Thurrock Economic Development Needs Assessment

A Report by Hatch
March 2023

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1. Introduction

1.1 Hatch Ltd has been commissioned by Thurrock Council to undertake an Economic Development Needs Assessment (EDNA). The Assessment will be used to guide the Council in preparing its Local Plan.

1.2 The South Essex Economic Development Needs Assessment was published in December 2017. This was commissioned on behalf of the South Essex local authorities: Basildon Borough Council, Castle Point Borough Council, Rochford District Council, Southend-on-Sea Borough Council and Thurrock Borough Council. As Thurrock progress the preparation of the next iteration of the Local Plan, an Update to the 2017 EDNA in respect of Thurrock is needed to enable the Council to understand in greater detail the land take and floorspace required to meet identified need for employment development over the plan period, including the specific capacity and likely deliverability of individual sites, and any gaps in the supply that need to be addressed through additional provision in the Local Plan.

1.3 This Study should be read alongside the Employment Land Availability Assessment (ELAA) (2023) undertaken by Lambert Smith Hampton (LSH) which assesses the quality and quantity of supply in Thurrock, the findings of which have fed into this EDNA.

1.4 The Study has been prepared in the context of the National Planning Policy Framework (NPPF), which sets out Government policies for planning; and Planning Practice Guidance on Housing and Economic Development Needs Assessments and Housing and Economic Land Availability Assessments. The Planning Practice Guidance (PPG) sets out how studies such as this should be undertaken.

1.5 The key objectives are to:

- Define the Functional Economic Market Area (FEMA) for Thurrock
- Provide an understanding of trends and the current socio-economic baseline position within the context of Thurrock and the FEMA
- Provide an assessment of the potential future requirement for floorspace and land to meet economic development needs taking into account the role of town centres as well as the impact of strategic sites and projects including the Freeport and Lower Thames crossing (LTC)
- Make recommendations for how Thurrock can support the growth of key sectors and ensure that the supply of strategic employment land is aligned with demand.

Land Use Categories

1.6 Since the previous EDNA (2017) was undertaken, and from September 1st 2020, a new Use Class Order entered into force creating a new 'E' use class which brings together several of the previous A, B and D use classes. Of particular relevance to the planning of future employment uses in the former B use classes is its inclusion of B1a (offices), B1b (R&D space) and B1c (light industrial uses).

1.7 The implication of the new use class order is that changes of use within Class E will not require planning permission, and that different uses of the same building will be permitted, meaning that a gym unit during the day could be used for an alternative purpose such as a community use in an evening.

1.8 The intent behind the changes was to strengthen high streets by enabling greater flexibility to respond to changing consumer demand and market trends. For office uses, the changes represent another mechanism alongside permitted development rights for switches to residential uses, that may put pressure on the stock of floorspace, although the nature of the alternative uses within the E use class means that large scale conversions of office buildings are less likely.

1.9 The focus of the study is on the following floorspace and land use categories:

- Office: E(g)(i) and E(g)(ii)
- Industrial: E(g)(iii) and B2
- Storage and distribution: B8

1.10 Commentary on the new E use class is provided in this study where its implications are relevant to the analysis.

Report Structure

1.11 The remainder of this report is structured as follows:

- Defining the FEMA **(Chapter 2)**;
- The current economic position and socio-economic context within Thurrock and the FEMA **(Chapter 3)**;
- The local and wider policy context **(Chapter 4)** incorporating recent changes to national, regional and local policies and strategies.
- Summary **(Chapter 5)** of commercial property market demand and employment land supply in Thurrock drawing on the ELAA (LSH, 2023)
- Scenarios of future demand for employment space in Thurrock **(Chapter 6)**.
- The conclusions and recommendations of the EDNA to be considered by Thurrock Council. **(Chapter 7)**.

2. Defining the Functional Economic Market Area

2.1 The first step in considering the economic development needs of the Thurrock economy is to identify the functional economic market area (FEMA) for Thurrock. This allows for consideration of factors that influence employment land needs across a wider and more realistic geography than looking at Thurrock in isolation.

2.2 There is no standard approach or data source to define a FEMA and government guidance suggests the use of a range of indicators. The Planning Practice Guidance (PPG) published in 2015 and updated in 2020 offers the following advice on defining a FEMA:

2.3 '*the geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area. Factors for consideration in defining an area's FEMA include:*

- *Extent of any Local Enterprise Partnership within the area;*
- *Travel to work areas;*
- *Housing market area;*
- *Flow of goods, services and information within the local economy;*
- *Service market for consumers;*
- *Administrative area;*
- *Catchment areas of facilities providing cultural and social well-being;*
- *Transport networks'*

Methodology

2.4 In order to assess the FEMA for Thurrock, we have collated and analysed data from across a number of the indicators recommended in the PPG. A key component of defining the FEMA is evidence and findings used to define the housing market area. This includes commuting patterns, house prices and migration trends. The analysis of these indicators draws on evidence compiled by Turley's for the 2022 South Essex Housing Needs Assessment (HNA).

2.5 The amount of data available across each of the indicators is variable and a number are more dated or not prepared on a consistent basis. We have therefore given a degree of weight to each indicator according to the quality of the data. We consider the travel to work, migration and house price data to be the most reliable and robust given they are based on consistent data. Data on the flow of goods, services and information and transport connectivity is less useful due to data gaps and lack of consistency in data collection. Census 2021 data for travel-to-work patterns and migration data had not been released at the time of drafting this study and, in relation to the former, due to the nature of the question posed when the Census was undertaken, would not be reliable in any case. Therefore Census 2011 data is still used in order to analyse travel-to-work patterns.

2.6 The data and evidence sources used in identifying the FEMA include the following:

Indicator	Method/Source	Weight
Travel to work areas	Travel to work areas (Census 2011) Detailed commuting patterns (Census 2011)	✓✓✓
Housing market area	Turley (2022) South Essex Housing Needs Assessment Migration House prices	✓✓✓
Local Enterprise Partnership and other Sub-regional Partnerships	South East LEP Thames Estuary Growth Board Thames Gateway Freeport	✓✓
Administrative Area	South Essex and LA boundaries within	✓
Flows of goods and services and Service market for consumers	Comparison spend retail flows (Thurrock Town and Local Centre Health Check Assessment, 2018)	✓✓
Transport network	Road and rail connectivity	✓

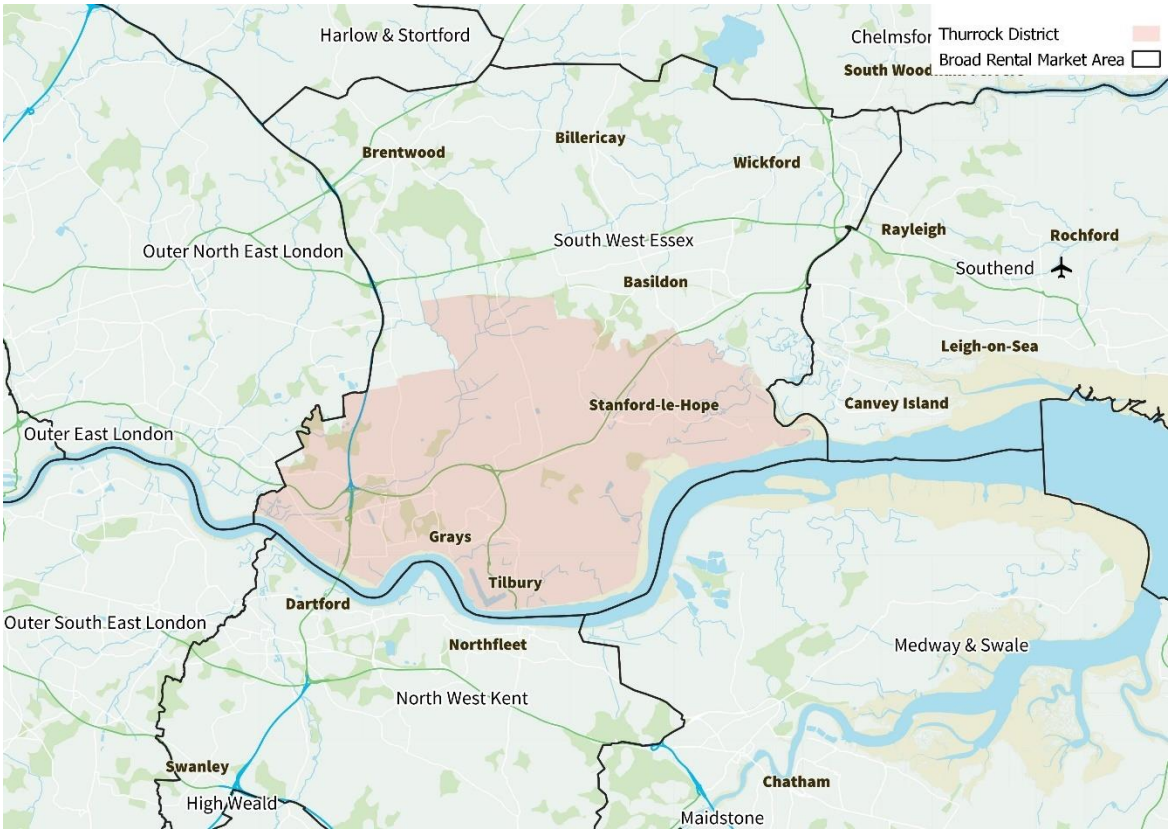
Weight given to data: ✓ = weak ✓✓ = medium ✓✓✓ = strong

Housing Market Area

2.7 The Local Housing Allowance (LHA) rates are used to calculate Housing Benefit for tenants renting from private landlords. These areas are defined as broad rental market areas (BRMA) and they are where a person could reasonably be expected to live taking into account access to facilities and services.

2.8 The borough of Thurrock is located entirely within the South West Essex BRMA which also includes areas such as Billericay, Basildon, Brentwood and Wickford. While Thurrock is entirely encompassed within the South West Essex BRMA it is located in close proximity to the Outer North East London BRMA boundary.

Figure 2.1 Rental Market Area



Source VOA, 2020

2.9 An up-to-date South Essex Housing Needs Assessment (2022) has recently been completed by Turleys. The Assessment considers Basildon, Castle Point, Rochford, Southend-on-Sea, Thurrock and Brentwood as a single housing market area based on demonstrable cross-boundary relationships between the local authorities in terms of commuting and migration. The six combined local authorities formed the Association of South Essex Local Authorities (ASELA) in 2018 and signed a memorandum of understanding to agree partnership working.

Implications for the Functional Economic Area

The Housing Market Area has been defined as the six local authorities of Basildon, Castle Point, Rochford, Southend-on-Sea, Brentwood and Thurrock.

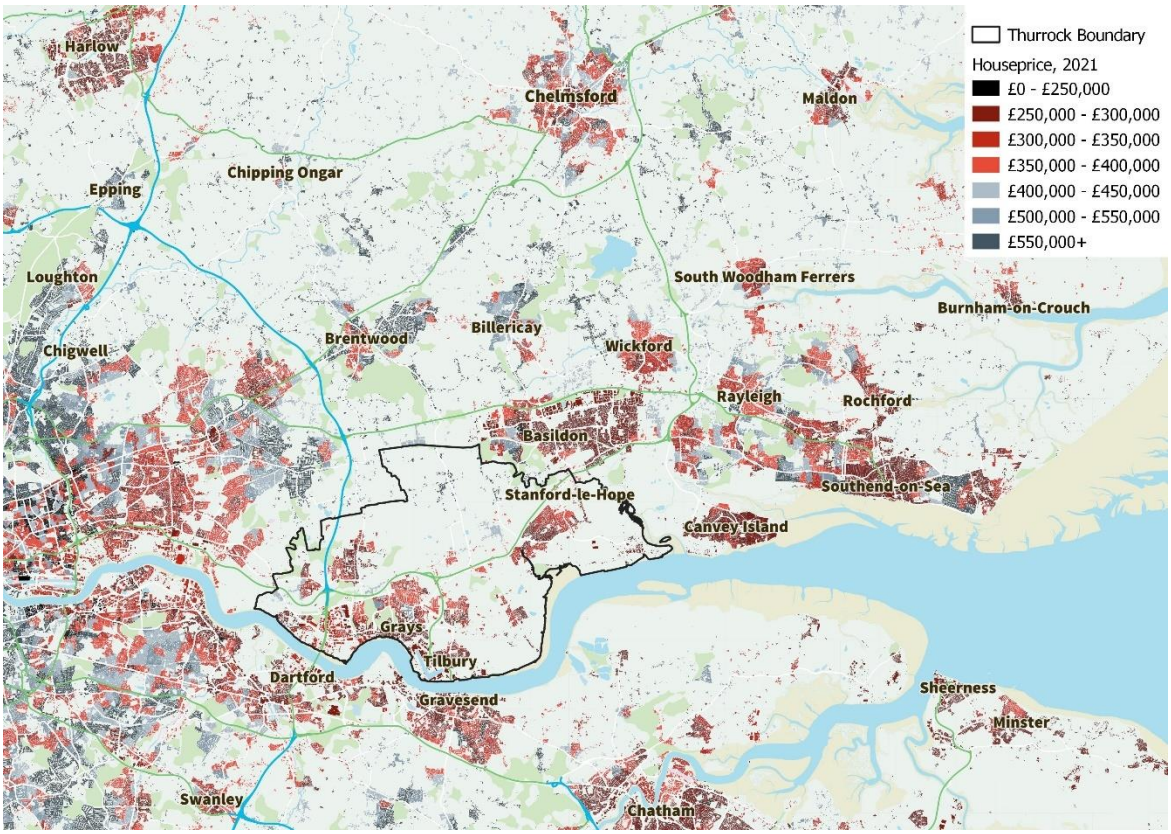
Although there are strong links to the London housing market, when the London housing market is removed, Thurrock approaches the 70% self-containment rate

House Prices

2.10 The housing market in Thurrock Borough is influenced by the wider South Essex region as well as the nearby London housing market. This supports the concept of the London Commuter Belt housing market, and is characterised by strong commuting relationships with London and higher house prices relative to areas at a further distance from the capital.

2.11 Based on ONS data, the median house price in Thurrock Borough in 2021 (Q1) was £310,000. The house price in Thurrock was greater than the national average (£274,000) but slightly lower than the regional average (£318,000). There are notable differences across the nearby local authorities with Thurrock's house price £178,000 lower than that of Brentwood (£488,000).

Figure 2.2 House Price, 2021



Source ONS, 2021

2.12 Median house prices in Thurrock are the lowest out of all of the local comparator locations as well as the regional average. House prices in Thurrock Borough have increased by 34% over the last 5 years (March 2016-March 2021), however this uplift is significantly lower than the regional increase in house price, which has increased by 133% over the same period.

Table 2.1 Median House Price, 2021

Rank	Local Authority	House Price
1	Epping Forest	£490,000
2	Brentwood	£488,000
3	Redbridge	£475,000
4	Havering	£400,000
5	Chelmsford	£379,975
6	Rochford	£360,000
7	Maldon	£340,000
8	Basildon	£335,000
9	Castle Point	£325,000
10	Barking and Dagenham	£325,000
11	Southend-on-Sea	£320,000

12	Thurrock	£310,000
-	East of England	£318,000
-	England	£274,000

ONS, 2021

Implications for the Functional Economic Area

Median house prices in Thurrock are below the surrounding local authorities, and over £100,000 less (more than 30% less) than local authorities such as Epping Forest, Brentwood and Redbridge suggesting these areas are not as closely linked as other districts.

House prices reflect stronger links between Thurrock and a number of local authorities which are generally closer in proximity including Southend-on-Sea, Barking and Dagenham and Castle Point and Basildon. The exception to this is Brentwood where house prices are well above the Thurrock Median.

Migration

2.13 PPG[1] states that analysis of migration flow patterns can be used to identify the areas within which a relatively high proportion of household moves are contained. Previously, PPG stated a threshold of 70% for an area to be considered a self-contained housing market area.

2.14 As noted earlier, data from the Census 2021 on internal migration is not yet available. Data from the 2011 Census shows that in the 12 months to the census there were around 8,660 internal moves within the borough, representing over half (62%) of all moves originating from Thurrock. The table below lists the migration flows into and out of the Thurrock Borough from its surrounding local authorities. It shows strong migration flows between Thurrock, Havering, Barking and Dagenham, Newham, Basildon and Southend-on-Sea.

2.15 Analysis of the migration figures in Table 2.2 below shows that the Housing Market Area (HMA) adopted in the 2022 HNA for Thurrock reaches just over 70% self-containment for out-migration – in other words, 70% of people migrating out of Thurrock remained within the HMA. In terms of in-migration, the target threshold was slightly below with 67% of people migrating to Thurrock from within the HMA. The data also indicates relatively high in-flows to Thurrock from Havering and Barking and Dagenham.

Table 2.2 Migration flows between Thurrock Borough and surrounding local authorities

	In-migration to Thurrock Borough		Out-migration from Thurrock Borough		Net migration
	No.	% of total	No.	% of total	
Moves within Thurrock*	8,661	61.6%	8,661	61.9%	0
Havering	720	5.1%	473	3.4%	247
Barking and Dagenham	674	4.8%	200	1.4%	474
Newham	482	3.4%	113	0.8%	369
Basildon*	437	3.1%	579	4.1%	-142
Redbridge	210	1.5%	80	0.6%	130
Tower Hamlets	150	1.1%	50	0.4%	100

[1] PPG ID: 61-018-20190315

Waltham Forest	120	0.9%	42	0.3%	78
Southend-on-Sea*	119	0.8%	209	1.5%	-90
Castle Point*	108	0.8%	171	1.2%	-63
Brentwood*	89	0.6%	121	0.9%	-32
Chelmsford	62	0.4%	135	1.0%	-73
Rochford*	40	0.3%	110	0.8%	-70
Flows within HMA	**9,454**	**67%**	**9,851**	**70%**	**-**

Source: ONS Census of Population, 2011
Note: Districts followed by * are within Thurrock Bourgh's HMA as defined in the 2022 SHNA.

2.16 More up to date data, from the 2020 Mid-Year Population Estimates, shows the migration flows into and out of the Thurrock Borough from its surrounding local authorities. Table 2.3 summarises the strongest migration flows. Several local authorities that are not considered to be within the HMA for Thurrock Borough were responsible for large in-flows to Thurrock, such as Barking & Dagenham, Newham, and Redbridge. The strongest outflows were to local authorities within the HMA: Basildon, Castle Point and Southend-on-Sea. Chelmsford also received a number of out-migrations from Thurrock. Overall, Thurrock saw a small net decrease in migration of -130 during 2020.

Table 2.3 Migration flows between Thurrock Borough and surrounding local authorities (2020)

	In-migration to Thurrock Borough		Out-migration from Thurrock Borough		Net migration
	No.	% of total	No.	% of total	
Moves within Thurrock* (2011)	8,661	53%	8,661	52%	0
Basildon*	466	3%	700	4%	-233
Castle Point*	114	1%	315	2%	-201
Chelmsford	75	0%	276	2%	-201
Southend-on-Sea*	95	1%	285	2%	-190
Colchester	50	0%	170	1%	-120
Tendring	63	0%	179	1%	-116
Rochford*	33	0%	123	1%	-90
Tower Hamlets	161	1%	79	0%	82
Waltham Forest	278	2%	53	0%	225
Havering	823	5%	432	3%	391
Redbridge	531	3%	112	1%	419
Newham	861	5%	154	1%	706
Barking and Dagenham	1,102	7%	267	2%	835
Flows within HMA	9,369	57%	10,083	61%	-714

Source: ONS Mid-Year Population Estimates, 2020
Note: Districts followed by * are within Thurrock Borough's HMA

Travel to Work Areas

2.17 As noted earlier, Census 2021 data on Travel to work patterns is not available. Data from the 2011 Census highlights strong commuting flows within Essex between Thurrock and Basildon, Havering, Barking and Dagenham, Newham, Brentwood, Medway and Castle Point. The table below also shows a strong commuting relationship with Westminster and Tower Hamlets, albeit a mostly one-way flow towards London.

2.18 Around 29,650 people live and work within the borough, resulting in an overall self-containment rate of around 19%. Nevertheless, the borough experiences a daily net out-commuting flow of around 13,104 people, mainly to other districts and boroughs across Essex as evidenced in Table 2.4 below. Additionally, there are also important in-commuting flows from both Castle Point and Southend-on-Sea from the east.

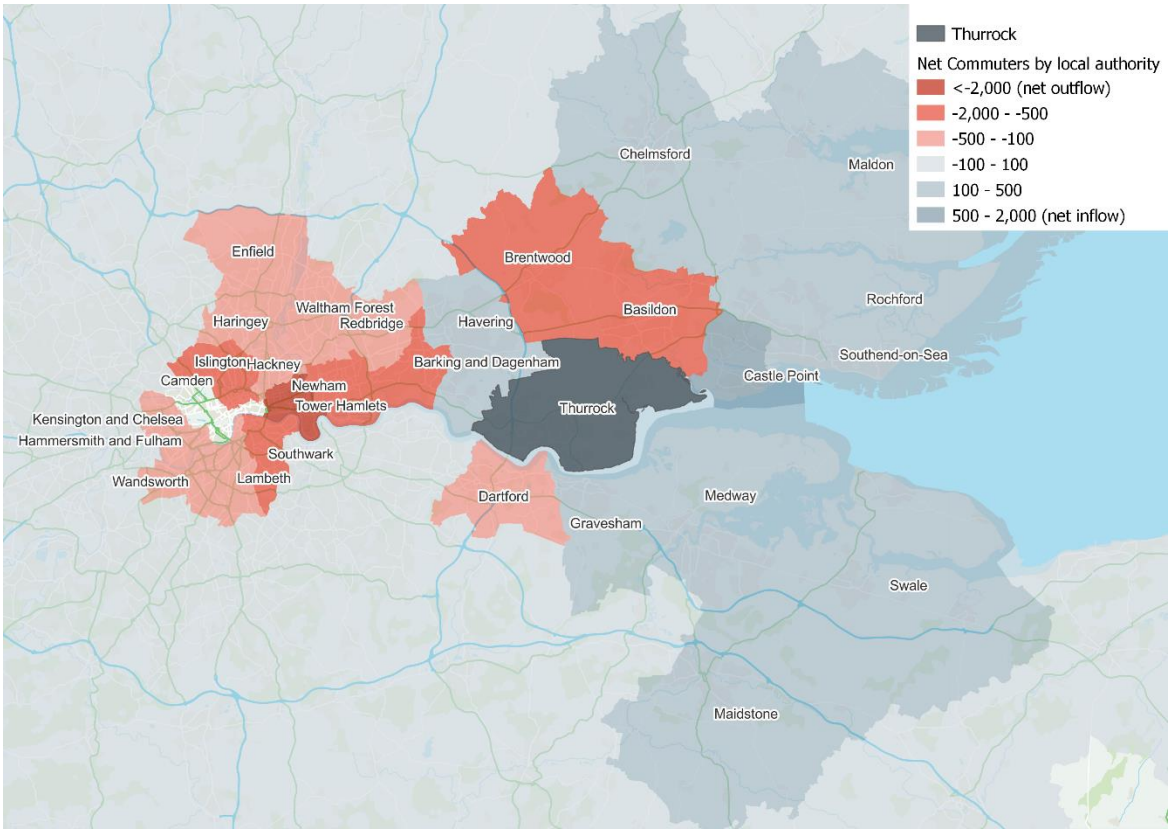
Table 2.4 Key commuting flows to and from Thurrock Borough, 2011

	In-commuting to Thurrock Borough	Out-commuting from Thurrock Borough	Net commuting
Thurrock*	29,650	29,650	-
Havering	3,674	3,429	245
Basildon*	3,470	5,310	-1,840
Castle Point*	1,638	445	1,193
Barking and Dagenham	1,396	2,549	-1,153
Southend-on-Sea*	1,192	750	442
Chelmsford	787	633	154
Rochford*	769	297	472
Brentwood*	749	1,278	-529
Redbridge	687	824	-137
Newham	639	1,716	-1,077
Medway	590	110	480
Tower Hamlets	166	2,630	-2,464
Southwark	72	780	-708
Westminster, City of London	12	5,265	-5,253
Camden	12	808	-796
Total (excl. Thurrock)	**21,813**	**34,917**	**-13,104**

Source: Census of Population, 2011

2.19 The map overleaf shows net commuting patterns for the Thurrock Borough. The map shows that there are strong out-commuting flows towards the West and London as well as the neighbouring districts of Brentwood and Basildon. Alternatively, there is a strong in commuting trend from the East with high levels of in-commuting from Castle Point, Rochford and Southend-on-Sea.

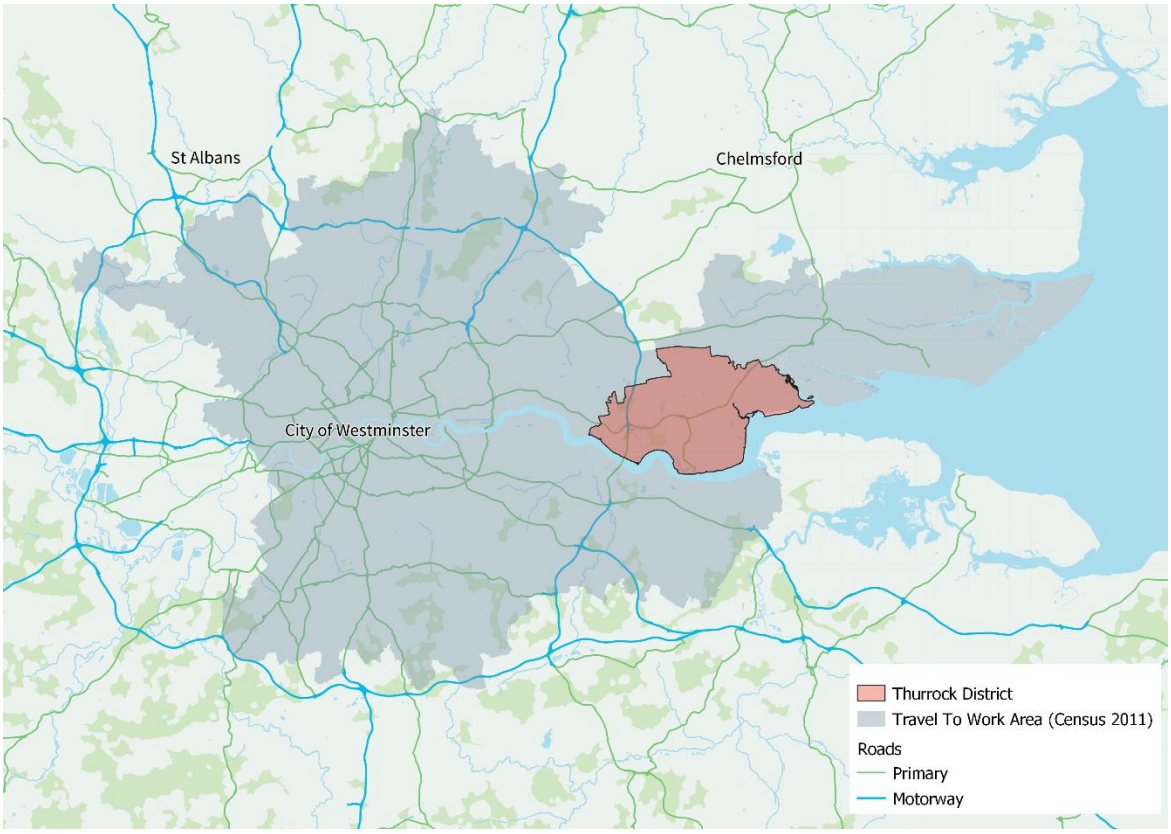
Figure 2.3 Net Commuting



Source Census, 2011

2.20 The Office for National Statistics has published travel to work areas (TTWA) definitions based on the 2011 Census which divide the whole country into separate TTWAs. The map below identifies the TTWAs that influence Thurrock Borough. It shows that Thurrock is heavily influenced by London and Southern Essex out to the coast encompassing Southend-On-Sea.

Figure 2.4 Travel To Work Areas



Source: Census 2011

Implication for the Functional Economic Area

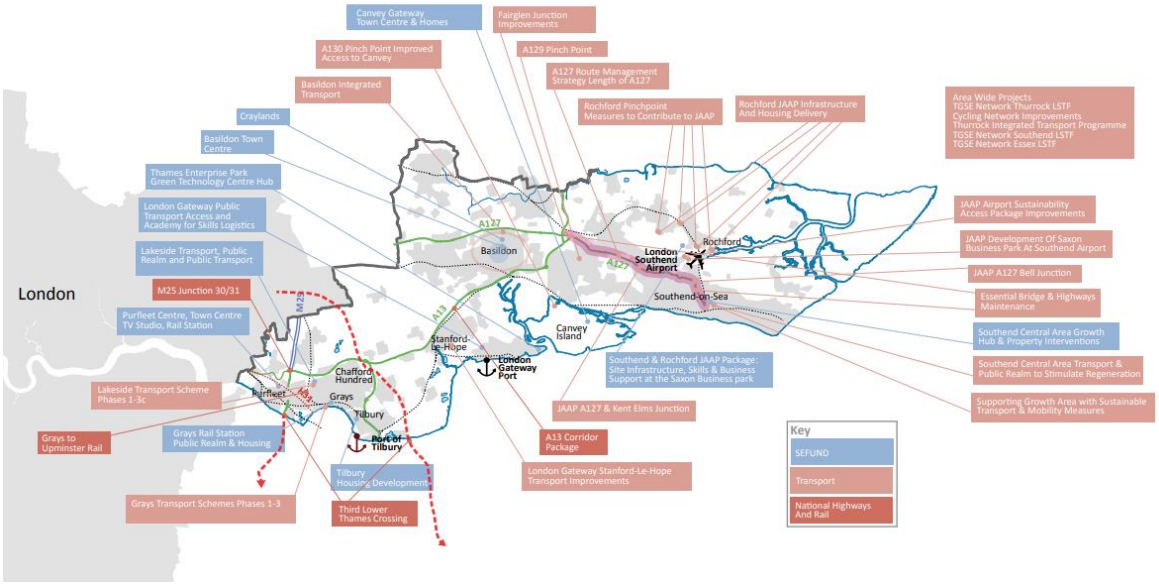
Travel To Work Areas imply strong links between Thurrock and South Essex, including Southend-on-Sea, Castle Point, Basildon, Brentwood and Rochford. In addition, outside of central London, there are also strong links with Havering and Barking & Dagenham.

Thurrock, Basildon, Brentwood, Havering, Rochford, Castle Point and Southend-on-Sea form a contiguous area and a sensible FEA for the Thurrock Borough.

Local Enterprise Partnership and South Essex Growth Deal, and other Partnerships

2.21 Thurrock Borough is located within the administrative boundary of the South East Local Enterprise Partnership (SELEP). SELEP is a strategic body bringing together the public and private sectors from across Essex, Kent and Sussex to support economic growth. The Thames Gateway South Essex (TGSE) is a national priority area identified as part of the SELEP for growth and regeneration, and encompasses Southend-on-Sea, Rochford, Basildon, Castle Point and Thurrock.

Figure 2.5 Thames Gateway South Essex



Source: South East LEP: Growth Deal and Strategic Economic Plan (2014)

2.22 £6 million of Local Growth Fund investment was allocated to improve the Thurrock cycle network as part of a wider package of Growth Deal funding (almost £0.5 billion) secured by the SELEP to deliver jobs and homes in the region up until 2021.

2.23 The South East LEP Growth Deal and Strategic Economic Plan (Figure 6.1) identifies the A13 corridor, the A127 between Southend-on-Sea and Basildon and the M25 Junction 30/31 as key strategic transport sites in the area.

2.24 The updated Economic Recovery and Renewal Strategy (2021) emphasises the role of the proposed Third Lower Thames Crossing in transforming regional connectivity and alleviating pressure on the M25 Junction 30/31. This will further connect Thurrock to Medway, Dartford and Gravesham.

Thames Estuary Growth Board

2.25 The Thames Estuary Growth Board was established as a private-led partnership backed by UK Government to drive forward and support job growth, transport infrastructure, inward investment, housing solutions and green energy infrastructure. It covers North Kent, South Essex and East London across 17 local authority areas. The Board sets out a series of key actions and initiatives in its Green Blue Action Plan (see Section 4) and brings together connections across the geography to support green growth across a wide range of sectors.

Thames Freeport

2.26 The Thames Freeport 'opened for business' in December 2021 and is the first freeport officially designated by Government granting both customs and tax benefits. The Freeport has almost 10 million square feet of land with planning consent across Dagenham, Tilbury and London Gateway. Forth Ports has recently completed its latest major expansion to its footprint at

Tilbury2, with nearly 160 hectares of land having been prepared for development and now fully operational as Ro-Ro Terminal and Construction Materials and Aggregates Terminal (CMAT).

2.27 Thames Enterprise Park joined the Freeport bid in January 2021. It covers in excess of 271 hectares (ha) of brownfield land on the banks of the River Thames in Thurrock, of which 170 ha are immediately available. It is immediately adjacent to the London Gateway port and has trimodal accessibility via the Thames, M25 and rail links. Operators will have access to a consumer and business market of 21.8 million people within two hours' drive of the site. The development will support substantial employment opportunities for Thurrock and the proposed Innovation Hub aims to address the technical skills challenge faced by the local area.

2.28 The Thames Freeport places strategic importance on Thurrock as a 'ports capital' of the UK and will be instrumental to reducing congestion associated with Southern ports. It aims to generate more than 21,000 net additional job opportunities in industries such as automotive, manufacturing, logistics, energy and processing. The Freeport will also place an emphasis on rail-based logistics over road logistics (such as the fourth berth development at the London Gateway), as well as on-site manufacturing and goods handling to drive efficiency.

2.29 The Freeport includes a large proportion of sites within Thurrock, as well as one site across LB Barking and Dagenham and LB Havering which will see the partnership working and administrative links between these authorities increasing.

Implication for the Functional Economic Area

The A13 and A127 corridors are identified by South East LEP for their strategic importance to connectivity in South Essex.

The proposed Third Thames Crossing would further open up Thurrock to areas South of the Thames. However, these links are not yet considered strong enough to include within the FEMA.

The Thames Freeport will generate significant local labour demand across a range of sectors including for higher skills levels and will bring direct benefits to Thurrock, Barking and Dagenham and Havering.

On-site production and manufacturing will supply consumers and businesses across the region through multimodal transport links.

Thurrock's competitive advantage and role as a 'port capital' will be emphasised through the inclusion of the Thames Enterprise Park to the Freeport area, where a clustering of businesses will strengthen supply chains and sustainable energy use.

There will be continued and stronger partnership working between Thurrock and its neighbouring authorities as well as those across the Thames and particularly those involved in the Freeport.

Flows of Goods and Services

2.30 The flow of goods and services from businesses to consumers (i.e. consumer markets and between businesses (supply chains) can be used as a proxy to represent the business market of an area. The flows of goods and services and information for an area are influenced by a range of factors including digital connectivity, the location and change in the stock of commercial floorspace, commercial property market geographies and transport networks. These are considered in the sub-sections below.

Service Market for Consumers

2.31 The main source of information and evidence for consumer services covering retail and leisure are local retail and leisure studies. The majority of these studies indicate preferred retail destinations for food (convenience) and other shopping (comparison). This information is primarily based on surveys of local residents and is often published in a retail capacity or local shopping study.

2.32 A Town and Local Centre Health Check Assessment is available for October 2018, which provides a relatively recent overview of retail provisioning within Thurrock. Additionally, a South Essex Retail Study was produced in November 2017, which carried out household surveys and identified future floorspace requirements and includes analysis of Thurrock. Town Centre studies and Health checks are being prepared as part of the new Local Plan but these are not yet available.

Retail

2.33 The Town and Local Centre Heath Check (2018) identifies 14 local retail centres within Thurrock, including the larger centres of Grays Town Centre and Lakeside Regional Centre. The latter is a key site for comparison shopping and has the largest floorspace in the Borough (over 135,000 sqm) with further expansion planned (+3,500 sqm). Grays town centre currently serves as Thurrock's primary administrative centre and site for convenience and comparison shopping.

2.34 The 2017 South Essex Retail Study shows that the level of turnover retention has decreased in Thurrock, with only 26% of turnover derived from Thurrock zones, however, Thurrock does have one of the lowest levels of expenditure leakage, alongside Basildon and Southend, reflecting its relatively strong comparison offer. Indeed Thurrock attracts the greatest levels of expenditure from zones outside of the borough itself, largely driven by expenditure at Lakeside Shopping Centre and surrounding retail parks including high levels of expenditure at Lakeside from Havering and Barking and Dagenham. The report shows demand analysis from 2011 – 2026 with a need for 35,000sqm of net comparison goods floorspace by 2026 and a need of 8,660 sqm of net convenience floorspace.

2.35 According to the Thurrock Economic Growth Strategy (2019), retail accounts for a quarter of all jobs in Thurrock and there has been significant growth in retail floorspace and retail employment since 2007. A challenge to the continued growth of retail within Thurrock is improving access to key sites such as Lakeside.

2.36 The proposed regeneration of Grays town centre as well as Purfleet combined with expansion plans for Lakeside will likely see increased spending retention in Thurrock and stronger absorption of spending from neighbouring local authorities.

Leisure

2.37 Leisure patterns for Thurrock reflect the retail patterns outlined above. The Lakeside Shopping Centre includes The Quay, which opened in 2019 and hosts a bowling and entertainment park as well as restaurants and bars and substantially increased leisure space and enhanced the borough's leisure offer.

2.38 The Grays Town Centre Framework (2017) outlined a vision for Grays that could build on its strengths as a Chartered Market Town. Plans include improvements to leisure provision near the river and the development of an evening and night time economy. Grays is recognised in the

Economic Growth Strategy (2019) and South Essex Growth and Recover Prospects (2020) as a key strategic site that could attract a highly-skilled population to live within 45 minutes of Central London. The development of a riverside leisure and housing offer forms part of this vision to attract people and businesses to Thurrock. The Council is currently preparing a Grays Town Centre Strategy and wider Town Centres Study as part of the technical evidence supporting the Local Plan.

Implication for the Functional Economic Area

Thurrock sees some leakage to Basildon, Rainham and Rochford but retains the majority of comparison and convenience spending.

Lakeside Shopping Centre and Grays Town Centre draw expenditure from other areas such as Southend-on-Sea and this is likely to continue with their regeneration and expansion together with that of Purfleet town centre.

Leisure patterns for Thurrock reflect the retail patterns outlined.

Digital Connectivity

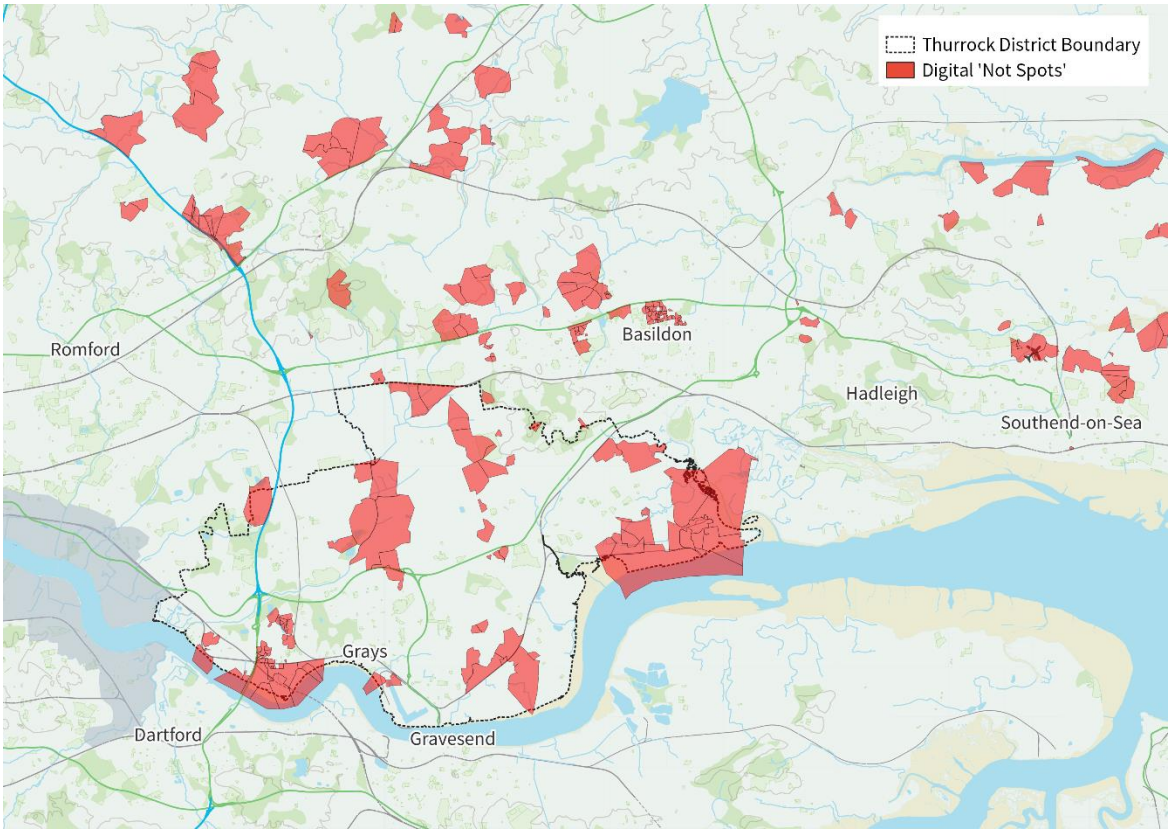
2.39 The ambition for the Association of South Essex Local Authorities (ASELA) region is that every household, business and community facility has access to affordable full fibre digital connectivity by 2025. The Government target is to achieve 85% access to gigabit capable digital connectivity by 2025.

2.40 Looking at the Gigabit Capable and Full Fibre figures for the South Essex region against the national average the data shows that in July 2021 Thurrock was behind the national average for Full Fibre coverage, however by November 2022 Thurrock was significantly ahead of the national average at 56.16% as opposed to 42.2%. Factors in achieving this has included increased market activity thanks to a raised profile due to the ASELA Digital Programme and the rollout of the ASELA full fibre infrastructure, helping stimulate investment in Thurrock with the likes of Openreach and more recently Netomnia.

2.41 It is anticipated that further investment will occur in the next two years, (e.g. VM02's investment in Full Fibre and its migration from its legacy DOCSIS cable network) which will result in a further uplift in connectivity provision within Thurrock. However, this is still likely to leave both urban (primarily business parks) and rural areas in the north of the borough, to be addressed and intervention may still be required.

2.42 The biggest issue to achieving 100% full fibre coverage by 2025 is likely to be in addressing 'not spots', areas where businesses and residents can't get a 'decent broadband connection', defined by Ofcom as a download speed of at least 10 Mbit/s and an upload speed of at least 1 Mbit/s. These areas exist in both rural and urban settings across Thurrock and have been mapped (Figure 2.7) with red areas highlighting broadband speeds less than 10Mbit/s download speed.

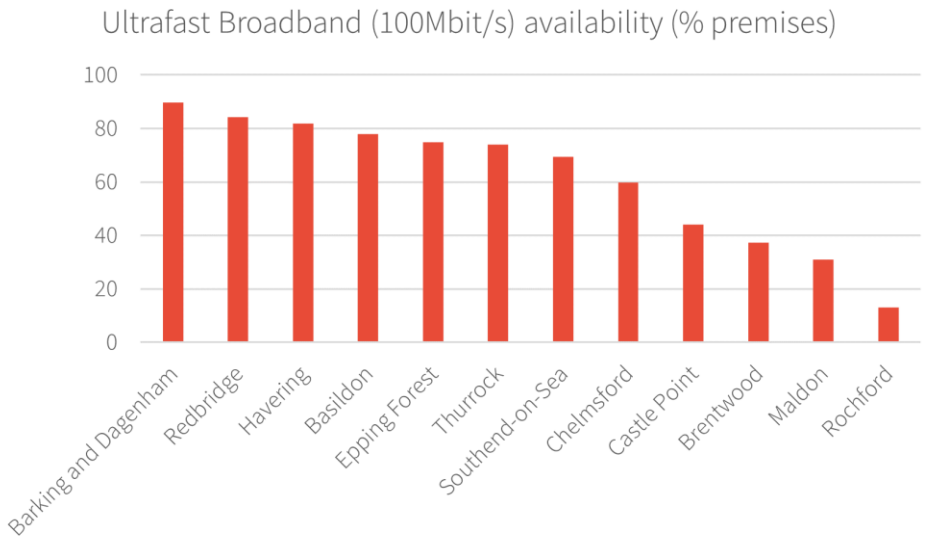
Figure 2.6 Digital 'Not Spots' in Thurrock



Source: Think Broadband

2.43 Ofcom's Connected Nations Report (2021) provides data on digital connectivity at local authority level. Figure 2.7 shows how access to ultrafast broadband varies for business premises across local authorities. Barking & Dagenham has the highest availability with 90% of premises accessing ultrafast broadband, compared to 74% in Thurrock and 13% in Rochford.

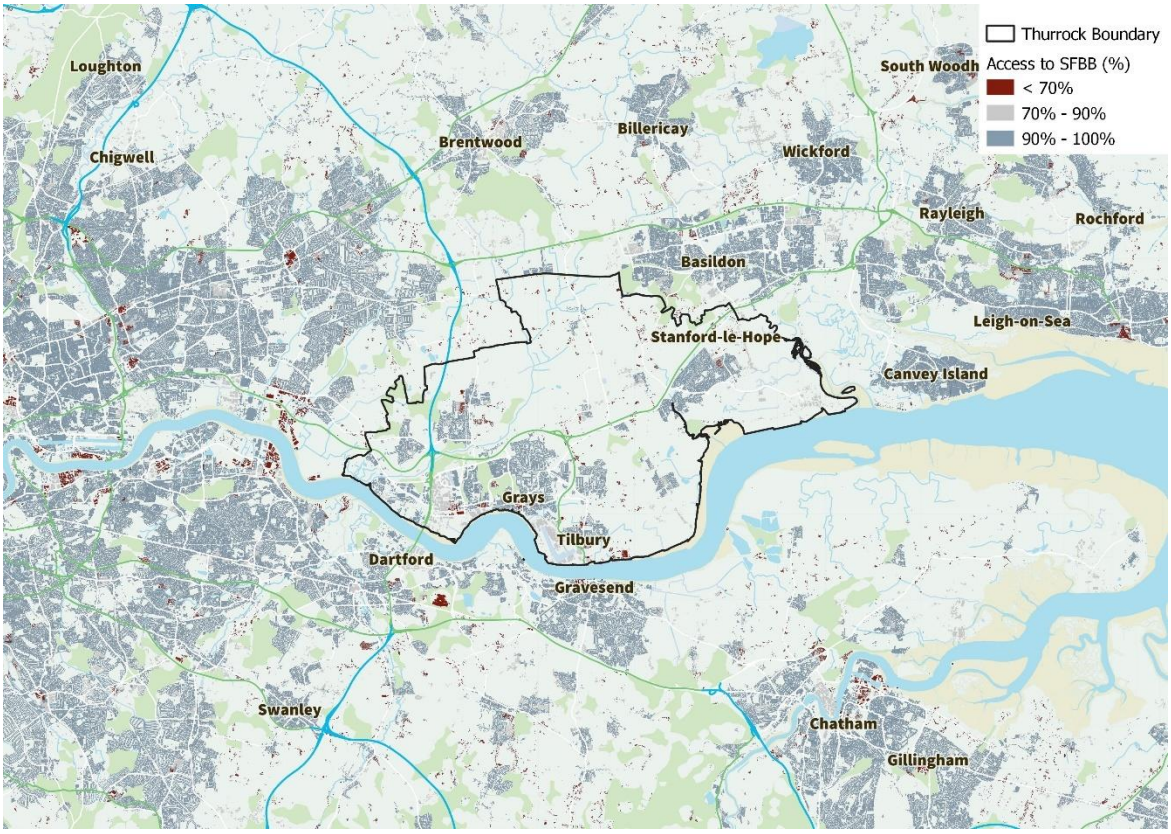
Figure 2.7 Digital connectivity across local authorities (2021)



Source: Ofcom Connected Nations Report (2021)

2.44 Figure 2.9 shows that the overall level of superfast broadband connectivity across Thurrock is generally strong with mainly 90-100% connectivity to superfast broadband. With around 60% of the borough classed as rural there are isolated areas of lower connectivity to superfast broadband to the north and centre of the borough.

Figure 2.8 % of Premises with access to Super-Fast Broadband



Source Ofcom, 2021

Transport Network

2.45 The assessment focuses on the key transport nodes and connections available and considers mainly the road and rail networks in addition to the bus network in and around Thurrock. The transport network is pivotal to the success of local economies as it facilitates the movement of both people and goods supporting local business operations.

Figure 2.9 Transport Network

Source: Hatch

2.46 Both the M25 and A13 corridor provide major transport arteries through Thurrock providing a comparative advantage in terms of access to London as well as the wider region. These routes are of national and regional importance and managed by National Highways. The Council continues to work them to deliver improvements which can facilitate growth and tackle congestion. The A104 also offers a key route, serving the London Gateway.

2.47 The planned Lower Thames Crossing, is a proposed 14.3 mile road crossing across the Thames Estuary linking the counties of Kent and Essex, and it would pass directly through the borough of Thurrock passing to the east of Tilbury, with a modified junction at A13/A1089 and joining the M25 with a new junction between junction 29 and 30. Once completed, the Lower Thames Crossing would be the longest road tunnel in the UK and the National Highways predict that it would increase access to existing jobs for Gravesham, Thurrock and Havering and would bring over 400,000 more jobs within a 60-minute commute time. A Development Consent Order (DCO) was submitted at the end of October 2022 and has been validated by the Planning Inspectorate. The determination period could last around 18 months and if approved construction would start around 2026, with the road opening to traffic in the 2030's. It is worth noting that Thurrock Council does not support the design of the Lower Thames Crossing (LTC).

2.48 Figure 6.3 shows that there are 7 railway stations in the borough of Thurrock, with the majority of stations clustered around the southern part of the borough serving connections in an east west direction. Rail connections to the south of the river and in a northern direction are far more limited. The borough is characterised by its proximity and strong connections to the city of London. Despite the overall good connectivity of the borough, there are some variations with

better connectivity in the urban areas. Around 60%[2] of the Borough is classified as greenbelt and most rural areas do not have access to good rail connections. The emerging Local Transport Plan, which is expected to comprise of a suite of new documents that seek to develop an integrated, sustainable, well-coordinated and interconnected transport system or network, places emphasis on improving the provision of high-quality transport interchange facilities with a specific focus on Grays, Purfleet, Lakeside Basin, London Gateway and Tilbury.

2.49 Travel to work data from the 2011 Census[3] provides an insight to usage patterns of the local transport network, with driving to work the most popular (63%), which is higher than the national average (60%). The two greatest disparities in transport usage are the use of the train in Thurrock which was used by 16% of commuters, while the national average was notably lower at around 6%. Additionally, the proportion of commuters that walk to work in Thurrock is almost half that seen nationally (6% and 11% respectively). This ties in with the strong rail connections in the borough and the high levels of out-commuting to London.

2.50 The high levels of private car use for commuting and travel is one of the greatest issues that the Council is aiming to tackle through its current Transport Strategy and emerging Local Transport Plan with the vision being for a sustainable and well-connected transport system that supports reducing car dependency in favour of methods that promote health and wellbeing, safer roads, facilitate development, growth and regeneration, and help meet air quality and noise and climate change goals. Several new transport projects have been proposed recently as part of the emerging Local Transport Plan for Thurrock including the Bus Rapid Transit (BRT) with South Essex, new rail links including across the river and links with the south bank of the Thames towards London.

2.51 The South Essex Green and Blue Infrastructure Study sets out a vision for a 'healthy, active and safe walking and cycling network with a comprehensive and connected network of on and off-road walking and cycling routes linking homes to vital local destination and the blue and green networks'. Additionally, the lower-than-average level of bus usage is tied into the Council's priorities to increase bus usage satisfaction across the borough which is noted as an area of local transport weakness.

Table 2.5 Method of Travel-To-Work

	Thurrock	England
Underground, metro, light rail, tram	1.9%	4.3%
Train	16.0%	5.6%
Bus, minibus or coach	3.8%	7.9%
Taxi	0.6%	0.6%
Motorcycle, scooter or moped	1.1%	0.9%
Driving a car or van	62.9%	60.2%
Passenger in a car or van	5.6%	5.3%
Bicycle	1.5%	3.1%
On foot	6.1%	11.3%
Other method of travel to work	0.5%	0.7%

Census, 2011

[2] Thurrock Council (2013) Thurrock Transport Strategy 2013-2026

[3] At the time of writing 2021 Census data was not available in relation to travel patterns

Implications for the Functional Market Area

Transport connections link Thurrock Borough to the other local authorities within South Essex as well as London.

The M25 and A13 plays a key role in the road network as it provides links to London and the rest of the region, with the Dartford tunnel to the south west of the borough. The strategic transport network will likely improve in terms of connectivity with the proposed LTC and there is a focus on improving links to areas associated with the Freeport including in Barking and Dagenham and Havering.

There are areas of poor connection, especially in the centre and the east of the borough which is due to the high proportion of rural areas in the borough.

FEMA Conclusions

2.52 The analysis presented above shows there are a number of clear relationships between Thurrock and its surrounding area:

- The recently published South Essex Housing Needs Assessment 2022 adopts a housing market area consisting of Thurrock, Southend-on-Sea, Castle Point, Rochford, Basildon, and Brentwood.
- Thurrock sees strong commuting flows with other South Essex local authorities, as well as London Boroughs of Barking and Dagenham and Havering and some boroughs further west in London.
- Based on 2011 Census data, the level of self-containment for out-migration from the HMA local authorities is just over 70% and 67% for in-migration. More recent data from the ONS also shows strong migration flows between Thurrock and Barking and Dagenham, Havering and Newham.
- House prices in Thurrock are broadly in line with a number of the local authorities in South Essex including Southend-on-Sea, Castle Point and Basildon, as well as the LB of Barking and Dagenham.
- Thurrock retains a high level of expenditure from South Essex local authorities, but equally attracts relatively high levels of expenditure from neighbouring Havering and Barking and Dagenham.
- Thurrock is located within the administrative boundary of the SELEP with the TGSE identified as a national priority and encompassing Southend-on-Sea, Rochford, Basildon, Castle Point and Thurrock. More recently the Thames Estuary Growth Board was established to drive forward and support job growth, transport infrastructure, inward investment, housing solutions and green energy infrastructure covering North Kent, South Essex and East London across 17 local authority areas. The Thames Freeport, which includes sites within Thurrock as well as one site across LB Barking and Dagenham and LB Havering will also see the partnership working and administrative links between these authorities increasing.
- The transport network connects Thurrock in an east-westerly direction to other South Essex local authorities as well as neighbouring Havering and Barking and Dagenham via the A13 and rail network. The M25 also plays a pivotal role in connecting Thurrock with Basildon and Brentwood as well as local authorities on the other side of the Thames. The

development of the LTC may further strengthen these connections but this is still some way off.

2.53 Based on the analysis presented above, and the weighting identified in Table 2.1, our assessment indicates that the following local authority areas form part of the Thurrock FEMA:

- Thurrock
- Southend-on-Sea
- Castle Point
- Rochford
- Basildon
- Brentwood
- LB Havering
- LB Barking and Dagenham

2.54 For the purposes of the analysis presented within the socio-economic baseline of the EDNA and to ease alignment with the SHMA, it is suggested that the geographies analysed will include the following:

- Thurrock;
- South Essex, including Brentwood to align with the HMA;
- FEMA;
- Greater Essex
- England

3. Socio-economic Baseline

3.1 Future demand for employment land and floorspace, and the locations and sites in which future employment development should be focussed, needs to be underpinned by an understanding of the current economic drivers and trends across Thurrock, the strengths and weaknesses of its economy and its recent trajectory.

3.2 Analysis is presented in this section on the economy and key sectors in terms of economic performance (output), employment and business conditions and trends and the labour market. Data is presented and discussed at the following geographic levels:

- Thurrock
- ASELA (Thurrock, Basildon, Southend-on-Sea, Rochford, Castle Point, Brentwood)
- FEMA (ASELA plus LB Havering and LB Barking and Dagenham
- Greater Essex
- England

3.3 Data has been compiled from a range published statistical sources including from the Office for National Statistics (ONS), Business Register and Employment Survey (BRES), Annual Population Survey (APS) and Annual Business Inquiry (ABI).

National Outlook

3.4 The impacts of the COVID-19 epidemic in 2020 and 2021 were global in reach and scale. The Office of Budget Responsibility (OBR), an independent body which provides fiscal and economic forecasts to the Chancellor of the Exchequer previously stated that 2020 had seen the greatest peacetime global economic shock on record.[4] Several national lockdowns and continuous economic and social restrictions have had a significant impact on the economy.

3.5 Nearly three years on from the start of the pandemic, the Russian invasion of Ukraine continues to have major repercussions for the global economy, whose recovery from the pandemic was already being buffeted by Omicron, supply bottlenecks and rising inflation.

3.6 The detailed impacts of the Covid-19 pandemic on the economy are still emerging. With relatively few exceptions (for example, claimant count data), government data on the economy, including both business and employment data, is not yet available to show how its impacts have affected Thurrock. Latest data releases from the BRES and other ONS sources are 2020/2021 and therefore not likely to include a full picture of any changes that occurred throughout out 2021 as national lockdowns continued. In this regard, the data referred to in this section is the latest available but the picture for 2022 may have changed further. We have tried to capture this through consultations as well as the national picture.

3.7 It is clear, however, that 2022 has seen a deterioration in the economic outlook for the UK. The Russian invasion of Ukraine, in addition to immense tragedy and suffering, has brought major repercussions for the world economy, whose recovery from COVID-19 was already being

[4] Office for Budget Responsibility (November 2020): Economic and Fiscal Outlook – November 2020. Available at: https://obr.uk/efo/economic-and-fiscal-outlook-november-2020/

hindered by new variants, supply chain issues, and rising inflation and in the UK specifically, the continued impact of Brexit.

3.8 As a net positive importer of energy, with gas and oil continuing to serve as an important supply to national energy needs, the UK is being heavily impacted by rising gas and oil prices. The most recent OBR outlook (November 2022) indicates the impacts of global energy and food supply shocks have intensified with European wholesale gas prices having risen ten-fold from pre-pandemic levels and prices expected to remain four times higher in the medium term. The effect is curtailing economic recovery from the Global Pandemic and increasing financial pressure on governments. CPI inflation is expected to peak at a 40-year high of 11% at the end of this year as real wages and living standards are reduced. Inflation would likely exceed 11% without the government's 'Energy Price Guarantee', which set new limits on the price suppliers can charge for a unit of gas.

3.9 A nationally tight labour market, with unemployment below 4% as of Q3 2022 (the lowest rate for more than 18 years) contrasts with slowing GDP growth for England tipping the economy into a recession that is predicted to last for over a year and GDP expected to fall by 2 per cent. The OBR forecasts 1.2 per cent GDP growth in 2024, with the record numbers of job vacancies, which have allowed unemployment to remain so low, now reducing, meaning that unemployment is likely to rise to a peak in 2024 of just under 5 per cent.

3.10 The OBR expects inflation to drop sharply over the next year and into the next decade returning to its 2% target by 2027 with GDP returning to growth in 2024. Since the early part of the year, a high degree of uncertainty concerning the government's fiscal policy particularly in relation to medium term fiscal loosening and tightening has resulted in a net deficit of up to £177 billion this year and falling to £69.2 billion by 2027/28. The resulting tax burden will be at its highest sustained level since World War II.

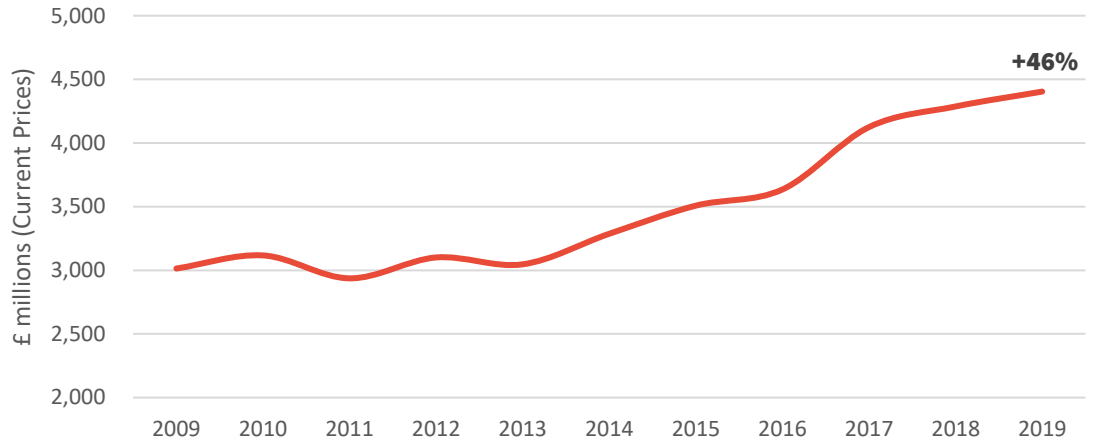
3.11 As GDP growth slows this is expected to impact exports whilst reduced consumption will likely reduce imports. As a result, OBR anticipate net trade will be negative in 2022 before returning to positive in 2023. The OBR's assumptions on net trade reflect the assumptions that Brexit will result in the UK's trade intensity between 15% lower in the long run than if the UK had remained in the EU and the point to evidence suggesting Brexit has a significant adverse impact on UK including by reducing overall trade volumes as well as trading relationships.

Thurrock Economy

GVA

3.12 Over the course of 2019, the Thurrock economy generated £4.4bn of gross value added (GVA). The overall GVA in Thurrock has increased by 46% (+£1.4bn) over the decade period (2009 – 2019), (however during this period there was a 6% reduction over the course of 2011). The increase in GVA in Thurrock is slightly greater than the 42% experienced at the national level, but nationally the increase has been reported year on year unlike Thurrock.

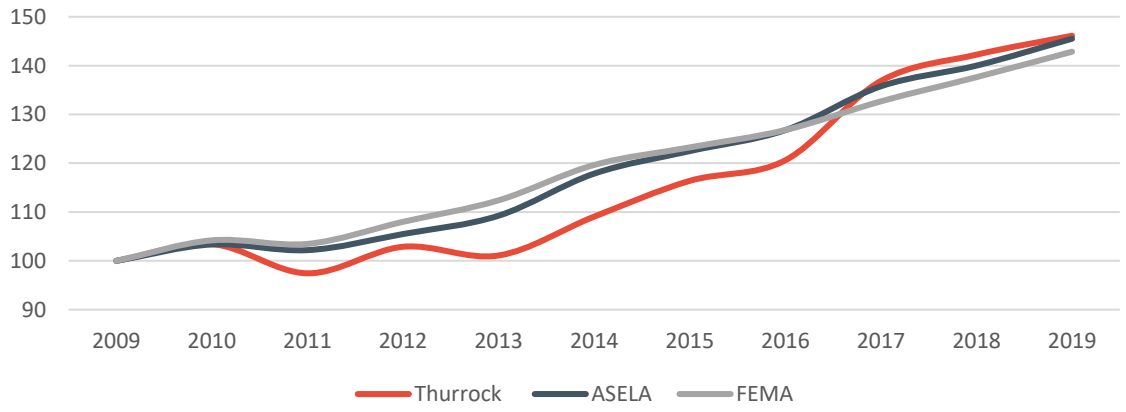
Figure 3.1 GVA performance over Time (Current Prices) In Thurrock



Source : ONS

3.13 The GVA growth in Thurrock over the entire 10-year period is similar to that of both ASELA and the FEMA areas (+46% and +43% respectively). However, Thurrock lagged behind the comparator areas from 2010 to 2017 followed by an uplift of 13%, which was the greatest annual increase across all of the areas.

Figure 3.2 Indexed GVA Growth



Source: ONS

GVA contributions by sector

3.14 Thurrock is an important economic location in the Greater Essex region accounting for around 9% of the regions overall GVA production in 2019. Table 3.1 below shows the top 10 GVA producing sectors and indicators the largest sectors are wholesale and retail (£1.1bn), transportation and storage (£588m) and real estate (£485m), collectively accounting for just under half of the overall GVA for Thurrock. The largest GVA producing sectors in Thurrock vary from those of the wider FEMA, with double the proportion of contribution from the wholesale and retail trade and transportation and storage sectors in Thurrock compared to that of the FEMA.

Table 3.1 Top 10 GVA Producing Sectors

Sector	GVA	%	
	Thurrock	Thurrock	FEMA
Wholesale and retail trade; repair of motor vehicles	1,076	24%	12%
Transportation and storage	588	13%	6%
Real estate activities	485	11%	16%
Construction	455	10%	13%
Manufacturing	421	10%	11%
Administrative and support service activities	300	7%	6%
Human health and social work activities	200	5%	7%
Education	190	4%	5%
Professional, scientific and technical activities	133	3%	6%
Agriculture, mining, electricity, gas, water and waste	129	3%	2%

ONS, 2020 ONS

Productivity

3.15 There are a number of highly productive sectors in Thurrock with the real estate sector, manufacturing sector and the agriculture and utilities sectors all having a high GVA per FTE – all of which are well above the average GVA per FTE for Thurrock (£80,000 GVA per FTE). In 2019 Thurrock's productivity levels were above the national average of £77,000 GVA per FTE.

Table 3.2 GVA per FTE

Sector	GVA per FTE
Real estate activities	£776,000
Manufacturing	£133,651
Agriculture, mining, electricity, gas, water and waste	£117,273
Construction	£92,857
Wholesale and retail trade; repair of motor vehicles	£82,929
Information and communication	£76,364
Financial and insurance activities	£74,146
Administrative and support service activities	£70,588
Professional, scientific and technical activities	£64,878
Arts, entertainment and recreation & other services	£59,310

ONS, 2020 & BRES, 2020 ONS

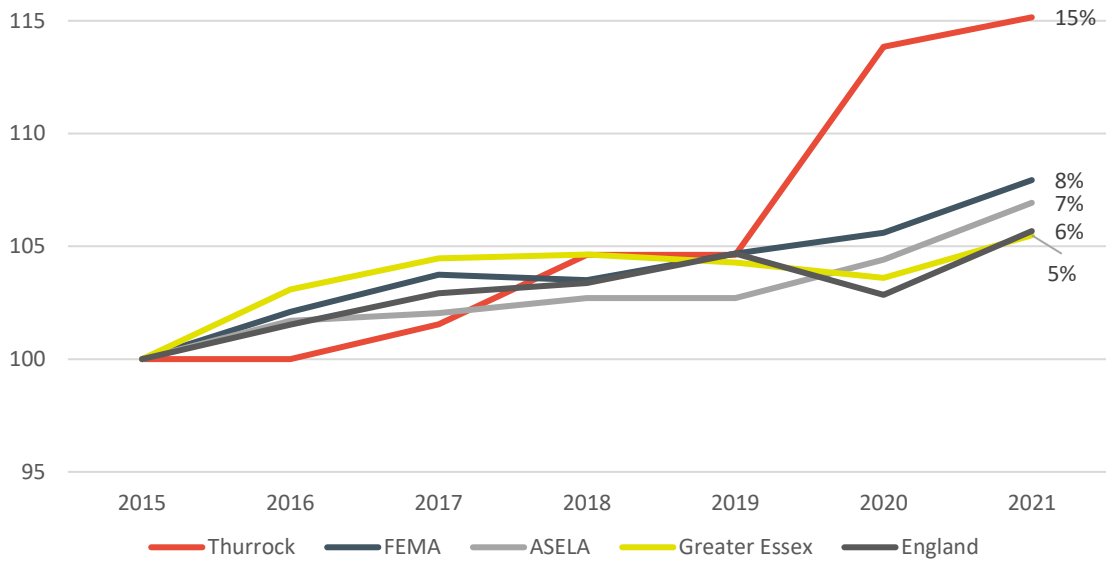
Work-Place Based Employment

3.16 Based on the latest ONS data available, Thurrock had an overall employment figure of 74,500 in 2021 making it one of the largest employment areas in both the FEMA and ASELA area. The overall employment figure of Thurrock makes up around 16% of the overall employment base of the FEMA (462,000 employees) and 24% of the ASELA area (315,500). Within the FEMA, only Basildon and Havering have a larger employment base, with over 10,000 more jobs each.

3.17 Since 2015, Thurrock has experienced strong employment growth, growing by +15% (+9,850). The rate of growth is almost double that experienced across the FEMA (+8%) and significantly greater than the other comparator areas of ASELA (+7%), Greater Essex (+5%) and growth seen nationally (+6%). As the figure below indicates, the rate of growth in Thurrock has not been a

consistent increase with an uplift of just 5% up until 2019, before a significant annual increase of 9% in 2020. The substantial increase has been heavily driven by the transport and storage industry which increased by 55% (+6,000) over the course of the year.

Figure 3.3 Indexed Total Employment Growth 2015-2021



Source BRES, 2020 Nomis

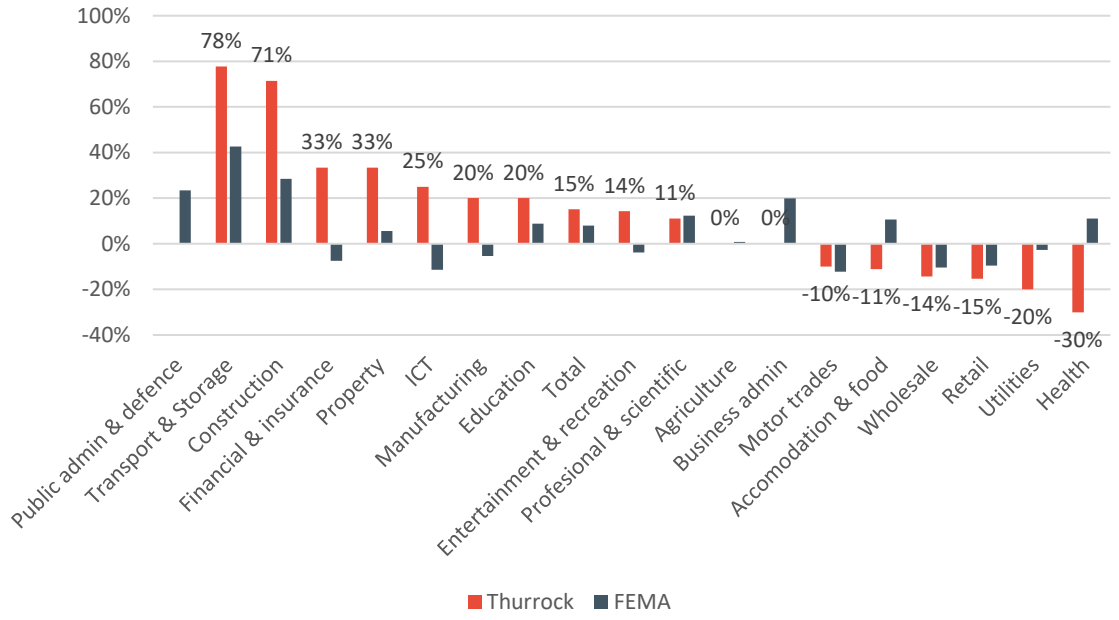
Table 3.3 Indexed Employment

	2015 (Indexed at 100)	2016	2017	2018	2019	2020	2021
Thurrock	100	100	102	105	105	114	115
ASELA	100	102	102	103	103	104	107
FEMA	100	102	104	104	105	106	108
Greater Essex	100	103	104	104	104	104	105
England	100	102	103	103	105	103	106

BRES, 2020

3.18 A large proportion of sectors in Thurrock have grown strongly since 2015, with particularly strong growth in public admin and defence (+380%/+4,750), transport and storage (+78%/+7,000) and the construction industry (+71%/+2,500). A number of sectors have experienced a decline over the same period with the wholesale (-14%), retail sectors (-15%), accommodation and food (-11%) and the health sector (-30%) all reducing in employment size. Comparatively, the FEMA area also experienced a decline in all of these sectors, apart from accommodation and food (+11%) – but also experienced a decline in the ICT sector (-11%), financial and insurance industry (-7%) and the entertainment and recreation industry (-4%).

Figure 3.4 Key Sector Employment Change, 2015 - 2021



Source BRES, 2021 Nomis

Note – Thurrock Public Admin and Defence has been taken off the graph for presentational reasons (+380%)

Broad sector summary

3.19 In 2021 Thurrock had two dominant sectors that accounted for around 36% of all employment in the borough, these were the retail sector (15%) and the transport and storage industry (21%). While the transport and storage sector is one of the largest sectors it has also been a significant growth market over the last 6 years increasing by 7,000 jobs and is now ranked as a highly specialised sector both nationally (LQ of 4.1) and in terms of the FEMA (LQ of 2.6). Since 2015 Thurrock has seen an employment reduction across two of its largest sectors, the wholesale (-500) and retail sectors (-2,000) – with the retail sector being one of its largest and most specialised industries.

Table 3.4 Broad Sector Summary: Total Employment, Specialisation and Trends

Sector	2021	% total	Change '15-'21 (abs)	LQ* vs England	LQ vs FEMA
Agriculture, forestry & fishing	200	0.3%	0	0.21	1.0
Mining, quarrying & utilities	1,000	1.3%	-250	1.17	1.4
Manufacturing	3,000	4.0%	500	0.55	0.7
Construction	6,000	8.0%	2,500	1.63	1.0
Motor trades	2,250	3.0%	-250	1.75	1.4
Wholesale	3,000	4.0%	-500	1.11	1.0
Retail	11,000	14.7%	-2,000	1.63	1.4
Transport & storage	16,000	21.4%	7,000	4.09	2.6
Accommodation & food services	4,000	5.3%	-500	0.72	0.9

Information & communication	1,000	1.3%	200	0.30	0.5
Financial & insurance	600	0.8%	150	0.22	0.4
Property	800	1.1%	200	0.55	0.8
Professional, scientific & technical	2,500	3.3%	250	0.36	0.5
Business administration & support services	6,000	8.0%	0	0.90	0.8
Public administration & defence	6,000	8.0%	4,750	1.93	2.1
Education	6,000	8.0%	1,000	0.95	0.9
Health	3,500	4.7%	-1,500	0.36	0.4
Arts, entertainment, recreation & other services	2,000	2.7%	250	0.62	0.7
Total	74,850	-	9,850		-

Source: ONS, BRES, 2021 ***Note:** LQ is a measure of specialisation compared to England (i.e. a score of 2 represents a sector 2 times more specialised than nationally).

Business in Thurrock

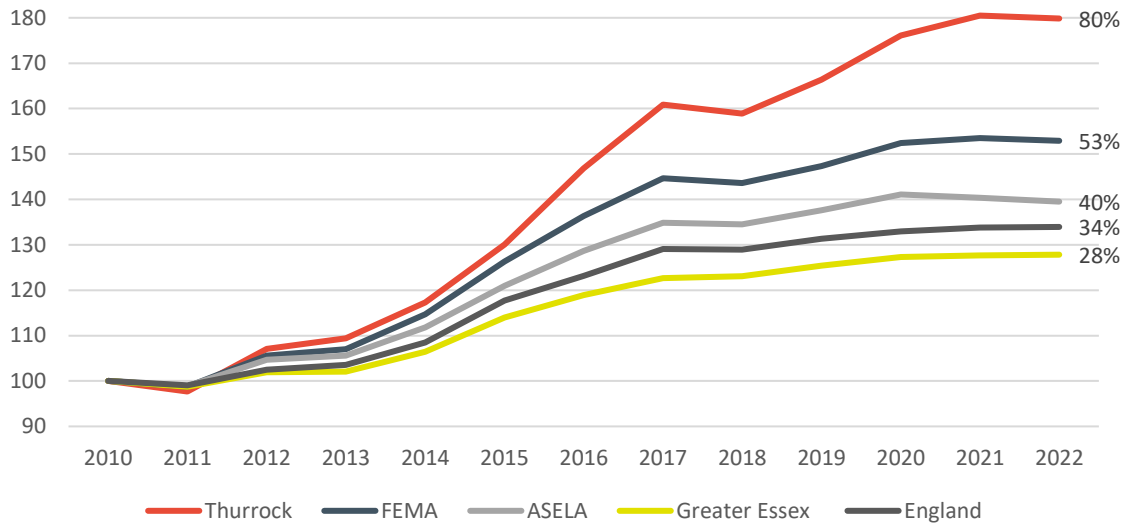
Business Characteristics

3.20 In 2022, Thurrock was home to just over 7,000 businesses accounting for around 14% of the overall business base of the FEMA (51,215). This ranks Thurrock as the fifth largest business base in the FEMA with Havering ranking the highest (10,235 businesses, 20% of the FEMA's business base), but is over double that of the smallest business base of Castle Point (3,265 businesses, 6% of the FEMA's business base).

3.21 The business counts figure is likely to be higher given that UK Business Count data does not account for businesses not registered for PAYE. Companies House data, which accounts for all business registrations, suggests there are around 11,171 businesses currently operating in Thurrock. Given that Companies House data is only available as a snapshot of the current business base, UK Business Count data will be used to analyse past trends.

3.22 Since 2010 the Thurrock business base has experienced substantial growth with an uplift of 80% (+3,110 businesses) over the 12-year period which is over double the rate of growth seen nationally (+34%) and well above that of the growth rate experienced by the FEMA, ASELA and Greater Essex. Annual business growth has been experienced every year bar two, with a decline of -2% in 2011 and -1% in 2018 acting as the only outliers, which mirrors the FEMA catchment areas business growth. This growth has been driven across all sectors with no sectors seeing negative growth, however there are a number of sectors which have seen significant growth including transport and storage (+224% or +840 businesses), construction (+112% or +885 businesses) and business admin (+120% or +335).

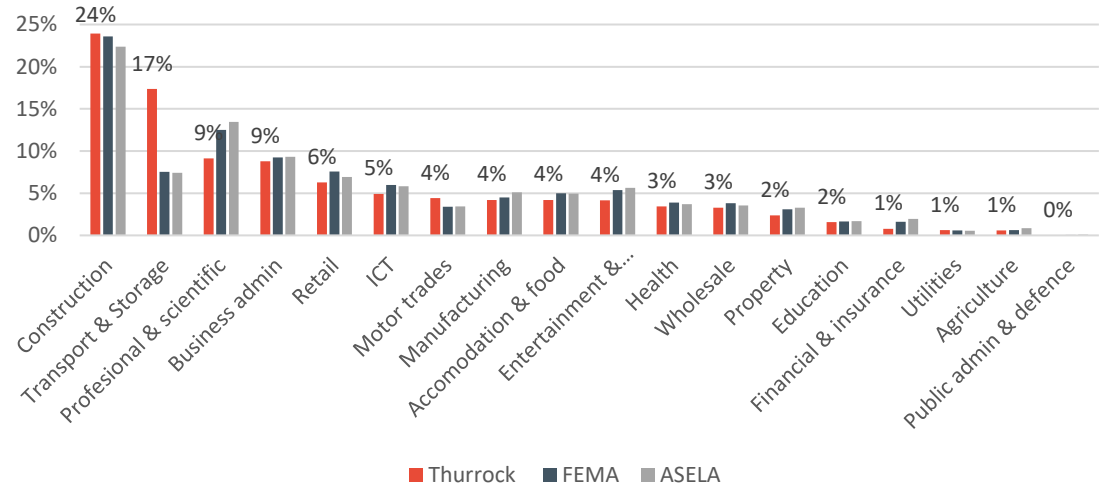
Figure 3.5 Indexed Business Growth 2010-2022



Source UK Business Counts, 2022 Nomis

3.23 Of the 7,030 businesses located across Thurrock, there are three dominant sectors that account for half of all businesses in the borough: professional and scientific (9%), transport and storage (17%) and construction (24%). The business profile of Thurrock is similar to that of the FEMA, although the Transport and storage sector accounts for a substantially higher proportion of businesses in Thurrock.

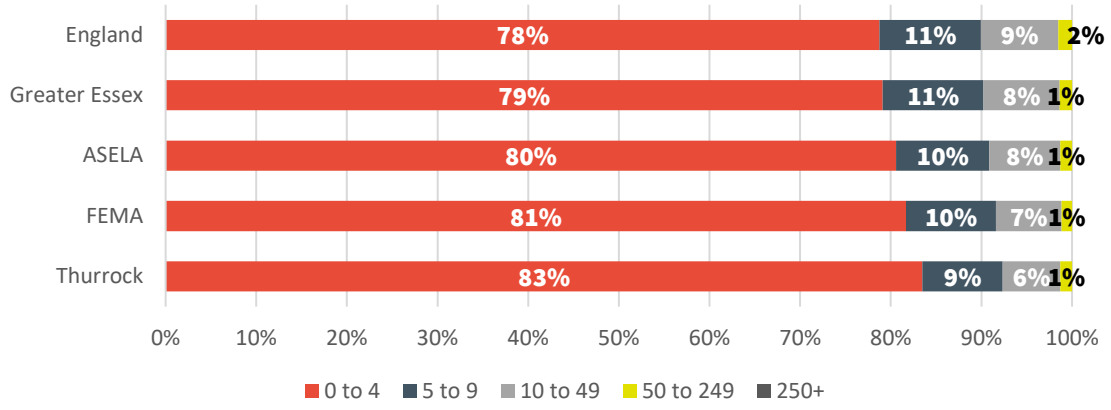
Figure 3.6 Proportion of Businesses by Sector, 2022



Source UK Business Counts Nomis

3.24 Space requirements will differ dependent on business size and its maturity. The large majority of businesses in Thurrock are micro businesses (0 – 9 employees) with 92% of businesses falling into this category. This is a similar proportion to the ASELA and FEMA although within the micro businesses category, Thurrock has a slightly higher proportion with zero to four employees (83%).

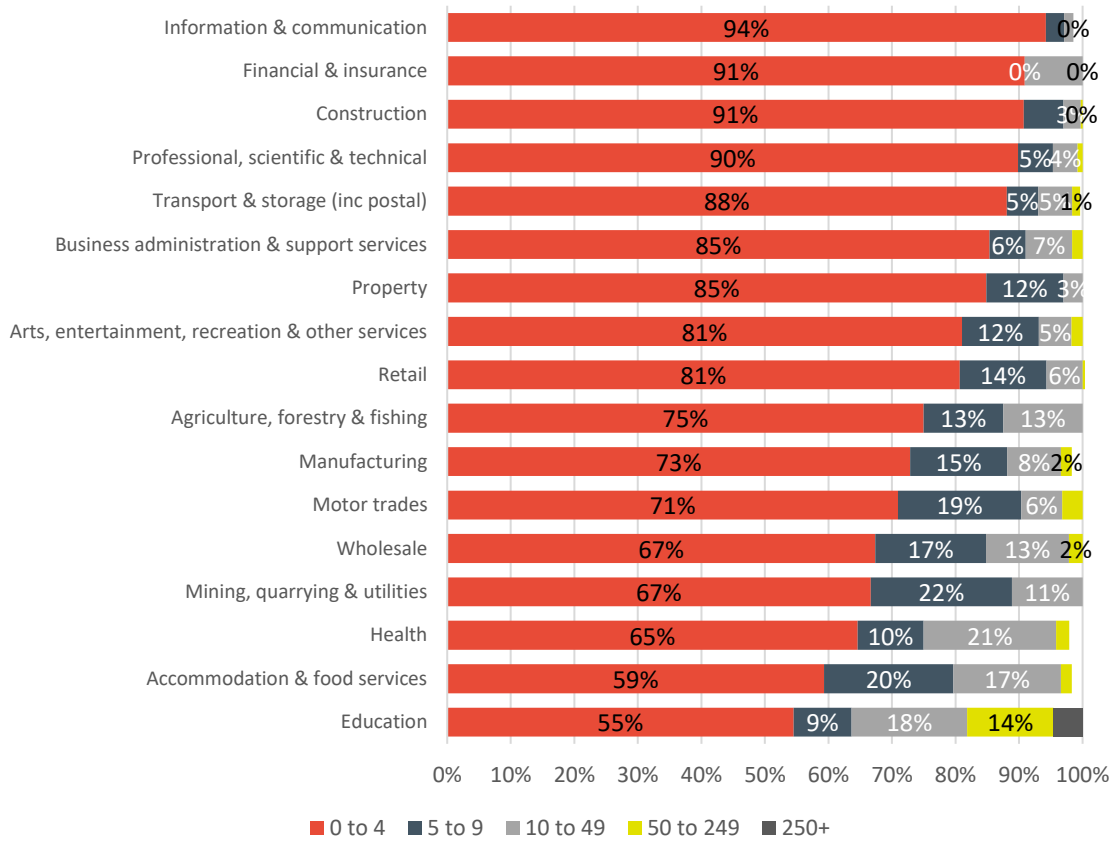
Figure 3.7 Business Sizes, 2022



Source UK Business Counts Nomis

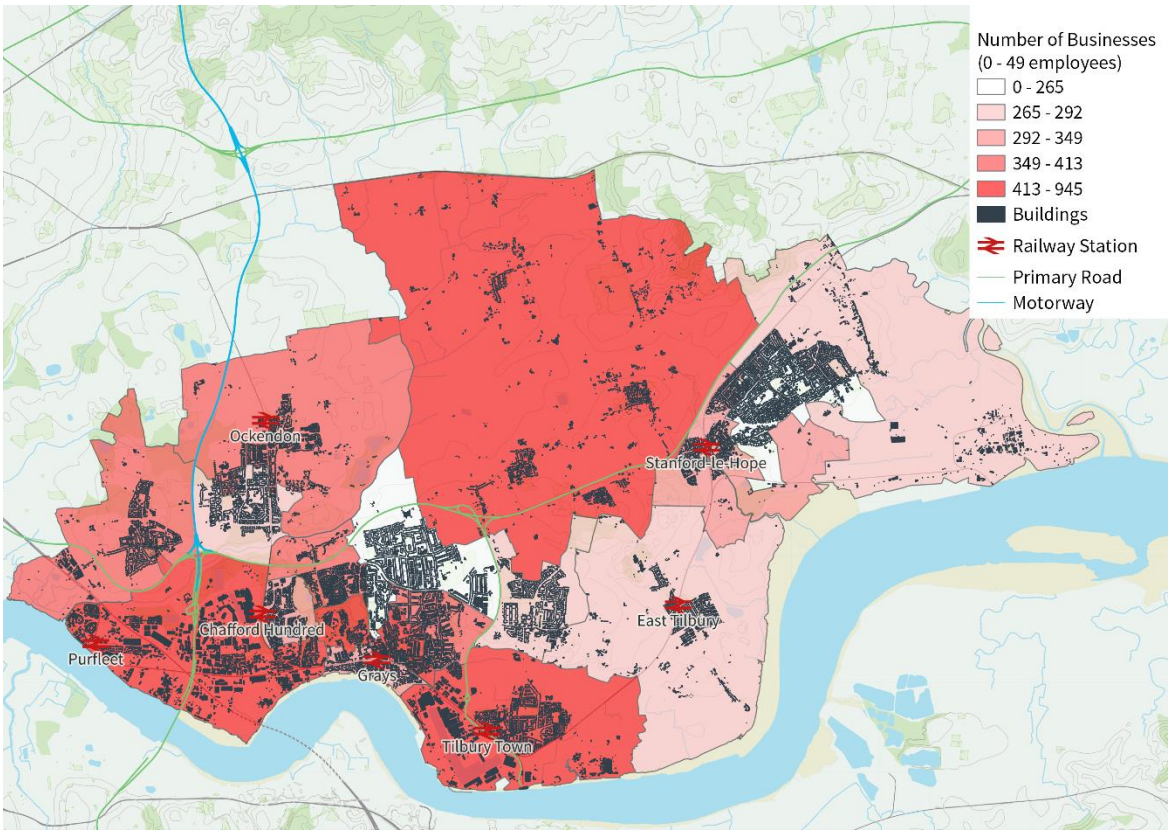
3.25 The dominant business size across all sectors in Thurrock is the micro category and especially businesses that employ up to four people, however there is a wide variation across individual sectors. The Education sector has the lowest proportion of micro businesses with 64% of all businesses employing up to nine people, while the ICT sector is almost entirely made up of businesses that employ up to four people.

Figure 3.8 Business Size by Sector, 2022



Source UK Business Counts

Figure 3.9 Proportion of businesses with 0 to 49 employees in Thurrock, 2022

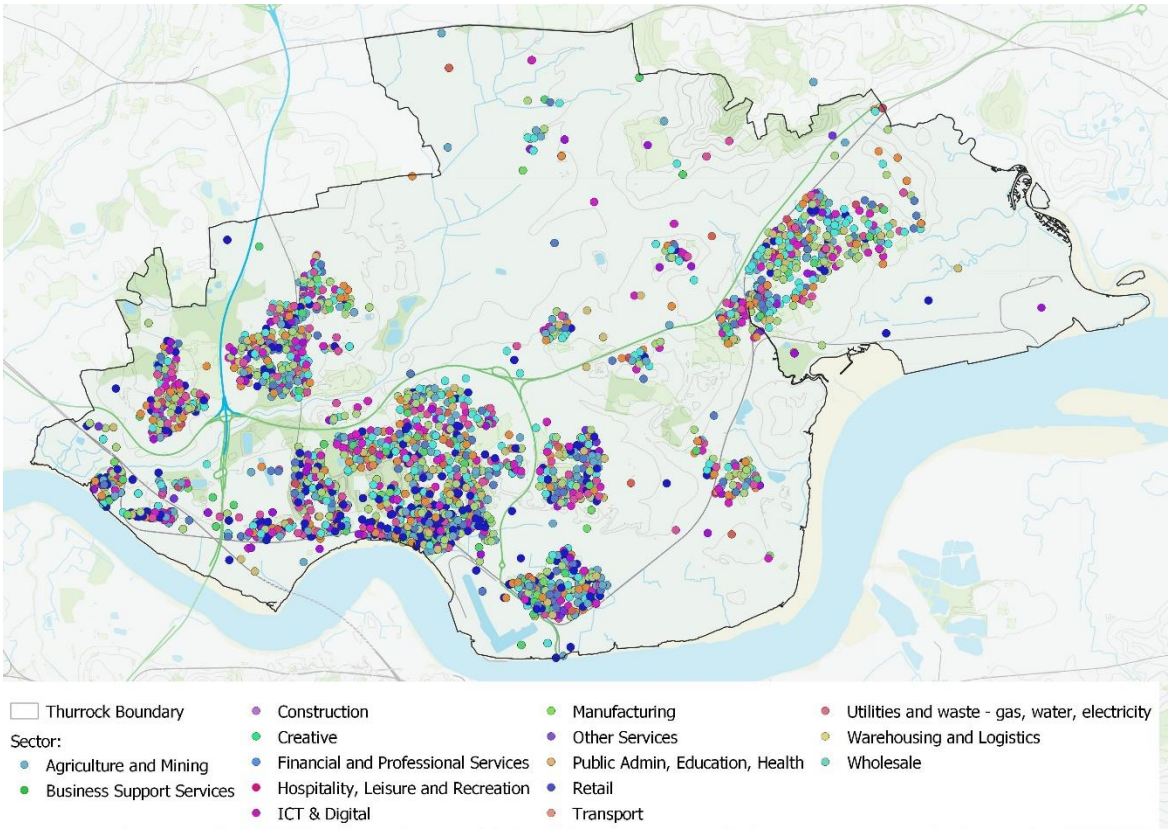


Source: UKBC, 2022

3.26 It can be seen from Figure 3.9 that the largest concentrations of small businesses (0 – 49 employees) are around Purfleet and Tilbury along the river Thames. East Tilbury and Chafford Hundred are entirely dominated by businesses with fewer than 50 employees (SMEs) are found in East Tilbury and Chafford Hundred.

3.27 As displayed in figure 3.10 overleaf, there are clear clusters of business activity, with the majority of businesses located south-central within the borough, particularly around Grays and Tilbury. This reflects the large sized business parks located towards the south with Lakeside and Tilbury docks both occupying a large proportion of business share. In addition, there is a cluster in the east along the A13 corridor at Stanford Le Hope.

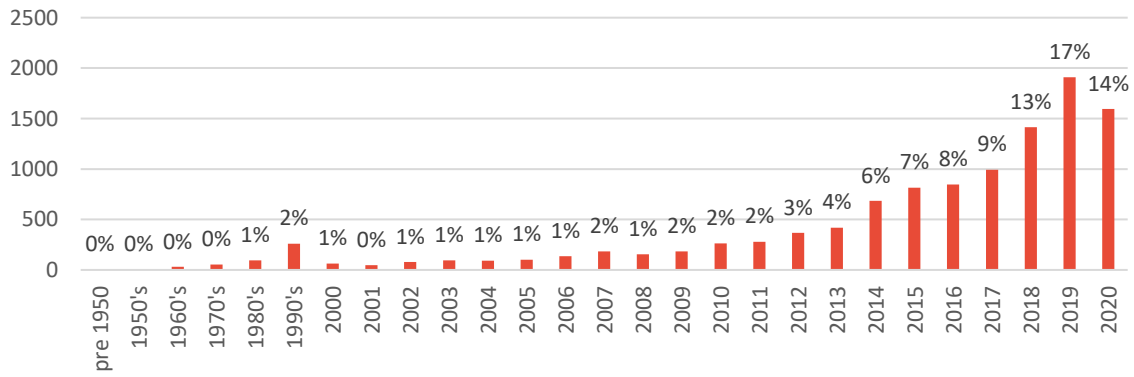
Figure 3.10 Location of Businesses In Thurrock



Source Companies House, 2020 In-house PBI report

3.28 Thurrock has a relatively young mix of businesses within its economy, with around 44% of existing businesses incorporated over the last 2-years (2018-2020), and 86% incorporated over the last decade. The relatively young business base matches the significant employment growth experienced over the last few years in Thurrock and indicates there may be potential demand for business support services and move-on/grow-on space to accommodate growth amongst new starts.

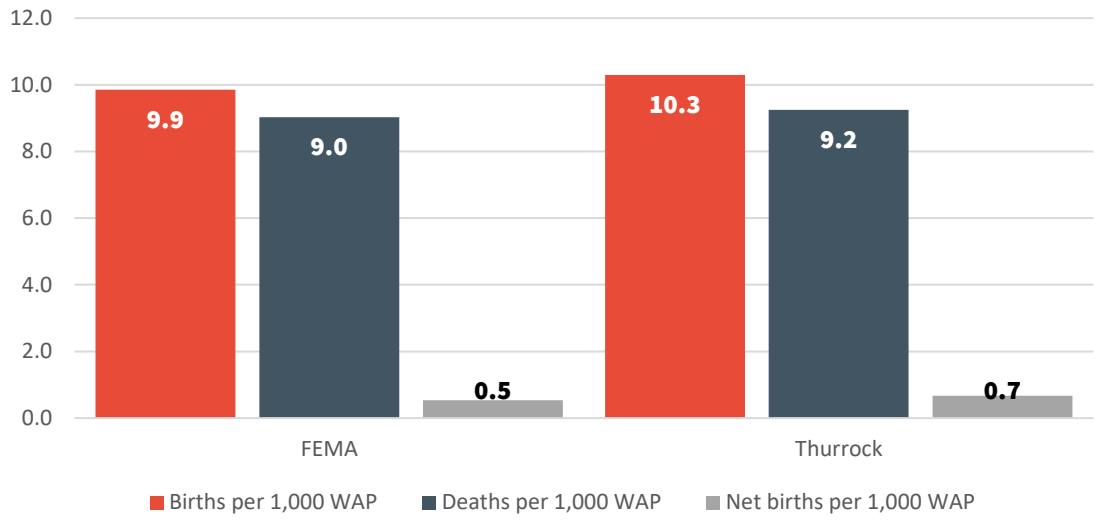
Figure 3.11 Year of incorporation by Businesses in Thurrock



Source Companies House, 2020 In-house PBI report

3.29 Thurrock as an area, is slightly more entrepreneurial than the wider FEMA with 10.3 business births per 1,000 working age population compared to the 9.9 across the FEMA. However, the level of business deaths experienced across Thurrock is slightly higher than the FEMA highlighting Thurrock may have slightly less competitive advantage in terms of conditions for businesses to operate in.

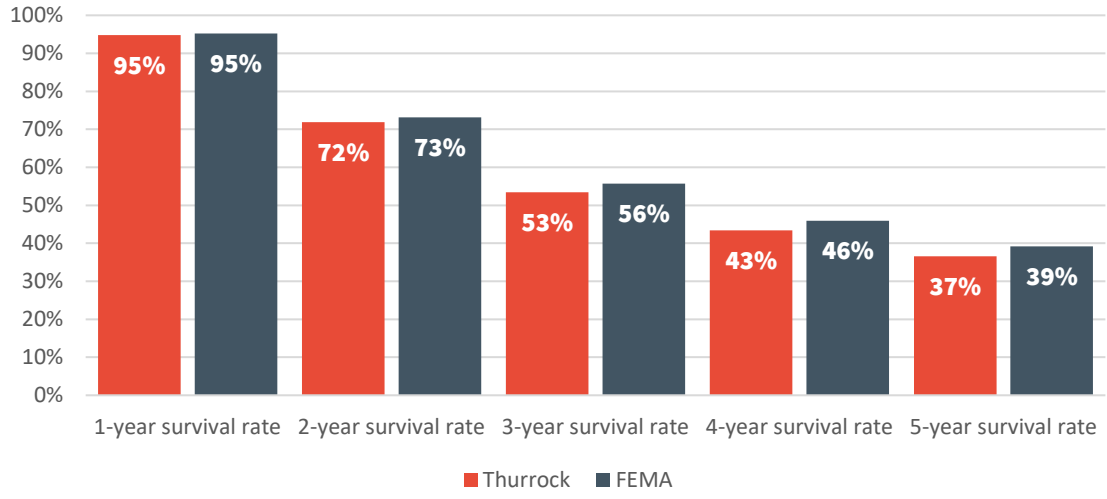
Figure 3.12 Business Demography – per working age population (WAP)



Source Business Demography, ONS

3.30 As hinted above, survival rates across Thurrock are slightly lower at every interval compared to the FEMA. New businesses in Thurrock have a 95% chance of survival in their incorporation year, which reduces to 37% after a 5-year period which is a 58 percentage point reduction which is slightly higher than the FEMA's 56 percentage point reduction.

Figure 3.13 Business Survival Rate for Businesses Born in 2015 in Thurrock



Source Business Demography, ONS

Key Sectors of the Economy

3.31 A number of sectors of the economy have been highlighted as growth and opportunity sectors for Thurrock according to the Thurrock Economic Growth Strategy, some of which will have direct implications for employment floorspace required in the short, medium and longer term. These sectors have been identified below alongside additional insights into their characteristics and drivers.

Ports and logistics

3.32 The port and logistics sector currently contains around 15,115 jobs in Thurrock and has grown by 89% (+7,120 jobs) between 2015 and 2021. It is 5.7 times more specialised than the national average. Around 53% (c. 8,000) of the jobs in this sector are in the operation of warehousing and storage facilities for the land transport sub sector which has grown by 220% since 2015. Generally, demand for warehousing activity is rising through the growth of online shopping sustaining the demand for large logistics and distribution facilities, as well as smaller scale warehousing deliveries in urban areas further sustained by increasing populations. In Thurrock specifically, the strategic and regional importance of the port activities and the recent Freeport status is further driving growth although this is yet to be reflected in employment and business data. The sector is also experiencing pressure to strengthen supply chain resilience in response to changes in trading conditions and economic challenges such as Brexit, the Ukraine war, Covid and the fall-out of the Suez Canal obstruction.

3.33 The majority of the ports and logistics industry is within the transport and warehousing sector, which will require commercial floorspace and will therefore have implications on future floorspace requirements. The Global Pandemic exposed the vulnerability of supply chains at a time when the UK's exit from the European Union was also starting to affect inbound and outbound movement of goods. As a result, companies are seeking to introduce supply chain resilience strategies including re-shoring and near-shoring, a move away from the just-in-time principle and an increase in multi-modal movements.

3.34 In addition, the drive for modernisation and technology in logistics and distribution and manufacturing operations is also creating pressure for larger scale floorspace and sites. Advances in automation, AI and robotics and a widening of its availability are responsible for some of the demand generated for the largest scale warehousing operations where scale offers cost advantages.

Construction

3.35 The sector suffered from the COVID-19 crisis but has rebounded strongly and is expected to grow further given the significant amount of planned future development and regeneration activity in Thurrock requiring a considerable construction workforce. The sector is increasingly benefitting from technological developments. Modern Methods of Construction (MMC) is an emerging sector, embracing a range of offsite manufacturing and on-site techniques that provide alternatives to traditional house-building (using factory-built volumetric modules). 61% of developers nationally[5] are already delivering housing with MMC and are looking to expand its use in the future.

[5] https://www.nhbcfoundation.org/wp-content/uploads/2018/11/NF82.pdf

3.36 The sector currently supports around 5,800 jobs in Thurrock and has grown by 65% since 2015. It is 1.5 times more specialised than the national average. The two largest sub sectors are the electrical installation and the specialised construction activities sectors (accounting for 10% and 17% respectively).

3.37 The borough is home to a number of large construction companies including Kier Group Plc, Wates, Balfour Beatty, Killoughery and more recently Tarmac at Port of Tilbury2 with the creation of CMAT. Additionally, Thurrock council has been working with the wider South Essex councils in order to support training for 650 people up to 2020 as part of the South Essex Construction Training Academy (SECTA)[6].

3.38 The sector is well-established in Thurrock with a large employment and business base, is highly specialised and is on a growth trajectory. Typical space requirements of relevance to the EDNA range from light industrial, industrial, trade counter and yard space although there is also a high proportion of sole traders, self-employed and micro-businesses in the industry who do not require premises but operate from home.

Retail

3.39 The retail sector accounts for around 12,995 jobs across Thurrock in 2021, but it has experienced a 14% decline (-2,160) in employment since 2015. Despite the recent reduction in the overall employment the sector remains 1.6 times more specialised than the national average.

3.40 The three largest sub sectors in the retail sector account for around 56% of all employment and they are; retail sale in non-specialised stores (31%), retail sale of clothing in specialised stores (15%) and maintenance and repair of motor vehicles (10%).

3.41 The retail sector in Thurrock is regionally significant with the established Lakeside Shopping Centre at West Thurrock, together with town centres of Grays and Tilbury and the proposed town centre of Purfleet, which are set to undergo regeneration under the Council's town centre investment plans. The retail sector has been particularly affected by the recent Global pandemic and the reduction in retail employment in Thurrock has occurred at a greater rate than experienced nationally (-3%) over the 6-year period.

3.42 The sector has a wide range of space requirements including high street, town centre and retail parks as well as industrial sites and warehousing units to serve supply chains.

Business Services

3.43 The business services sector employed around 4,605 people across Thurrock in 2021 but it has seen an employment decline of 510 jobs (-10%) since 2015 – which is a rate higher than seen nationally (+5%).

3.44 The sector is predominantly made up of three sub sectors that account for around 64% of overall employment. The largest employment sub sectors include; temporary employment agencies (33%), general cleaning of buildings (22%) and other business support activities (10%).

3.45 Activities within the sector typically require office space and flexible workspaces within town centres and business parks close to residential populations. However, the rise of home working may well see an increase in demand for co-working space as well as informal and flexible spaces rather than more traditional office space.

[6] Construction | Industry jobs, apprenticeships, courses | Thurrock Opportunities

Hospitality, Recreation and leisure

3.46 The hospitality, recreation and leisure sector employs around 4,930 people in Thurrock in 2021 – which decreased by 100 people (-2%) since 2015. The sector not being a specialism to Thurrock (0.6 LQ) it has seen an opposing trend to that seen nationally where there has been an employment uplift of 7% over the same time period.

3.47 The sector is heavily apportioned to restaurants, cafés and take away restaurants which account for around half of all employment in the sector. This is around 10% greater than the proportional breakdown of the sector seen nationally.

3.48 Future population growth associated with new housing development will increase demand for locally available leisure and recreation facilities. Furthermore, regeneration and development activities in areas such as Lakeside and Grays will support growth in this sector.

Environmental Technology and Green Energy

3.49 This sector relates to economic activities that reduce pressure on the environment and is a cross-cutting sector including a wide range of business activities related to sustainability and low carbon and environmental goods and services including waste collection, waste processing and transport as well as renewable energies. The Council's roadmap to recovery from Covid-19[7] notes that national initiatives driving the response to climate change will create opportunities at the local level to support green growth by innovating, adapting and developing new businesses and markets. In addition, the increase in use of electric vehicles and the areas of congestion charge in London will likely increase the need of hub areas on the peripheries of London.

3.50 It is not possible to define the sector by SIC codes and has therefore not been quantitatively assessed as part of this study, however, it is a regional and local priority and jobs and business activities related to this sector are likely to see substantial future growth. Thurrock is currently in the process of preparing a Green Growth Action Plan which will lend further support to the sector. The recently approved Thames Enterprise Park, which aims to create an Environmental Technologies and Energy Hub alongside a new import/export and blending facilities for oil produce on the site of the former Coryton Oil Refinery will help to boost this sector. The sector will cut across Use Classes including E(g)(iii), B2 and B8 with similar locational requirements to manufacturing and logistics operations.

Creative Industries

3.51 The creative sector is currently not a particularly large employment sector for Thurrock accounting for around 340 jobs, equating to 0.5% of all jobs in Thurrock. However, the sector has experienced job growth of 24% over the last 6 years which is a greater uplift than the trend of that seen nationally where employment in the creative sector has only increased by 6%. Future planned development as part of the regeneration of Purfleet and High House Production Park will help to drive further growth in the sector once delivered. Thurrock is committed to programmes such as the Thames Estuary Production Corridor and Creative Estuary programme which will create opportunities to promote and grow the sector. Furthermore, planned population growth will generate demand for creative and cultural services. The sector has a wide

[7] Thurrock Council, 2021, Backing Thurrock, a roadmap for economic recovery, resilience and a return to growth

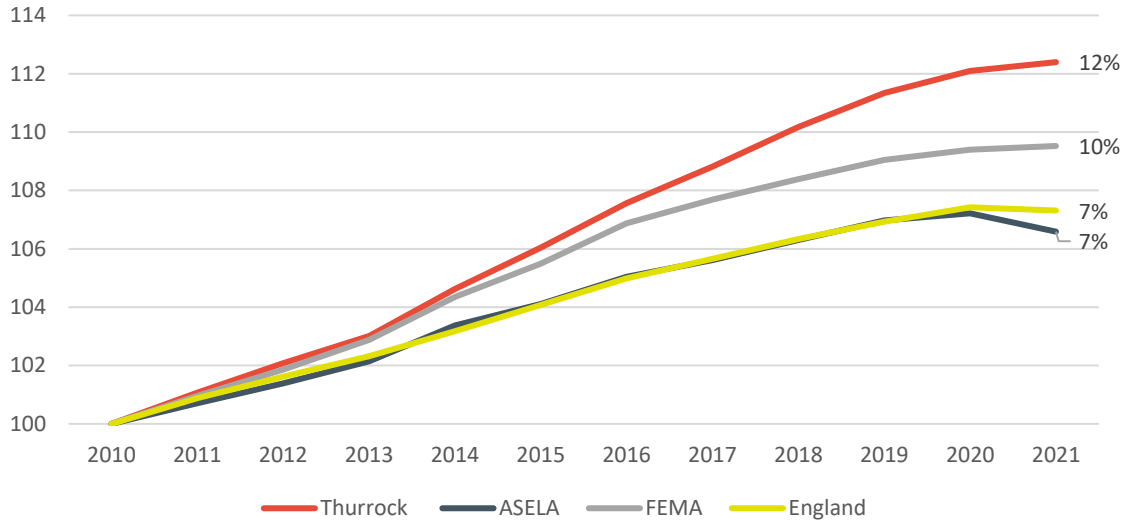
range of space requirements that are of relevance for the EDNA including workshops, studios, light industrial units and office space (Use Classes E(g)(i-iii).

Living in Thurrock

Population Growth and Labour Market

3.52 In 2021, Thurrock had a total population of 176,000 accounting for around 14% of the overall population of the FEMA catchment area. Population growth across Thurrock has exceeded all of the comparator areas since 2010 with an uplift of 12%, with the FEMA experiencing the second highest growth rate (+10%).

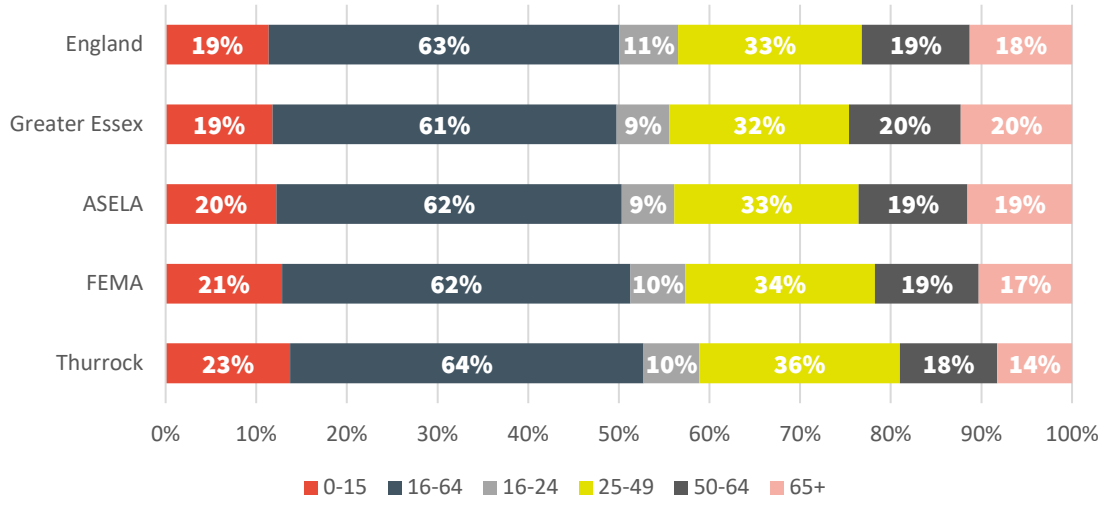
Figure 3.14 Indexed population growth



Source Census 2011 & Population Statistics, ONS Nomis

3.53 The population breakdown of Thurrock highlights a younger population than the comparator areas highlighted by the greater proportion of 0 -15 year old's and lower proportion of people aged over 65. Additionally, the working age population is slightly greater than all of the comparator areas which correlates to the increasing employment experienced across the borough.

Figure 3.15 Age Profile of the Population



Source Population Statistics, census 2021

3.54 Thurrock has an economically active population with around 84% of the population classified as economically active, which is greater than that of the FEMA catchment area (82%). Additionally, the proportion of residents that are economically active has increased by 8 percentage points over the last 6 years, while the FEMA has seen a smaller increase. There is a similar pattern across the employment rate with Thurrock and the FEMA having the same employment rate (79%), while also experiencing a greater increase in the proportion of residents that are in employment. Conversely, Thurrock has a higher unemployment rate than the wider FEMA (6% and 4% respectively), while also seeing a marginally greater increase in unemployment over the last 6-year period.

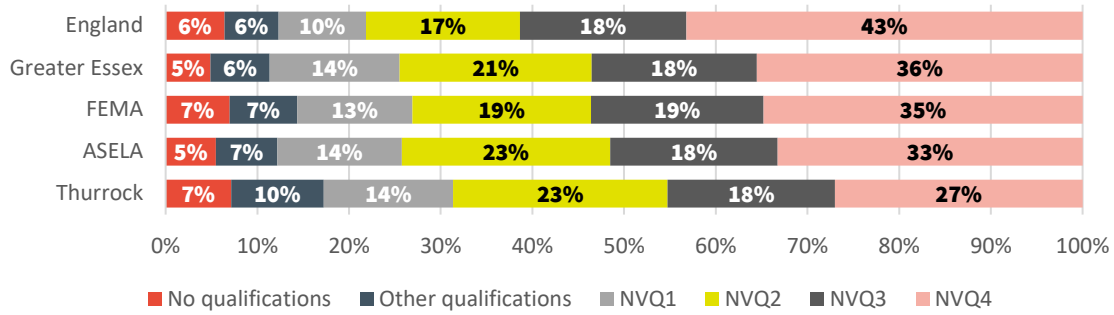
Table 3.5 Key Labour Market Characteristics in Thurrock 2016 - 2022

	Economic Activity Rate		Employment Rate		Unemployment rate	
	Thurrock	FEMA	Thurrock	FEMA	Thurrock	FEMA
2016	77%	79%	73%	74%	5%	6%
2022	84%	82%	79%	79%	6%	4%
Change	+8%	+3%	+7%	+4%	+1%	-2%

ONS, Annual Population Survey Nomis

3.55 In 2021 over a quarter (27%) of the labour force in Thurrock are educated to a degree level, which is lower than the FEMA and national averages (35% and 43% respectively). Thurrock also has a higher proportion of residents that hold no qualifications with 7% of the residents which is greater than the national average (6%) but in line with the FEMA (also 7%). Growth in degree qualified residents across Thurrock has increased by 4 percentage points since 2016 which is well behind the growth experienced in the ASELA and the FEMA (both +7ptp), and just behind the national average growth (+5ptp).

Figure 3.16 Qualification Profile



Source Nomis

3.56 Nationally there has been an increase in the level of working from home with around 11.4 million[8] people doing any working from home (includes, mainly, recently and occasionally), in 2020. This figure has increased by 65% since 2011. There are large variations in working from home patterns for each sector. The three sectors with the greatest proportion of workforce working mainly from home are the ICT industry (21.9%), professional, scientific and technical sector (17.4%) and the financial services sector (13.3%). According to the most recent data on homeworking by local authority area in the UK, only 3.6%[9] of Thurrock's workforce mainly work from their own home, which despite an increase from the previous year (2.3% in 2019), is still significantly lower than the UK average of 8.5%. One of the reasons for the low working from home percentage can be attributed to the low level of working from home seen in Thurrock's largest employment sector, transport and storage (3.1%).

3.57 Average earnings in Thurrock are high compared to the national average both in terms of resident and workplace earnings. Additionally Thurrock ranks favourably against the eight local authorities that make up the FEMA catchment area ranking third in both resident and workplace earnings.

3.58 Average weekly salary levels are higher for residents (£702) compared to workplace workers (£632), which reflects the Thurrock residents commuting outside of the borough in order to access higher paid employment.

[8] ONS (2021) Homeworking hours, rewards and opportunities in the UK

[9] APS (2020) Estimates of homeworking in the UK

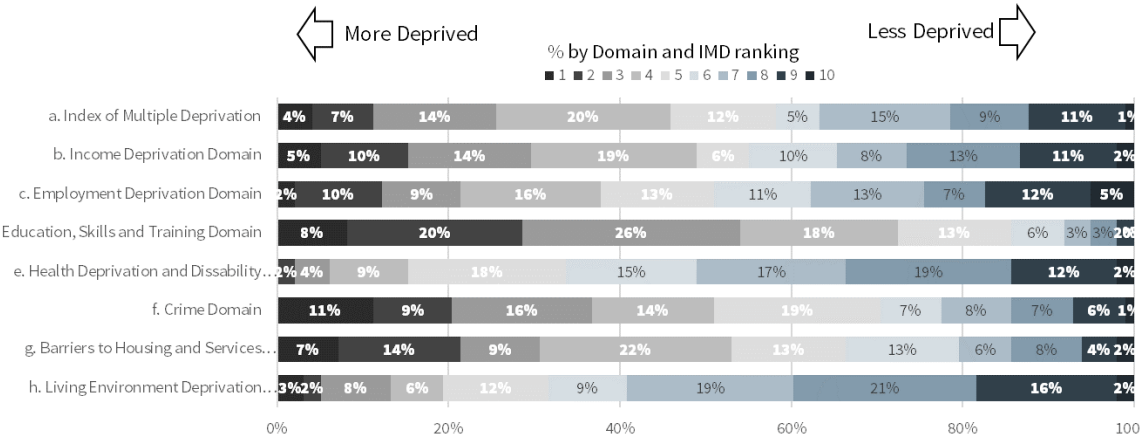
Figure 3.17 Resident and Workplace Earnings, 2022

Source ASHE 2022

Deprivation levels

3.59 Analysis of IMD (Index of Multiple Deprivation) domains across Thurrock demonstrates that the borough faces the largest challenges with respect to education, skills and training with 54% of LSOAs (Lower Super Output Area) falling within the top 30% most deprived nationally. There are also high levels of deprivation in both the crime domain and the barriers to housing (37% and 31% respectively).

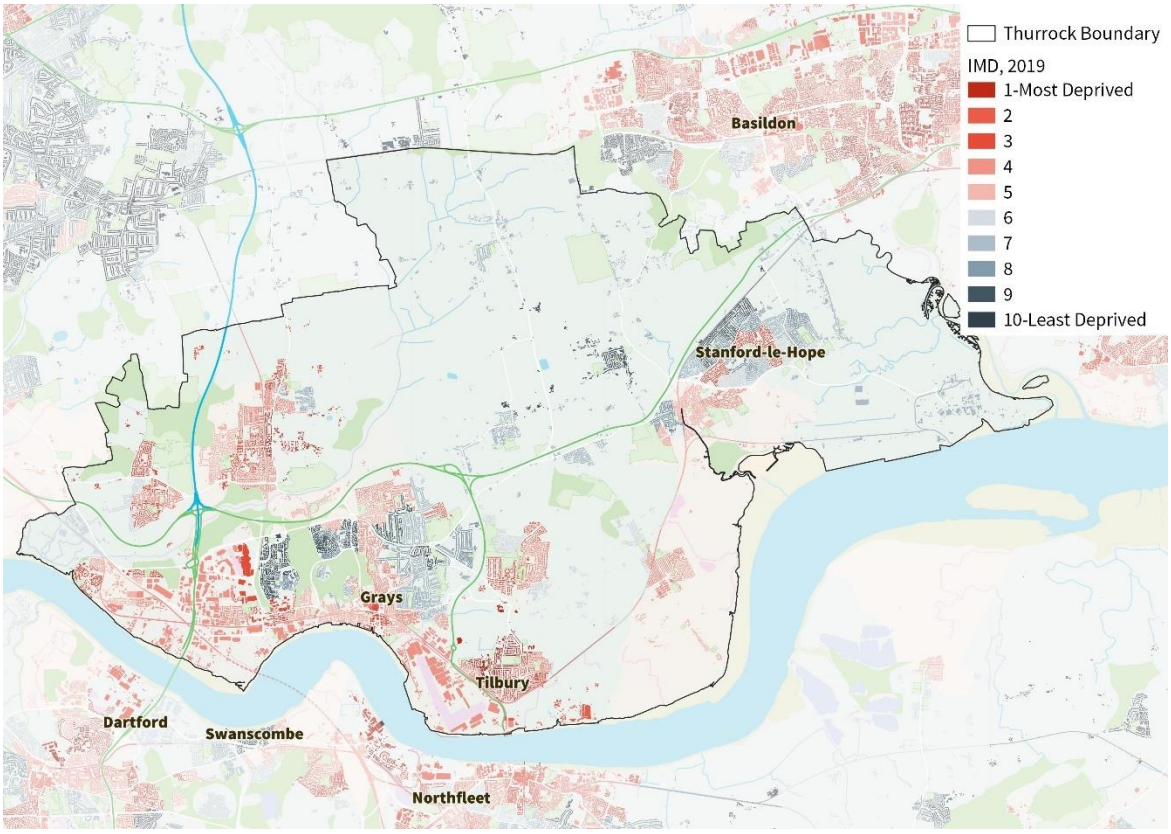
Figure 3.18 Index of Multiple Deprivation by Domain in Thurrock, 2019



Source Ministry of Housing, Communities and Local Government, 2019.

3.60 The map below shows the distribution of the index of Multiple Deprivation across Thurrock. The most deprived LSOAs are generally located around the southwestern part of the borough which coincides with the areas of highest business activity around the large retail and business parks. The map also indicates the relatively sparse nature of the borough in terms of urban areas with much of the urban activity located around key transport nodes such as the Dartford crossing.

Figure 3.19 Index of Multiple Deprivation across Thurrock



Source Ministry of Housing, Communities and Local Government, 2019. Contains OS data © Crown copyright and database right 2021.

Housing supply

3.61 In 2021 there were around 69,250 houses in the borough of Thurrock which accounts for around 13% of the overall housing stock of the wider FEMA catchment area. There has been modest housing growth of 6% since 2015 which is in line with the national average and slightly greater than both the ASELA and FEMA catchment areas. However as outlined in the IMD domains there is a housing availability issue locally, which is exacerbated by the rapidly increasing employment base and population, which are increasing at a much higher rate than the other comparator areas.

Table 3.6 Household Change

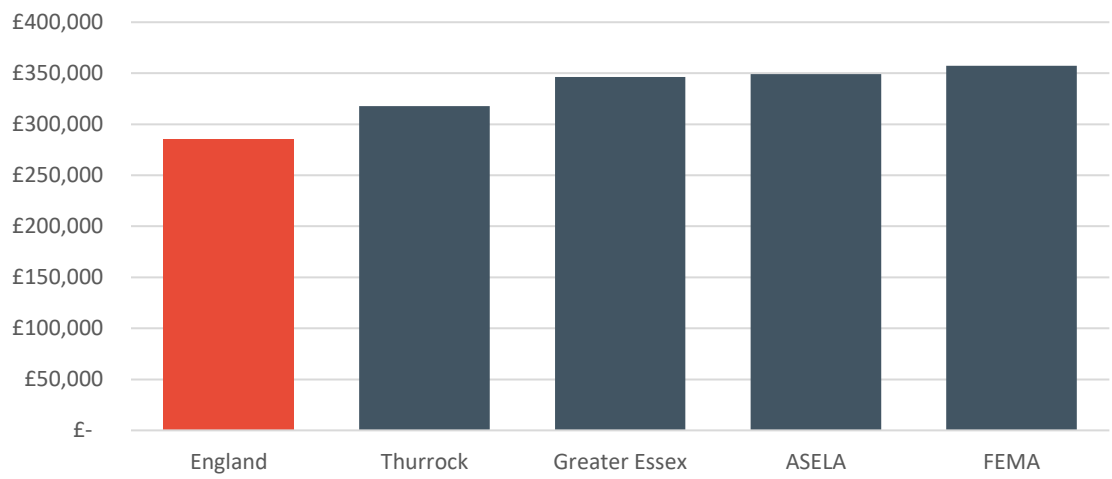
	2015	2021	Change
Thurrock	65,450	69,250	6%
ASELA	327,340	340,610	4%
FEMA	503,350	524,100	4%
Greater Essex	618,160	654,020	6%
England	23,560,440	24,881,440	6%

ONS Household Live Tables

Affordability issues

3.62 In 2021 the median house price in Thurrock was around £317,700. This is around 12% lower than the wider FEMA average house price and is also lower than all of the other comparator areas apart from the national average, which it is 11% higher than. This data differs to the earlier ONS house prices due to the availability of housing data.

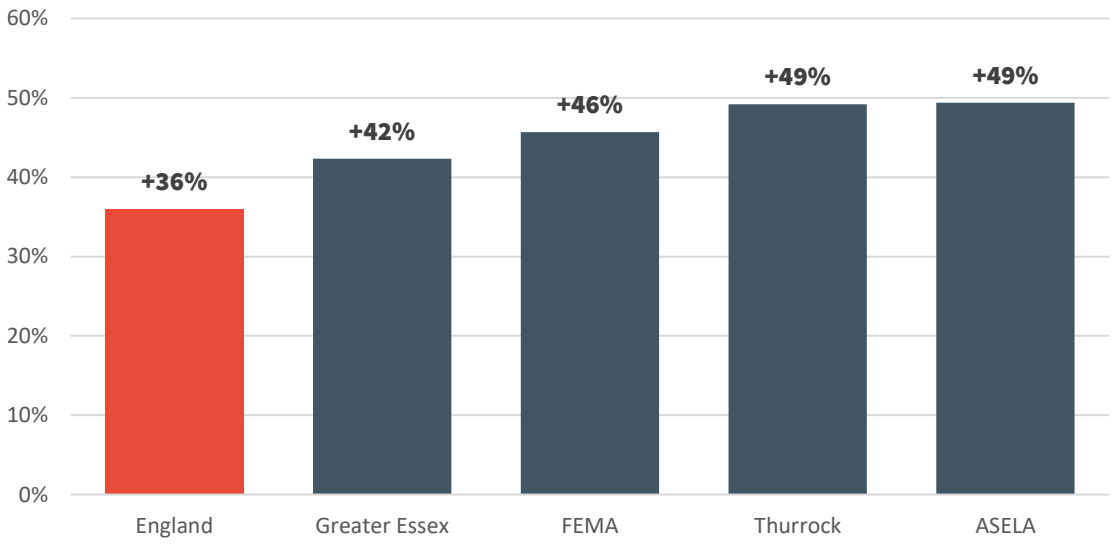
Figure 3.20 House Prices



Source MHCLG & ONS & VOA, 2019, 2021

3.63 The Thurrock housing market has seen median house prices increase by around 49% over the last 6 years, which is the greatest uplift across all of the comparator areas and is significantly greater than the national uplift(+36%).

Figure 3.21 House Price Change 2015 - 2021

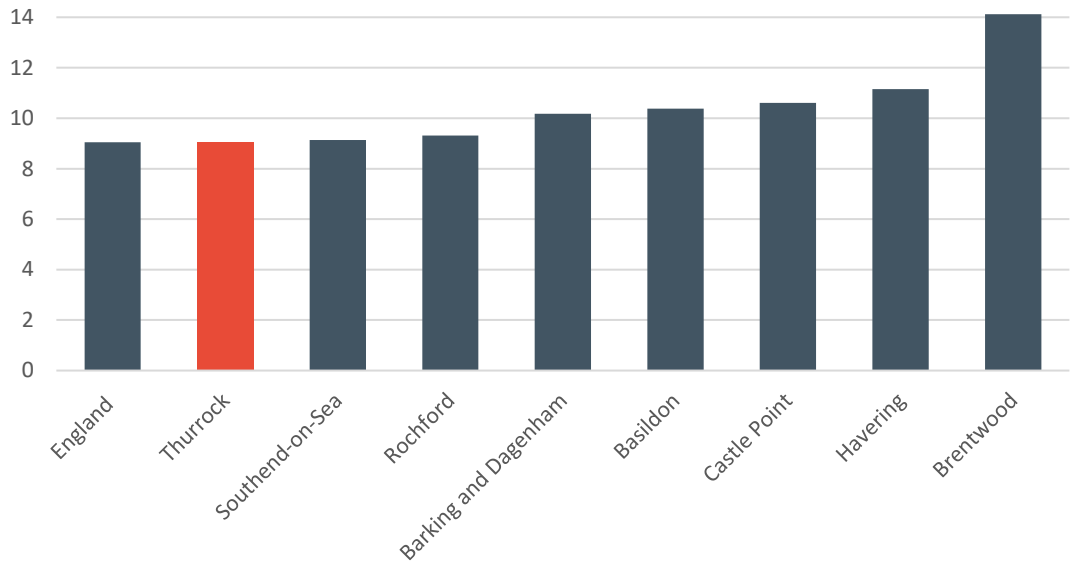


Source MHCLG & ONS & VOA, 2019, 2020

3.64 In 2021 the Thurrock affordability ratio (ratio of median house price to median gross annual earnings) was 9.07. This ratio is higher than the national average which indicates that the area is

less affordable, however it is lower than the other local authorities within the FEMA catchment area – indicating that it is one of the more affordable areas to live in South Essex. Despite this the affordability ratio in Thurrock has increased by 28% since 2015, which is significantly higher than the national average increase (+20%) and the second highest increase across all of the local authorities - which indicates that the rate of affordability in Thurrock is decreasing at a faster rate than the majority of the other areas.

Figure 3.22 Affordability ratio, 2021



Source ONS, 2021

4. Policy Framework Review

4.1 This section summarises the most relevant national, regional and local policy to this EDNA and sets the context for considering Thurrock's role in the wider economy, the challenges and opportunities it faces and the influence of strategic and local policy on economic growth. The key policy and strategy documents which have been reviewed are shown in the table below.

Geography	Documents Reviewed
National	• National Planning Policy Framework, 2021 • Planning Practice Guidance
Regional	• South East LEP Strategic Economic Plan • South East LEP Economic Recovery and Renewal Strategy • Economic Growth Strategy for South Essex • South Essex Growth and Recovery Prospectus • South Essex Economic Development Needs Assessment • Thames Estuary Growth Board • Thames Estuary Production Corridor
Local	• Thurrock Core Strategy and Policies for Management of Development • Thurrock Economic Growth Strategy • Backing Thurrock • Thurrock Employment Land Availability Assessment • Thurrock Health and Wellbeing Strategy • Thurrock Transport Strategy

National

National Planning Policy Framework

4.2 The National Planning Policy Framework (NPPF) was revised July 2021 with the aim of setting out the Government's planning policies for England and how these should be applied in a local context.

4.3 A key change to the NPPF since its last revision includes a focus on longer-term visions for planning policy (at least 30 years) to take into account delivery timescales, as outlined in Chapter 3 – Plan Making. Chapter 5: Delivering a Sufficient Supply of Homes states that particular consideration should now be given to small and medium-sized sites as opportunities for housing development.

4.4 In Chapter 3: Achieving Sustainable Development, the NPPF highlights the link between planning and sustainable development across three core dimensions, which must be achieved in mutually supportive ways:

- **an economic objective**: to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;

- **a social objective**: to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present

and future generations; and by fostering well-designed, beautiful and safe places, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and

- **an environmental objective**: to protect and enhance our natural, built and historic environment; including making effective use of land, improving biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.

4.5 In Chapter 6: Building a Strong, Competitive Economy, paragraph 81 states that "planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development".

4.6 Paragraph 82 in the NPPF states that planning policies should "set out a clear vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration". It also states the need to "identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period".

4.7 Paragraph 83 states that "planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations".

4.8 With regards to employment land, Chapter 11: Making Effective Use of Land states in Paragraph 123 that "local planning authorities should also take a positive approach to applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs". Particular reference is made to the use of retail and employment land for homes in areas of high housing demand, "provided this would not undermine key economic sectors or sites or the vitality and viability of town centres".

4.9 The NPPF makes no reference to the impacts of Brexit or Covid-19 on strategic priorities for planning.

4.10 **National Planning Practice Guidance** (PPG, 2019) supports councils in determining the type of employment land that is needed locally[10].

4.11 Strategic policy-making authorities will need to prepare a robust evidence base to understand existing business needs, which will need to be kept under review so that it reflects local circumstances and market conditions.

4.12 In gathering evidence to plan for business uses, strategic policy making authorities will need to liaise closely with the business community, taking account of the Local Industrial Strategy to understand their current and potential future requirements. They will need to assess:

- the best fit functional economic market area;
- the existing stock of land for employment uses within the area;

- the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);
- evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;
- wider market signals relating to economic growth, diversification and innovation; and
- any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.

4.13 Further guidance is provided by the government within the PPG on how current market demand can be analysed, how employment floorspace and land requirements should be estimated, how authorities can assess need and allocate space for logistics and how specific locational requirements of specialist or new sectors can be addressed.

Regional

South East Local Economic Partnership (LEP) Strategic Economic Plan

4.14 The South East LEP's Strategic Economic Plan was published in 2014 and made the case for a £1.2 billion investment through the Local Growth Fund, matched by private and public funds.

4.15 The Plan identified key challenges facing the LEP area, including high unemployment facing its coastal communities, lower economic activity and productivity compared to regional averages, congestion through the Dartford Tunnel and poor access to the Channel Ports.

4.16 Key opportunities are identified in the form of the nine universities (the U9 group) located across the SE LEP, which provide strategic inputs into the growth of Big Data, Automotive Engineering, Health Technology and Product Design sectors. Businesses in the SE LEP report higher proportions of turnover generated by new products and services, as well as higher rates of application for patents.

4.17 Despite a growth in the knowledge economy, a key challenge for the SE LEP is an overreliance on the public sector for employment, as well as a high proportion of wholesale, retail, accommodation and construction jobs which are not identified as providing high-value employment by the Plan. The SE LEP has a lower proportion of knowledge economy employment, and relatedly the Plan identifies a skills challenge in this area.

4.18 Priority sectors for the SE LEP economy are identified as advanced manufacturing, life sciences, transport and logistics, low carbon environmental goods and services, creative, culture and media and the visitor economy. These are chosen for their high growth potential and alignment with the National Industrial Strategy.

4.19 Agriculture accounts for a large proportion of the business base, with traditional and innovative economies growing around viticulture, agri-tech, forestry and offshore renewables. The Plan emphasises the role of rural areas in generating business growth.

4.20 Productivity issues are attributed to an insufficient volume of higher level skills and low levels of basic and employability skills. The Plan highlights a mismatch between local priority sectors for growth, many of which require STEM-related skills, and local training provision.

4.21 With regards to housing, a key challenge identified in the Plan is a lack of affordable housing in the SE LEP area and deprivation within coastal areas dominated by the private rented housing sector, which is holding back economic regeneration. The development of the seaside tourist industry, transport improvements to coastal towns and improvements to the operational functionality of ports are seen as key strategic opportunities for development in these areas.

4.22 The Thames Gateway features heavily within the strategic economic plan as an area of growth and regeneration that is crucial to national competitiveness. This functional economic area stretches into East and Central London to support daily commuter journeys along two growth corridors. Key sectors supported by the Thames Gateway include **Advanced Manufacturing and Engineering, Transport and Logistics, Environmental Technologies and Energy and Digital, Cultural and Creative**.

4.23 According to the SEP key opportunities associated with the Thames Gateway include the London Gateway, which is a significant port development and logistics academy, and the Thames Enterprise Park which is located on a former oil refinery and now both for part of the Thames Freeport. This site has provided an opportunity to develop a bio jet fuel plant that turns commercial and industrial waste into aviation fuel, which feeds into the growth strategy for the Environmental Technologies and Energy sector. A third Lower Thames Crossing is also proposed to ease congestion near to the Dartford and Thurrock Crossing and will link Kent to Essex with a Development Consent Order (DCO) having been submitted in October 2022 and currently waiting examination.

South East LEP Economic Recovery and Renewal Strategy

4.24 The South-East Local Enterprise Partnership's 'Working Together for a Faster, Smarter and More Sustainable Economic Recovery' Strategy identifies actions to drive new economic growth in the South East as the country recovers from the COVID-19 pandemic and establishes new ways of working internationally following the EU Transition.

4.25 Four priority areas have been identified as the unique driving forces behind the South East economy. These are:

- **Business Resilience and Growth**; increasing productivity and innovation to become the UK's most successful location for inward investment. Key associated actions include ensuring business support activity for all businesses and start-ups, supporting research and innovation activities, addressing digital infrastructure gaps, moving to a net zero economy, supporting greater inclusion and diversity and developing a highly skilled workforce that can meet the demands of industry.
- **UK's Global Gateway;** capitalising on the South East's port assets and new trading relationship with the EU by increasing capacity and reliability associated with transport and digital infrastructure, enhancing port connectivity and leveraging the broader maritime sector as a catalyst for growth, and supporting the successful implementation of Thames Freeport and Freeport East to promote inward investment and international trade.
- **Communities for the Future**; creating attractive and aspirational places that also bring greater equality in terms of quality of life and economic opportunities across the South East's cities, towns and villages. Related actions include adapting to post-pandemic retail and lifestyle changes, promoting innovation and design excellence in new housing development and supporting the development of renewable energy infrastructure and low carbon technologies.

- **Coastal Catalyst;** improving the economic fabric of coastal and rural communities through sector adaptation and growth, including the significantly impacted tourism and retail sectors and support for growth sectors such as energy, the green economy, maritime and agri-tech.

Economic Growth Strategy for South Essex

4.26 The 'Opportunity South Essex' Economic Growth Strategy sets out a vision for a fast-growing and sustainable regional economy which provides opportunities for business, is attractive to investors and benefits local communities.

4.27 The strategy defines a unique growth proposition for South Essex, predicated on air and port connectivity as a competitive advantage which establishes the region as a key strategic gateway to Europe and the world. Building on these assets and unlocking related development opportunities is a key focus of the Strategy, which seeks to position South Essex as a major brand and destination to attract inward investment and other funding. Major investment opportunities identified include DP World London Gateway, Thames Enterprise Park, Port of Tilbury, Lakeside Basin, Purfleet Centre, Canvey Gateway, Basildon Town Centre and London Southend Airport.

4.28 The strategy highlights a number of structural challenges to be overcome if these opportunities are to be realised. These include constraints on the delivery of goods due to road network congestion, increasing demand for passenger and freight rail capacity, a low jobs rate and misalignment between workforce capability and local business need, sluggish supply of new housing and the narrow base of the South Essex economy which is overly reliant on the Transport and Logistics and Retail sectors.

4.29 To unlock the growth potential of South Essex, the strategy seeks to direct investment into five identified priority areas for intervention:

- Securing resources for priority projects to maximise investment into South Essex and realise growth opportunities;
- Improving connectivity between major centres of population and employment throughout the region, including through more efficient use of the transport network, investment in road infrastructure including the Lower Thames Crossing, raising regional rail capacity and developing high speed broadband infrastructure;
- Creating high quality places and spaces that improve lives and secure investment, including building the South Essex brand identity, attracting investment through catalytic improvements to public spaces and town centres throughout the region;
- Working with communities to develop business-led skills and knowledge needed to access job opportunities and support key industries, including strengthening links between business and education, ensuring youth receive guidance and support and developing support structures to guide unemployed people back into work; and
- Accelerating the delivery of new housing aligned to local needs, affordability and job access, including through the unlocking of stalled and constrained sites and reducing inefficiencies in the development process.

South Essex Economic Development Needs Assessment (2017)

4.30 This Assessment was previously undertaken in 2017 on behalf of the five local authorities in South Essex. The publication was set against a context of tightening public sector fiscal

resources which required a greater proportion of privately delivered outputs, as well as the management of Brexit, housing need, and a renewed public appetite for industrial policy. This is in addition to the growing trend for London-based businesses and commuters to migrate to the surrounding Essex area. It was also noted that as traditional sectors continued to recede, the same key sectors for growth were identified as in the SE LEP Strategic Economic Plan.

4.31 The following recommendations were made based on analysis within the South Essex EDNA report:

- Improve local skills levels and economic prospects
- Increase productivity levels and GVA growth
- Promote the culture of entrepreneurship
- Support and promote key economic growth sectors
- Maintain a flexible and responsive employment land portfolio
- Elevate the role and position of key town centres
- Maximise strong transport connections and make the case for transport investment
- Prioritise required amenities and infrastructure to support growth
- Strengthen the sub-region's connections and relationship with London.

4.32 The EDNA was designed to cover the period from 2017-2037 so there is significant overlap in terms of strategic priorities for the South Essex area. However, it does not take into account the most recent impacts of the Covid-19 pandemic and any further developments in Brexit policy or the successful Thames Freeport bid.

4.33 The EDNA identified significant potential impacts of the Lower Thames Crossing, with the preferred route identified as having significant implications for employment activity in South Essex, impacting the connectivity of current and potential future employment sites and influencing the scale of benefit felt by different parts of Thurrock and the wider region. Key impacts identified by the EDNA include:

- Significant improvements to connectivity and access throughout Tilbury and in particular employment sites associated with its port, including unlocking further growth through the provision of a new slip road which port expansion plans rely upon.
- Improvements to connectivity of sites across Thurrock's employment land portfolio
- Potential creation of new employment sites alongside new road infrastructure, conditional upon detailed planning for the LTC making allowance for network access from such sites. Without the provision of appropriate local junctions and access points, this positive impact would be severely curtailed.

4.34 The overall implications of the EDNA for Thurrock in terms of future employment land needs are discussed in more detail in the 'local' section below.

South Essex Growth and Recovery Prospectus (2020)

4.35 In July 2020 the ASELA authorities produced the South Essex Growth and Recovery Prospectus following the pandemic which outlines a vision for the region to deliver for People productive jobs, blue and green infrastructure, physical and digital connectivity, new homes people need and can afford. The Prospectus highlights significant opportunities to create greater prosperity

and quality of life in South Essex and by 2050 aims to grow its contribution to the UK economy by £15bn. It focuses on three core themes which are outlined below:

- **Jobs and Opportunity:** the Prospectus acknowledges a lack of investment in the region's major employment areas and its latent potential in various employment sectors including manufacturing, which could include several specialisms such as the green technology sector and high value manufacturing sectors as well as niche medical and dental manufacturers, engineering, machinery and automotive manufacturing and creative industries. A key challenge in driving forward productivity and higher value jobs in the region is skills and the existing patterns of higher skilled people commuting into London to work for more competitive salaries. This has led to a polarised labour market creating a 'major barrier to change'. A dual strategy will be implemented according to the Prospectus which aims to improve skills for both young people and adults whilst also connecting individuals to employment opportunities. It is also recognised that reduced commuting levels to London will only occur if there are sufficient well-paid jobs in South Essex. The Prospects asserts that the ASELA authorities will support the transition of advanced green manufacturing businesses to be more productive and expand high skilled employment. It is recognised there are significant opportunities within the logistics sector as well as knowledge intensive sectors to boost opportunities for higher skilled work including through digitisation, automation, data management and control systems technologies.
- **Connectivity:** According to the Prospectus, across South Essex the transport network, especially the highways are operating over capacity which has a significant impact on productivity and movement. The ASELA authorities aim to rebalance modal priorities in favour of active and well sustainable modes and deliver a decarbonised integrated public transport system. At the same time, South Essex plans to transform digital connectivity in the region through provision of modern digital infrastructure that will see the entire region super-connected to help attract inward investment. The Prospectus outlines a number of guiding principles to the approach to this including improving connections between existing residential and employment areas, delivering 5G network, establishing living stations centred around key public transport hubs including at Grays, new strategic interchange hubs including at Tilbury and forward funding of new Electric Vehicle (EV) infrastructure.
- **Homes and Place:** The ASELA authorities support the idea that investment in infrastructure can support large scale and accelerated housing delivery. It is acknowledged that historic delivery rates have been poor in South Essex with a lack of investment in infrastructure and employment. Going forward there is support for growing existing urban settlements including town centres, and delivering new ones including through Garden Towns. To this end there is recognition and commitment to a programme of strategic and tactical interventions to significantly increase delivery rates including through co-ordinated strategic land-use, being a pathfinder for the Thames Estuary, working collaboratively with Homes England, housing providers, developers and builders and establishing a new delivery team. A requirement to deliver 96,000 homes over twenty years (2020-2040) has been identified.

Thames Estuary Growth Board

4.36 As noted in chapter two, the Thames Estuary Growth Board (TEGB) brings together business and political leaders from across North Kent, South Essex, East London, City of London, and the River

Thames. The Board is primarily private sector led but is headed up by a government appointed envoy. According to the Board, 'the Thames Estuary is the UK's most significant government-backed growth opportunity. The region has the potential to create 1.3 million jobs and add £190 billion to the nation's economy by 2050'[11].

4.37 The aim of the Board is to use connections to create opportunities for good green growth, improved transport infrastructure, inward investment, housing solutions and green energy infrastructure.

4.38 The Growth Board highlights a number of growth sector focuses[12] including:

- Hydrogen – the Thames Estuary is a place where hydrogen can be deployed across a range of end users such as transport and construction & industry. Research by the board shows the Estuary has capacity to support hydrogen economy that will create 9,000 jobs, generating £3 billion in GVA[13].
- Light Freight – currently in London around 700m parcels are delivered annually requiring 5m van journeys rising to 8.5m by 2030. River freight is under-utilised and can offer a cleaner alternative to road deliveries. The emerging commercial case for the modal shift includes ownership models for piers and wharves to grow the sector will generate £53m GVA annually.
- Ports, Freeports and Logistics – The Thames Freeport is one of the UK's first freeports and allows special tax and customs rules to encourage economic activity and innovation. Freeport status can also offer wider benefits including planning reforms, funding for infrastructure improvements and innovation incentives. The Thames Freeport zone also includes 1,700 acres of land for development of which a significant proportion is ready now.
- Creative Sector – The Thames Estuary production Corridor (see below) is a significant programme, by 2050 will deliver 50,000 jobs and generate £3.7bn GVA. New development sites are being identified for investments into the sector especially for fashion and screen-based industries.

Thames Estuary Production Corridor

4.39 The Thames Estuary Production Corridor (TECP) is a programme aimed at uniting east London, the North Kent Coast and South Essex to create a world-class centre for creative and cultural production, leading global innovation, creating new jobs, developing local talent and supporting the rapid growth of the creative economy. The programme was launched in 2017 by the Mayor of London and aims to build on the area's manufacturing legacy developing a series of large scale, state-of-the-art creative and cultural production centres across the Estuary.

4.40 According to the TEPC Vision and Action report (2020), Purfleet in Thurrock has become one of the most important locations for creative production in the South East with High House Production Park providing a stimulus for large scale production as well as growth of the creative SME community. The intention is for Purfleet to become home to the Media Village including a 135,000 film and television studio and post-production facilities.

[11] Thames Estuary Growth Opportunity

[12] The Green Blue Workplan - Thames Estuary (TEGB)

[13] Thames Estuary Hydrogen Production (Hydrogen Investment - Thames Estuary)

4.41 The Vision and Action Report notes that there is proven demand for space across the Estuary from large scale production facilities, to smaller specialised spaces to support enterprise and innovation as well as space from artists, businesses and institutions seeking new locations to grow and innovate.

Local

Thurrock Core Strategy

4.42 The Thurrock Core Strategy and Policies for Management of Development (2015, as amended) sets out the spatial vision, strategy and planning policies for Thurrock on topics including housing and employment. It establishes sustainable employment growth as a prevailing objective, encouraging the development of a thriving economy in the borough by ensuring that there is sufficient land and floorspaces to accommodate projected need.

4.43 The Strategy promotes the achievement of the East of England Plan's indicative target of 26,000 new jobs for Thurrock over the period 2001-2026 and beyond, identifying a future supply of approximately 456 gross hectares of employment land across Thurrock.

4.44 Additionally, the Strategy includes several thematic policies applicable to strategic employment and town centres, including:

1. **Core Strategy Thematic Policy 6**: Strategic Employment Provision, which seeks to:
    - Maintain high and stable levels of economic and employment growth by creating a network of high quality, mutually reinforcing Key Strategic Economic Hubs which will provide 445 hectares of Industrial, Commercial and Mixed-Use Land over the period 2009-2026;
    - Safeguard existing Primary and Secondary Industrial and Commercial land and premises, where required to maintain a sufficient supply of employment land;
    - Establish new Primary and Secondary Industrial and Commercial sites to provide approximately 373 hectares of net employment land over 2009-26;
    - Encourage development that maximises the employment contribution from mixed-use development sites, with 75.4 hectares of land within the Borough identified for this purpose over 2009-26; and
    - Accept the redevelopment of genuinely redundant or underused employment land and buildings to non-employment uses provided that it can be demonstrated that impact on employment land availability is acceptable.
2. **Core Strategy Thematic Policy 7:** Network of Centres, which provides for:
    - The establishment of a new regional centre at Lakeside Basin, with up to 54,000 sqm of additional floorspace by 2019;
    - Regeneration of Grays Town Centre into a cultural, educational and administrative hub complementary to Lakeside basin, including 11,000-13,500 square metres of added floorspace by 2026; and
    - Renewal and upgrading of existing local centres at Corringham, Stanford-le-Hope, South Ockendon, Tilbury, Aveley and Socketts Heath and addition of new local centres at Purfleet, West Thurrock and South Stifford, alongside continued support for neighbourhood centres.

3. **Core Strategy Thematic Policy 8:** Viability and Vitality of Existing Centres, which aims to improve the vitality and viability of the network of centres will be encouraged in order to meet the needs of the Borough's residents and act as a focus for retail, leisure, cultural, business and residential uses.

Backing Thurrock (2020-2025)

4.45 Backing Thurrock is a five-year strategy produced by Thurrock Council to achieve economic recovery, resilience and a return to growth following the Covid-19 Pandemic. The Strategy includes a vision and approach for the next five years and includes an action plan.

4.46 According to the Strategy, prior to the Pandemic, the economy was growing in terms of employment, businesses and wages and there was significant interest in Thurrock as a place of opportunity and a determination to create a business-friendly environment. However, notable challenges included lower than average skills levels, a productivity gaps and relatively low numbers of people employed in secure and better paid jobs.

4.47 Following the Pandemic, the Strategy highlights some of the key impacts including a significant contraction in the economy and increase in claimant counts with retail, hospitality, culture and the arts, leisure and aviation being sectors that have been particularly hard hit. According to the Strategy, there are likely to be lasting changes in the way the economy works including the continuation of remote working and businesses looking to reduce expensive office space, as well as changes to the purpose and look of the high street, with an acceleration in trends for online shopping.

4.48 The Strategy sets out a vision for growth which is intended to reframe the Councils approach to economic development and growth and enable it to act as an agent for change to address the challenges and release growth potential. Amongst other things, the vision aims to address:

- Resilience – building an inclusive economy, helping people and businesses to plan for and adapt to changes in the economy, providing tailored support for vulnerable groups, support the levelling up agenda and take advantage of opportunities as they arise;
- Return to growth – strengthen key sector and take advantage of new opportunities created by long-term changes in the economy such as green growth.

Thurrock Economic Growth Strategy 2016-21

4.49 The Economic Growth Strategy spans 2016-2021 and mirrors the SE LEP Strategic Economic Plan's analysis of key growth areas and opportunities. In Thurrock these primarily relate to skills, business and geographical priorities, with a focus on diversifying the business base, increasing the number of high-skilled, high-wage jobs and reducing existing pockets of deprivation through a wider place-making and home delivery agenda.

4.50 Grays and Tilbury town centres are identified as strategic sites for the development of a night-time economy. The Thames Enterprise Park is highlighted as a key development for securing higher value and high-tech sectors with strong innovation, investment, research and development and export potential. Other developments include the Purfleet and High House Production Park (to create job opportunities within the creative sector), the Lakeside and West Thurrock retail offer and further investment into supply chains and skills programmes to complement the London Gateway shipping developments.

4.51 Core sectors in Thurrock include Port, Logistics and Transport, Retail and Construction. The Plan identifies a need to increase the representation of research and development and managerial skills within these sectors. Opportunity sectors are identified as Business Services, Recreation and Leisure, Environmental Technology and Energy and Creative Industries. These broadly align with the SE LEP strategic economic plan for sector growth.

Thurrock Employment Land Availability Assessment and EDNA (2017)

4.52 The Employment Land Availability Assessment (ELAA) identifies required supply of employment land in Thurrock relative to forecast demand. It suggests a need for additional employment land in the order of 244 hectares subject to identified external influences, which include changing demand for B8 floorspace, increasing relocation of industrial tenants from London and growth in the local creative sector.

Table 4.1 Thurrock Combined Scenario Land Requirement Forecast (2016-2036)

Use Class	Change Floorspace (sqm)	Change in Land
Office	28,397	3
Manufacturing/Industrial	19,717	5
Warehouse	944,131	236
Total	992,245	244

Source: GVA, South Essex EDNA, 2017

4.53 In quantitative terms, Thurrock's current employment land portfolio is considered to provide for projected future demand, with approximately 652 hectares available in the locality is sufficient to address for both gross floorspace demand and the specific requirements of all B-class uses.

4.54 Qualitatively, the EDNA identifies the primary employment land challenge for Thurrock as being the suitability of available land, with the key issues being:

- A significant oversupply of larger sites inappropriate for small and medium sized business activity is identified as a key constraint.
- The brownfield status of many sites which presents delivery challenges, including potential remediation costs.
- Poor access to potential employment sites, with a significant proportion of suitable employment land situated in peripheral areas with poor connectivity to urban areas, public transport or employment clusters.

4.55 In addition to the considerations for employment sites above, the EDNA identifies a range of additional activity and investment that may be required in Thurrock to foster employment growth, supporting both the continued operation of existing businesses in the Borough and providing the conditions to support expansion and attract new businesses to the area. This includes:

- Road infrastructure to support transport, storage and distribution activities, as well as accommodating increasing residential development.
- Demand for technological infrastructure providing the modern communication capabilities required by SMEs and creative sector businesses, with broadband connectivity in rural areas a particular issue.

- A need for proactive site selection and relocation strategy to achieve appropriate employment site location throughout the Borough, including matching employment activity with the most suitable sites to accommodate it.

4.56 The EDNA also highlights the importance of Thurrock's three ports at Purfleet, Tilbury and London Gateway to the economic success of the region, underpinning the strength of the industrial and distribution market in the area and its role in serving London and the wider South East.

Thurrock Health and Wellbeing Strategy

4.57 The Health and Wellbeing Board is set up to champion improving health and wellbeing outcomes for all the people of Thurrock. The Health and Wellbeing Strategy[14] aligns with the Backing Thurrock Economic Growth Strategy and will help to deliver the skills and inclusive employment goals needed.

4.58 The most recent deprivation scores show that Thurrock has several areas within the 10% most deprived locations in the country such as Tilbury, South Ockendon and Grays. Life expectancy in Thurrock is significantly lower than the average for England, people in the most affluent areas of Thurrock experience 8 years more of healthy life than those in the most deprived.

4.59 The strategy will introduce person led healthcare working to improve housing and community safety along with long term health conditions. Two thirds of people with long term health conditions in Thurrock such as high blood pressure and mental ill health are not diagnosed or receiving support. The strategy aims to increase support to those suffering with long term health conditions which will ultimately level the health gaps in the community and increase the workforce capacity. The Strategy aims to close the health gaps between the least and most deprived areas which will help to ensure the Thurrock workforce is capable of meeting the growth demands from Thames Freeport and other major projects.

Thurrock Transport Strategy

4.60 The Thurrock Transport Strategy covers the period between 2013 – 2026. It sets out a vision for the transport system and five strategic aims covering delivering accessibility, tackling congestion, improving air quality and addressing climate change, safer roads and facilitating regeneration. These aims are broad goals that must be addressed to help realise the vision.

4.61 The Council is currently preparing a new Local Transport Plan which will comprise of a long term Transport Vision, a 15 year Transport Strategy which will supersede the current Transport Strategy, and a series of action/implementation plans. The new emerging Vision sets out ten key goals including an accessible and inclusive network, facilitating development, growth and regeneration and encouraging a modal shift to public transport as well as reducing emissions and supporting climate change resilience. These goals build on the aims set out in the current Strategy. The new strategy will include an updated list of transport infrastructure projects required to meet the growth demands from the Thames Estuary Freeport and key regeneration schemes such as Grays and Purfleet Town Centres and the expansion of Lakeside. It will also contain the transport policies and outline how the use and management of the borough's transport networks for all modes will change and how connections to and through the borough will be improved.

[14] Thurrock Health and Wellbeing Strategy 2022 to 2026 (Thurrock Council - Health and Wellbeing Strategy 2022-26

5. Employment Land Baseline

5.1 Research to inform an understanding of the commercial property market and employment land supply has been undertaken by Lambert Smith Hampton (LSH) as part of the Thurrock Employment Land Availability Assessment (ELAA) which has been undertaken concurrently with this EDNA. The key findings of relevance to the EDNA are summarised in this section together with supplementary information from consultations undertaken by Hatch with South Essex local authorities and other stakeholders including Freeport land holders, the Local Enterprise Partnership and Opportunity Essex.

Commercial Property Market Review

5.2 The commercial property market assessment in the ELAA reviews and analyses data for take-up, availability and pipeline in the context of the borough. It collates various data sets, including CoStar, EGI Radius and Promis and in-house data and intelligence to understand current and historic trends.

Office Market

5.3 The ELAA notes that the office market in Thurrock is not significant when compared to other local authorities in Essex. There is a total of 79,000 sq m across 470 units compared to 184,000 sq m and 166,000 sq m in Basildon and Southend-on-Sea respectively. The market in Thurrock is dominated by smaller units with over 70% of current stock of units below 100 sq m and the majority of transactions also below 100 sq m.

5.4 Office units are spread throughout Thurrock, however, Grays accommodates the largest cluster which includes the Council offices and local professional services in the town centre. According to the ELAA, the units in Grays town centre are well occupied with no immediate pressure for more space although it is noted that additional population growth and town centre regeneration could stimulate demand for additional space. There are smaller concentrations of office space in Tilbury, Standford-Le-Hope and South Ockenden.

5.5 According to the ELAA, demand for offices in Thurrock is largely from small, local businesses reflecting the dominance of smaller units. In terms of quality, the stock is fairly diverse, ranging from older buildings in town centres and on industrial estates to more modern business park accommodation and bespoke buildings for specific occupiers.

5.6 There is currently around 40 office units on the market equating to 5,846 sq m with a floorspace vacancy rate of 7.9%. According to the ELAA, vacancy rates of between 5% to 10% represent a healthy rate to allow for market churn and choice without leaving high volumes of floorspace on the market for prolonged periods of time. On this basis it would appear Thurrock has a healthy vacancy rate within the office market.

5.7 Prime office rents are reported in the ELAA as being in excess of £20 per sq ft (£215 per sq m) which, according to the ELAA, is sufficient to enable office development on serviced plots in out-of-town locations, but insufficient for viable town centre office development where abnormal costs are typically higher. The ELAA also note that speculative development is unlikely due to the small market and limited demand.

Key messages from consultations:

- Thurrock suffers to some degree from proximity to London and higher wages in office-based sectors, and therefore demand is likely to remain relatively local.
- In addition, there is currently insufficient product in the housing market in Thurrock to attract a highly skilled labour force which is a deterrent to inward investment.
- Key office-based sectors where future opportunities and growth are likely to be strongest are project management and business and professional services, particularly linked to other sectors that are growing including those associated with Freeport activity.
- There has been an increase in entrepreneurial activity and growth in micro-businesses since the Global Pandemic which supports demand for small scale and grow-on space.
- Flexible working (working from home) following the Global Pandemic is considered likely to be a long-term trend and there is an opportunity in Thurrock and particularly its town centres to cater for this trend and provide flexible and hub workspace.
- Creating more employment opportunities in town centres through flexible office workspace would help to sustain footfall and support more sustainable access to employment in areas of amenity and public transport accessibility.
- Gray's town centre in particular has good potential for further office development because of connections in to London.

Industrial Market

5.8 According to the ELAA, Thurrock benefits from strategically important infrastructure hubs including the M25 motorway, the Dartford Crossing and the A13, as well as being a key port location for the UK including the Thames Freeport area. As a result, Thurrock is a major hub within the national and regional logistics network for the UK and this sector dominates the commercial property market.

5.9 According to the ELAA, Thurrock has the largest amount of industrial floorspace (c1.66m sq m) compared with the ASELA area as well as when compared to Havering, Gravesham and Dartford and is second only to Basildon in terms of the number of industrial units, implying it has the largest average size of unit (1,005 sq m) compared to surrounding local authorities.

5.10 The ELAA estimates there to be around 1,651 industrial and warehousing premises in Thurrock which are predominantly situated on industrial estate and established industrial areas with around 43% of premises used for industrial purposes and 57% for storage and logistics. When land used for storage is excluded from analysis, the ELAA notes that despite the high profile of the area for larger units, over half (57%) are less than 250 sq m and only 16% of units are greater than 1,000 sq m highlighting the importance of the role of SME's to Thurrock's economy. Warehouses comprise 35% of all units but account for 73% of floorspace and account for 70% of the units over 1,000 sq m.

5.11 The ELAA reports there are four key areas in relation to the industrial and logistics market:

- **Purfleet on Thames** – with strong connections to the strategic highway network it includes a combination of logistics and industrial uses with recent development including warehouses for Tesco, DHL, Ocado, Carpetright and Goodman. Along the riverside the building stock is reported as older and of poorer quality and there are specialist uses including terminal for containers, oil and aggregates.
- **Grays and West Thurrock** which is known for industrial, warehouse and distribution uses, mainly with additional out of town retail occupiers including Lakeside Shopping Centre and other tertiary occupiers. Within this area along the river there are also oil and gas processing occupiers and chemical complexes with jetty and wharf river access specific to their uses and processes. To the north of Grays town centre are older industrial estates of Askew Farm, Titan works and Globe industrial estate, the first two of which are being redeveloped for general industrial and warehousing uses.
- **Tilbury –** further east from Grays is the port of Tilbury and the associated warehousing and industrial premises. The commercial activity in this area is largely within the geographical area bounded by the river, port, A1089 and railway line as well as the 16th century Tilbury Fort area adjacent to the river east of the port of Tilbury. The port of Tilbury has expanded recently with the construction of Tilbury 2 terminal that, along with the original port of Tilbury, straddles the historic Tilbury Fort. The area also includes the new Amazon warehouse and a new factory for Tevva to the north.
- **Stanford le-Hope (London Gateway Port) –** at the easterly tip of the borough is Stanford le-Hope where the London Gateway Port is located with the significant logistics park. The port opened in 2015 on the former Shell Haven refinery site and benefits from a rail terminal and the adjoining logistics park as well as land earmarked for Thames Enterprise Park.

5.12 Smaller units are more concentrated in rural parts of Thurrock, whereas in Purfleet and West Thurrock the stock is dominated by larger units. London Gateway, in particular, has been very successful in attracting new large scale industrial and logistics occupiers to the borough with 50% of take-up over the period 2017 to 2022 having been at London Gateway. It benefits from a local development order enabling it to respond quickly to occupier demands as well as tailor bespoke design solutions and potential expansion options. Notwithstanding this, 80% of units within and around Standford-le-Hope are less than 250 sq m and only 15% within the larger category (>5,000 sq m) which is a lower proportion than in Tilbury, Purfleet and West Thurrock.

5.13 According to the ELAA, more than 80% of industrial property transactions across Thurrock have involved second-hand premises although it is noted this may be conservative due to the nature of data on national property market databases. The average size of second-hand premises transacted is 1,600 sq m. A further 11% of transactions have been new speculative units notably Kier Developments Logistics City and Trade City, both in West Thurrock. The former is a development of four 'mid-box' (greater than 20,000 sq ft but smaller than 100,000 sq ft) warehouses; and the latter is a trade counter scheme providing units of less than 10,000 sq ft. Market activity has been dominated by smaller units with 38% of transactions involving units of less than 500 sqm and 72% less than 2,000 sq m. Around 14% of transactions by number of units have been for more than 10,000 sq m but this represents around 72% of all floorspace indicating the diversity of the market in Thurrock.

5.14 In terms of availability, existing availability is relatively scarce according to the ELAA with around 3% vacancy rate and limited option across different size bands. In addition, there are five buildings with planning consent, four of which are at London Gateway, and one unit of 31,890 sq m under construction which will help to compensate for the lack of currently available units over

2,000 sq m. The ELAA compares the current supply of industrial and warehouse premises with the average annual take-up and concludes that when units with consent and under construction are included there is approximately 13 months of supply.

5.15 The impact of this will be that occupiers will remain reliant on land immediately available at London Gateway (subject to meeting size requirements) as well as the pipeline of speculative space that is coming forward as there is a lack of available stock at 100,000 sq ft or over which is readily available. The assessment also notes an acute shortage of mid-range units in the borough (50,000 sq ft to 100,000 sq ft). The large majority of available space is grade A given the dominance of new build speculative space in contributing to availability compared to existing stock.

Key messages from consultations:

- Demand for logistics and industrial space in Thurrock and the ASELA area is being driven by several key trends:
- i) the growth of online shopping sustaining the demand for large logistics and distribution facilities as well as smaller scale warehousing for deliveries in urban areas. This is further sustained by a rising population in London and the South east.
- Ii) modernisation and greater use of AI and robotics, which is driving demand for larger facilities but also to maximise cost efficiencies.
- iii) Pressures to strengthen supply chain resilience with new supplies being sought closer to home
- iv) The increased use of electric vehicles and the area of congestion charge in London which is resulting in a need for hub areas on London's peripheries creating additional distribution demand to allow for the movement of goods from carbon burning fossil fuels to electric or other cleaner fuels.
- The Thames Freeport status is perceived as likely to further increase demand for B8 industrial space, especially in those areas that have quick direct links to the ports. Demand for space in the wider area is also likely increase from tier 1 and tier 2 suppliers of Freeport companies.
- The Thames Freeport land holders have strong confidence in the demand for port-related activities as well as general warehousing and industrial activities and are aiming to bring forward sites at pace, via Development Consent Orders or through the normal planning process, in order to meet existing and future demand of those who wish to benefit from their sites location within the Freeport zone.
- According to land holders, sites within the Freeport will largely be built to suit operator requirements, although some speculative development is likely to come forward too.
- The majority of demand for space within the Freeport is for warehousing space although there will also likely be some related industrial demand too (c20%).

Existing Employment Land Supply

5.16 The Employment Land Availability Assessment (ELAA) for Thurrock[15] considered existing employment land supply. Existing employment areas are defined as "an area allocated for

[15] Employment Land Availability Assessment (ELAA) for Thurrock by LSH February 2023

employment purposes, or an area where employment uses are established." Existing employment areas can incorporate undeveloped plots that are available for development.

5.17 The assessment covers 52 existing employment sites totalling a combined gross area of around 1,343 hectares. For the avoidance of doubt, available employment sites within these areas are included in these figures and ports are excluded from this assessment. The table below shows the distribution of these employment areas across the borough. Nearly half of land within existing employment areas is within the Stanford-le-Hope sub-area. The sites are concentrated within the riverside and urban areas in the southern part of the borough.

Table 5.1 Distribution of Existing Employment Areas in Thurrock

Sub-Area	Existing Employment Area (ha)	Share
Purfleet	240.5	17.9%
West Thurrock	280.4	20.9%
Grays	54.0	4.0%
Tilbury	110.5	8.2%
Chadwell St Mary	5.2	0.4%
Stanford-le-Hope	626.1	46.7%
South Ockenden & Aveley	15.0	1.1%
Bulphan	9.0	0.7%

Source: Employment Land Availability Assessment (ELAA)

Available Employment Land Supply

5.18 The Employment Land Availability Assessment identifies 51 available sites with a combined gross site area of 377 hectares which are available in allocated employment sites. In order to assess the net developable area, The ELAA has applied gross:net ratios as appropriate and the approach is set out in more detail in the ELAA. Available employment sites provide an estimated net developable area of **294 hectares** as set out in the Table below. Based on past take-up, the assessment also confirms that there is currently 17 years of supply, which broadly aligns with a Local Plan period of 18 years.

Table 5.2 Employment Land Availability by Location

Location	Availability (ha)	Years of Supply
London Gateway	117.12	28
Thames Enterprise Park	92.68	n/a
Oil Refinery Expansion	39.79	n/a
Purfleet	17.41	3
West Thurrock	18.63	4
Tilbury	7.62	2
Grays	0.66	3
Stanford-le-Hope	0	0
Bulphan	0	0
Aveley	0	0
South Ockendon	0	0
Total for Thurrock	**293.91**	**17**

Source: LSH Employment Land Availability Assessment (ELAA)

5.19 The ELAA identifies four sites that could be used for alternative use or development. The sites that could potentially be released have a combined net developable area of around **43.17** hectares. These sites have not been deducted from the overall supply figure since three of the sites are within existing industrial estates that are in active use and the fourth is expansion land which is no longer required for its specified use but which is suitable for other employment use.

5.20 It is worth noting that some of the available employment sites identified above require substantial expenditure on site assembly, clearance, remediation or infrastructure provision before development can take place.

5.21 An assessment of immediately available employment land supply has been carried out within the ELAA. There are 15 sites totalling 112 hectares, which against average take-up (16.93 hectares per annum) equates to around 6 years of supply.

Potential Employment Land Supply

5.22 For the purpose of the ELAA, potential sites are defined as land that is neither allocated for employment, nor within an established employment area, but which has been identified by the council for assessment. A total of 29 sites have been identified ranging from 0.35 to 145 hectares with a cumulative gross area of 834 hectares (687 hectares net).

5.23 The government has designated the Thames Freeport which includes land within existing employment areas as well as land that is currently not allocated for or in employment use. Those sites which are not within existing employment areas are not considered available and have been identified as potential sites. Combined, available and potential sites within the Thames Freeport (not currently in employment use) have an estimated net developable area of 139.50 hectares.

5.24 The freeport sites reviewed as potential employment land supply comprise of the following:

- Tilbury 3 Phase 1 – 15.0 hectares to the east of Tilbury 2 and south of the electricity substation
- Tilbury 3 Phase 2 – 34.4 hectares to the east of Tilbury substation
- Tilbury 3 hinterland – 69.9 hectares of farmland to the north of Tilbury 3
- Tilbury 4 – 21.1 hectares of former ash fields before the river (Mott land)
- 23.7 hectares to the west of London Gateway Logistics Park

5.25 These freeport sites form part of the potential future supply and have not been included in the overall supply figure for the remainder of the report.

6. Future Growth Scenarios

6.1 This section considers Thurrock's future economic growth needs for floorspace and employment land. It sets out a range of scenarios to quantify future needs for office, industrial and warehousing floorspace and land. The scenarios considered are:

- Employment-led scenario (labour demand) using sectoral employment forecasts to assess the potential future demand for floorspace and land
- A trends-based scenario (past-take up)
- Higher growth scenario based on drivers of demand and market changes which are not reflected in standard employment projections

6.2 These scenarios have also been sense checked with potential labour supply derived from the projected changes in the areas workforce subject to meeting housing need. This scenario has been supplied by Turley in their South Essex Strategic Housing Market Assessment.

Relevant Planning Policy Guidance

6.3 Provisions in the National Planning Policy Framework (NPPF, 2021) on planning for employment land are contained in Chapter 6 (Building a strong, competitive economy). The start point is that planning policies and decisions should help create the conditions for businesses to invest, grow and adapt. Planning policies should:

- Set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth;
- Set criteria or identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Seek to address potential barriers to investment;
- Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices…and to enable a rapid response to changes in economic circumstances.

6.4 The thrust of the NPPF is on positive plan making. Paragraph 11 (Presumption in favour of sustainable development) specifies that plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change. Paragraph 15 (Plan-making) specifies that Plans should provide a positive vision for the future of each area. Paragraph 16 states that Plans should 'be prepared positively, in a way that is aspirational but deliverable', amongst other requirements.

6.5 In assessing future needs for employment floorspace and land, this requirement for positive planning should be recognised.

6.6 On how to assess future needs, a broad methodology is set out in the Planning Practice Guidance (PPG, 2019). It suggests (Paragraph: 027 Reference ID: 2a-027-20190220) a range of possible approaches which include:

- Employment forecasts and projections (Labour Demand)
- Demographically derived assessment (Labour Supply)

- Past take-up of land and property, essentially projecting forward on the basis of past trends continuing.
- Consultations with relevant organisations, studies of business trends, an understanding of changing business models and monitoring of business, economic and employment statistics.

6.7 The approaches described above provide a range of methods to quantify future need employment floorspace and land. It is important to recognise that quantitative scenarios are a starting point for Local Plan economic growth policies, and that the output of these approaches must be supplemented with qualitative analysis in determining the detail of specific policies.

Employment-led Scenario

6.8 The latest available employment and GVA projections have been sourced from Cambridge Econometrics (CE) (March 2022). These take account of actual data releases up to 2020 and therefore take account of the initial impact of Covid-19 and Brexit on the economy, together with projections over the next twenty years considering these impacts.

6.9 Table 6.1 and Figure 6.1 below sets out the overall employment projections for Thurrock, South Essex, the FEMA, East of England and the UK. Key points to note are:

- Over the period 2000-2020, employment in Thurrock has increased by 24,000 at a rate well above that of South Essex, the FEMA and regional and national rates.
- Growth in Thurrock over this period was driven by substantial increases in the Warehousing and postal sector (>7k), Construction (>4k), Business Support services (c3.5k) and Health (c3k). Going forward, these sectors are projected to continue to grow, albeit at a much slower pace.
- Between 2020 and 2040, employment in Thurrock is expected to increase by 11,000 (half the amount of growth seen in the previous twenty-year period) at an average rate of 0.64% per annum, which is still above all comparator areas.
- This lower rate of growth is driven by projected declines in manufacturing sectors (although to a lesser extent than the previous twenty years) and much lower rates of growth across nearly all sectors, but in particular within the warehousing and postal sector, business support services, construction and health.
- The only two sectors that are expected to have higher rates of growth than the previous twenty years are manufacture of food, drinks and tobacco and the wholesale trade sector.

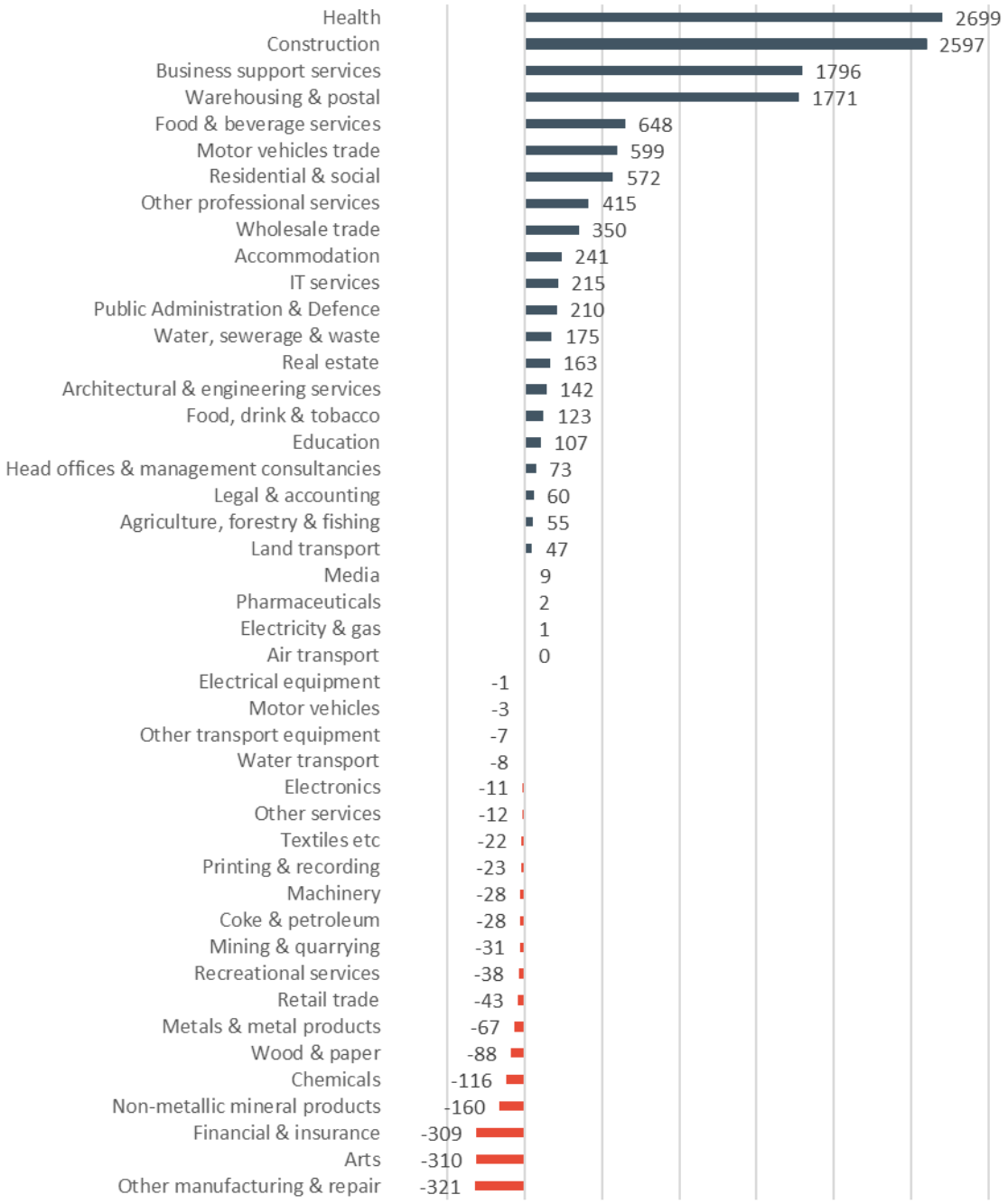
Table 6.1 CE Employment Projections ('000)

				2000-2020			2020-40		
	2000	**2020**	**2040**	**Abs change**	**% Change**	**CAGR[16]**	**Abs change**	**% Change**	**CAGR**
Thurrock	60	84	96	24	40.7%	1.72%	11	13.6%	0.64%
South Essex	304	364	407	60	19.8%	0.91%	44	12.0%	0.57%
Thurrock FEMA	455	535	595	80	17.5%	0.81%	60	11.2%	0.53%
East of England	2,647	3,242	3,611	595	22.5%	1.02%	369	11.4%	0.54%
UK	29,638	35,164	38,785	5,526	18.6%	0.86%	3,621	10.3%	0.49%

Source: Cambridge Econometrics, Hatch

[16] Compound Annual Growth Rate(CAGR)

Figure 6.1 CE Employment Projections 2020-2040



Source: Hatch; CE Forecasts

6.10 In order to determine the implications of the sectoral-based employment projections on demand for office, industrial and warehousing floorspace and land, a series of assumptions need to be made about the relationship between employment change in different sectors and businesses' land and premises requirements. The first of these steps is to allocate jobs to office, industrial and warehousing Use Classes (E(g)(i-iii), B2 and B8). Given the diversity of activities that exists within sectors, it is necessary to estimate the proportion of jobs requiring each type

of Use-class in each sector. These proportions are then applied to the sector forecasts to estimate the number of future jobs requiring different types of floorspace. Assumptions on the proportion of jobs in each sector requiring different use classes has been based on:

- Consideration of locally specific (Thurrock) data from commercial location property company Sqwyre, which is then matched with data from Companies House, allowing us to analyse detailed SIC codes for businesses and the different types of floorspace (office, industrial, retail etc) occupied by them;
- Consideration of 4-digit SIC codes and their fit with office, industrial or warehousing sectors;
- Professional judgement and sense checking of both above approaches to arrive at reasonable assumptions for each of the 45 CE sectors involving a small number of manual adjustments.

6.11 The outcome of the above steps is set out in Table 6.2 below and indicates that historically, office-based jobs have increased by around 50% over the last twenty years whilst jobs in the industrial and warehousing sectors have increased by 30% over the same period. Over the next 20 years, employment in the office-based sectors is projected to increase by around 15% (2,500 jobs), compared to an increase of 3,660 jobs (10.4%) in industrial and warehousing-based sectors.

Table 6.2 Jobs Projections by Use Class, Thurrock

				2000-20			2020-40		
	2000	**2020**	**2040**	**Abs change**	**% Change**	**CAGR**	**Abs change**	**% Change**	**CAGR**
Office	11,178	16,702	19,183	5,524	49.4%	2.0%	2,481	14.9%	0.7%
Industrial	12,374	14,506	16,271	2,132	17.2%	0.8%	1,766	12.2%	0.6%
Warehousing	14,573	20,636	22,527	6,063	41.6%	1.8%	1,891	9.2%	0.4%
Sub-total	38,124	51,844	57,982	13,720	36.0%	1.5%	6,138	11.8%	0.6%
Other	*21,743*	*32,403*	*37,709*	*10,660*	*49.0%*	*2.0%*	*5,306*	*16.4%*	*0.8%*
Total	59,867	84,247	95,691	24,380	40.7%	1.7%	11,444	13.6%	0.6%

Source: Hatch; Cambridge Econometrics

6.12 In order to translate the employment projections into floorspace and land-use requirements, there are a number of further steps and assumptions that need to be made:

- The jobs set out in the projections need to be **converted into Full-Time-Equivalent (FTE)** employment so that standard employment densities can be applied. This has been done based on the existing ratios of part-time and full-time employment in Thurrock.
- Making an **allowance for those who work from home** (and therefore do not require commercial space). This has been done based on the most recently available national level sectoral data from the Annual Population Survey (ONS) by sector.
- **Convert FTEs to floorspace:** for each use-class we need to estimate the average amount of floorspace required for each FTE. The standard approach is to use employment densities from the HCA Employment Densities Guide[17]. The following densities have been applied:

[17] Homes and Community Agency (2015) Employment Density Guide, Fourth Edition

- Office - Use Class E(g)(i): 11.6 sq m per FTE (average of office sub-sectors)
- Research and development - Use Class E(g)(ii): 50 sq m per FTE (mid-point)
- Light Industrial – Use Class E(g)(iii): 47 sq m per FTE
- Industrial – Use Class B2: 36 sq m per FTE
- Warehousing – Use Class B8: 73.5 sq m per FTE (average of B8 sub-sectors)

- **Allowance for vacancy**: this adjustment can be added to the floorspace estimates to allow for a normal level of vacancy in the supply of space to allow for reasonable choice for potential occupiers. In this instance, a vacancy allowance of 7.5% has been added to all sectors based on reasonable vacancy rates typically being between 5-10%.
- **Convert floorspace to land requirements**: this relates to the relationship between the quantity of floorspace and typical plot sizes for different use classes (the plot ratio). This relationship can vary significantly depending on the nature of development in different parts of Thurrock. For instance, a new office development in the centre of a town centre is likely to have a much higher plot ratio than a new business park development. The plot ratios below should therefore only be used as broad guidance and should not be applied in a mechanistic way, but should consider the circumstances of each location separately when deciding what plot ratios to apply. For the purposes of this assessment, we have applied the following plot ratios:
  - Office - Use Class E(g)(i): 2
  - Research and development - Use Class E(g)(ii): 0.95
  - Light Industrial – Use Class E(g)(iii): 0.4
  - Industrial – Use Class B2: 0.4
  - Warehousing – Use Class B8: 0.4

6.13 The outputs of the above steps are set out below and expressed as Net requirements for Gross External Floorspace (GEA) and Hectares (ha) of land.

6.14 According to the employment-led scenario, there is a requirement for 44,687 sqm of floorspace for E(g) Use Classes of which the large proportion is for light industrial uses. This equates to 6.3 ha in total. For general industrial and warehousing use classes, the requirement is for 147,810sqm and 37 ha, the large proportion of which is for warehousing (B8) uses.

Table 6.3 Employment Floorspace and Land Requirements 2020-2040		
	Floorspace sq m (GEA)	Land (Ha)
Use Class E(g)(i)	21,300	1.1
Use Class E(g)(ii)	4,487	0.5
Use Class E(g)(iii)	18,899	4.7
Total E(g) Use Classes	*44,687*	*6.3*
Use Class B2	30,947	7.7
Use Class B8	116,864	29.2
Total Industrial/Warehousing	*147,810*	*37.0*
Total	**192,497**	**43.2**

Source: Hatch

Higher Growth Scenario

6.15 In recent years there has been considerable investment in Thurrock. A series of high-profile private sector schemes and public-private partnerships, including the Port expansions and the successful Freeport bid, combined with public sector investment (Towns Funds) and public-private partnerships and infrastructure investment (LTC) are driving interest in Thurrock as a place to do business and work. Combined with some of the macro-economic changes the economy is seeing, there are compelling reasons to consider that growth in employment in Thurrock across certain sectors of the economy may be higher than projected in the baseline scenario, which does not factor in these trends.

6.16 On this basis, we have set out below a series of potential drivers of demand for higher growth which are considered in turn. These are:

- Port Expansions and Freeport Status
- Lower Thames Crossing
- Town Centre Regeneration

Port Expansions and Freeport Status

Port Expansions

6.17 The baseline growth scenario does not take into account recent and planned expansions at the Port of Tilbury and London Gateway.

6.18 In 2019, a Development Consent was given for expansion at the **Port of Tilbury (Tilbury 2)** to deliver a new roll-on, roll-off terminal, a construction material and aggregates terminal and support storage. Tilbury 2 is now fully operational but the latest BRES data (2020) which will have informed CE projections is unlikely to have captured the employment growth related to this expansion. Based on the supporting information submitted within the DCO, the number of jobs supported by the expansion are estimated to be in the region of 150[18].

6.19 London Gateway currently has three operational berths with a fourth under construction and further capacity for two more berths. Once completed, the Port is expected to support in the

[18] Figures have been rounded

region of c1,600[19] workers in total[20]. Given three berths are currently operational, it is assumed that 50% of jobs at the port are still to be delivered (800 workers) and could come forward over the Plan period given ongoing investments in the Port and its strategic status as a Freeport.

6.20 Applying a ratio of 90% to convert to FTEs (based on analysis of BRES data) implies a **total of 855 additional jobs could come forward** in Thurrock as a result of port expansion at Tilbury and London Gateway over the Plan period.

Freeport Status

6.21 The Port of Tilbury, London Gateway and the Thames Enterprise Park are part of the Thames Freeport, one of eight Freeports in the UK under the Government's flagship programme aimed at playing an important role in the UK's post-Covid economic recovery, contributing to levelling up and bringing jobs, investment and prosperity to deprived areas. The Thames Freeport is one of three to be fast-tracked in the UK and as a result has been open for business since December 2021.

6.22 The objectives of the Freeports are to:

- help establish Freeports as national hubs for global trade and investment (to drive economic activity post-Brexit and post-Pandemic);
- promote regeneration and job creation (to drive levelling up); and
- to create hotbeds for innovation (to drive R&D and support decarbonization targets).

6.23 A series of levers and tax reliefs have been introduced to help facilitate the above objectives, including simplified planning, business rates relief, employer NIC relief, enhanced capital allowances, stamp duty land tax relief, customs arrangements and more.

6.24 There is a vast amount of readily available development land within the Freeport Zone that will be subject to tax relief and other levers which will drive demand for employment floorspace within these sites and Freeport land holders are continuing to report unprecedented levels of demand and enquiries for space since the designation.

6.25 The pipeline of development activity within the Freeport Zone that is likely to contribute to higher levels of employment growth in Thurrock within the plan period has been considered. Those sites that have a higher degree of certainty of being brought forward over the next five to ten years in order to benefit from the Freeport status and in order to meet the increasing demand as a result of the Freeport designation and anticipated increases in port trading volumes have been included. This has been based on consultations with Freeport land holders and their commercial and development directors in order to understand developable parcels of land, timing and delivery mechanisms, potential constraints and market demand. In addition, information within the ELAA commercial property market review and supply assessment, the Freeport Business Case and consultations with Thurrock's economic development officers have been considered.

6.26 Where necessary, standard employment densities have been applied and a broad assumption of 80% warehousing activity and 20% industrial activity on sites has been made based on existing and planned activities informed by consultations with Freeport land holders and developers.

[19] AECOM, 2013, London Gateway DCO Transport Assessment

[20] Although this reference is somewhat dated, it has been sense checked with 2020 BRES small-area data for relevant sectors and appears consistent

Table 6.4 Likely jobs growth in Thurrock associated with the Thames Freeport

	B8 FTEs	B2 FTEs	Explanation
London Thames Gateway	5,455	5,835	Consists of 830,000 sq m in total with 200,000 sq m already built and occupied (exc from FTEs estimate), 630,000 sq m remains to be built out over next five to ten years including 210,000 sq m for B2 uses.
Port of Tilbury	3,510	1,785	Around 84ha of land within the Freeport likely to be brought forward over the next five to ten years under development consent orders and planning applications. This total includes further expansion of the Fortress Distribution Park. Additional, longer-term land in the hinterland has not been considered in these estimates due to uncertainty on timings.
Thames Enterprise Park	3,465	865	FTE jobs based on information set out in the Freeport bid and planning application.
Total	**12,430**	**8,485**	

Source: Hatch: Numbers have been rounded

6.27 It should be noted that whilst these figures above have also taken into account information in the public domain in relation to the Freeport and potential jobs supported, they may differ for a number of reasons including:

- The EDNAs focus is on sectors that occupy office, industrial and warehousing space. Other reports may be concerned with all sectors of the economy including retail, health and education.
- The EDNAs focus is on jobs growth within Thurrock. Other reports may have also considered jobs growth outside of Thurrock, for example as a result of indirect and induced impacts.
- The EDNA has not included the potential multiplier impacts for Thurrock of the jobs supported within the Freeport sites on the following basis:
  - multiplier impacts will likely occur across all sectors of the economy, not just those that the EDNA is concerned with;
  - there is limited certainty over where these multiplier impacts will occur (e.g. to what extent they will be captured by Thurrock).

Note: Whilst the FTEs estimated above are essentially supply-led (e.g. based on the amount of developable land that is likely to be brought forward within the plan-period) they are considered a reasonable projection of likely future employment growth in Thurrock driven by the Freeport activities and anticipated take-up. However, given current and ongoing economic uncertainties (see National Outlook), there will need to be close monitoring of delivery and take-up at the Freeport to ensure this remains a reasonable picture of likely future growth. This is particularly important given that a number of the sites within the Freeport Zone are in the Green Belt, do not have current planning consent and will need to be brought forward within the planning system through planning applications and DCO's, which may affect the timing of delivery. This is considered in further detail in the conclusions section.

Lower Thames Crossing

6.28 The LTC, a proposed 23 km long road across the Thames Estuary linking Essex and Kent will pass directly through the borough of Thurrock with the preferred route passing east of Tilbury, with a modified junction at A13/A1089 and joining the M25 with a new junction between junction 29 and 30. Once completed, National Highways predict that it would increase access to existing jobs for Gravesham, Thurrock and Havering and would bring over 400,000 more jobs within a 60-minute commute time. A Development Consent Order (DCO) was submitted at the end of October 2022 and has been validated by the planning Inspectorate. The remaining planning and determination period could take a further 18 months with construction starting around 2026 and the road opening to traffic in the early 2030's. The Consultations with local stakeholders and land holders has indicated that whilst supportive of the LTC in general, there is considerable uncertainty over the scale of beneficial impact it will have on Thurrock under the proposed route, and it is not considered essential to bringing forward strategic sites that are currently being promoted through the planning process, including those in the Freeport. Nonetheless, once operational, the LTC is still likely to increase the attractiveness of Thurrock as a business location and increase access to a wider pool of labour within a shorter distance.

6.29 To account for this, a modest adjustment (+0.2% per annum) has been applied to the baseline employment growth rate across all sectors for the second half of the plan period (from 2030). This equates to an **additional 815 FTEs above the expected baseline growth** across office, industrial and warehousing sectors.

Town Centre Regeneration

6.30 Thurrock Council are supporting a programme of investment in their town centres including:

- **Grays Town Centre Regeneration** which includes several aligned physical regeneration projects centred on the Grays High Street area down to the riverside including improved connections and public realm.
- **Tilbury Town Centre Regeneration** which has been developed as part of a wider strategic plan to revitalize Tilbury by creating a new heart of the town
- **Purfleet-on-Thames Regeneration,** a public-private sector partnership, which aims to transform Purfleet in to a town centre and a desirable riverside destination with a creative hub on the River Thames as part of the Thames Estuary Production Corridor, a new town centre, new school and community and social infrastructure facilities, 1 million sq ft of film and tv production studios and 2,850 new homes.

6.31 The town centre regeneration programmes will provide opportunities to support demand for different types of employment space, including through the new and more flexible E Use Class designation. With the exception of Purfleet however, the schemes are not expected to drive substantial growth in sectors of the economy associated with office, industrial and warehousing uses.

6.32 In terms of Purfleet, the proposed Master Plan for the town centre includes provision for commercial space (office space) and film and tv studios, both of which are of relevance to the EDNA. Previous estimates of employment supported by the Master Plan[21] suggested:

[21] Hatch, Chapter 14 Socio-economic ES Chapter, (2017) Waterman Group

- Around 700 FTEs could be supported in 11,000 sq m of office/workspace (Use Class E(g)(i-iii)
- Around 322 FTE jobs could be supported in the film and tv studio space being proposed (Use Class Suis Generis)

6.33 Further FTE jobs will be supported across a range of other uses including retail, food and drink, medical and educational facilities but these sectors are outside the scope of the EDNA.

6.34 Given the passage of time that has evolved since these jobs were estimated and potential changes to the Master Plan, delivery strategy and market conditions, a conservative estimate of 500 additional FTEs has been adopted for Use Classes E(g)(i-iii) for the purposes of this EDNA.

Summary of Higher Growth Scenario

6.35 Table 6.5 below summarises the employment growth associated with the higher growth scenario and when combined with the growth expected from the baseline scenario. In total, the higher growth scenario is expected to yield an additional 23,080 FTE jobs across the use classes, with the large proportion derived from B8 uses. In combination with the baseline growth scenario this amounts to total jobs growth of 27,140 FTEs over the plan period.

Table 6.5 Higher Growth Scenario FTEs + Baseline

	E(g)(i-iii) FTEs	B2 FTEs	B8 FTEs	Total
Port expansions and Freeport Sites		8,660	13,115	21,770
LTC	300	170	340	810
Town Centre Regeneration	500			500
Total Higher Growth	**800**	**8,830**	**13,455**	**23,080**
Higher Growth + Baseline	**2,625**	**9,585**	**14,930**	**27,140**

Source: Hatch: Numbers have been rounded

6.36 Table 6.6 below provides a summary of the estimated floorspace and land requirements derived from the higher growth scenario. This uses a combination of standard employment densities and plot ratios as well as existing information on floorspace and land being delivered that is not already considered in the baseline requirements. The additional floorspace requirements under the higher growth scenario include a 7.5% vacancy allowance which is consistent with the baseline requirements. For the purposes of estimating future floorspace and land requirements, requirements associated with employment as a result of port expansions has been excluded from the analysis on the basis that it is taking place on known port operational land, which is excluded from the existing supply analysis within the ELAA, and not relevant to any available or potential future supply of land.

6.37 In total, the higher growth scenario indicates a requirement for 299 ha of employment land, around 220 ha of which are required for warehousing uses. When combined with the baseline requirement, this amounts to a total of 342 ha, 250 ha of which is required for warehousing activities, 82 ha required for industrial uses and 11 ha for office and light industrial uses.

Table 6.6 Higher Growth Scenario + Baseline Floorspace and Land Requirements

	E(g)(i-iii)	B2	B8	Total
Floorspace				
Freeport Sites	-	335,450	1,021,680	1,357,135
LTC	7,055	7,045	27,250	41,345
Town Centre Regeneration	17,735	-	-	17,735
Total Higher Growth (sq m)	24,790	342,495	1,048,930	1,416,215
Total Higher Growth + Baseline Floorspace (sq m)	69,475	373,440	1,165,795	1,608,710
Land				
Freeport Sites	-	72	213	286
LTC	1.0	2	7	10
Town Centre Regeneration	4	-	-	4
Total Higher Growth Land (ha)	5	74	220	299
Total Higher Growth + Baseline Land (ha)	11	82	250	342

Source: Hatch; Floorspace numbers have been rounded; numbers may not sum due to rounding

Labour Supply Scenario

6.38 The employment-led scenario represents a labour demand driven view of future employment floorspace and land requirements. However, it is also important to consider the implications of changes in the population and labour force for potential jobs growth in Thurrock. In effect, this is asking the question: "how many jobs in Thurrock would be required in response to future population and labour force growth in the area?".

6.39 This scenario draws on projections generated as part of the South Essex Housing Needs Assessment (Turley 2022), which have modelled the population and subsequent labour force growth implications of future housing needs. On this basis, Turley's projected job growth supported by meeting housing need would equate to around 21,650 jobs over the period 2020-2040, which is almost double that of the CE projected growth in jobs of 11,444 (as rounded to 11,000 in Table 6.1).

6.40 In order to translate the labour supply projections in to floorspace and land requirements, FTE and working from home (WfH) assumptions are applied to the projections (using the same assumptions as under the employment-led scenario) and then apportioned to Use Classes based on the proportions under the employment-led baseline scenario for 2020 and 2040. This gives rise to a projection of 8,305 additional FTEs in office, industrial and warehousing sectors. Relevant employment densities and plot ratios are then applied and an allowance for vacancy (7.5%) is included in order to translate the FTEs into additional floorspace and land requirements. Table 6.7 below summarises the outcome and indicates that under the labour supply scenario, around 409,500 sq m of floorspace would be required equating to 93.6ha.

Table 6.7 Labour Supply Floorspace and Land Requirements				
	E(g)(i-iii)	B2	B8	Total
FTEs	3,353	1,670	3,282	8,306
Floorspace (sq m)	80,435	68,249	260,818	409,502
Land (ha)	11.35	17.06	65.20	93.6

Source: Hatch

Past Trends Scenario

6.41 Projecting forward on the basis of past development rates is a reasonable alternative to labour demand-led approaches. This should be on the basis of long-term past trends, since this reflects the variation that occurs over an economic cycle when there are typically periods of expansion through growth and contraction through recession.

6.42 This scenario draws on monitoring data on employment development activity provided by Thurrock Council and covers the period 2007/08 to 2021/22. The data is based on gross completions by Use Class and is summarised in Table 6.8. Average annual completions were 45,519 sq m per annum over the period 2007/08 to 2021/22, however, this includes over 200,000 sq m completed in 2017/18 in one development for Amazon. If we regard this as an 'anomaly' the average annual completions equate to slightly less, at 40,797 sq m per annum. Projecting this forward for the period 2020-2040 results in a requirement of 815,933 sq m of B1-B8 floorspace, with the larger proportion (571,058 sq m) being required for warehousing (B8) uses.

Table 6.8 Past Completions (2007/08) and Projections (2020-40) sq m					
	B1	B2	B8	Mixed B1-B8	Total
Average annual completions	3,282	4,316	33,201	4,720	45,519
Projected requirement 2020-40	65,639	86,329	664,010	94,405	910,383
Average annual completions (exc. anomaly)	2,670	4,541	28,553	5,033	40,797
Projected requirement 2020-40	53,391	90,821	571,058	100,663	815,933

Source: Hatch; Thurrock Council

6.43 In order to translate the projected requirement for floorspace into land, standard plot ratios have been applied. For Mixed B1-B8 space, the projected has been apportioned equally between B1, B2 and B8 space in the absence of any more detailed data.

6.44 This results in an overall land requirement between 2020 and 2040 as follows:

- Requirement for 4.3 ha of B1 employment land
- Requirement for 31 ha of B2 employment land
- Requirement for 151 ha of B8 employment land
- A total requirement for 187 ha of employment land.

Comparison with Alternative Take-up Analysis

6.45 The ELAA (LSH, 2023) provides analysis of take-up of employment land on allocated employment sites based on analysis of digital imagery over the period 2004-21. This long-term view provides a useful insight into take-up over differing economic and market cycles. Overall take-up has been 429.90ha, however, excluding port-specific take-up at London Gateway and Port of Tilbury, take-up has been 344.97 hectares over the time-period, equating to 19.16 hectares per annum. **Projecting this forward over the remaining plan period 2022-40 would give rise to a requirement for 344.88 ha**.

6.46 According to the ELAA, over the last six years, take-up outside of London Gateway (which has had a disproportionate impact on development activity in the borough) has amounted to 81.55 ha, or an average of 11.65 ha per annum. **Projecting this forward over the plan period 2020-40 would give rise to a requirement 209.7 ha of general employment land (outside of the Freeport areas)**.

6.47 The ELAA's analysis of take-up by land use type indicates that warehouses account for 44% of all take-up, compounds for 34%, port areas for 15% and industrial units 6%. Take-up of land for offices and sui generis uses account for less than 1% of land combined.

Comparison with Valuation Office Agency data

6.48 The Valuation Office Agency (VOA) provides time series data on floorspace by type and so it is possible to analyse how the stock of floorspace in Thurrock has changed over time. According to the data, over the twenty years to 2001-21, office floorspace in Thurrock has increased by 25,000 sqm (46%) or an average of 1,250 sq m per annum, and industrial space has increased by 618,000 sq m (60%) or an average of 30,900 per annum.

6.49 For office space, the growth in stock largely occurred in the first half of the twenty-year period and since 2015/16 there has been a decline in stock of around 5,000 sq m. For industrial space, the growth has been more balanced over the last twenty years, but with the greatest proportion occurring in the last decade with over 367,000 sq m (average of 36,700 per annum) added to the total stock.

Table 6.9 VOA Historic Floorspace Data, Stock and Change Over Time (sq m, '000)

	2000/01	2020/21	Total Change	% Change	CAGR (%)
Office	54	79	25	46.3%	1.9%
Industrial	1,040	1,658	618	59.4%	2.4%
Total Non-resi[22]	1,648	2,284	636	38.6%	1.6%

Source: Valuation Office Agency

6.50 Unfortunately, the VOA does not allow for a break down between industrial and warehousing space, but it is nonetheless a useful comparison with past completions data. It is not considered appropriate to project these average rates of floorspace change forward in order to inform potential land use requirements as they do not take account of land that is being used for hard standing and storage associated with industrial and warehousing activities.

[22] This includes retail and other non-residential uses

Supply Side Adjustments

6.51 There are potentially two adjustments to be made to the overall requirements for employment land, these are:

- Replacement demand (or sometimes referred to as Windfall allowance) which considers the extent to which the council needs to replace potential future losses of employment land; and
- A safety margin which considers the extent to which the council needs to allow for friction, variety and uncertainty but including a 'buffer'.

6.52 These are considered in turn below.

Replacement Demand

6.53 The employment-led scenarios described so far have modelled the floorspace and land required to support future jobs growth. These estimates represent the net requirement for floorspace and do not take account of the fact that some occupied floorspace will be lost over the plan period. If so, this could generate demand from existing occupiers who have had to leave their current premises (we refer to this as replacement demand).

6.54 Forecasting the level of replacement demand in future is subject to significant uncertainty. There is an implicit assumption in the employment-led modelling that growing businesses will be able to use the floorspace which is vacated by declining businesses, but in reality this is not always the case and there is sometimes a need to replace premises which are lost to other uses or are no longer fit for purpose. The VOA data for office space indicates there has been a loss of 5,000 sq m of office space over the last five to six years whilst at the same time there have been year on year gains in industrial floorspace. The Council's own monitoring data also indicates minimal losses to date in either office or industrial floorspace.

6.55 The commercial property market review and the site reviews undertaken within the ELAA indicated a number of sites are in need of investment in order to address poor quality infrastructure, constrained circulation and limited condition but only a relatively small number recommended for deallocation. It is noted that with high levels of occupancy and multiple ownerships, investment strategies may be constrained and therefore replacement or alternative provision may be required.

6.56 There are number of ways in which the Council could respond to this.

- Forecast the quantity of floorspace that will be lost in the future (e.g. the rate of loss over the last five years) and assume that a high proportion of this space will need to be replaced. The constraint here is a lack of robust or scientific way of forecasting how much space will be lost and the assumption could be subject to high degrees of variation.
- Make an upward adjustment to the preferred scenario of say 10% to 20% to allow for replacement – whilst a simple approach it is based on a fairly arbitrary assumption.
- Recommend Thurrock continues to monitor the loss of employment space through regular reviews in the local plan. This would avoid the need to make arbitrary assumptions about the future loss of employment space and base it on robust data. If these periodic reviews showed there had been a loss of high quality, occupied floorspace and vacancy rates were low, we would recommend that the Councils take steps to replace this space by increasing the floorspace requirement accordingly. However, this

option may lead to an under-provision of employment land in the short term. In addition, any Local Plan review reflecting the monitoring findings would take many years to put in place.

- Recommend that when Thurrock reaches its conclusions on their employment land needs in their new local plan, they should assume no further losses of employment space unless there is clear evidence to conclude otherwise from the sources listed below. This would mean that the local plan is based on the best information on what is likely to happen in reality. In particular, it would be appropriate to take account of further likely losses from the following sources:
  - Committed losses since 2021 (the base date for the information on existing commitments in the report).
  - Sites currently protected for existing employment use which are proposed to lose this protection in the new local plan.
  - Other sites currently in employment use, which are proposed for non-B class uses in the new local plan.

6.57 Our favoured approach is the last of these options as it is the only way of ensuring that replacement demand is addressed in a robust way, however, it is important to stress the need for close monitoring of the future loss of employment floorspace.

Safety Margin

6.58 Thurrock will also need to consider whether the land need estimated should be uplifted to include a safety margin. This should take account of the 2019 NPPF which directs that *'Policies in Local plans and spatial development strategies should be reviewed to assess whether they need updating at least once every five years….Reviews should be completed no later than five years'.*

6.59 The direction from NPPF implies a new plan should be adopted within five years of the previous plan being adopted. If Thurrock's new plan is adopted in 2025, the employment land supply identified would therefore need to last five years until policies were reviewed and adopted five years later in 2030. However, the supply is calculated to meet demand until 2040 thereby providing a safety margin of ten years supply which can cater for friction, choice and uncertainty.

6.60 However, it is important to consider that long-term supply such as this will not necessarily ensure market requirements are met at any given point time. Thurrock may therefore want to consider a rolling five-year supply of sites that are immediately available at the time of adoption and at all times thereafter. On this basis, no upward adjustment to the overall requirements is required, however, there is a policy response which is discussed in more detail in Section 8.

Summary of Scenarios

6.61 Table 6.10 below provides a summary of the future requirements for employment floorspace and land under each of the scenarios that have been considered.

Table 6.10 Summary of Employment Land (ha) Requirements 2020-40

Scenarios	E(g)(i-iii)	B2	B8	Total
Employment-led (Baseline)	6.3	7.7	29.2	43.2

Higher Growth Scenario (+ Baseline)	11	82	250	342
Labour Supply Scenario	11.35	17.06	65.20	93.6
Past Trends Completions	4.3	31	151	187
ELAA Past Trends Take-up				344

Source: Hatch

6.62 The range of estimates for space varies considerably from 43.2 ha under the employment-led baseline scenario to 344 ha under the ELAA Past Trends Take-up. These variations are particularly apparent for the industrial and warehousing sectors.

6.63 In our view, Thurrock should consider planning on the basis of the higher growth scenario, which is also in line with the ELAA Past Trends Take-up Scenario. The higher growth scenario indicates provision should be made for:

- 10.9 ha of E(g)(i-iii) land including:
  - 1.9 ha of E(g)(i-ii) employment land;
  - 9 ha of E(g)(iii) employment land;
- 82 ha of B2 employment land; and
- 250 ha of B8 employment land

6.64 This level of provision would support total jobs growth of 27,140 FTEs across the E(g)(i-iii) and B Use Class Sectors . Market analysis shows that demand for industrial and warehousing space is consistently strong in Thurrock, combined with the existing port activities and planned expansions, government backed Freeport status and the continued macro trends in shipping supply chains and the growth of online shopping trends, means that there is a strong chance these trends will continue in to the future. The higher growth scenario results in a similar projection to the ELAA past-trends take-up scenario, which reflects the impact of take-up to date at London Gateway and supports the case for considering a higher level of growth than the baseline scenario.

6.65 The employment-led and past-trends completions scenarios assume far more limited growth in the warehousing and industrial sectors, which results in lower land estimates. These scenarios do not take into account the more recent and ongoing investment in Thurrock, the successful Freeport bid with commitment from Government and Thurrock, nor the considerable changes to the market conditions in some sectors including warehousing, which are likely to result in a step-change in demand. The labour supply scenario also risks underestimating growth because it uses the same industrial sector breakdown as the CE forecasts.

7. Demand and Supply Balance

7.1 This study has provided an assessment of the employment land needs in Thurrock over the period 2020 to 2040 and recommends that the higher growth scenario is used when considering future demand. Combined with 2023 ELAA, this study provides a comprehensive and detailed assessment of the current and future supply of employment land to meet the recommended demand scenario. This will provide Thurrock with a clearer understanding of the steps they can take to ensure that their planning can meet the needs of the local economy.

Overall Assessment

7.2 This section provides a quantitative and qualitative assessment of the demand and supply of employment land over the period 2020 to 2040.

The main focus of this section is on the overall balance of demand and supply for Thurrock. As noted elsewhere in the report, the purpose of defining the FEMA is to ensure that economic needs are assessed for a functional economic area with shared strengths and locational advantages. How these needs are met across the FEMA should depend to a great extent on the availability of sites which will appeal to the market. Consultations with South Essex local authorities within the FEMA have not indicated any requirements for Thurrock to meet their future requirements and this is confirmed by the South Essex ELAA (Avison Young, 2022). No requirements to meet additional need from LB Havering and LB Barking & Dagenham have been identified, and neither the adopted London Plan nor the authorities local evidence bases provide a case for meeting need outside of these boroughs.

7.3 The quantitative assessment considers the following:

- Demand – land demand derived from the demand scenarios for office, industrial and warehousing development.
- Supply of employment land as assessed within the ELAA and taking into account available employment sites and readily available sites.

7.4 Table 7.1 below compares the quantity of available supply of employment land with the estimated recommended future provision. It has not been possible to quantify the supply of employment land by use class though it is clear that nearly all of the land is suitable for industrial or warehousing (E(g)(iii), B2,B8) uses.

Table 7.1 Supply and Demand balance

	Future Demand (ha)	Land Supply[23] (ha)	Difference (ha)
Employment-led (Baseline)	43.2	294	+250.8
Labour Supply Scenario	93.6	294	+200.4
Past Trends Completions	187	294	+107

[23] Net developable area according to the ELAA

ELAA Past Trends Take-up	344	294	-50
Higher Growth Scenario (+ Baseline)			
E(g)(i-ii)	1.9	n/a	n/a
E(g)(iii)	9		
B2	82		
B8	250		
Total	**342**	**294**	**-48 ha***

Source: Hatch; ELAA *Note the caveats in paragraph 7.6 onwards

7.5 Table 7.1 above suggests that under the employment-led, labour supply and past-trends completions scenarios there is more than sufficient employment land to meet future requirements. Under the ELAA past-trends take-up and the higher growth scenarios however, there is an imbalance of around 48 to 50 ha of employment land over the period to 2040.

7.6 As discussed at paragraphs 6.63-6.65, we recommend that Thurrock consider the higher growth scenario for planning purposes, which results in an imbalance of around 48ha. However, this needs to be carefully considered against the expected origin of the future demand, where under the higher growth scenario, a large proportion of demand is anticipated to derive from take-up of land at the Freeport sites, including sites promoted at the Port of Tilbury (84ha). Sites within the Port of Tilbury are not included in the ELAA's available supply (294ha). If we were to exclude this amount from future demand in order to make a directly comparable review of future demand, this would suggest that the demand figure is closer to 258 ha. This compares to available supply of 294 ha which indicates that in quantitative terms, there appears to be a sufficient supply.

7.7 However, the designation of the Freeport sites, and their varied status in planning terms, adds a layer of complexity to the demand and supply comparison which cannot necessarily be established through a simplistic quantitative comparison of supply and demand. This is particularly the case when taking into consideration the location, quality and suitability of available sites.

7.8 According to the ELAA, the large majority of available supply includes strategic land holdings at London Gateway, Thames Enterprise Park and the Oil Refinery Expansion land, which accounts for 249.6 ha in total or 85% of the total available supply. According to the higher growth scenario, a total of 182 ha of employment land is expected to be taken-up at these Sites, leaving remaining demand for 76 ha (excluding demand for Port of Tilbury sites). Outside of these areas, there is just over 44.3 ha of land available (Table 7.2), largely situated in West Thurrock and Purfleet and to a lesser extent Tilbury. The ELAA also recommends that 43.3ha of the total 294 ha of available supply could be considered for alternative uses . Further details are provided in the ELAA as to the reasoning for this. Should these sites be deallocated through the Local Plan process, this would reduce the available supply to 251 ha, and in so doing, alters the balance of demand versus supply to an under-supply. Finally, the ELAA also considers that of the 294ha of available supply, less than half (112ha) is immediately available, which may have implications for being able to provide choice and flexibility to meet future requirements in the first half of the plan period in particular.

Table 7.2 Available Supply

Location	Net Developable Area (Ha)	% of Total
London Gateway	117.12	39.8

Thames Enterprise Park	92.68	31.5
Oil Refinery Expansion	39.79	13.5
Purfleet	17.41	5.9
West Thurrock	18.63	6.3
Tilbury	7.62	2.6
Grays	0.66	0.2
Stanford-le-Hope	0	0
Bulphan	0	0
Aveley	0	0
South Ockendon	0	0
Total	**293.9**	**100%**
Immediately Available	**112**	**38%**

Source: LSH

7.9 The implications of the balance between demand and supply in qualitative terms are considered in further detail below.

7.10 Ultimately, Thurrock Council will need to play an important role in ensuring a diverse portfolio of sites are delivered in the right locations, of the right types and at the right time.

Office Market Balance

7.11 The higher growth scenario has identified a future requirement for around 33,500 sq m of Use Class E(g)(i-ii) floorspace, which could be accommodated on 1.9ha of employment land assuming an average plot ratio of 2. The quantitative supply of available employment land has not been broken down by land use type, however, it is stated within the ELAA that none of the available sites are traditional office sites.

7.12 Future requirements for E(g)(i-ii) space are anticipated to come from sectors such as professional services, business support services, education, creative and media, and engineering firms. Currently these sectors are heavily dominated by micro businesses (0-9 employees) and this is not expected to change with the commercial property market review confirming demand for offices in Thurrock is largely from small, local businesses. Whilst the overall requirement for space is relatively low, consideration will need to be given as to how this demand can be accommodated given that the existing available supply is largely industrial and warehousing sites.

7.13 The commercial property market review within the ELAA indicated that office space is spread throughout the borough, but with the majority of stock located in Grays (35%), Tilbury (21%), Stanford-Le-Hope (14%) and South Ockendon (10%). The ELAA estimates around 5,846 sq m of office space is currently on the market equating to 7.9% of the overall supply. This is a reasonable rate of vacancy to allow for market churn and choice and cannot be expected to make a significant contribution to meeting future requirements, particularly as much of the vacant space is amongst the large-scale premises (250 to 1,000 sq m) which are less in demand.

7.14 Whilst we do not consider there is a need to make any strategic allocations for office employment land given the relatively small-scale demand derived from the higher growth scenario, consideration will still need to be given to how future requirements for office floor space can be accommodated across the borough either as part of existing employment land allocations through intensification or co-locations, or within the regeneration of town centres and planned urban extensions as part of mixed-use developments. These options are considered in more

detail in further considerations below. Given an overall demand figure of 1.9ha, this requirement will be small scale.

Warehousing and Industrial Market Balance

7.15 The higher growth scenario recommends provision of around 342 ha of light industrial (9ha), industrial (82 ha) and warehousing land (250 ha). The majority of the demand is for warehousing land associated with anticipated activities at the Freeport sites, including at the Port of Tilbury. If demand for land at the Port of Tilbury is removed from future provision for the purposes of making a direct comparison with the available supply, there is theoretically sufficient available supply to meet demand (256 ha versus 294 ha). However, there are a number of nuances to this which are discussed below.

7.16 As noted earlier, the future demand does not take into account any requirement to replace existing employment areas that may be considered for de-allocation through the Plan process. Similarly, the available supply figures do not take into consideration any available sites which may be deallocated through the Local Plan process.

7.17 In terms of supply and demand at the Freeport sites, at London Gateway to date, most occupiers have been at the large end of the scale but there is a growing demand at the smaller end and so it is envisaged a portion of the Site will be designated for smaller scale uses. Indeed, The Campus at London Gateway is being brought forward to cater for mid-box size occupiers (3,000-4,000 sq m). Development to date at London Gateway has predominantly been occupier-led, although there has been some speculative development which has been quickly filled. At the Port of Tilbury and the Thames Enterprise Park (TEP), it is anticipated that future requirements will also be largely occupier-led from UK and International customers who want to expand, although there is potential for some speculative development across all three areas.

7.18 The future demand anticipates take-up of land promoted at the Port of Tilbury. This will be subject to planning approval on currently unallocated sites. The impact of any planning delays, restrictions or unsuccessful applications will need to be carefully monitored in the context of displacing this anticipated level of demand to sites elsewhere in Thurrock and the resulting impact this may have on the balance between demand and supply of available sites.

7.19 According to the ELAA, there is approximately 44.3 ha of available industrial and warehousing land outside of the Freeport areas, including 17.41 ha at Purfleet and 18.63 ha at West Thurrock. According to the site assessments within the ELAA, a very limited number of these sites are actually readily available, none of which are situated in West Thurrock and several have development and market attractiveness constraints. Outside of these areas, the remaining available supply is very limited meaning the overall portfolio of supply across Thurrock is fairly inflexible.

7.20 The commercial property market review within the ELAA indicates a limited supply of existing available industrial and warehousing premises, equating to 5.9% of total stock, however, this includes land with extant planning permissions at London Gateway which is also included in the available land supply and so cannot be counted as additional supply. The ELAA notes that as much of the availability is not yet constructed, the actual vacancy rate amongst existing built space is substantially lower reflecting a constrained market and a reliance on new development coming forward at pace.

7.21 The designation of the Freeport Zone and development coming forward at London Gateway in particular, has to some extent, masked development activity at the smaller end of the market (<3,000 sq m). The ELAA's commercial property market review noted that more than half of

existing industrial units are less than 250 sq m and only 16% of units are greater than 1,000 sq m. Going forward, demand at this smaller end of the market is anticipated to continue with regional manufacturing and distributors continuing to be pushed out of London at the same time as growing trends for last-mile delivery in close proximity to residential and urban centres. Whilst the Freeport sites have the potential to cater to some extent for mid-sized units, the provision of smaller units sub-3,000 sq m is likely to be very limited, and there is currently little availability on the market at this scale. Indeed, outside of the Freeport areas, according to the ELAA, there is currently very little immediately readily available employment land that could cater for this end of the market.

7.22 In terms of light industrial requirements (Use Class E(g)(iii), the analysis has indicated a future demand for up to 9 ha driven by anticipated growth across a range of sectors including small scale construction activities, creative industries associated with investment at Purfleet, engineering, catering and other professional services. Whilst the ELAA has not specifically quantified supply for light industrial land and floorspace, these sorts of activities are typically flexible in their locational and site requirements with some activities taking place on specific industrial sites, whereas activities more closely aligned with creative sectors and professional services tending to favour town centre and edge of centre sites and can be co-located or situated within mixed-use developments.

7.23 Taking into account the qualitative issues described above, Hatch consider there is a case for the allocation of additional land to support modern industrial and warehousing space at the mid (3,000 – 10,000 sq m) to small (<3,000 sq m) end of the market and ensure a readily available supply of flexible space. Ideally this would include sites suitable for urban servicing, last-mile delivery, light industrial and small to medium scale warehousing activities from sectors that aren't necessarily directly linked to port or strategic scale activities but serve a more local market with the potential to accommodate regional and local scale operators. Important considerations will be proximity to the strategic road network, proximity to urban areas and potential to include a range of unit sizes and types to incorporate choice and flexibility.

Further Considerations

Resist loss of existing employment sites

7.24 The EDNA has indicated that there is no notable surplus of employment land across any of the Use Class sectors and the ELAA confirmed that on the whole, existing employment sites are well occupied and accommodate a variety of uses providing a strong employment base for the borough. Whilst it is acknowledged that a number of the borough's existing employment sites are dated, accommodating secondary stock and suffering from congestion, they may still be supporting viable and important business activities.

7.25 Whilst the ELAA has suggested that some existing employment areas could be used for alternative uses (128.7ha) and that some available employment land could be released (43.17ha), loss of existing employment sites and premises should on the whole be resisted. Employment land should only be released where it can be demonstrated that it is no longer required or fit for purpose. This can be achieved via a policy response which;

- requires sites to be marketed for employment purposes for a suitable period of time before they are permitted for other uses; and
- requires evidence of a viability assessment to demonstrate that a site cannot be redeveloped for employment purposes.

7.26 Where feasible, site renewal strategies should be considered in order to maintain sites for employment purposes. However, it is recognised that this is likely to be challenging, particularly as industrial estates tend to include multiple freeholders. If estate renewal is not viable, the Council should consider those sites in the ELAA that have been recommended for estate renewal against the ability to re-provide space elsewhere in the borough through new allocations (see below) or intensification (see below), as well as the sites suitability for alternative purposes.

7.27 Where wholesale estate renewal is not viable, the Council should seek to encourage refurbishment and retrofitting of existing individual premises to support the drive towards net zero carbon and help ensure the longevity of existing employment sites.

7.28 The ELAA identified a small number of sites that it recommended for deallocation. Before deallocating, the Council should explore these in more detail taking into consideration the type of businesses that occupy them, the extent to which they are meeting a need for affordable or small-scale accommodation or bad neighbour uses which can't be accommodated elsewhere and the extent to which space may need to be re-provided. A criteria-based approach could be developed before deallocation is permitted which incorporates these considerations.

Allocate New Industrial Sites

7.29 The EDNA has indicated future provision for industrial and warehousing land in the region of 340 ha in order to meet the higher growth scenario over the plan period. This has been identified against a backdrop of significant and ongoing economic uncertainty and a need to carefully monitor the delivery and take-up of space at the Freeport as well as the delivery and impact of the LTC, both of which have a significant influence on potential future requirements.

7.30 The ELAA has identified 139.5 hectares of employment land which has received designated freeport status but which are not located in allocated employment areas. These were reviewed as potential sites to meet future needs and when considering future demand, it has been estimated that a large proportion of anticipated employment growth will be derived from the delivery of approximately 84ha of land at the Port of Tilbury over the plan period.

7.31 Hatch consider that if Thurrock were to adopt the higher growth scenario within policy it should make new allocations which will enable it to maintain a flexible supply of employment land over the first half of the local plan period. It is anticipated that the majority of the demand will be for the period between 2020 and 2030 and that the majority of this will be for large scale space for which there is a great deal of demand (e.g. at the Freeport). It is also important that new allocations also address the current gaps in supply which exist outside of the Freeport zones and at the smaller to mid-scale end of the market. The council may wish to allocate a small proportion of land within town centres, urban extensions or as part of larger scale sites for smaller or medium scale uses (across E(g), B2 and B8 use classes).

7.32 A decision on new allocations should include consideration of the sites put forward under the 'Call for Sites' exercises and identified in the ELAA as having potential for industrial and warehousing purposes. As well as identifying sites which could come forward over the next 10 years, the council should compile a short list of sites that are potentially suitable for longer term allocations. .

7.33 The allocations outside of the Freeport areas should incorporate flexible B2/B8 uses to accommodate small to mid-scale occupiers across more general sectors of the economy rather than specifically port related logistics. Locational factors should consider connectivity to the strategic road network and connectivity to urban centres to support local urban servicing demand, final-mile activities and smaller scale general and light industrial activities.

7.34 In addition, and as discussed in Section 6, Thurrock may need to consider new allocations to cater for replacement demand from sites if any are deallocated through the Local Plan on the basis of recommendations set out within the ELAA.

Consider Role of Town Centres

7.35 Town centres in Thurrock have a key role to play in acting as a focal point for service and office-based activities including to support the growth of some of Thurrock's key sectors such as creative industries. Whilst the office market in Thurrock is relatively small, it supports a wide range of sectors and occupations and is important in helping to ensure a diverse local economy with greater levels of resilience. With the shift towards hybrid and flexible working patterns, the role of well-connected town centres in close proximity to residential areas is growing in importance in meeting demand within the office market. Connectivity, access to services and amenity and flexibility are all key attractors.

7.36 With the planned investment in Gray's, Tilbury and Purfleet there is an opportunity for Thurrock to support some of the future requirements (+1.9ha) for office space over the plan period in town centres through provision of flexible office space.

7.37 In particular, **Grays**, with its connections into London and already established office market should be considered as a sensible location to promote further opportunities for flexible office space, including co-working and shared space, which can be brought forward as part of mixed-use developments and at ground-floor.

7.38 **Tilbury** town centre currently accommodates around 21% of Thurrock's office stock according to the ELAA serving a relatively local market. The Town Investment Plan will see considerable investment to support transformation in the town including around the civic square and station hub, which in turn will create opportunities to encourage and support space to be brought forward that can be used flexibly by office occupiers as well as other market sectors (retail and services).

7.39 Whilst **Purfleet** is not currently seen as an office location, the town centre redevelopment plans provide opportunities in the future to secure flexible units and studios suited to a range of occupiers including creatives. Flexibility would need to be maintained given that Purfleet is not currently seen as a strong office location, but there are likely to be requirements from local residents to access shared and co-working spaces and from start-up businesses including those associated with the creative and media industries. Units would therefore need to be brought forward with a high degree of flexibility and designed to cater for a range of uses including office and studio activities, as well as workshops, retail and co-working spaces.

7.40 Thurrock's **local centres** also have a role to play, particularly in meeting the need for more affordable office space and space that is distributed across the borough, however there is less opportunity in these centres to bring forward additional/new space. The focus in these centres should be retaining existing office space where it is meeting a need and encouraging repurposing of vacant town centre units for flexible and affordable space including hybrid space which can include both an office/co-working function as well as retail/café.

The Role of Urban Extensions

7.41 As the new Local Plan moves forward and locations for potential Urban Extensions are considered in more detail, those of larger scale that are likely to incorporate delivery of associated supporting facilities including health, education and community spaces should also

be considered for supporting small-scale flexible office, studio and workshop space. These uses can be co-located with residential uses and compliment the wider amenity offer of new settlements, with shared workspaces in particular helping to foster and support a sense of place by increasing footfall. Small-scale provision such as this would help to meet future requirements at the smaller end of the market, cater for local requirements and help to encourage more sustainable travel patterns and a more diverse distribution of space across the borough.

7.42 Consideration should also be given to incorporating light industrial and small to medium warehousing and industrial units including freehold space. This may help meet local market demand requirements including from those already in the area wishing to relocate, which in turn may unlock some redevelopment and intensification potential on existing sites.

Monitoring and Reviewing Requirements

7.43 The NPPF encourages local authorities to be responsive to market signals and ensure there is sufficient provision of suitable employment land need to meet the requirements of the business community. This is particularly important in light of ongoing economic uncertainty. Therefore to ensure employment land policy is kept up to date in future, it is recommended that Thurrock monitors market indicators for both office and industrial sectors, including:

- Development completions (both positive and negative);
- Development commitments, both positive and negative and including outstanding planning permissions and local allocations; and
- Floorspace vacancy rates

7.44 Given the influence that activities at the Freeport are expected to have on both demand and supply of employment land in the borough, it will be particularly important to monitor the delivery and take-up of space at these sites.

7.45 In terms of reviewing future needs, the following is also recommended:

- regular employment land review updates are undertaken (every five years minimum) to ensure the evidence base remains up to date;
- locally-based businesses are regularly engaged with to understand their ongoing needs and aspirations for growth and expansion; and
- frequent engagement with local commercial agents is undertaken to understand local market conditions.

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