
Employment Land Requirement

Coed Darcy – New Masterplan

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1. Introduction

1.1. Introduction

- 1.1.1. This report has prepared by Gary Carver, Director in the Savills Commercial team in Cardiff and sets out Savills' experience and intelligence regarding the need for and availability of commercial office space in Neath Port Talbot. It also provides a justification for the proposed quantum and type of employment land proposed in the emerging masterplan for Coed Darcy. Savills Planning has provided input on planning policy implications.
- 1.1.2. The purpose of this report is to examine the level of demand and supply for office space against the requirements the Local Development Plan (LDP). It will consider the amount of commercial (Use Class B1) floorspace to be included in the revised masterplan for Coed Darcy. It will assess whether it is appropriate for the existing allocated land to be developed for other uses based on a thorough review of the local employment market.

1.2. Outline Planning Permission

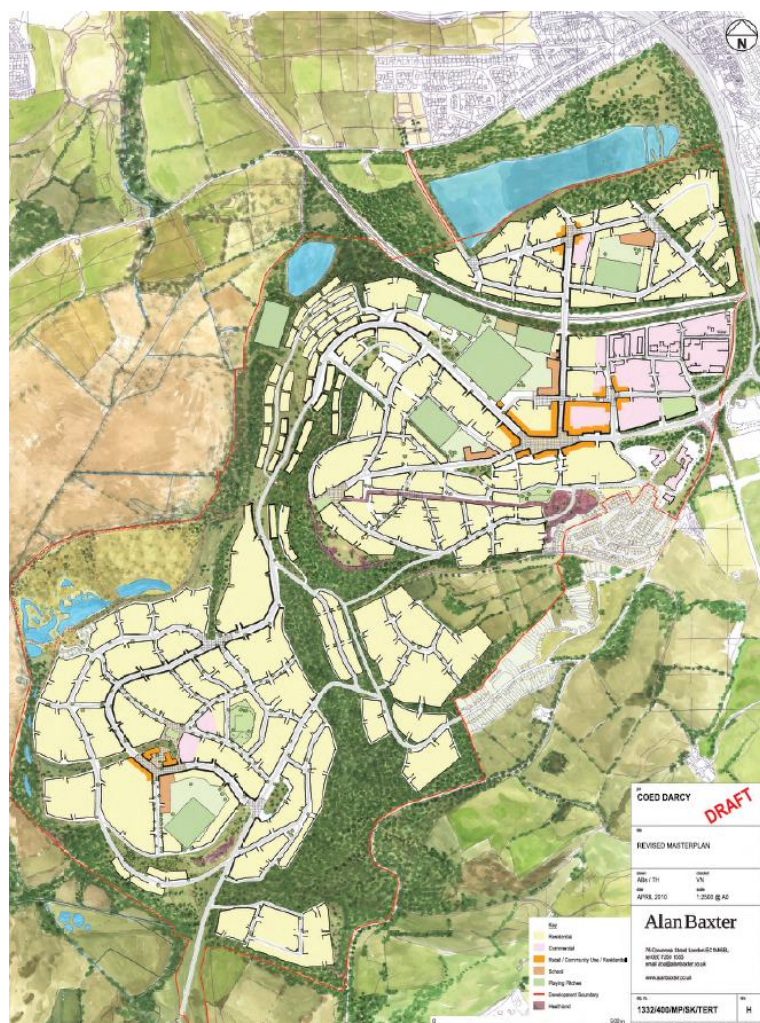
- 1.2.1. Coed Darcy benefits from outline planning permission (reference P2005/0393) for an urban village comprising approximately 4,000 dwellings, 41,200sqm of B1 Business Uses, up to 3,800sqm of retail (gross) and 8,000sqm of other commercial, education, community facilities, highways, drainage, services, infrastructure, car parking and landscaping. Planning permission was granted on 8 February 2008, and the first phase of housing development has been built out. No B1 uses have been developed to date, as anticipated by the outline planning permission.
- 1.2.2. The approved masterplan, enclosed below, shows that the commercial development envisaged and approved as part of the outline planning permission (the pale pink shading) is proposed in the north east corner of the site adjacent to Junction 43 of the M4 and the existing Darcy Business Park, in addition to some commercial uses in association with the local centres to the south and north of the site. The masterplan also recognises the existing office buildings (Britannic House, William Knox House, Heritage House) and Maes Newydd (the NRW building)).

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Approved Masterplan



1.3. Revised Masterplan

- 1.3.1. St. Modwen Developments Ltd is currently revising the masterplan for Coed Darcy, which will focus new development on the northern extent of the site. A new outline planning application will be submitted later in 2021. There is an opportunity to revisit the amount of commercial floorspace proposed as part of the development, and therefore commercial advice has been sought on the viability and delivery of the proposed quantum of B1 use anticipated in the site's allocation in the LDP, the actual demand for office space, wider office market commentary and development pipeline and the potential for alternative commercial uses. This information is being used to inform an appropriate and viable type and quantum of commercial uses within the masterplan.

2. Local Development Plan

2.1. Planning Policy Context

2.1.1. The development plan for Neath Port Talbot comprises:

- The Neath Port Talbot Adopted LDP (2011-2026)
- Future Wales: the National Plan 2040

2.1.2. The content of Planning Policy Wales is also considered below, as its policies will be a material consideration in the determination of the proposed planning application.

2.2. The LDP

2.2.1. Coed Darcy is identified in the LDP as a major development site. **Strategic Policy OB5** indicates that to realise the diverse potential and opportunities for sustainable economic development along the coastal corridor to foster economic growth – with Coed Darcy, amongst other sites, as anchors for growth.

2.2.2. Coed Darcy is allocated as a sustainable urban village, regenerating a brown field site and comprising of a mix of uses, predominantly residential but also including education, employment, retail uses and other community facilities. **Policy SRA1** of the LDP relates specifically to the Coed Darcy Strategic Regeneration Area, and refers to two allocations: H1/LB/5 for 4,000 new homes and EC1/3 for 41,200 sqm of B1 Business Space. In addition, up to 3,000 sqm of retail floorspace (to provide for the needs of the Urban Village) is proposed.

2.2.3. **Policy SP11** sets out how existing employment uses will be supported and safeguarded and new and expanding employment measures will be encouraged, including through the allocation of 96ha of land for employment and business purposes and additional employment provision made as part of the SRAs (i.e. Coed Darcy). **Policy EC1**, in accordance with Policy SRA1, indicates that 4ha of land at Coed Darcy is allocated for B1 employment uses. In addition, two strategic employment sites at Baglan Bay and Junction 34 (M4) Margam are allocated in the plan, as well as land within the Harbourside SRA. Paragraph 5.2.16 of the LDP indicates that the employment growth within the SRAs will be restricted to B1 to promote sustainable, mixed use development and complement the predominant residential function of the respective developments. **Policy EC2** relates to existing employment land, set out a number of sites and areas where existing employment uses will be protected.

2.2.4. **Policy EC3** indicates that within allocated employment areas, unless otherwise specified and where appropriate, uses will be restricted with Class B (specifically B1 at Coed Darcy), or if an ancillary facility or service which supports and complements the wider role and function of the primary economic use or is a commercial service unrelated to class B. However, **Policy EC4** goes on set out the policy framework for proposals which would result in the loss of existing land or buildings in employment use, as defined in Policy EC3 or within an existing employment area identified in Policy EC2. As policy EC3 relates to

allocated and existing employment areas, the criteria set out in Policy EC4 are relevant to the loss of allocated employment land at Coed Darcy. Policy EC4 indicates that the loss of employment land will be permitted where one of three criteria are satisfied. This includes criteria (i) where it can be demonstrated that employment uses are no longer viable or appropriate in this location.

- 2.2.5. These policies were supported by an Economic Assessment and Employment Land Provision Study dated 2012.
- 2.2.6. The LDP Annual Monitoring Report (October 2020) indicates that the amount of land developed for employment purposes during the LDP period to date falls below the cumulative target of 5ha to be developed over any two year period for 2 consecutive years. Therefore, the policy will be subject to a review process in the new LDP. This shortfall is a result of none of the allocated sites (EC1) coming forward for development. The redevelopment of Baglan Bay is recognised to be a long term aspiration that is likely to take several years to develop but remains to provide adequate space and infrastructure for large units. It has received enterprise zone status and is subject to the Baglan Bay Development Framework SPG. The AMR notes, with regard to Coed Darcy, that the slow rate of housing and infrastructure deliver has resulted in delays to the employment element of the scheme. The AMR notes that, notwithstanding any potential (at the time of writing the AMR) that the rate of development of Coed Darcy could increase in the next monitoring period, the Council is clear that that the policy is not clearly meeting its objectives, so the policy will be reassessed as part of the review of the LDP.

2.3. Future Wales: the National Plan 2040 (2021)

- 2.3.1. Future Wales is the national development framework for Wales and has development plan status. It was adopted in 2021, and therefore post-dates the policies contained in the LDP.
- 2.3.2. Future Wales identifies four regions. Coed Darcy is located within the 'South East' region, within which there is a National Growth Area, referred to as 'Swansea Bay and Llanelli'. The Welsh Government envisages growth in employment and housing opportunities and investment in infrastructure in the National Growth Areas. Policy 28 of Future Wales confirms that Swansea Bay and Llanelli will be the main focus for growth and investment in the South West region. It requires Strategic and Local Development Plans to recognise the focus for strategic economic and housing growth, essential services and facilities, advanced manufacturing, transport and digital infrastructure.
- 2.3.3. Policy 6 of Future Wales is the 'Town Centre First' policy, and requires that significant new commercial, retail, education, health, leisure and public service facilities must be located within town and city centres. They should have good access by public transport to and from the whole town or city, and where appropriate, the wider region. It requires that a sequential approach must be used to inform the identification of the best location for these development and they should be identified in Strategic and Local Development Plans.

2.4. Planning Policy Wales – Edition 11 (2021)

- 2.4.1. Chapter 5 of PPW 11 relates to productive and enterprising places, and section 5.4 relates to economic development. It is noted that planning authorities should support the provision of sufficient land to meet the needs to the employment market at both a strategic and local level, and allocate an appropriate mix of sites to meet need and provide a framework for the protection of existing sites. It notes that that sites identified for employment use in a development plan should be protected from inappropriate development. It also provides guidance for planning authorities to ensure that economic development is steered to the most appropriate locations – recognising that careful consideration should be given to the attributes of strategic employment sites to ensure that they have unique selling points and provide a differentiated offers across the region.

2.5. Summary

- 2.5.1. It is clear from the above policy review that since the adoption of Future Wales, which clearly advocates a ‘town centre first’ policy for the location of significant, new commercial development, that there is a conflict between this national approach, and the allocation of some 41,200sqm (or 4ha) of Use Class B1 employment uses at Coed Darcy. It is recognised that an appropriate amount of additional employment provision within the Coed Darcy Strategic Regeneration Area can help deliver a mixed use, sustainable development in these locations, and indeed, Policy 2 of Future Wales which relates to strategic placemaking, encourages that urban growth and regeneration should create a rich mix of uses. However, the level of B1 floorspace envisaged in the LDP (which is considered to be ‘significant’ in the context of Future Wales) and which reflects the now aged planning permission, is clearly at odds with new and emerging planning policy which directs significant new commercial (i.e. office) space to city and town centres. In this context, it would seem unlikely that, the full extent and amount of B1 space proposed as part of the current allocation would be considered appropriate, sustainable and compliant with national policy as part of the forthcoming LDP review.
- 2.5.2. The following sections go on to demonstrate how the requirements and demands of office occupiers reflects this position. Furthermore, considering criteria (i) of LDP Policy, the following evidence demonstrates that employment uses are no longer viable or appropriate in this location.

3. Office Market Overview

- 3.1.1. The office market in the Borough of Neath & Port Talbot is traditionally dominated by local firms located in the towns of Neath and Port Talbot to serve the local community, typically solicitors accountants, etc, and public sector departments. As such, demand is typically low with only a few thousand square feet per annum taken up by occupiers.
- 3.1.2. Historically, larger speculative development in the County Borough, such as One Talbot Gateway which was developed in 2003 and which was aimed at attracting private sector inward investment, have had limited success. The building sat empty for 4 years before Dwr Cymru and Swansea Bay UHB eventually took leases.
- 3.1.3. Templar Properties have, however, recently developed offices and labs in a development called Harbourside Business Park which is a new 67,000 sq. ft. BREEAM “Excellent” rated business park situated in Port Talbot Harbourside. The development includes a 42,000 sq. ft. office/lab building which has attracted Tata Steel and TWI Limited in part. Harbourside is also home to HMCS (Port Talbot Justice Centre) who took a pre-let on their building. N&PT College are also considering the location for a new purpose built campus. There is one building available to let in the development, Llewellyn House, which extends to 4,214 sq. ft.
- 3.1.4. Neath & Port Talbot do both suffer from their proximity to Swansea, which is the strongest office centre in West Wales, with major office occupiers including Inland Revenue, DVLA, NHS Trust, Land Registry, HSBC and Admiral Insurance. It is popular with service companies who need large space for call and help centres, although there has been an influx of corporate tenants.
- 3.1.5. The major concentration of office accommodation is located in the out of town business parks such as SA1, Swansea Vale, Crucible Business Park and Swansea Enterprise Park, just off J44/45 of the M4.
- 3.1.6. Furthermore, there are a number of new developments planned for the Swansea city centre which will further cement Swansea as the primary office location in the area.
- 3.1.7. Swansea City Council have purchased 277/278 Oxford Street and 29-31 Princess Way to provide a mixed use development including community hub and office space.
- 3.1.8. Work is due to start shortly on a new Digital Village on the site of the former Oceana Nightclub, 71-72. Kingsway, to provide a 6 storey, mixed use scheme. The development is set to comprise c.110,000 sq ft of “tech-focused” flexible office space, conference and meeting facilities and a digital arena with capacity of up to 3,500 people.
- 3.1.9. Swansea Council have also recently announced the development of a major public sector hub as part of the Copr Bay regeneration which could accommodate existing Swansea based Government departments

along with other Welsh and UK Government departments. There is an unnamed Government department looking for 70,000 sq. ft. in Swansea city centre and it is likely they will consider this development.

- 3.1.10. Despite being the strongest office centre in the area, leasing activity in Swansea has been subdued over the past few years with low levels of take up and limited occupier demand. The annual average take up of offices in Swansea city centre and out of town areas over the last 10 years has been 67,000 sq. ft. By comparison Cardiff, has averaged around 450,000 sq. ft. p.a. during the same period.

4. Availability of Office Space

- 4.1.1. Set out below is a table to show those offices currently being marketed in the Borough of Neath and Port Talbot. Our sources have been CoStar(Realla), Radius (EG Property Link), Rightmove and the Neath & Port Talbot CBC website.

Address	Size (sq ft)	Quoting Rent (per sq ft)	Comments
Metal Box, Millband Road, Neath	21,420	£9.00	Refurbished offices on Baglan Energy Park
Llewellyn House, Harbourside Business Park, Port Talbot	4,214	£11.00	High Quality new build office.
Llancoed House, Coed Darcy, Llandarcy	2,554	£11.00	High quality office built by St Modwen
Britannic House, Coed Darcy, Llandarcy	565 up to 2,211	£10.00	Various suites available to let.
Market Chambers, The Parade, Neath	587 up to 974	£8.70	Three good quality suites to let in Neath town centre.
7 The Parade, Neath	400	£15.00	3 rooms at first floor level.
23 Windsor Road, Neath	930	£16.25	4 rooms above a retail unit
10 Alfred Street, Neath	313	£13.40	Small office suite at first floor level.
Suite G, Jistcourt House, Llewellyns Quay, Baglan	1,345	£7.45	Single storey office forming part of warehouse building.

- 4.1.2. There is also serviced office space available in SA12 Business Centre, based in Baglan Energy Park where offices and workshops available on short or long term leases from only £150 per month. They have also introduced hot desking and shared workspace this year to cater for the growing demand in flexible workspace.
- 4.1.3. In our experience, the majority of companies seeking offices in this vicinity tend to favour Swansea Enterprise Park and Swansea Vale where there is a wider selection of office accommodation available.
- 4.1.4. Availability in Swansea as at the end of 2020 stands at approximately 303,000 sq. ft. according to figures from Co Star. This includes offices available in the city centre, SA1 and within Swansea Vale and the Enterprise Park.
- 4.1.5. Further to a number of relocations and redevelopments, availability in the city centre and out of town locations has fluctuated of late, particularly with the planned withdrawal of HMRC from Ty Nant and HSBC looking to downsize from 46,000 sq. ft. into around 15,000 sq. ft. The schedule below sets out the more relevant availability in Swansea city centre and out of town:

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Swansea Availability			
Address	Total Availability (sq ft)	Quoting Rent (per sq ft)	Quality (Grade)
City Centre			
1 st and 2 nd Floors, 19 High Street	4,256	£8.00	C
West Glamorgan House, 12 Orchard Street, Swansea, SA1 5AD	4,320	£7.50	C
Orchard House, Orchard Street	5,963	£10.00	B
Princess House, Princess Way, Swansea SA1	5,000	£8.00	B
18 Princess Way, Swansea, West Glamorgan, SA1	10,465	n/a	B
Ethos Building, SA1	2,716	£14.80	A
Urban Village, 220 High Street, Swansea, Swansea SA1	3,281	£10.00	A
Quay West, Quay West Parade	1,203	£11.50	B
1st Floor, Axis 15, SA1	1,345	£10.00	A
Out of Town			
Phoenix House, Swansea Enterprise	5,999	£11.50	B
Oystermouth House, Swansea Enterprise Park	5,346	£7.00	B
RVB House, Swansea Enterprise Park	6,369	£8.50	B
23-25 Tawe Business Village	1,146	£9.45	B
Beaufort House, Swansea Enterprise Park	3,159	£9.00	C
Gower House, Swansea Enterprise Park	2,757	£8.15	B
Ty Duffryn, Swansea Enterprise Park	46,477	£9.00	B
Crucible Park, Swansea, SA7 0AB	29,316	£7.50	B

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Beta Building, Matrix Business Park, Swansea Enterprise Park, Swansea, SA6 8RE	10,332	£12.50	B
Ground Floor, Cardigan House, Castle Court	9,995	£7.00	B
Conwy House, Caste Court	21,354	£8.50	B
Matrix One, Matrix Business Park, Swansea Enterprise Park, Swansea, SA6 8RE	13,882	£11.50	B
1A & 1B Telelink, Sandringham Park, Swansea Vale, Swansea, West Glamorgan, SA6 8QD	19,135	£8.50	B
Ty Davies, Tawe Business Village, Phoenix Way, Enterprise Park, Swansea, SA7	8,023	£11.00	B
Ffynnon Menter, Pheonix Way, Enterprise Park, Swansea, SA7 9HZ	17,815	£10.00	B

- 4.1.6. It can therefore be concluded that there is low occupier demand for new office space in the County Borough and leasing activity in Swansea has been subdued over the past few years with low levels of take up. In addition, as highlighted above, there is a significant amount of available floorspace on the market, including space in Swansea, and in established locations including Swansea Enterprise Park and Swansea Vale where there is a wider selection of office accommodation available.

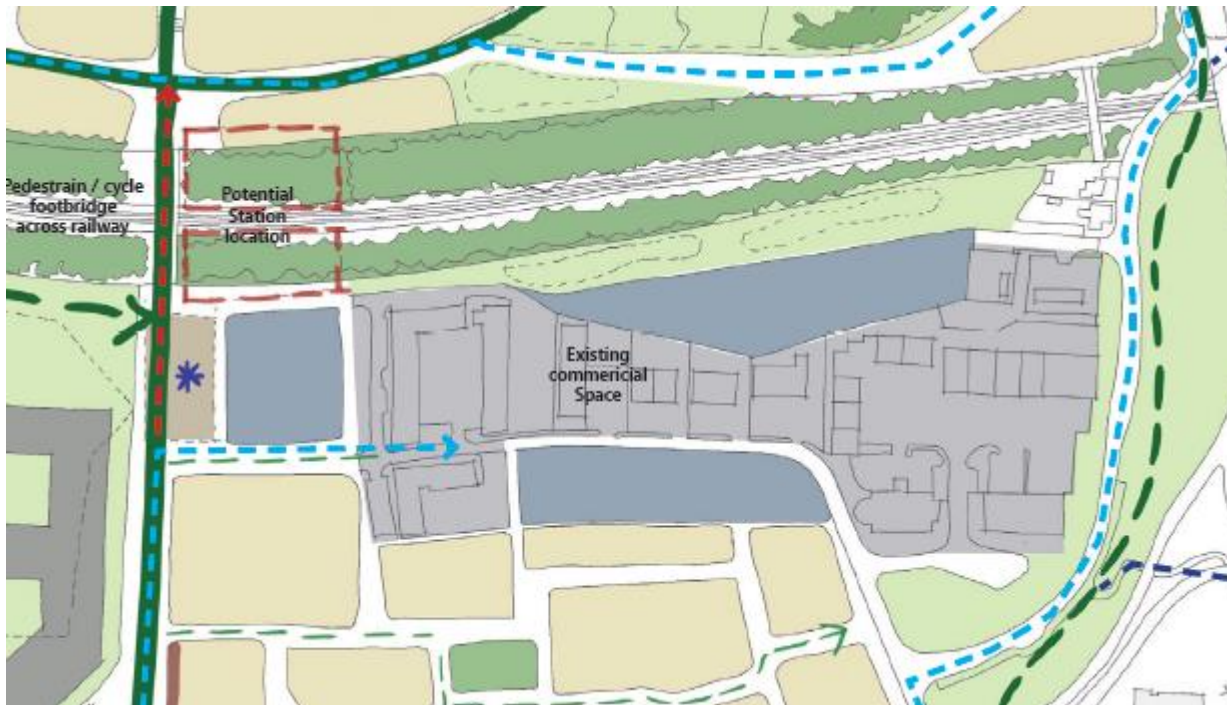
5. The Impact of Covid 19 on the Office Market

- 5.1.1. The impact of Covid on the office market is likely to see companies change the way they occupy space with more flexible work patterns introduced given the impact of working from home.
- 5.1.2. We are already witnessing companies seeking to reduce their footprint and either relocate to smaller offices or seek to sub-let space where they are tied into leases. One example of this is HSBC who have recently announced that they will be vacating their existing building on Swansea Enterprise Park, which extends to 46,000 sq. ft., and relocate to a smaller building within the Enterprise Park, totalling around 14,000 sq. ft. There are several notable examples in Cardiff including Centrica and Hugh James Solicitors.
- 5.1.3. This is likely to mean an increase in the amount of space available to let, the result of which will give companies looking to relocate more choice. It is also likely to discourage developers from commencing any speculative developments in the short term.
- 5.1.4. We could see the emergence of regional local hubs, where companies have the ability to rent space for meetings or to work away from home for a period. We are likely to see an increase in the requirement for short term, more flexible space, such as that provided in a serviced office and landlords will also have to adopt a more flexible approaches in their leases.

6. New masterplan recommendations

6.1. Potential for alternative commercial uses

- 6.1.1. The emerging masterplan shows that the existing commercial space at Llandarcy Business Park is being retained (3.26ha) and an additional 1.2ha of commercial floorspace is being proposed (as shown in shaded dark blue) directly to the north and south of the existing business park.



- 6.1.2. The planning application will propose that a range of commercial uses could be delivered in this additional commercial floorspace, to allow for flexibility in its future use (i.e. B1, B2, B8). This could include start up units, light industrial facilities, trade counter uses and general storage and distribution – to complement the existing commercial uses on site, and provide local employment opportunities and facilities for residents of Coed Darcy and the wider community.

6.2. Re-use of William Knox House and Britannia House

- 6.2.1. The evolving masterplan is exploring how the above buildings, currently used as offices, can be best utilised as part of the development of the site. In particular William Knox House has potential for being converted into a community and workplace hub, which could include flexible, shared workspace and meeting rooms.

7. Assessment against Planning Policy

7.1. Compliance with National and Local Policy

- 7.1.1. Future Wales is clear in Policy 6 that significant new commercial facilities must be located within town and city centres. The LDP allocation reflects the now, aged, planning permission and is not consistent with national planning policy which has been updated since its adoption. The allocation of some 41,200sqm of B1 office space is therefore clearly in conflict with the 'Town Centre First' approach enshrined in national planning policy. The allocation for 41,200sqm of office space is of a significant scale and therefore, as per the direction in Future Wales, should be directed to town and city centres, such as Swansea and Neath. Whilst it is noted that there is an existing policy allocation, it would unlikely be considered to meet the sequential approach should it be reviewed in a new LDP prepared in light of Future Wales now being part of the development plan, which LDP's are expected to be in conformity with.
- 7.1.2. This conflict between new national policy, and the LDP allocation, will need to be considered as part of the planning application. However, it is clear that the development plan, which outdates Future Wales, and therefore the Town Centre First policy enshrined in national policy carries significant weight. It is considered that this, coupled with the fact that there is no evidence of demand for B1 commercial space at Coed Darcy, outweighs the loss of allocated employment land at the site. On the face of it, the fact that the masterplan will not deliver the amount of B1 floorspace envisaged in the allocation (and thus could be considered as a departure to the development plan), the wider national policy context and the evidence presented in this report, confirms that there is clear justification for this departure given the current and future national policy context and market conditions.