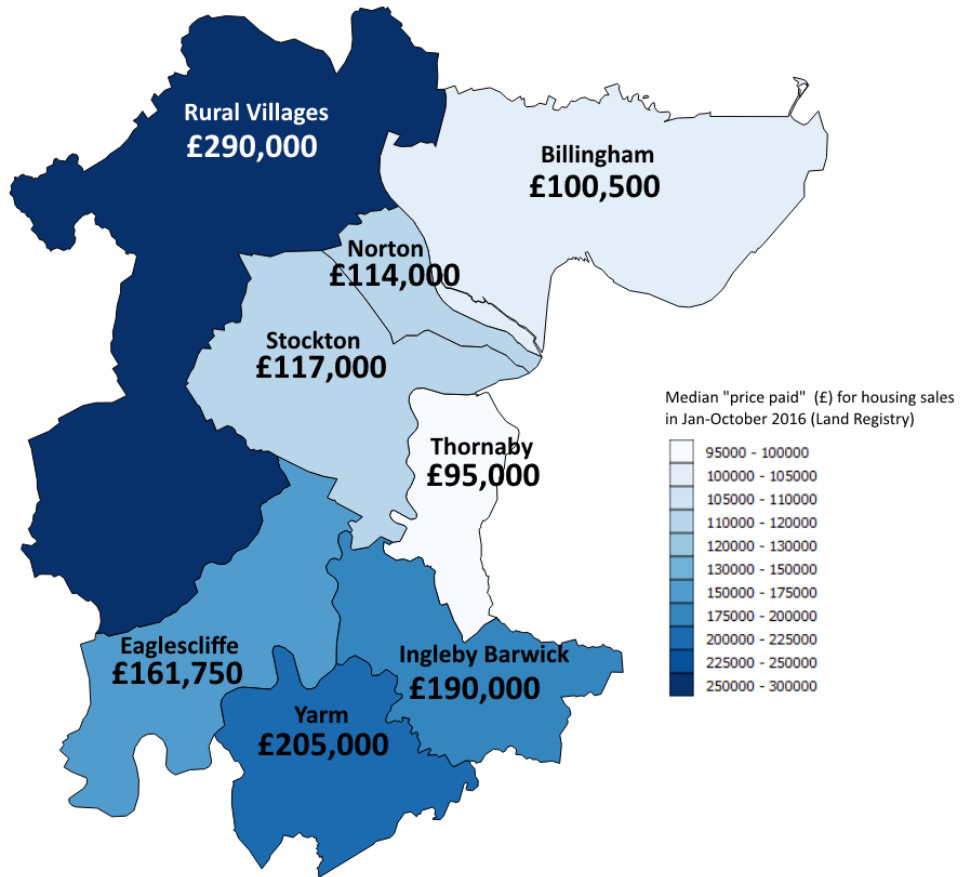
55. The gap between house prices and earnings is growing in some parts of the country (particularly London) and is at its highest ever level whilst in Stockton-on-Tees, sluggish house price growth means that the ratio of house prices to earnings is not as high as its pre-recession level and has remained fairly constant over the past 5 or 6 years.
56. When 2016 figures are released next year it is expected that Stockton will see a fall in the ratio of house prices to wages as the 2016 figure for full-time earnings in Stockton was more than 4% higher than the 2015 figure whilst house prices have seen little change. This differs from the position outlined in the last place themed economic climate report where there was little sign of wage growth in the annual survey of hours and earnings.
57. It should be noted that affordability is not solely based on wages and is also impacted by the availability of residents to access finance e.g. mortgages and the level of deposit needed to secure a mortgage, which is determined by external factors.

House Prices within Stockton-on-Tees

58. The price of housing within the Borough varies greatly. Billingham, Stockton, Norton and Thornaby are home to 75% of residents within the Borough and in these areas median house prices are between £95,000 and £117,000. To the south and west of these areas there are the settlements of Ingleby Barwick, Yarm, Eaglescliffe, Wynyard, Thorpe Thewles and other rural villages where house prices are much higher. In Ingleby Barwick over two thirds of housing sales are detached houses whilst in Thornaby less than one in ten are detached. Over 80% of sales in Thornaby are terraced and semi-detached properties.

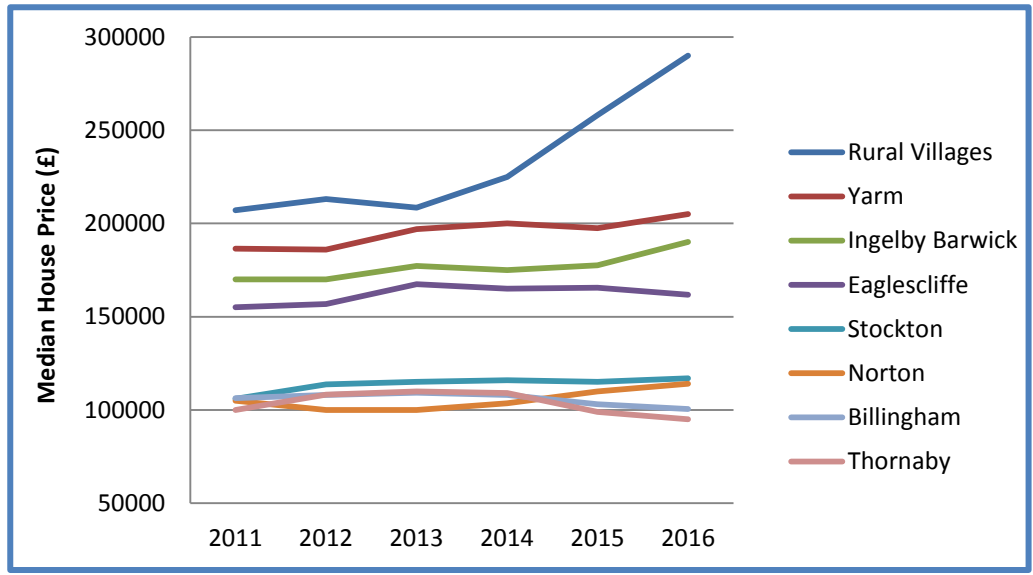
⁸ 2013-2016 figures are based on different versions of the Land Registry data so may result in slight differences in affordability ratios

Figure 9 - Median prices by the 8 ECR areas within Stockton-on-Tees – January to October 2016



Source – SBC analysis of Land Registry 'Price Paid' data – (November 2016)

Figure 10 - Median house prices by ECR area - 2011- (October) 2016



Source – SBC analysis of Land Registry 'Price Paid' data – (November 2016)

- 59. As figure 10 shows, house prices in the Rural Villages have seen the largest increase in the past 5 years with median prices in 2016 40.1% higher than those based on sales in 2011. It is worth noting that they saw the largest decreases during the 2008 financial crisis and have not yet returned to their previous levels.
- 60. Growth in Norton of 8.6% since 2011 has seen median house prices in the area overtake Billingham and Thornaby which have both seen the median sale price of houses decrease by 5.5 and 5.0% respectively since 2011.

More detailed analysis

- 61. The House price difference in Stockton, Norton, Billingham and Thornaby with the surrounding areas highlights an imbalance between areas within the Borough.
- 62. Further analysis of land registry data which shows the sale price of 14,984 sales registered between Jan 2011 and October 2016 has been carried out by SBC officers. 14.75% were newly built properties.
- 63. The areas with higher house prices correlate with the areas shown to have relatively low levels of deprivation by the 2015 Index of Multiple Deprivation. Areas shown by the IMD to have the highest levels of deprivation correlate with areas where there are higher levels of terraced housing, rented properties (particularly social) and lower house prices.
- 64. The number of transactions for housing sales is high in areas with larger housing stock therefore highest in Stockton with semi-detached and terraced housing making up the majority of sales.
- 65. The majority of housing sales in Ingleby Barwick were detached houses reflecting the nature of the housing stock in this area. The average price of these sales was £218,551
- 66. A quarter of sales in the Rural Villages were newly built properties with a large variation in price paid.
- 67. 23% of sales in Thornaby, 22% of sales in Ingleby Barwick and 20% of Sales in Stockton were newly built properties reflecting where the bulk of house-building activity is taking place.
- 68. In Yarm 9% of sales were newly built and new builds made up 4% of sales in Billingham 2% of sales in Eaglescliffe and 1% of sales in Norton.



364
 (Net) Housing
 Completions
 Stockton-on-Tees
 2015/2016

Rental Prices

69. Stockton, Norton, Billingham and Thornaby have higher rates of rental properties.
70. Private rental market statistics, as estimated by the Valuation Office Agency, show that median rents in Stockton-on-Tees are £540. Whilst lower than the national level of £650, rents in Stockton are high relative to neighbouring local authorities and higher than the North East median price of £475.
71. Higher wages in Stockton mean that although rental prices are higher they take up a smaller proportion of the median monthly wages of residents compared to Middlesbrough and Redcar and Cleveland.

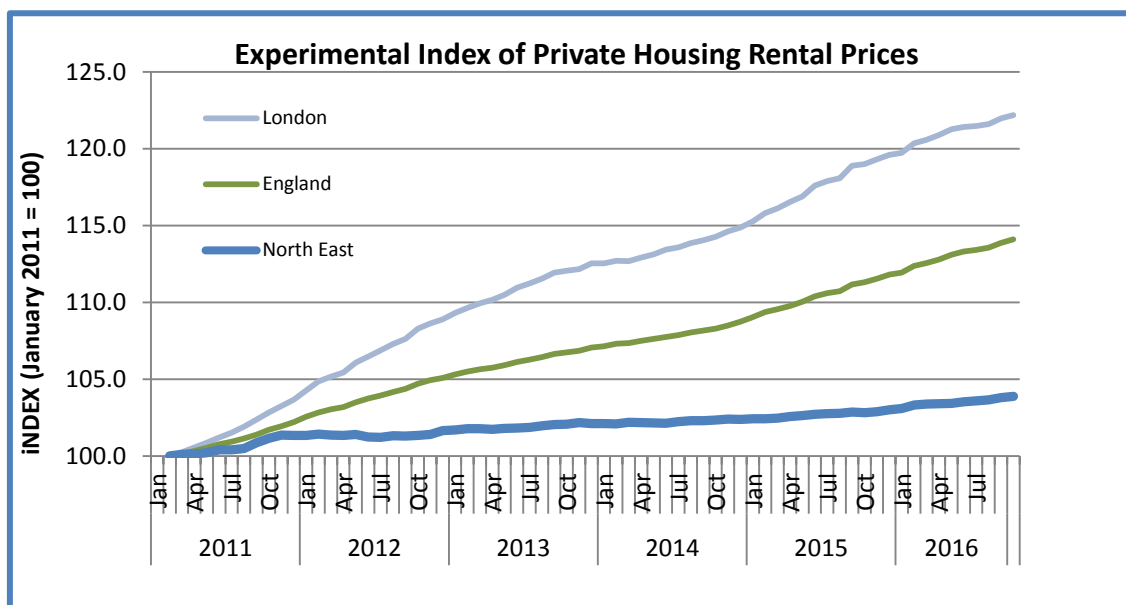
28.72%

Median monthly private sector rent as a %
of median gross monthly salary (2015)
Lower than national rate of 33.1%



72. The rental market in the North East of England has seen price increases but not to the scale of the national average, driven by large increases in the rental price of London properties.

Figure 11 - Experimental Index of Private Housing Rental Prices



Source: Office for National Statistics

Affordable Rent

73. In order to fully understand the wider determinants associated with affordable rent officers are undertaking a separate piece of research to identify the impact of local allowances and changes to government welfare reform legislation on Private Registered Providers and affordable rent.



567

Housing starts in
Stockton-on-Tees
(2015/2016)

House Building

74. An imbalance in house-prices in the Borough and a lack of affordability for some parts of the population is influenced by a number of factors. House building is seen as a key driver of addressing unaffordability and fostering economic growth yet rates of house building in Stockton and in the wider region and nationally have been lower in recent years than before the 2008 financial crisis.
75. Barriers to house-building are numerous and complex and include shortages of skilled workers, access to finance for small builders, material costs, environmental legislation amongst many others. Whilst the Council cannot directly control the housing market it can influence it.
76. 2,250 additional dwellings were built in Stockton between 2011/12 – 2015/16. There were 635 affordable dwellings built during this time.
77. Over 1/3 of all affordable completions within the last 5 years are on housing market renewal sites which are a direct result of council activity.

Housing Quality

78. Relative to the rest of the UK Stockton-on-Tees boasts a positive living environment. The Index of Multiple Deprivation⁹ living environment domain ranks areas based on estimates of housing in poor condition¹⁰, homes without central heating¹¹, air quality¹² and number of road traffic accidents.¹³ Stockton on Tees was in the least deprived 4% of Local Authorities for this domain.
79. 56 of the 120 Lower Super Output Areas (LSOAs) in Stockton on Tees were in the least deprived 10% of LSOAs in the country whilst only 1 LSOA featured in the most deprived 30% of LSOAs.
80. Officers are undertaking a study to understand in greater detail the quality of housing in the Borough against a series of categories and criteria. This will be reported to Members at a future date.
81. Fuel poverty and the implications of not being able to access affordable warmth have the ability to significantly affect individuals and households in a variety of ways, including exacerbating health conditions, social isolation, psychological stress and in the most extreme cases, leaving to Excess Winter Deaths (EWD). A household is considered to be in fuel poverty if 'they have required fuel costs that are above average (the national median level), and were they to spend that amount, they would be left with a residual income below the official poverty line'.
82. There has been a reduction in fuel poverty levels in the Borough from 11.1% in 2013 to 10.7% in 2014 (estimated)¹⁴. A summary of the interventions that Stockton Council has introduced are provided in the Environment Section on page 6, and were reported in detail to Cabinet at its meeting on 19th January 2016.

⁹ Department for Communities and Local Government – Index of Multiple Deprivation (2015)

¹⁰ Estimated from the English Housing Survey, 2011

¹¹ Office for National Statistics

¹² Estimated from UK Air Information Resource air quality, 2012

¹³ Department for Transport

¹⁴ DECC report 2016

CASE STUDY



Residents of the borough with a learning disability often face a number of challenges in accessing suitable accommodation to meet their needs. In response to this, in February 2014, the Council identified a number of sites that would be suitable for the development of new affordable housing and could include housing specifically to support adults with learning disabilities to live independently in their community.

In March 2014 North Star Housing Association (formerly known as Endeavour) were appointed

to develop the former Abbey Hill School workshop site, off Darlington Lane in Norton. The site had been vacant for a number of years, was badly overgrown and was an eyesore for the residents living nearby.

The £1.3 million development, partly funded by the Homes and Communities Agency, was a joint partnership scheme comprising of North Star, Stockton Borough Council and Gus Robinson and consists of eight two-bedroomed houses and four bungalows for rent designed to meet the needs of elderly and disabled residents.

Working collaboratively, officers from across the Council and North Star identified 4 adults with learning disabilities, already resident in the Norton area, who would benefit from a new home to help them live more independently in familiar surroundings and close to their families and friends.

Not only do the new homes provide those residents with the opportunity to retain their independence in their very own homes, the development also gave pupils from a local school the chance to gain new skills.

Local pupils from Frederick Nattrass Primary School got the opportunity to develop their understanding of the processes and skills involved in the development of new homes. Pupils learnt about the design, planning and construction processes, with the opportunity to draw their own designs, as well as being able to visit the site and experience property development first hand at key stages of the build.

Paul Green, Development Officer at North Star, said: *"Our new development on the former Abbeyhill school workshop site in Stockton cements our commitment to creating homes and building futures for those living in our communities."*

"Not only are we providing future-proofed homes that are specially adapted to the needs of elderly and disabled residents, but we also have given local pupils the opportunity to learn, develop and grow."

