

Open Report on behalf of Richard Wills, Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	12 July 2016
Subject:	Occupancy in LCC Business Sites and Premises

Summary

The Economic Scrutiny Committee is responsible for regularly reviewing the performance of the Council's portfolio of workspace units, Business Centres and employment parks. This report provides an update on the current portfolio performance by occupancy.

Performance has traditionally been judged by looking at individual development and overall portfolio occupancy levels. This measure as opposed to others such as jobs/ businesses supported or income generated has been adopted as the most appropriate measure as it is easily calculated and can (if desired) be plotted over time to establish trends. Additionally the data is less influenced by other factors. For example if rental income was used as a measure, then over time inflation could lead to a false indication of improving performance. Similarly the number of businesses or jobs supported could be skewed by the types of business accommodated at any one time.

Actions Required:

The Economic Scrutiny Committee is invited to consider and comment on the contents of the report.

1. Background

Performance Commentary (June 2016)

The spreadsheet attached at Appendix A shows the current performance of our portfolio by occupancy. For ease and comparison the portfolio has been broken down into Workspace (industrial units and self-contained offices), Business Centres and employment parks (where land is being sold to end users).

Performance of our workspace units as at June 2016 is considered by officers to be very good. The current average is 92.8% occupied. The property industry usually considers anything over 80% to be full occupancy with the 20% allowing for movement and churn. As a whole the portfolio exceeds this benchmark figure and indeed ten of our fourteen workspace developments are at 100% occupancy

indicating that we are unable to accommodate any additional businesses in LCC accommodation in these locations.

Of the four workspace developments not achieving 100% occupancy it can be seen that the worst performing is Market Rasen at 66% occupancy. It should be noted however that this is a small development and the 33% vacancy is actually only one unit empty. Indeed we only currently have 5 unoccupied workspace units available across the county.

Turning to performance of our Business Centres, the level of occupancy is not as strong as that for our workspaces. This can be explained by the nature of these properties which are designed to incubate new businesses for whom early years failure is often a reality. The churn of tenants within our business centres is often far greater than for our workspace units. The frequency of tenants moving in and out and the gap between these two actions contributes to overall lower occupancy levels.

Amongst our business centres the star performer is Eventus at Market Deeping. Here we currently have a waiting list of businesses wishing to move in to the centre.

Our employment sites provide spade ready serviced land for businesses to purchase and then build upon. The attached spreadsheet shows we currently have 21 acres of serviced land available across Lincolnshire with the largest plot that could be provided being approximately nine acres.

To put this into context, over the last 12 months we have sold approximately 15 acres with the plot sizes ranging from 1 to 8 acres. It could be argued therefore that as an economic development service provider we only have 1.5 years of serviced employment land available and only one site to which a requirement at the upper end of the recent market trend could be directed.

2. Conclusion

The Economic Development Commercial Property Portfolio continues to have a positive impact on the economy of the county with strong occupancy levels and significant sales of employment land.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Appendices

These are listed below and attached at the back of the report

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Paul Wheatley, who can be contacted on 01522 550600 or paul.wheatley@lincolnshire.gov.uk.

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