

## **7 Worcestershire Commercial Property market and the role of the public sector**

### **WLEP BOARD RECOMMENDATION**

The Board is asked to:

- Review and note the context around the commercial property market in Worcestershire within this report and supporting documents;
- Consider the current and future role of the LEP and wider public sector in terms of shaping / supporting the commercial property market in Worcestershire; and
- Contribute to an interactive session / discussion on the commercial property market at the meeting, with a focus on identifying a number of clear actions for the LEP and partners to take.

### **7.1 Context**

7.1.1 This report is intended to provide some useful background and context to support a discussion of the WLEP Board on the performance of the Worcestershire commercial property market.

7.1.2 The primary question for the WLEP Board is what (if any) role should the public sector perform in terms of future supporting/shaping of the market?

7.1.3 This discussion is intended to cover a range of areas including (but not limited to):

- Current performance of the market to date and what typology of stock is being delivered;
- Type of leads/enquiries coming into the team and commercial property agents;
- What are the gaps (if any) in the market;
- A look at some of the interventions that have been delivered already, along with the impact they have had; and
- Commercial property models employed locally (e.g. The Kiln, Game Changer programme, Shrub Hill Quarter in Worcester), and elsewhere.

7.1.4 The intention of the discussion is to deliver tangible output in the form of some clear actions that can be taken forward by the WLEP and partners, working with local stakeholders, to help create the right conditions for Worcestershire to have a thriving commercial property market that can respond to current and future demand.

7.1.5 This will in turn provide a steer from the WLEP Board which will help to influence and shape potential future investment opportunities around commercial property programmes within the county, to the benefit of the Worcestershire economy.

7.1.6 Supporting information has been provided to the WLEP Board along with this paper including:

- A case study on The Kiln in Worcester, supported by WLEP LGF investment
- A headline summary of some commercial property statistics in Worcestershire
- A desktop analysis of current employment land allocations included in the adopted Local Plans and their current status

### **7.2 WLEP Commercial Property investment to date**

7.2.1 A summary of LEP investments to date that have impacted on the commercial property market is included in the table below:

<b>Programme</b>	<b>Project</b>	<b>Purpose/Impact</b>
<b>Local Growth Fund</b>	Hoobrook Link Road	<ul style="list-style-type: none"> <li>Primarily a highways improvement scheme – however the business case identified benefits which included unlocking of employment land</li> <li>22,091m2 commercial floorspace created</li> <li>22,091m2 occupied</li> <li>Further 2,766m2 forecast to 2025</li> <li>726 jobs created to 2021/22</li> <li>Total 786 jobs forecast to 2025 (LGF monitoring period)</li> </ul>
	Worcester Six	<ul style="list-style-type: none"> <li>Game Changer employment site</li> <li>Primarily addressing the 25,000 sq ft plus market</li> <li>79,293m2 commercial floorspace created</li> <li>59,689m2 occupied (75%)</li> <li>495 jobs created to 2021/22</li> <li>Total 968 jobs forecast to 2025 (LGF monitoring period)</li> </ul>
	Malvern Hills Science Park - Phase 5	<ul style="list-style-type: none"> <li>1,139m2 commercial floor space created</li> <li>894m2 occupied (78.5%)</li> <li>46 jobs created to 2021/22</li> <li>Total 60 jobs forecast to 2025 (LGF monitoring period)</li> </ul>
	The Kiln	<ul style="list-style-type: none"> <li>376m2 commercial floorspace refurbished</li> <li>102m2 occupied (27%)</li> </ul>
	Southern Link Road	<ul style="list-style-type: none"> <li>Primarily a highways improvement scheme – the business case identified benefits which included unlocking of employment land</li> <li>60 jobs created to 2021/22</li> <li>Total 345 jobs forecast to 2025 (LGF monitoring period)</li> </ul>
	Vale Park	<ul style="list-style-type: none"> <li>129 jobs created to 2021/22</li> <li>Total 299 jobs forecast to 2025 (LGF monitoring period)</li> <li>18,578m2 commercial floorspace created</li> <li>18,578m2 occupied</li> </ul>
	A38	<ul style="list-style-type: none"> <li>13 jobs created to 2021/22</li> <li>Total 52 jobs forecast to 2025 (LGF monitoring period)</li> <li>Note the wider impact will be delivered via the BREP c£50m scheme recently awarded by DfT</li> </ul>
	<b>Getting Building Fund</b>	Malvern Hills Science Park (enabling)
Vale Park		<ul style="list-style-type: none"> <li>All 10 units fully let less than 1 year after completion</li> <li>2,295m2 commercial floorspace refurbished</li> <li>2,295m2 occupied (100%)</li> </ul>
<b>Growing Places Fund</b>	Redditch Gateway	<ul style="list-style-type: none"> <li>Investment that saw a ROI back to WLEP from developer once first part of the scheme was built out</li> </ul>

7.2.2 The LEP Executive have recently been approached by local developers for advice and guidance on potential investment opportunities to develop land for commercial use.

7.2.3 The WLEP Business Forum Series event held earlier this year also provided clear feedback from the local business community that commercial property is a key issue and challenge in parts of the county, constraining growth and inward investment.

7.2.4 As a result, the LEP Executive have convened a number of local commercial property agents and developers to inform and update the team on the local market and opportunities. The second meeting of the WLEP Property Forum is taking place on 9 December 2022.

7.2.5 John Dillon will provide the Board with an overview of some of the key issues and comments covered at the inaugural meeting of the WLEP Property Forum, held in October.

### **7.3 Next Steps**

7.3.1 The LEP are keen to seek the Board's appetite to explore further potential work around the commercial property market agenda, but recognise that a funding programme doesn't currently exist to support investment at present.

7.3.2 The Board are asked to come to the meeting on 24 November, having read the background reports and prepared to contribute to an interactive session on what role the LEP and partners should play moving forward.

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