



MAY 2026

# South Warwickshire Affordable Business Study

Stratford-on-Avon and Warwick District Councils

Iceni Projects Limited on behalf of  
Stratford-on-Avon and Warwick  
District Councils

May 2026

ICENI PROJECTS LIMITED  
ON BEHALF OF  
STRATFORD-ON-AVON AND  
WARWICK DISTRICT  
COUNCILS

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# EXECUTIVE SUMMARY

## Introduction

Warwick District Council and Stratford-on-Avon District Council commissioned Icen Projects to undertake an Affordable Business Study to inform the emerging South Warwickshire Joint Local Plan. The purpose of the study is to assess the delivery, demand, and policy framework for affordable business space across the two districts. The study examines issues affecting the supply of affordable premises, identifies gaps in provision, and sets out potential policy responses to support business growth and retention.

## Business Needs

Analysis of business data shows that over 80% of firms in South Warwickshire are micro-businesses (fewer than 10 employees), with 39% operating in office-based sectors such as professional services. Around 65% of all businesses have annual turnover below £250,000, indicating a strong presence of small, start-up and early-stage enterprises operating on tight margins.

These businesses are the most sensitive to increases in property costs and most reliant on access to affordable and flexible workspace. The area's business ecosystem is therefore heavily dependent on the continued availability of lower-cost, adaptable premises suitable for SMEs and entrepreneurs.

## Stakeholder Engagement

Engagement was carried out with 14 stakeholders including local agents, business organisations, and employers. Key insights include:

- Industrial occupiers face limited availability of expansion space and a prevalence of older, poor-quality stock. High fit-out and equipment costs further constrain investment and growth potential.
- SMEs are most affected by affordability pressures; suitable "move-on" space is limited, and available stock is often priced beyond reach.
- Office occupiers reported a reasonable range of premises overall, but a shortage of high-quality, modern workspace, particularly for digital, creative, and tech sectors.

Stakeholders recognised that future policy might leverage large industrial and logistics developments to help deliver affordable workspace, though such locations may not always meet office occupier preferences.

## Property Market Review

Property market analysis (using CoStar data and agent interviews) found:

- Office Market: Warwick functions as the main office centre. However, there have been no new developments in the past year, and supply is constrained. Rents remain moderate but are rising. Without policy intervention to increase supply and safeguard existing stock, affordability pressures are expected to intensify. Priority interventions should focus on Royal Leamington Spa, Warwick, and Stratford-upon-Avon, where demand is highest.
- Industrial Market: Rents are rising, but demand is uneven. While prime industrial space is in high demand, older secondary stock struggles to meet occupier needs. The area risks losing SMEs if

suitable, affordable space is not maintained or renewed. Larger industrial and logistics (I&L) developments could integrate affordable business units to support smaller firms and balance market needs.

### Affordability Modelling

High-level modelling compared current market rents with the capacity of small firms and start-ups to pay affordable levels. Findings indicate:

- Small businesses are highly vulnerable to rent increases; many could not afford rents even at a 30% discount from market values.
- Higher-value sectors (digital, IT, insurance) can generally sustain current market rents.
- Speculative office development is largely unviable at present, even without affordable rent obligations. Viability would require pre-lets, institutional investment, or public sector support.

Policy mechanisms imposing blanket rent discounts may further reduce delivery of new space. Instead, focus should be on repurposing vacant town centre stock, safeguarding existing offices, and linking affordable units to large mixed-use or I&L schemes.

### Affordable Workspace Policy Review

A review of affordable workspace policies across England, primarily from London Boroughs, identified common approaches and parameters:

Policy Theme	Typical Standard
<b>Threshold</b>	Developments over 1,000 sqm new floorspace
<b>Rate of Provision</b>	10% of total space as affordable
<b>Rent Discount</b>	40–80% of market rent (sometimes peppercorn)
<b>Duration</b>	15–25 years or in perpetuity
<b>Delivery Mechanisms</b>	Through workspace providers or direct leases
<b>Viability Caveats</b>	Applied where justified by scheme economics
<b>Location Focus</b>	Town centres or designated employment areas
<b>Alternatives</b>	Off-site or financial contributions in lieu
<b>Specification</b>	Equal to market-standard quality

While these approaches address affordability challenges in high-cost areas, South Warwickshire’s context differs, with moderate rents and less severe pressure on employment land. Future policy should therefore adapt, not replicate, London-style models - focusing instead on flexibility, viability, and local need.

### Conclusions

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The South Warwickshire economy is dominated by small, growing businesses that depend on affordable, adaptable premises. The key challenges identified are:

- Constrained supply of quality office and industrial stock
- Affordability pressures for SMEs and start-ups
- Limited new development due to viability constraints

To address these, the Councils should consider policies that:

- Safeguard existing business space from loss to other uses.
- Encourage repurposing of vacant town centre units for start-ups.
- Support mixed-use and I&L schemes to incorporate affordable workspace.
- Target interventions in core towns where demand is strongest.
- Work with private developers and workspace providers to deliver flexible, viable solutions.

Together, these measures would help ensure South Warwickshire remains an attractive and affordable location for the small businesses and innovators that underpin its local economy.

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# 1. INTRODUCTION

## 1.1. Background

1.1.1. Warwick District Council and Stratford-on-Avon District Council have commissioned Icen Projects to undertake an Affordable Business Study as supporting evidence for the preparation of the South Warwickshire Joint Local Plan.

1.1.2. The purpose of the study is to investigate the current issues regarding the delivery and supply of affordable business space across a variety of sectors and advise on the development of policies for the provision of (and protection of) affordable business space in the future. Affordable business space in these terms is considered to include:

- Affordable office space
- Affordable industrial business space
- Move-on space for SMEs
- Small and medium sized business units
- Requirements for business space for small and start-up businesses in rural areas.

## 1.2. Study context

1.2.1. Stratford-on-Avon and Warwick District Councils are working together to produce a new South Warwickshire Local Plan to cover the combined geographic area. As part of this process consultation has been undertaken during the Scoping and Call for Sites, Issues and Options; and Preferred Options stages of the Local Plan making process. A key issue raised during the “Issues and Options” consultation related to the provision of affordable business space.

1.2.2. “Issue E5: Lack of business accommodation” identifies that office accommodation is at a premium and there is a perceived issue with a lack of grow-on space for businesses to expand. Changing requirements have led to higher demand for hybrid workspaces, and higher quality office space. There is a move towards cellular offices, with these in demand particularly for 2 or 3 people, rather than co-working space. As well as a demand for larger commercial units, there is an ongoing requirement for small industrial starter units. In terms of location, there is a growing preference for town centres rather than out of town business parks.

1.2.3. In Leamington Spa, the gaming industry in particular is experiencing pressures for office space. In the wider market, there is a need for both large and small spaces. One issue identified is businesses who would prefer to move into bigger premises being unable to do so, thus reducing the availability of smaller units for smaller businesses and start-ups.

1.2.4. During the Preferred Options (Regulation 18) consultation, numerous stakeholders, including the Coventry and Warwickshire (C&W) chamber, stated that issues around affordable employment space date back many years and especially the last 5+ years.

1.2.5. In 2023 the two Councils published a new Economic Strategy for South Warwickshire, which sets out that the Council’s mission is to “to foster the growth of the South Warwickshire economy sustainably

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and equitably. Working together, we will ensure economic participation and prosperity for everyone in South Warwickshire”. Research has shown that one of the barriers to achieving these economic aims is the affordability of business space, particularly local businesses looking to expand being priced out by competing land values or higher value sectors.

1.2.6. South Warwickshire are now keen to incorporate policies within the emerging combined Local Plan that respond to these issues. Further feedback is needed from local agents, stakeholders and businesses operating in the area, to fully implement policies that are practical and representative of those who those who will be impacted.

### **1.3. Method**

1.3.1. To support Stratford-on-Avon and Warwick District Councils further understanding of the affordability issues in the area, as well as potential policy options, this study aims to conduct both qualitative and quantitative research and provide recommendations to inform the development of robust Local Plan policies.

1.3.2. The following section provides an overview of our approach to this study:

- **Business Need** – Review of the existing business base, including size, births and deaths, sectors, property needs, growth and expansion, and affordability issues. This includes interviews with a wide range of stakeholders, including local businesses.
- **Property Market Review** – This section of the report will review the property markets across the area, including data on rents, affordability (benchmarked against other areas), availability, location, quality, age, size of floorspace etc. This will also explore the feasibility (e.g. alignment with company demand and affordability criteria) of repurposing buildings (including vacant existing premises), to provide small-scale units for SMEs.
- **Considering Potential Policy Solutions and Interventions** – Here we consider case studies and examples of similar policies in other LA's, including any impact evaluation of such policies, as well as providing bespoke policy wording for consideration.

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## 2. EXISTING POLICY AND EVIDENCE BASE

### 2.1. Introduction

2.1.1. This section of the report provides an overview of the existing Local Plan and other relevant policies for South Warwickshire, as well as Employment Evidence Base and the Coventry and Warwick Investment Zone.

### 2.2. Emerging Local Plan

2.2.1. The Emerging Local Plan for South Warwickshire, Issues and Options consultation raised the below:

- “The Coventry and Warwickshire Chamber of Commerce (‘the Chamber’) made representations advocating for more detailed sectoral and ‘criteria-based’ policies, the improved use of market signals in developing the evidence base and monitoring regime, and potentially a move to a ‘five-year employment land supply’ monitoring model.
- “Two responses referred to shortages of affordable land in some sectors. The Chamber raised concerns that the past supply of employment land has not matched market requirements and new land allocations may not be affordable in some sectors due to market mechanisms. The affordability deficit contributes towards sectoral shortages. One comment suggested that there are issues for small businesses looking to expand as it is difficult to progress in office and warehouse space.”
- “Five comments suggested that previous plans have not provided the right amount or type of employment and commercial land in the right place due to inadequate attention to market intelligence”.
- “Four comments suggested that there should be a focus on providing employment land around new settlements and towns where there has recently been significant expansion or where there is planned to be further significant expansion in this plan”.

2.2.2. Following on from the issues and options consultation, on 10th January 2025 the South Warwickshire Local Plan Preferred Options (Regulation 18 Consultation) was launched, with consultation closing on 7th March 2025. The responses have now been published following the Preferred Options consultation, with over 6,000 responses. The council are reviewing the submissions and are in the process of pulling together a formal Consultation Statement. The Preferred Options Consultation was the third stage in the process for preparing the new South Warwickshire Local Plan (SWLP). The Preferred Options Consultation document contains a number of draft policies and policy directions that cover issues identified and analysed at earlier stage. Additionally, the Preferred Options consultation sought views on the proposed Growth Strategy which sets out the proposals for how the development needs across the District are to be met. The draft policy directions set out in the South Warwickshire Local Plan Preferred options that are relevant to this study are:

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#### **Chapter 4: Meeting South Warwickshire's Sustainable Development Requirements**

- 2.2.3. Draft Policy Direction 1 - Meeting South Warwickshire's Sustainable Development Requirements: In terms of employment need, the South Warwickshire Local Plan will plan for at least the following (in hectares) over the period 2021-2050, set out in Table 1.1 below.

**Table 1.1 Proposed employment need**

	<b>Stratford-on-Avon District</b>	<b>Warwick District</b>	<b>South Warwickshire</b>
Residual (net) non-strategic industrial need (2021-50)	<b>-139</b>	<b>-78</b>	<b>-217</b>
Residual (net) office need (2021 – 50)	<b>-3</b>	<b>+14/-6.8</b>	<b>+11/-9.8</b>
Residual (net) strategic industrial site need (2021-45)	<b>-</b>	<b>-</b>	<b>-75 to -125</b>

- 2.2.4. Draft Policy Direction 2 - Potential New Settlements: 12 potential new settlement locations have been identified through the Issues and Options consultation and further evidence gathering, which have been categorised as more or less suitable based on the work undertaken to date

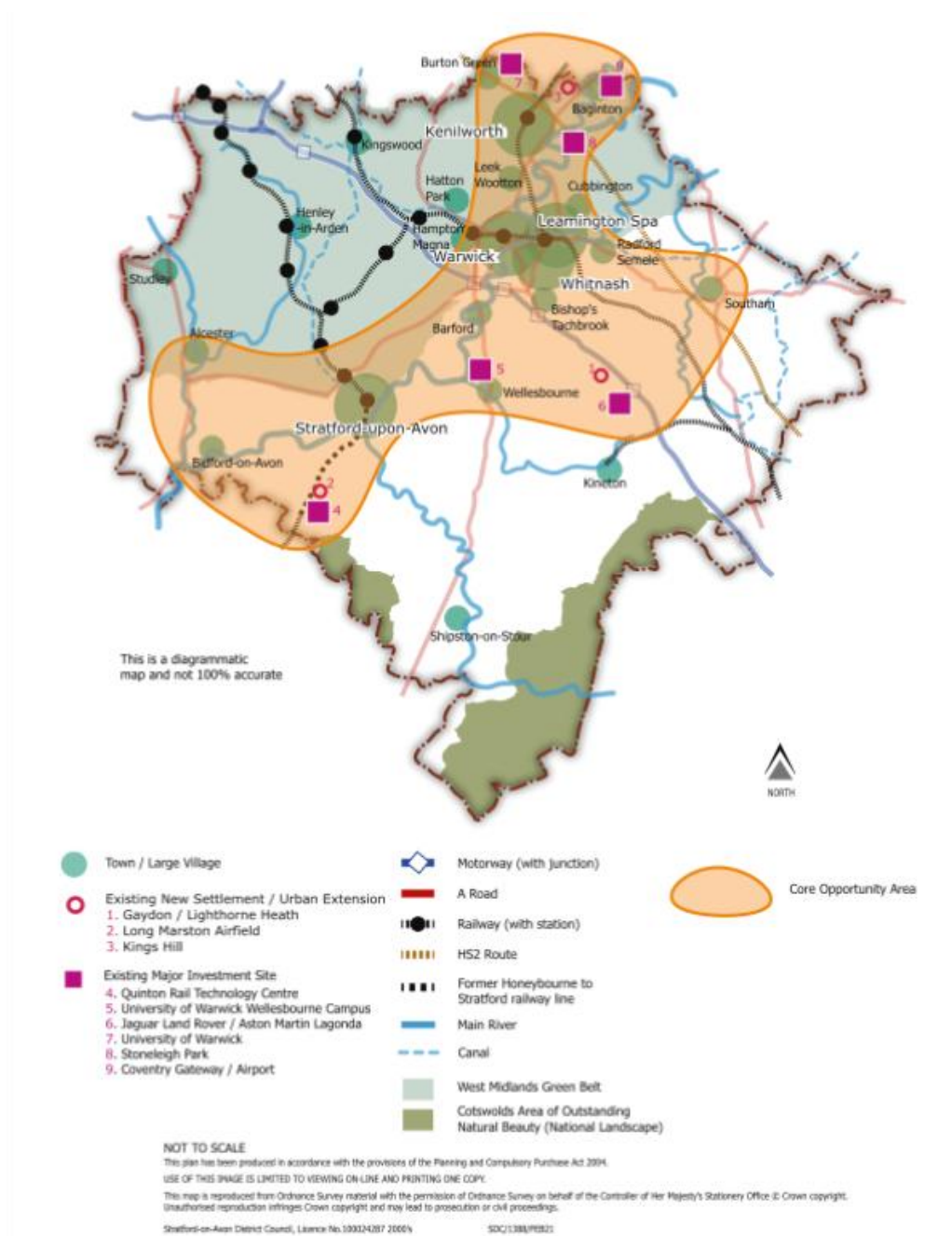
#### **Chapter 6: Delivering South Warwickshire's Economic Needs**

- 2.2.5. Draft Policy Direction 12-Locations for Employment Growth: Specific sites for allocation will be identified in the Reg.19 publication version of the SWLP. The current proposals are:

- M40/A46 corridor (125ha)
- Land at Red House Farm (121ha)
- Wedgnock Park Farm (141ha)
- LR allocation at Gaydon (100ha)

- 2.2.6. Draft Policy Direction-13-Core Opportunity Area: The Core Opportunity Area (as detailed in Figure 2.1 below) will be the focus for new employment development in the South Warwickshire area. The COA will build on existing employment hubs, harness the potential offered by co-locating businesses and research facilities and support the strategy for attracting significant inward investment to the area.

Figure 2.1 Core opportunity Area



Source: Sout Warwickshire Local Plan

### 2.3. Existing Local Plan

2.3.1. The current adopted Local Plans include the following relevant policies:

#### Stratford-on-Avon District Council – Core Strategy

- **Policy CS.22** – this text aims to support and grow Stratford-on-Avon District’s economy by promoting a wide range of business and commercial activities in sustainable locations. It allocates at least 35 hectares of employment land (primarily for offices and R&D) plus additional land for specific needs, including expansion of major employers like Jaguar Land Rover and Aston Martin. The policy encourages flexibility for employment-generating uses,

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including farm-based and home-based work, while safeguarding existing employment sites from non-employment redevelopment unless they are no longer viable. High-value and knowledge-based sectors are particularly supported to create skilled, well-paid jobs. Overall, proposals are assessed to ensure economic and social benefits outweigh any potential harm.

- **Development Management Considerations** - Planning applications involving the loss of employment land are assessed against criteria such as site allocation, local employment supply and demand, accessibility, marketing, viability of redevelopment, and availability of alternative sites. Modern business parks and allocated employment sites are generally expected to be retained unless they are no longer suitable or attractive. Applications inconsistent with policy are evaluated by weighing economic benefits against environmental and social impacts and considering alignment with Core Strategy objectives.

#### **Warwick District Local Plan 2011-2029**

- **Strategic Policy DS1 – Supporting Prosperity:** Policy DS1 commits the Council to providing for the growth of the local and sub-regional economy by ensuring sufficient and appropriate employment land is available within the District to meet the existing and future needs of businesses. The policy reflects a strategic approach to facilitating economic development and employment growth by maintaining a supply of land suitable for business uses.
- **Strategic Policy DS8 – Employment Land:** Policy DS8 sets a quantitative employment land requirement for the plan period, providing that provision will be made for a minimum of 66 hectares of employment land to meet local need. This requirement is based on an assessment of future business demand and includes a margin for flexibility in supply, replacement land where existing employment sites are redeveloped, and a range of provision to meet diverse employment needs.
- **Strategic Policy DS9 – Employment Sites to be Allocated:** Policy DS9 allocates strategic employment sites to deliver part of the employment land requirement set out in DS8. It identifies **approximately 19.7 hectares of employment land** for B-class uses at specific locations, including land north of Gallows Hill in Warwick, land at Thickthorn in Kenilworth, and Opus 40 in Warwick (for employment uses). In addition, an allowance of employment land to meet local needs will be accommodated at a sub-regional employment site (Policy DS16). These allocations aim to boost the supply of employment land in locations that support sustainable development objectives and link to existing employment areas.

2.3.2. While the above Local Plan and Core Strategy doesn't explicitly define "affordable workspace," the policy considerations imply support for:

- Flexible and smaller-scale business spaces.
- Retention of sites suitable for SMEs and start-ups.
- Encouragement of workspace in residential developments.
- Protection of existing employment land to maintain affordable, local business opportunities.

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## **2.4. Employment Land Evidence Base**

- 2.4.1. In 2026, Icen Projects prepared the South Warwickshire Employment Land Study Update for Stratford-on-Avon and Warwick District Councils. The study updates previous evidence on employment land needs and market dynamics across South Warwickshire to inform the emerging South Warwickshire Local Plan.
- 2.4.2. The study identifies that South Warwickshire has experienced strong economic growth over the last two decades and continues to play an important role within the West Midlands strategic employment market, particularly within the A46/M40 corridor. Warwick and Stratford-on-Avon districts have seen GVA growth of 74% and 68% respectively since 2000, significantly outperforming regional and national trends.
- 2.4.3. The latest supply-demand analysis identifies a residual non-strategic employment land requirement within Warwick of 86ha to 2050, comprising 4.8ha of office land and 81.2ha of industrial land. The study identifies continued demand for high quality office space within Warwick and Leamington Spa town centres, particularly linked to growth in the digital creative and gaming sectors. The report also identifies continued unmet demand for industrial and logistics land, alongside a need for smaller and medium sized industrial units to support SME growth and local business needs.
- 2.4.4. For Stratford-on-Avon, the study identifies a residual non-strategic employment land requirement of 147.7ha to 2050, comprising 2.3ha of office land and 145.4ha of industrial land. The evidence suggests that standalone office development may not be viable in all locations due to market demand characteristics, with mixed-use development and refurbishment of existing stock likely to provide the principal means of delivering office floorspace. The study also identifies significant unmet demand for industrial and logistics land across the District.
- 2.4.5. In addition to local employment needs, the study identifies a continuing requirement for strategic employment land provision associated with the West Midlands strategic logistics and industrial market. The A46/M40 corridor is identified as a primary opportunity area for future strategic employment growth, including provision for B2 manufacturing and B8/mixed strategic employment uses. The evidence identifies a need for between one and two additional strategic B8/mixed employment sites and one additional B1/B2 strategic employment site within the Area 8 A46/M40 Warwick corridor over the plan period.
- 2.4.6. The study identifies strong growth sectors across South Warwickshire including automotive and low carbon transport, advanced manufacturing, digital creative industries, bioscience, agri-tech and logistics. The area contains nationally significant economic assets including the 'Silicon Spa' gaming cluster centred on Leamington Spa, the UK Battery Industrialisation Centre (UKBIC), the Coventry and Warwickshire Investment Zone, the proposed Gigafactory at Coventry Airport, Stoneleigh Park and Long Marston Rail Innovation Centre.
- 2.4.7. The recommendations set out in the study identify the importance of delivering high quality office space within Warwick and Leamington Spa town centres, alongside the refurbishment and intensification of existing office stock and provision of smaller and more flexible business accommodation.

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- 2.4.8. In relation to industrial and logistics uses, the study identifies the A46/M40 corridor as a key opportunity area for strategic employment growth, supported by strong connectivity to the strategic road network and access to labour markets. Existing industrial clusters are concentrated around Leamington Spa, Warwick and the Coventry Airport corridor.
- 2.4.9. The study recommends that, in the short and medium term, smaller employment allocations should be made around Warwick, Leamington Spa and Kenilworth to contribute to local employment needs and support the local economy. The evidence highlights the importance of delivering smaller and medium sized industrial units (below 9,300 sqm) due to a historic under-supply of these unit types across the market area.
- 2.4.10. The study also identifies a need for affordable industrial and business units for SMEs. The report notes that protecting existing industrial stock, whilst bringing forward new employment development, will help alleviate demand-side pressures across the market. Older industrial stock is also expected to provide more affordable accommodation options as new supply is delivered.
- 2.4.11. Taking account of the above, the study concludes that additional employment land allocations will be required across South Warwickshire to support economic growth, sector clustering, SME development and strategic employment needs over the plan period. Future allocations within the emerging South Warwickshire Local Plan should therefore be brought forward in accordance with the recommendations and spatial priorities identified within the South Warwickshire Employment Land Study Update 2026.

## **2.5. Coventry and Warwick Investment Zone**

- 2.5.1. The Coventry and Warwick Investment Zone (CWIZ) is a major Government-backed economic initiative covering a strategic area of approximately 250 hectares straddling Coventry City and Warwick District. It forms part of the West Midlands Investment Zone, one of a trio of sites designated to accelerate economic growth in advanced manufacturing, electrification, battery technology and future mobility sectors. The Zone includes key sites such as Greenpower Park, SEGRO Park Coventry, Whitley South and Whitley East, and benefits from targeted tax reliefs including full business rates relief for qualifying businesses for up to five years, enhanced capital allowances, stamp duty and national insurance incentives to stimulate investment and business location decisions. A significant proportion of generated business rate uplift will also be retained locally over 25 years to reinvest in economic growth and infrastructure.
- 2.5.2. The Investment Zone is designed to act as a catalyst for substantial private investment, attract large-scale employers, and drive innovation and supply chain clustering around green advanced manufacturing and future mobility, creating tens of thousands of jobs and supporting long-term economic resilience. It leverages the region's academic and research strengths, including proximity to the University of Warwick and UK Battery Industrialisation Centre, and links into wider regional strategies for employment, skills and industrial transformation.
- 2.5.3. In the context of affordable business policies, the presence of the Investment Zone could shape future local plan approaches in several ways. The Zone's focus on high-growth sectors and large-scale investment is likely to increase demand for commercial and industrial space, which can put upward

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pressure on local rents and reduce the availability of smaller, lower-cost workspace for startups, SMEs and local enterprises outside the Zone. This dynamic, underscores the importance of planning policies that protect and promote affordable workspace and flexible business premises, so that local businesses can thrive alongside larger investors and do not become priced out of key employment markets as economic activity intensifies. Affordable workspace policies could include requirements for discounted workspace provision or support mechanisms in development contributions to ensure that growth driven by the Investment Zone does not exacerbate affordability challenges for smaller local firms.

- 2.5.4. The Integrated economic strategy underpinning the Investment Zone also points to opportunities for business support and skills development initiatives targeted at SMEs, such as supply chain transition programmes and grant support, helping local firms access new markets and technologies. These types of interventions can complement planning policy by enhancing business capacity and resilience, making smaller enterprises more competitive in the evolving regional economy

## **2.6. Affordable Business Space Definition**

- 2.6.1. It is important to note that research and policy to date does not define what is affordable workspace, and it is therefore the LPAs responsibility, at local borough level, to interpret and determine what “affordable” means in their context. This report presents some case study examples of Affordable Workspace policies or guidance in other jurisdictions to understand the rationale and definitions used elsewhere.

### 3. BUSINESS NEEDS

#### 3.1. Introduction

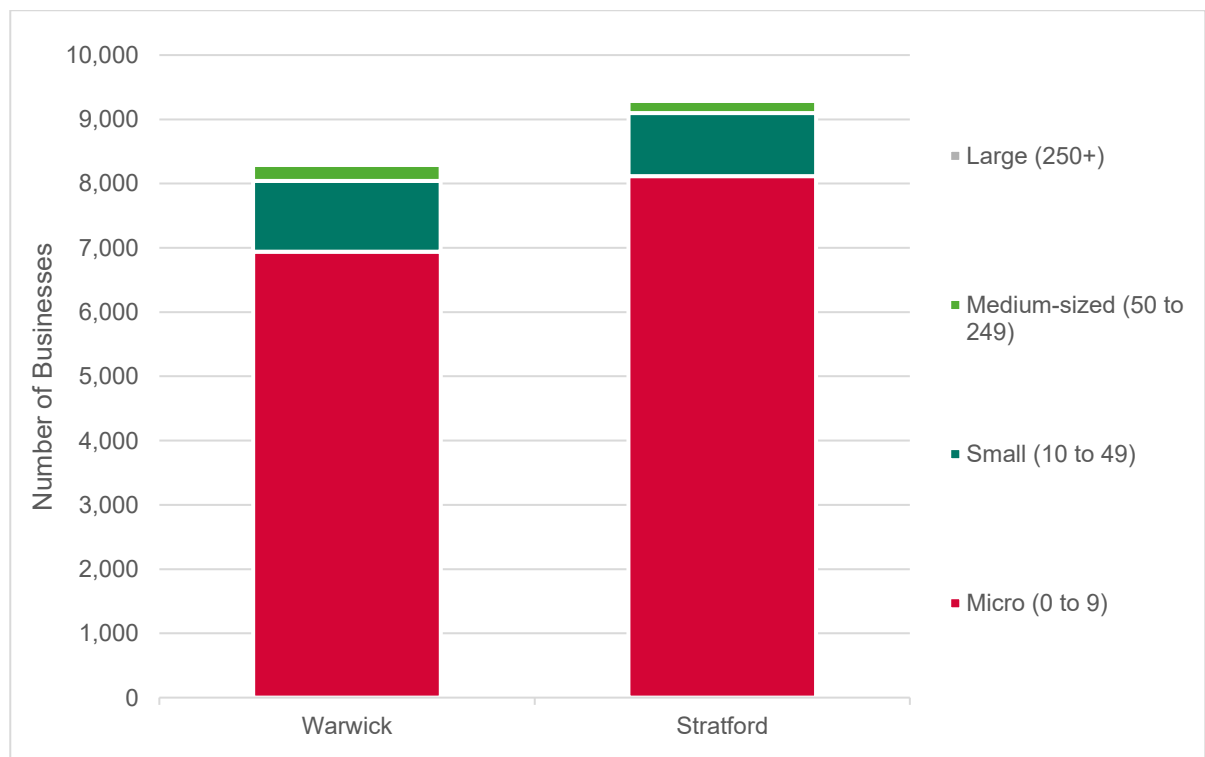
3.1.1. This section of the report considers data on businesses in the area, their size, sector, success rates, as well as feedback from businesses on key issues associated with property affordability and availability.

3.1.2. Overall, this analysis suggests that most of the businesses across the area (over 80%) are small businesses with less than 10 employees. 39% of businesses are in office dominated sectors like professional services, and most of these companies are SMEs. Also, most businesses (~65%) have a turnover of less than £250k per annum. As such the area is dominated by small scale, start-up businesses. These are generally firms with fine margins, and most in need of affordable workspace.

#### 3.2. Business Base

3.2.1. Figure 3.1 below shows that there are approximately 9,300 businesses in Stratford and 8,335 in Warwickshire. The majority are small businesses with fewer than 10 people (87% in Stratford, 83% in Warwickshire). Around one in ten are small sized businesses with fewer than 49 employees (11% and 13%). There are only 15 Large firms in Stratford (0.2%), with over 250 employees, but 45 (0.5%) in Warwickshire. It is anticipated that affordability, and the provision of grow on space is most important for smaller enterprises, which dominate the regions business base.

Figure 3.1 Number of Businesses by Size



Source: ONS UK Business Counts, 2025

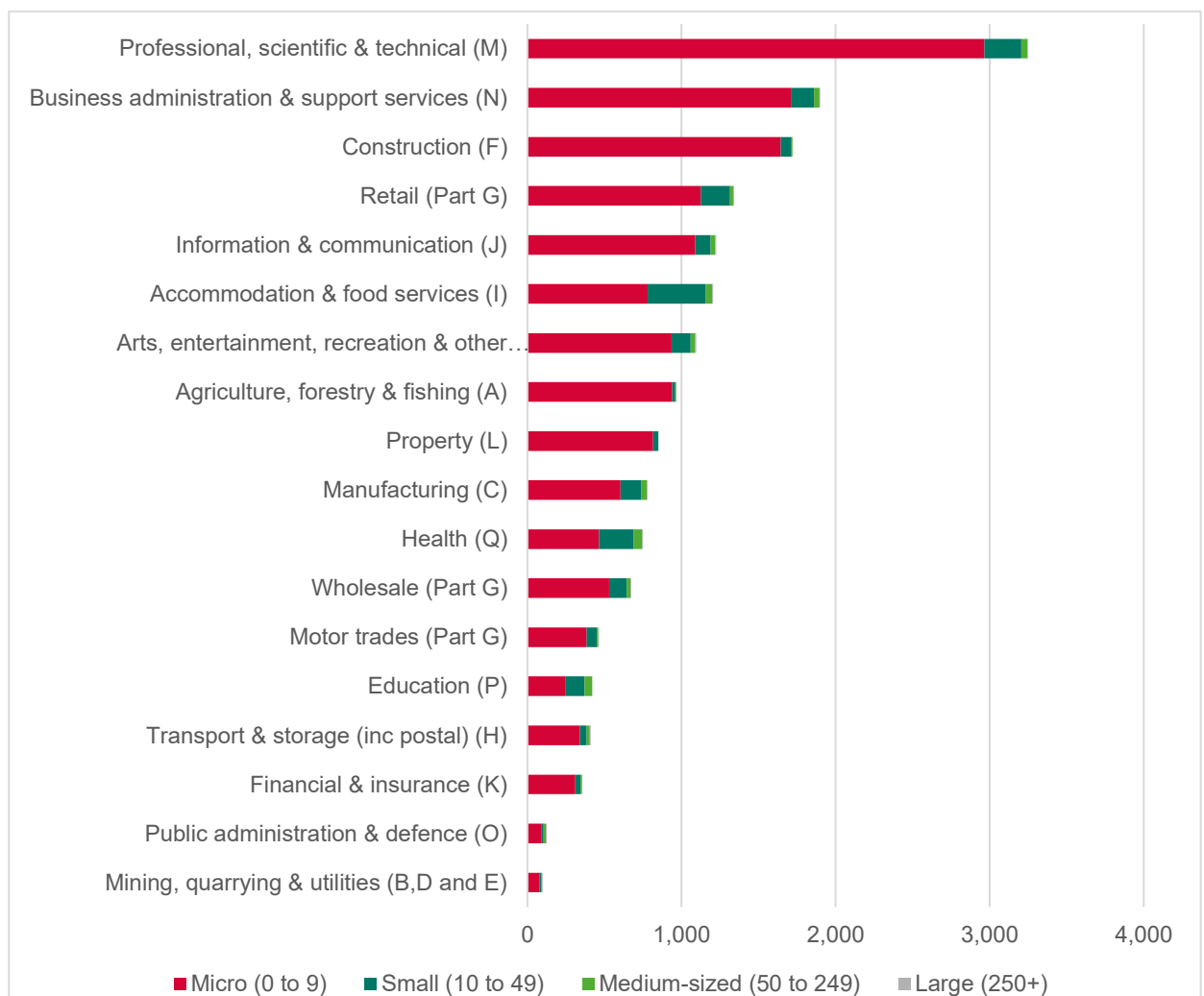
3.2.2. Figure 3.2 presents the make-up of businesses by size and sector across the two areas. This shows that one in five (18%) businesses across the region are in the professional and scientific sector, of which 99% are small or medium sized. A further one in ten (10%) are in the business administration and support sector, of which 98% are small or medium sized.

3.2.3. Considering office space requirements, it could be considered that the following sectors make up demand for office space:

- Professional and scientific services
- Business administration and support services
- Information and communication
- Financial and insurance services
- Public administration

3.2.4. In total these sectors make up 6,855 businesses across the area (39%). Of this approximately 6,165 are SME's (41% of all businesses). This suggests that a large proportion of the business base for the region is in sectors that require office space to function.

**Figure 3.2 Business number and size by sector**

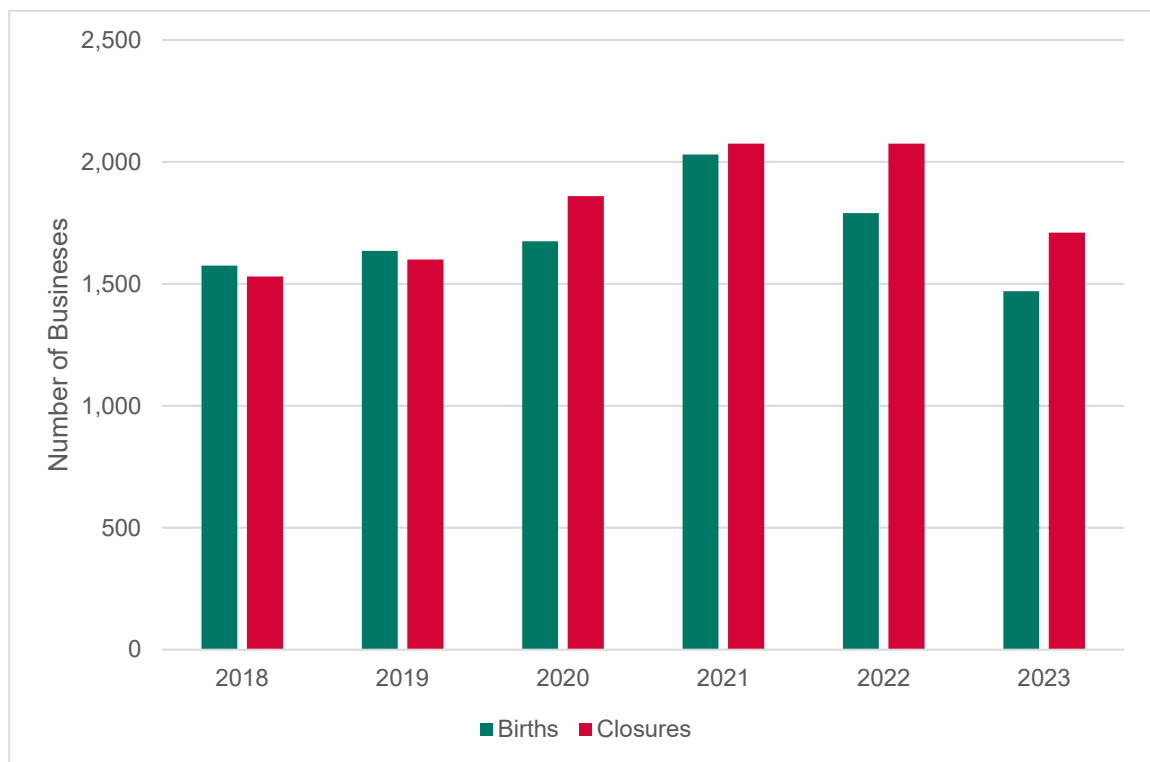


Source: ONS UK Business Counts, 2025

3.2.5. Since 2018, approximately 10,175 businesses have started across the region, of which 51% are in Stratford, 49% in Warwickshire. Over the same period 10,850 businesses have closed, 49% in Stratford, and 51% in Warwickshire. Overall, this suggests a net reduction of 675 businesses, of which 510 (76%) have occurred in Warwickshire.

3.2.6. Figure 3.3 presents business births and closures since 2018 across the region. This suggests that the largest net loss of businesses occurred in 2022 and 2023. This was a period of huge turmoil in the economy, with the Covid-19 pandemic, which resulted in many businesses closing. These are not considered to be normal trading conditions.

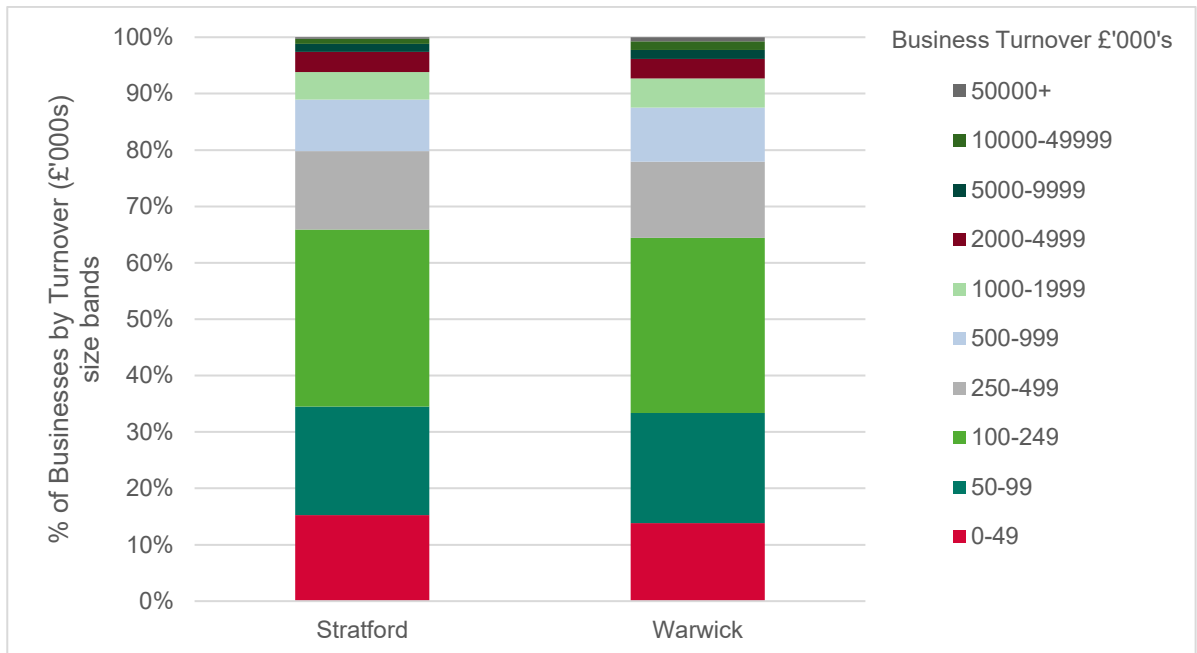
**Figure 3.3 Business Births and Closures since 2018**



Source: ONS UK Business Counts, 2025

3.2.7. Figure 3.4 shows enterprise turnover across Stratford and Warwickshire. This shows that one third (34%) of businesses have a turnover over less than 100,000 per annum, and 65% have a turnover less than £250,000. Only 2% of businesses have a turnover above £1 million.

**Figure 3.4 Business Turnover**



Source: ONS UK Business Counts, 2025

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## 4. STAKEHOLDER ENGAGEMENT

### 4.1. Introduction

- 4.1.1. The following section provides an overview on the key findings from interviews with local agents, business chamber, and local businesses regarding the current state of business premises affordability in the area.
- 4.1.2. In total 14 stakeholders were interviewed, including 5 local businesses, 6 agents and 3 other stakeholders. The discussion guide that was used during the interviews is presented in Appendix A at the end of this report, and this section of the report is structured in a way that responds to these questions.
- 4.1.3. In summary this engagement identified that Industrial occupiers are faced with either poor quality stock, or limited capacity to expand, which is hindering business growth. At the same time, modest stock values at the lower end of the market are offset by high costs of equipment, or improvements, which reduces the capacity of the occupier to further invest in the businesses. SMEs are most affected, and their list of requirements mean optimal space is unaffordable.
- 4.1.4. Office occupiers discussed the wide range of stock of different types and sizes available, and generally good affordability levels. However, stakeholders noted that high quality, and stock suitable for emerging industries, especially digital, tech, and gaming was limited. Office occupiers can be flexible, and adapt ways of working, but limited new high-quality supply may constrain the economic growth of the area.
- 4.1.5. A solution appeared to be the leveraging of high value I&L schemes to deliver affordable business space, however there was recognition that this may not be in preferential locations for office occupiers.

### 4.2. Existing premises

4.2.1. Business stakeholders discussed the following:

- **Industrial** – Affordable larger properties; very poor conditions; mostly older stock; limited facilities including – road access, reuse and storage, emergency service access, sewage facilities; not meeting current needs. Others commented on good quality existing stock, but limited capacity to expand, costly to grow and add new services / facilities – not flexible to accommodate future growth which will trigger a review point.
- **Office** – good quality; quirky design; modern layout; converted property; no longer needed as moving to a hybrid model; cost too high when hybrid is an option; don't need dedicated space and can use co-working facilities (e.g. Minerva Mill in Alcester, and Mill Street in Leamington)

4.2.2. Agents and other stakeholders also confirmed the above, key messages included:

- **Industrial** – existing stock in the small to medium categories is generally low quality, older stock, which is not flexible and doesn't have modern amenities or equipment. While it is affordable, it doesn't meet occupier needs which will hinder growth and potentially risk occupiers leaving. It also prohibits start-ups, as they cannot access the right type of space.

- 
- **Office** – the office market varies greatly between towns, with places like Leamington demanding a premium, but others very low cost. Most are converted older buildings, and limited pipeline of new modern stock, and virtually no Grade A space. New hybrid working approaches have reduced demand, and co-working spaces are popping up to meet need for cheap and flexible office space.

### 4.3. Affordability

4.3.1. Business stakeholders discussed the following:

- **Industrial** – Current space is affordable, but not what is wanted / needed; other space on the market that does meet needs is too expensive, in terms of rent, or in terms of fit out to make it deliver what is needed; adapting existing facility would also be too expensive; anything over £7 per sqft or £8-10 per sqft, was deemed too expensive; Business Rates also put pressure on businesses. Owning the property seems to be a solution, but acquisition costs, plus the cost of refurb, or improving facilities is then too costly.
- **Office** – Offices seem reasonably priced, but there isn't huge supply and choice, and so many will think Hybrid working is a more appealing and cost effective solution.

4.3.2. Agents and other stakeholders supported these messages too, commenting:

- **Industrial** – While low values across the area, this is for sub-optimal stock. The average industrial business will not be able to function much longer in such stock and cannot afford the modern facilities needed. They are operating on very narrow margins, and a business move to a new facility is a huge risk.
- **Office** – Values are reasonable, however vary considerably, but there is a lack of stock, and demand is not as persistent and pressing. There is a view that if hybrid and co-working will meet additional needs. But limited stock is coming forward, and development is not viable.

### 4.4. Future Needs

4.4.1. Business stakeholders discussed the following:

- **Industrial** – Modern, flexible, medium to large space required; out of town, but close to major population centres and workforce (Alcester and Stratford, Henley, Redditch); taller units needed; good HGV access; improved storage areas / yard space; away from residents to reduce noise disturbance and hours of operation. Some commented that if the right type of space was not found, a potential move offshore would be an option due to tax and increased costs of doing business in the UK, others suggested move towards Birmingham.
- **Office** – difficult to find the right space in desired locations (Leamington, Alcester, Henley, Stratford-upon-Avon); parking; flexible size; space for smaller businesses that can then grow; design quality.

4.4.2. Agents and other stakeholders supported these messages too, commenting:

- **Industrial** – Small and medium sized businesses find it most difficult to find modern, good quality and well-located stock. There is a real risk they will either close or move if the right supply and the right values is not found.

- 
- **Office** – Again there is limited supply but also limited pressure on demand due to more flexible working arrangements. Viability to deliver new stock or repurpose existing facilities mean supply will continue to be constrained.

#### 4.5. Potential Policy Options

4.5.1. Business stakeholders discussed the following:

- **Industrial** – Greater support needed for SME's in terms of affordable rent, business rates, and floorspace availability especially in the 5-20k sqft category; conversion, and demolition of existing stock to make way for housing must be replaced by new stock at affordable levels. The council needs to safeguard such sites.
- **Office** – Greater support needed for SME's

4.5.2. Agents and other stakeholders supported these messages too, commenting:

- **Industrial** – Agents generally agreed that the industrial market is the most challenging. That existing SMEs are trapped in existing sub-optimal facilities, and priced out of moves, while new start-ups cannot find the right space. At the same time there is a huge pipeline and investment in major I&L schemes in the area, which are viable, and could potentially support the provision of both space, and affordable rents to meet the needs of existing occupiers. It was suggested this intervention may not hinder viability or disadvantage the local area in terms of capturing investment. There is also a need to protect existing employment assets.
- **Office** – Agents suggested that the office market is less straightforward. Generally, rents are seen as affordable, but the amount of stock and choice is weak. Alongside hybrid and flexible working, the case for future supply is diminished. SMEs still need support and cannot find the type of accommodation they are looking for. But viability challenges in bringing forward new high-quality stock would present any new policy centred around new / affordable provision from being effective (essentially meaning future schemes are even more unviable).

4.5.3. Overall, stakeholder interviews suggest that SME's across sectors need support. That policies that leverage major I&L schemes to deliver new and affordable industrial stock to the market; and policies that improve safeguarding of employment stock would be beneficial.

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## 5. PROPERTY MARKET REVIEW

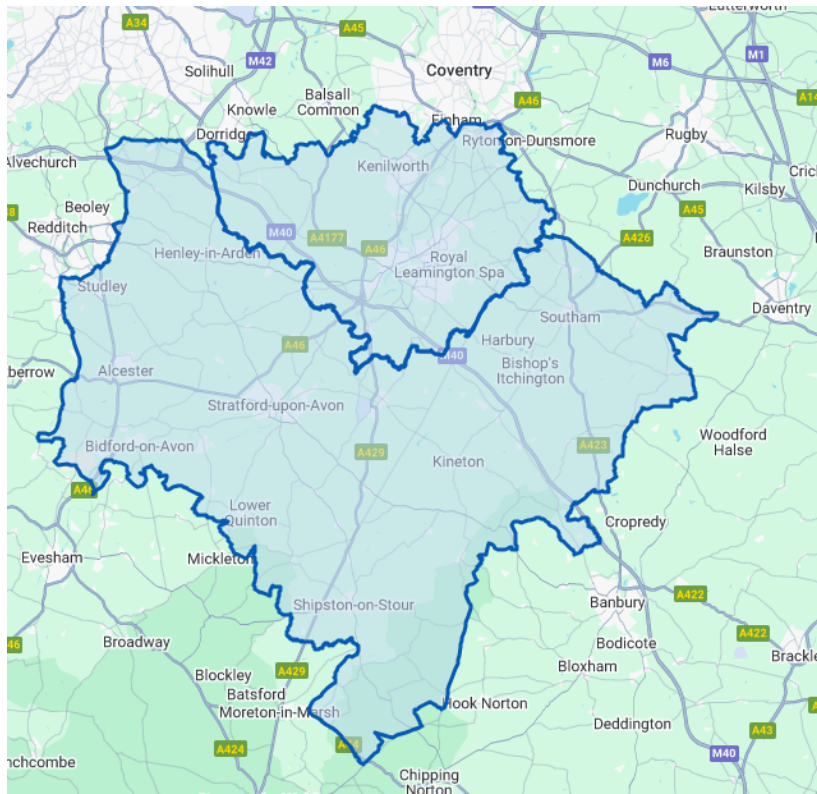
### 5.1. Introduction

- 5.1.1. This section of the report provides an overview of property market conditions in the area. It focused on variance across the region, rental values and affordability benchmarks, as well as supply and availability of property.
- 5.1.2. It will aim to understand if the existing provision of property is sufficient, and affordable to meet business needs. This has been informed by a detailed review of CoStar data, as well as interviews with agents and businesses.
- 5.1.3. In summary property market data shows that while Warwick is a reasonably large office market, there is no planned or completed schemes in the last 12 months, suggesting a supply constrained market. Rents are relatively high, with modest increases. There is vacancy but take up is strong across the area. With moderate demand, but constrained supply, this will continue to put pressure on levels of affordability in the area. While rental levels are not overly unaffordable at this stage, this could increase further without supply side interventions. This would suggest that policy aimed at improving supply, in particularly safeguarding existing space, seeking opportunities for town centre repurposing, and encouraging new build, high quality stock, would be beneficial. The towns of Royal Leamington Spa, Warwick, and Stratford, where demand is most focused, should be the core area of intervention.
- 5.1.4. For the industrial market, rents are high and increasing, vacancy varies, as does overall take up. This suggests a mixed market, where there is strong demand for the right type of space, but limited demand for some of the secondary stock which may not meet modern occupier requirements. This may result in the long term in obsolete stock, as occupiers hold out for optimal space, decide against expansion, or move elsewhere. The area risks losing SMEs and even moderate and larger firms, without access to the right type of space. Allocation of adequate space, with the potential delivery of affordable business space as part of larger I&L applications, may be one solution to ensure delivery of adequate space.

### 5.2. Study Area

- 5.2.1. Figure 5.1 presents the study area for this property market review. This covers the Sub-Market Areas of Stratford-on-Avon and Warwick. Both broadly align with the LA boundaries.
- 5.2.2. Figure 5.2 also considers the wider sub-market areas of Rugby, Nuneaton & Bedworth, North Warwickshire, Coventry Fringe, and Coventry Central. These fall within the Market area known as the Coventry Market. Data on key towns including Royal Leamington Spa and Warwick, Stratford-upon-Avon, Alcester, and Kenilworth and Stoneleigh Park are also provided where relevant.

**Figure 5.1 Warwick and Stratford-upon-Avon Sub-Markets**



Source: CoStar, 2025

**Figure 5.2 Coventry Market**



Source: CoStar, 2025

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### 5.3. Office Market

#### *Office Sub-Markets*

5.3.1. Table 5.1 presents key metrics relating to the office property market in the area. This table shows:

- Warwick is the largest office sub-market in the area, with over 5.2 million sqft of floorspace, more than Coventry Central and Fringe. It represents a quarter (25%) of the sub-regions total stock. Stratford is the 4<sup>th</sup> largest submarket with 2.7 million sqft.
- Warwick is the second largest 4-5 Star sub-market, after Coventry Central, with 10% of floorspace in the high-quality bracket, compared to 7% for Stratford.
- There is no office stock currently under construction in the region according to CoStar, and none has been delivered in the last 12 months. This shows a considerably constrained development market for office space across the sub-market.
- Warwick currently achieves the highest average rents for office space across the sub-market area. Rents of £17.46 per sqft are 12% higher than the market average of £15.64 per sqft. In Stratford, average rents are slightly below average at £15.60 per sqft, however it is still the 3<sup>rd</sup> highest average rent across the region.
- The Coventry Fringe has observed the highest rental growth of 1.2% over the past year, followed by Warwick (0.8%) and Rugby (0.8%), then Stratford (0.7%)
- Despite achieving the highest average rents, and having the largest floorspace, the Warwick sub-market is 3<sup>rd</sup> in terms of 4-5 Star stock rent, at £20.68 per sqft, aligned with the regional average. Stratford is below the regional average 4-5 Star rent at £19.34 per sqft.
- Warwick has the second highest availability rate of 11.5%, equivalent to 602,000 sqft of space being available, with only 100,000 (3.7%) available in Stratford.
- However actual vacancy in Warwick is only 4<sup>th</sup> highest at 9.9%, which is slightly higher than a normal 'market equilibrium' (widely considered to be 8%). While Stratford is low at 3.3% suggesting a supply constrained market
- Net Absorption over the past 12 months has been positive in Warwick (42,000 sqft) and Stratford (5,900 sqft). This is compared to considerable negative absorption in Coventry, Coventry Fringe, and North Warwickshire sub-markets, and the market area as a whole (-89,200 sqft).
- Investment yield is relatively similar across the sub-region with only minor variance.

5.3.2. Overall, while the Warwickshire market has substantial stock, and clear demand achieving higher rents, the high availability and vacancy rates suggest that not all stock is geared to meet the needs of the local market. While in Stratford, low vacancy suggests a similar supply rather than demand constrained market. Both areas are performing well compared to the wider market, and with positive take up, but constrained future supply.

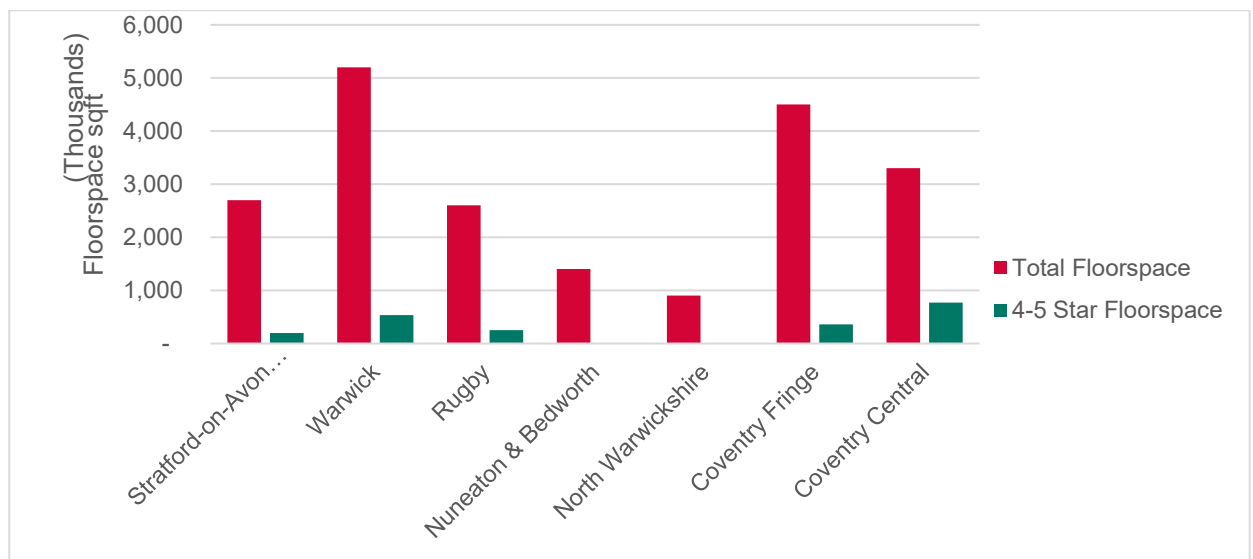
5.3.3. With moderate demand, but constrained supply, this will continue to put pressure on levels of affordability in the area. While rental levels are not overly unaffordable at this stage, this could increase further without supply side interventions. This would suggest that policy aimed at improving supply, in

particularly safeguarding existing space, seeking opportunities for town centre repurposing, and encouraging new build, high quality stock, would be beneficial.

**Table 5.1 Office Sub-Market Metrics**

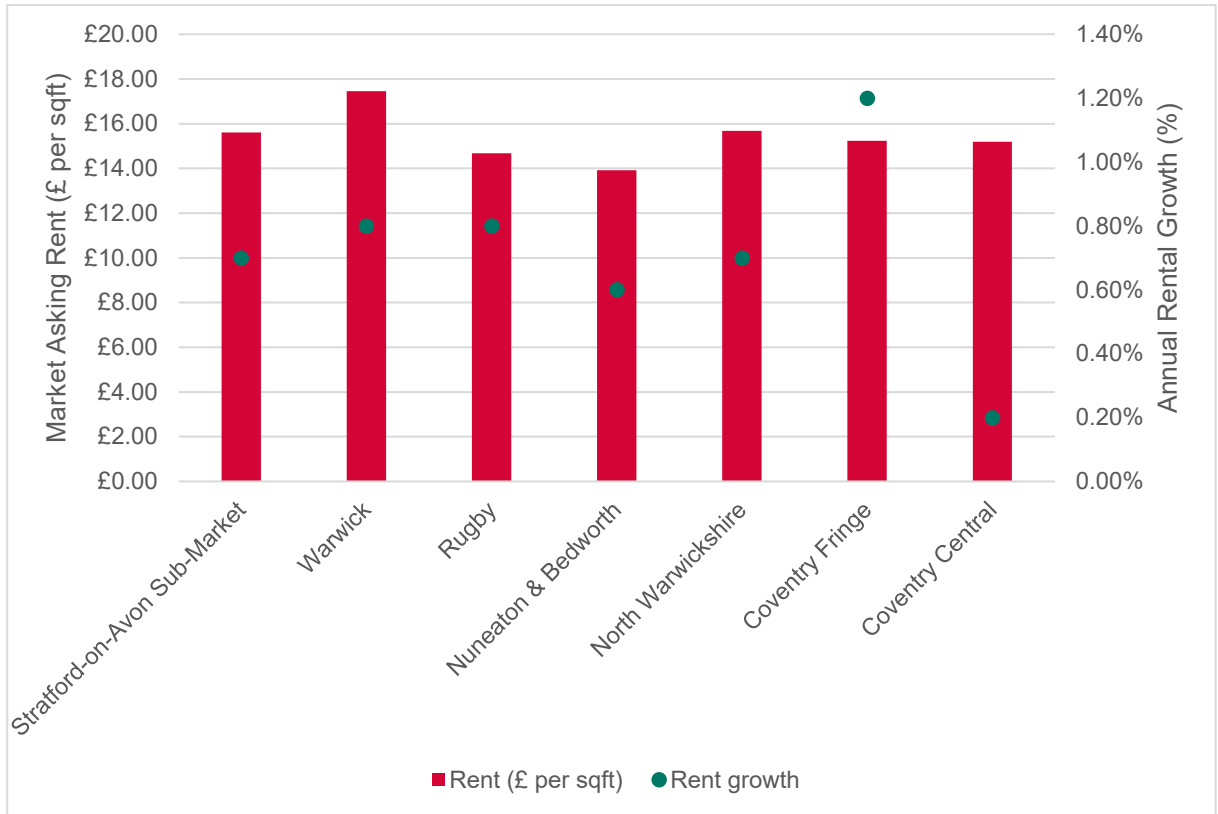
	Stratford-on-Avon Sub-Market	Warwick	Rugby	Nuneaton & Bedworth	North Warwickshire	Coventry Fringe	Coventry Central	Coventry Market
<b>Floorspace (sqft)</b>	2.7 mil	5.2 mil	2.6 mil	1.4 mil	901k	4.5 mil	3.3 mil	20.6 mil
<b>4-5 Star</b>	200k	534k	250k	-	-	358k	772k	2.2 mil
<b>Under construction</b>	0	0	0	0	0	0	0	0
<b>Rent (£ per sqft)</b>	15.60	17.46	14.68	13.92	15.68	15.24	15.19	£15.64
<b>Rent growth</b>	0.7%	0.8%	0.8%	0.6%	0.7%	1.2%	0.2%	0.5%
<b>4-5 Star</b>	19.34	20.68	23.05	-	-	19.54	20.84	£20.67
<b>Availability (sqft)</b>	100k	602k	54.9k	49.6k	97.7k	650k	329k	1.9 mil
<b>Availability rate (%)</b>	3.7%	11.5%	2.1%	3.6%	10.8%	14.4%	9.9%	9.1%
<b>Vacant (%)</b>	3.3%	9.9%	2.1%	3.9%	10.8%	13.1%	10.4%	8.5%
<b>4-5 Star</b>	3.5%	10.8%	-	-	-	57.5%	18.5%	23.0%
<b>Net Absorption</b>	5.9k	42k	99.5k	44.2k	-51.4k	-228k	-1.3k	-89.2k
<b>Yield</b>	11.9%	11.7%	11.8%	12.2%	11.8%	12.0%	11.8%	12.0%

**Figure 5.3 Sub-Market Office Floorspace (sqft)**



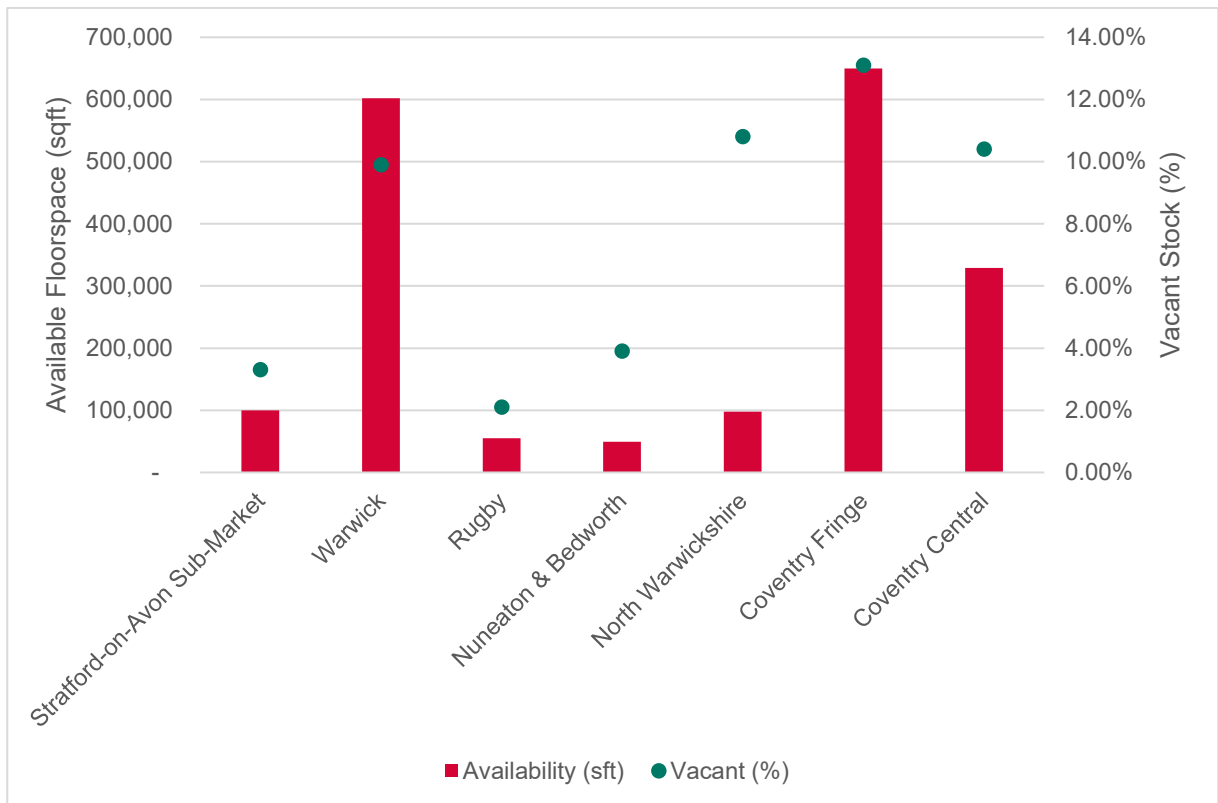
Source: CoStar, 2025

**Figure 5.4 Sub-Market Asking Rent (£ per sqft) and annual Rental Growth (%)**



Source: CoStar, 2025

**Figure 5.5 Sub-Market Available Floorspace (sqft) and Vacancy Rates (%)**



Source: CoStar, 2025

## Local Towns Market

5.3.4. The below presents office market metrics for a number of the key towns across the area, including Alcester, Royal Leamington Spa & Warwick, Stratford-upon-Avon, Kenilworth and Stoneleigh Park.

This suggests the following:

- Approximately 80% of the total Warwick sub-market floorspace is located in the towns of Royal-Leamington Spa and Warwick.
- No new developments are under construction or been delivered in the last year.
- Average Market Asking Rent is higher in Stoneleigh Park (17.98 per sqft) and Royal Leamington Spa and Warwick (£17.42 per sqft) compared to the sub region average (£15.64)
- Vacancy is very high in Royal Leamington Spa and Warwick (11%) and very low in all other towns – suggesting supply constrained markets.
- Net Absorption has been positive across all areas except in Alcester.

5.3.5. In summary, this analysis supports the findings of the sub-market review, which suggests that the major towns are supply constrained with low vacancy, high take up, and no new supply. With persistent demand this will have an impact of increasing rents and making stock unaffordable. In locations like Kenilworth and Stoneleigh Park, the only available stock is located on the Stoneleigh Park scheme, with none in the town itself.

**Table 5.2 Key Towns Office Market Metrics**

	Alcester	Royal Leamington Spa & Warwick	Stratford-upon-Avon	Kenilworth and Stoneleigh Park
<b>Total Floorspace</b>	238,000	4,200,000	792,000	445,000
<b>Under construction</b>	0	0	0	0
<b>Rent (£ per sqft)</b>	14.76	17.42	15.63	17.98
<b>Rent growth</b>	1.30%	0.70%	1.90%	0.10%
<b>Vacant (%)</b>	2.30%	11.10%	0.70%	1.50%
<b>Net Absorption</b>	-2,900	31,800	10,100	8,800

5.3.6. The following section provides an overview of the types of properties currently on the market in the towns. This shows fairly limited choice for occupiers.

### **Alcester Typical Office Properties**



Turnpike Gate House  
 8,701 Sq. ft  
 Built 1992  
 707 - 2,444 Sq. ft Avail  
 £12.00/Sq. ft



### Severn Court

4,064 Sq. ft  
Built 1982  
377 Sq. ft Avail  
£12.00/Sq. ft



### Arrow House

2,046 Sq. ft  
Built 1900



Minerva Mill Innovation Centre  
Minerva Mill Innovation Centre  
36,021 Sq. ft  
Built 1890

## ***Royal Leamington Spa and Warwick***



One Warwick Technology Park - Gallows Hill  
49,157 Sq. ft  
Built 2002, Renov 2016  
8,040 - 17,109 Sq. ft Avail  
£19.50/Sq. ft  
4-5 Star



Kingmaker - Warwick Technology Park  
32,097 Sq. ft  
Built 2002, Renov 2024  
10,516 - 32,097 Sq. ft Avail  
£25.00/Sq. ft, 4-5 Star



76 The Parade, Leamington Spa  
92,800 Sq. ft  
Built 2022  
7,500 - 29,324 Sq. ft Avail  
£19 - 23/Sq. ft (Est.), 4-5 Star



Units 1-4 - Corunna Court  
8,728 Sq. ft  
Built 2004  
697 - 1,405 Sq. ft Avail  
£12.10/Sq. ft



Leadech House - Tournament Fields  
12,186 Sq. ft  
Built 2016  
6,093 - 12,186 Sq. ft Avail  
£18.63/Sq. ft



Victoria Court  
31,775 Sq. ft  
Built 1992  
2,319 - 12,047 Sq. ft Avail  
£16.50/Sq. ft

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## **Stratford-upon-Avon**



Unit 16 - Shottery Brook Office Park, Stratford Upon Avon,  
Shottery Brook Office Park  
3,320 Sq. ft  
Built 2008  
1,660 Sq. ft Avail, £11.89/Sq. ft



Bridgeway House  
26,727 Sq. ft  
Built 2006  
4,375 Sq. ft Avail  
£20.00/Sq. ft



Civic Hall  
6,400 Sq. ft  
Built 1882  
152 - 748 Sq. ft Avail  
£25.00 - 34.67/Sq. ft



**Units 40-52 - Cygnet Court**  
19,722 Sq. ft  
Built 2007  
1,176 Sq. ft Avail  
£6.99/Sq. ft

## **Kenilworth and Stoneleigh Park**



Abbey Park Campus  
Abbey Park, Kenilworth, CV8 2TQ · Abbey Park Campus  
22,194 Sq. ft · Office · Proposed  
11,097 - 22,194 Sq. ft Avail at £25.00/Sq. ft  
22,194 Sq. ft Max Contig



Abbey Park  
Stareton, Kenilworth, CV8 2TQ · Abbey Park  
21,990 Sq. ft · Office · Built 2008  
6,674 Sq. ft Avail at £18.00/Sq. ft

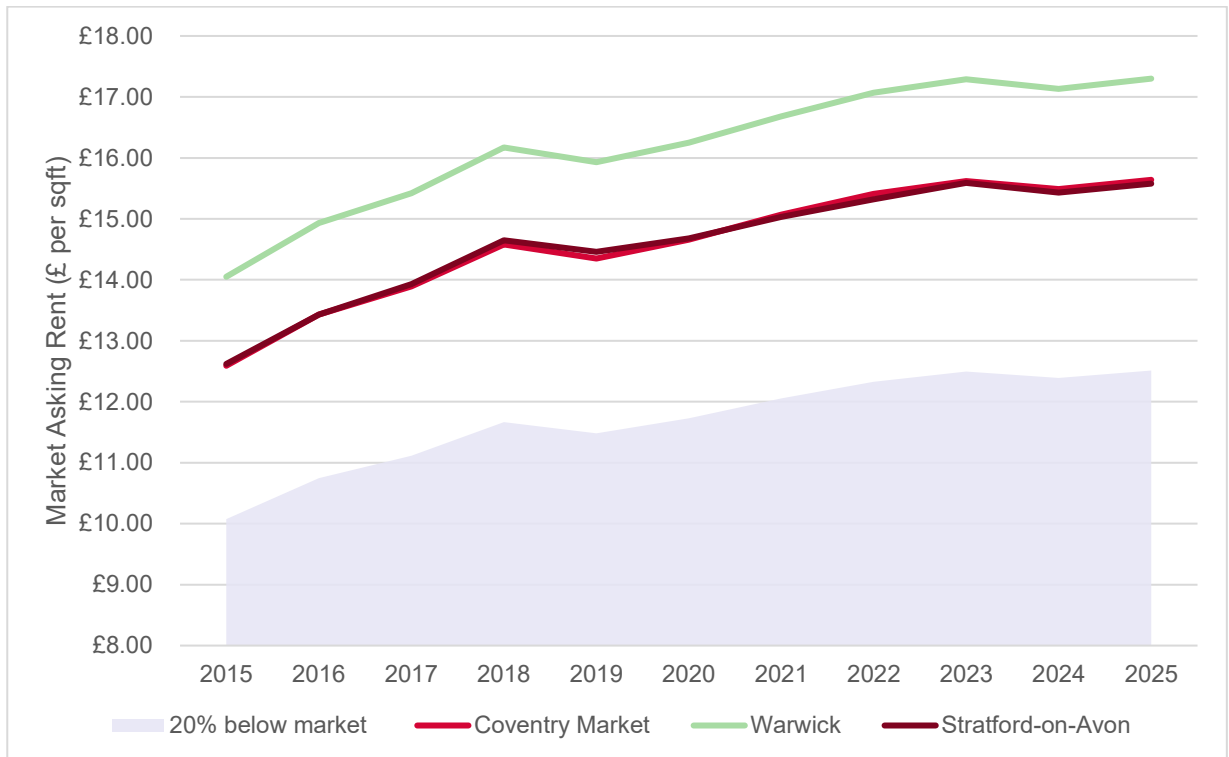
## **Rental trends by type, location, and quality**

### **Rents**

5.3.7. Figure 5.6 below shows the rental values of office stock across South Warwickshire (broken down by Warwick and Stratford) and the wider Coventry market. This shows that over the last decade rental values have risen at a steady rate, and rental values in Warwick are higher.

5.3.8. In terms of affordability, if we were to take a blanket approach of affordable rent being 20% below market value, this would equate to £12.51 in 2025, compared to the wider Coventry Market. This suggests that average rents in Warwick and Stratford would not be deemed 'affordable'.

**Figure 5.6 Office rental values by grade and location of stock**

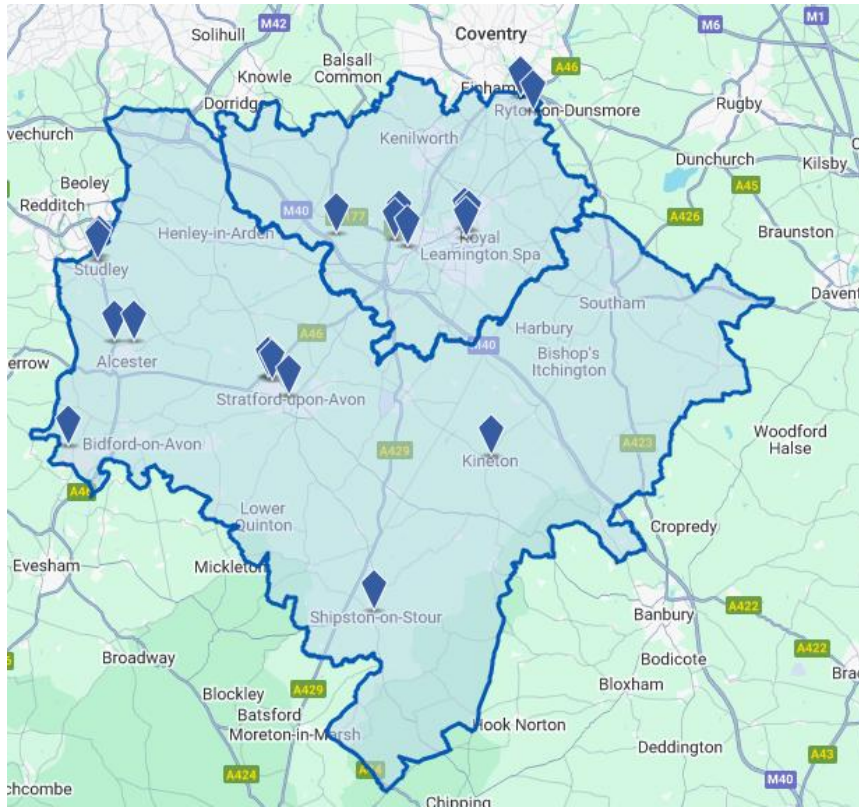


Source: CoStar & Icen Analysis

**Available Stock**

5.3.9. When filtering CoStar data by this rental value (£12.51 per sqft), we identify 18 properties providing 53,500 sqft of space. Of this stock, most (68%) is located in Stratford. The average age of property is over 90 years old, however that is due to some 19<sup>th</sup> century conversions, however only 4 buildings have been delivered in the last 25 years. The location of this stock is presented in Figure 5.7, with further detail in Table 5.3 below.

Figure 5.7 Map of 'affordable' office stock across South Warwickshire



Source: CoStar

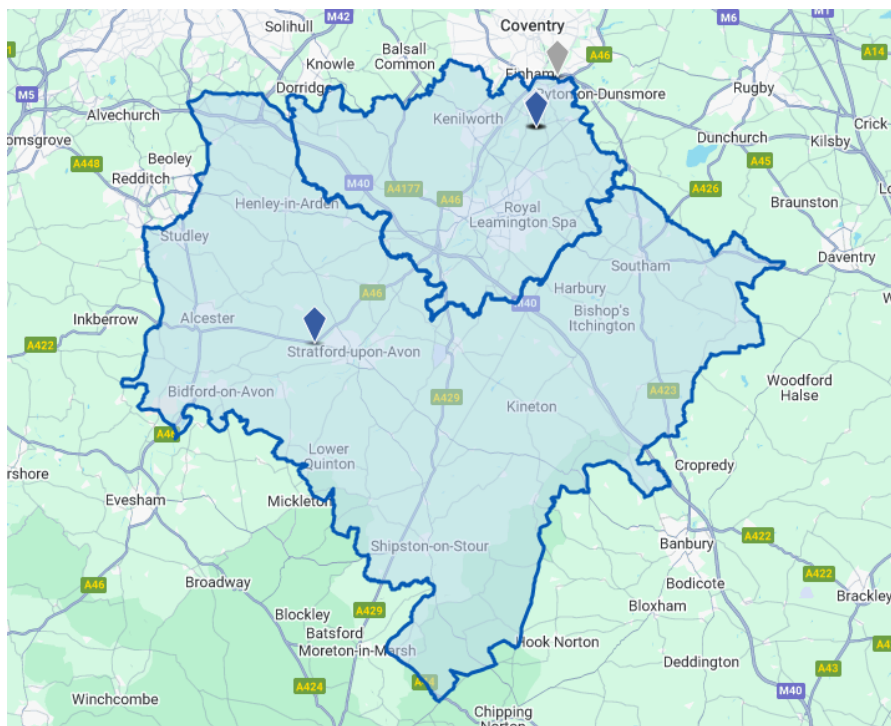
Table 5.3 'Affordable' Office Stock

Property Address	Star Rating	Submarket Name	Rent/SF/Yr	Total Available Space (SF)	Total Vacant Available	Year Built
Timothys Bridge Rd	3	Stratford	£11.89	1660	1660	2008
Corunna Rd	3	Warwick	£12.10	1405	1405	2004
2-2A Banbury St	2	Stratford	£5.85	1025	1025	1970
88 Birmingham Rd	3	Stratford	£12.50	1636	1636	1995
Broxell Close	3	Warwick	£5.00	4694	0	2004
9 Euston PI	3	Warwick	£9.16	573	573	1910
High St	2	Stratford	£9.37	2987	2987	1980
9-11 High St	2	Stratford	£9.87	1267	1267	1905
Lauriston Park	3	Stratford	£5.97 - 9.54	20778	20778	1789
1 Newbold Ter	3	Warwick	£9.88 - 12.91	1431	1431	1808
Nobel Dr	3	Stratford	£12.00	2444	2444	1992
9 Parade	2	Warwick	£10.09	3657	3657	1901
Timothys Bridge Rd	3	Stratford	£6.99	1176	1176	2007
Tything Rd East	2	Stratford	£12.00	377	377	1982
128 Warwick St	3	Warwick	£10.82	1340	1340	1850
Wharf St	2	Warwick	£10.59	2928	2928	1993
59 Willes Rd	3	Warwick	NA	978	978	1830
18 Wood St	2	Stratford	£7.54	3182	3182	1908

### Supply – under construction or proposed

5.3.10. Figure 5.8 below shows the CoStar data on proposed office stock across the study area, which has mainly been informed by local agent Bromwich Hardy. This shows that the majority of the proposed stock is set to come forward at Abbey Park in the Northern part of Warwick Local Authority area, near Stoneleigh Park, an establish agricultural business park. Anticipated rents are expected to be £25 p sqft and the proposed floorspace would be circa 130,00 sqft, ranging across 15,000-40,00 sqft spaces. Another considerably sized proposed development is at Stratford46 Business Park to the West of the town centre, with 140,000 sqft of floorspace proposed across 6 spaces ranging from 15,000 sqft to 40,000 sqft.

Figure 5.8 Map of proposed office floorspace



Source: CoStar

## 5.4. Industrial Market

### Sub-Markets

5.4.1. Below presents key metrics relating to the industrial property market in the area. This table shows:

- Coventry (24.8 million) followed by North Warwickshire (22.6 million) and Rugby (20.1 million) are the largest submarkets in terms of industrial floorspace. Warwick (13%) and Stratford (8%) make up a small proportion of the overall industrial stock.
- Warwick and Stratford both have a higher proportion of 4-5 Star industrial space (28%) compared to the regional average (27%)
- There is only 10,000 sqft of recently delivered or in development industrial stock in Stratford, and none in Warwick. This accounts for less than 1% of the 2.3 million sqft that is being delivered across the sub-market, with the majority focused around Rugby.

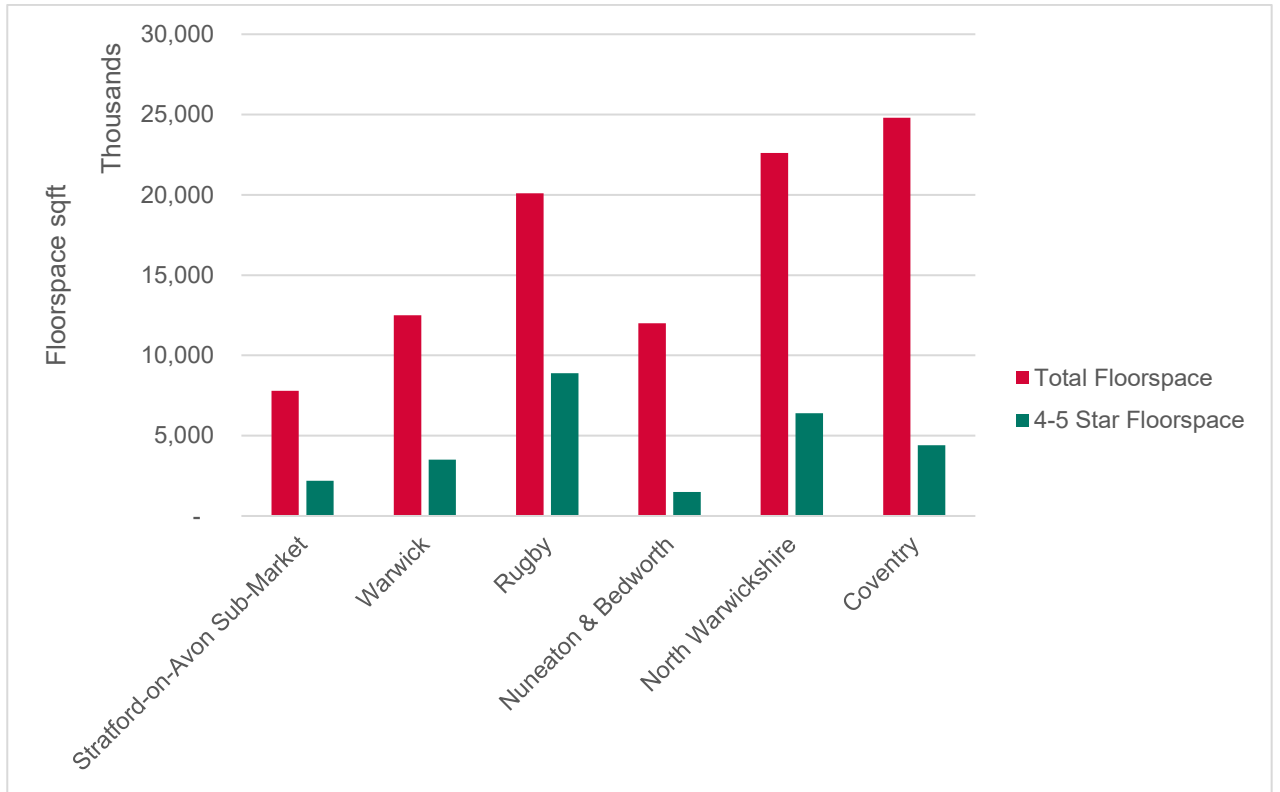
- Rental levels of £8.28 per sqft in Stratford are 7% lower than the regional average, while rents of £10.11 per sqft in Warwick are 11% higher than the regional average. Annual rental growth has been higher across both areas (4.3% and 3.9% respectively) compared to the regional average (3.7%)
- Availability and vacancy rates are higher in Warwick (10.9%) and lower in Stratford (7.6% and 6.4% respectively) when compared to the regional average (7.6%). With high grade vacancy following similar patterns (12.9% and 20.0% against an average of 15.0%)
- Net absorption has been positive in Stratford, with additional take up of over 15,000 sqft, but negative in Warwick, with over -490,000 sqft. This represents nearly 4% of the Warwick market floorspace and is around a quarter (26%) of the wider regional negative net absorption.
- Investment Yields remain relatively low, at 7.1% in Stratford and 6.7% in Warwick compared to a regional average of 6.6%.

5.4.2. Overall, both Warwick and Stratford appear to be secondary markets in the sub-region when compared to Rugby, Coventry, and North Warwickshire. Warwick has high and growing rents, suggesting high demand, but at the same time is experiencing high levels of availability, vacancy, and negative absorption, with high vacancy even in the high-quality market. This may suggest that there are affordability challenges as rents are higher than average, or that existing supply does not meet the needs of occupiers. Meanwhile in Stratford, low rents, low vacancy, and positive take up, and increasing supply, suggest a growing market.

**Table 5.4 Industrial Sub-Market Metrics**

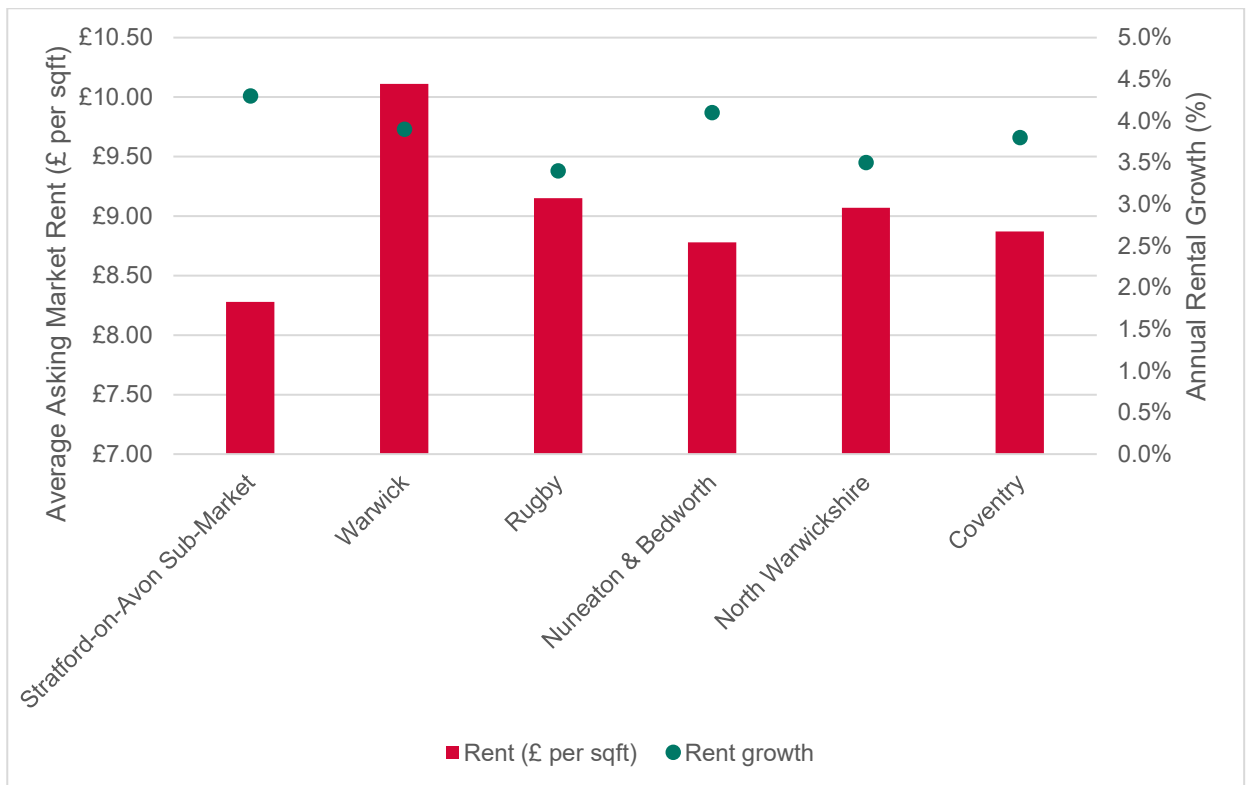
	Stratford-on-Avon Sub-Market	Warwick	Rugby	Nuneaton & Bedworth	North Warwickshire	Coventry	Coventry Market
<b>Floorspace (sqft)</b>	7,800,000	12,500,000	20,100,000	12,000,000	22,600,000	24,800,000	99,800,000
<b>4-5 Star</b>	2,200,000	3,500,000	8,900,000	1,500,000	6,400,000	4,400,000	27,000,000
<b>Under construction</b>	10,000	-	2,194,000	60,000	-	66,900	2,321,000
<b>Rent (£ per sqft)</b>	8.28	10.11	9.15	8.78	9.07	8.87	£9.07
<b>Rent growth</b>	4.3%	3.9%	3.4%	4.1%	3.5%	3.8%	3.70%
<b>4-5 Star</b>	£8.60	£9.38	£9.49	£9.34	£9.46	£8.95	£9.30
<b>Availability (sqft)</b>	590,000	1,400,000	2,700,000	893,000	724,000	1,400,000	7,600,000
<b>Availability rate (%)</b>	7.6%	10.9%	12.8%	7.4%	3.2%	5.6%	7.60%
<b>Vacant (%)</b>	6.4%	10.9%	14.0%	7.0%	3.1%	5.4%	7.60%
<b>4-5 Star</b>	12.90%	20.00%	23.80%	21.90%	4.30%	7.60%	15.00%
<b>Net Absorption</b>	15,500	-493,000	740,000	-584,000	909,000	-1,000,000	-1,900,000
<b>Yield</b>	7.1%	6.7%	6.5%	7.0%	6.1%	6.6%	6.6%

**Figure 5.9 Sub-Market Industrial Floorspace (sqft)**



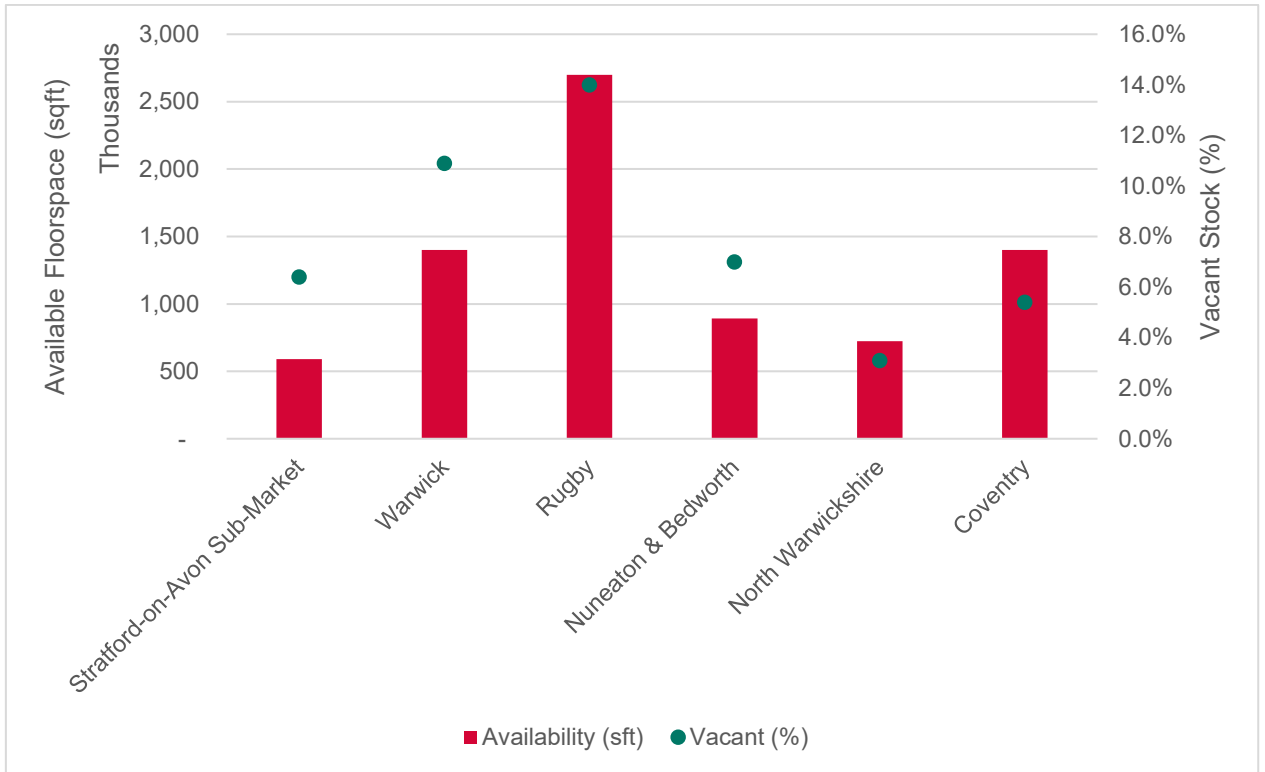
Source: CoStar

**Figure 5.10 Sub-Market Industrial Asking Rent (£ per sqft) and annual Rental Growth (%)**



Source: CoStar

**Figure 5.11 Sub-Market Industrial Available Floorspace (sqft) and Vacancy Rates (%)**

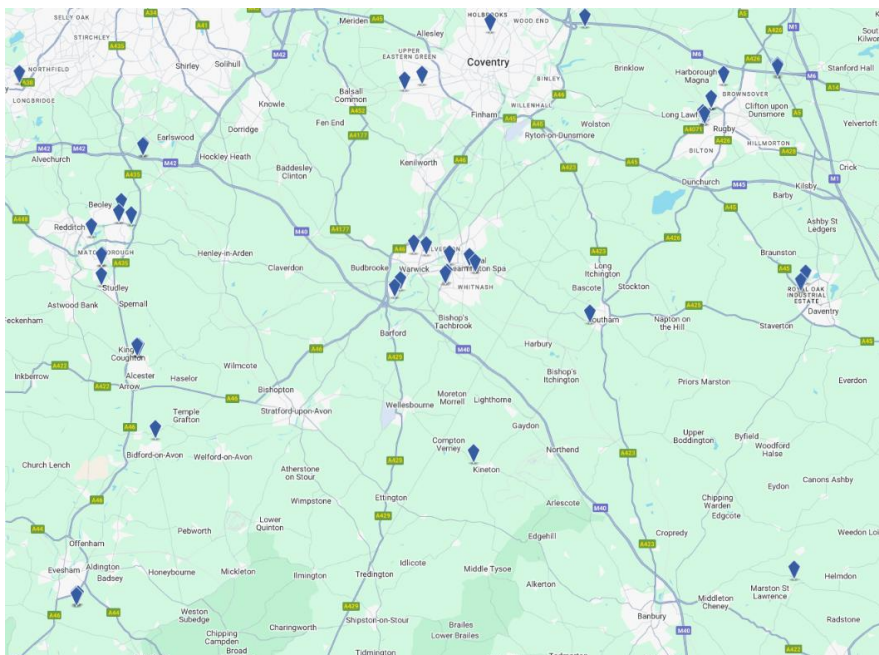


Source: CoStar

**Local Markets**

5.4.3. Figure 5.12 below identifies the available to lease or for sale, industrial and light industrial units across the local market. The following section provides an overview of the types of properties currently on the market in the local market. This shows fairly limited choice for occupiers.

**Figure 5.12 Local Industrial Markets**



Source: CoStar



Maricott Court - Holywell Business Park  
13,000 Sq. ft · Warehouse · Built 2020  
1,924 Sq. ft Avail at £13.25/Sq. ft  
1,924 Sq. ft Max Contig



Units 1A-10 - Alcester Employment Park  
100,000 Sq. ft · Warehouse · Built 2021  
2,000 Sq. ft Avail at £10.00/Sq. ft  
2,000 Sq. ft Max Contig



Unit 16 - Harriott Dr  
16,155 Sq. ft · Service · Built 1992  
1,029 - 9,814 Sq. ft Avail at £7.74/Sq. ft  
9,814 Sq. ft Max Contig



The Old Pie Factory  
11,487 Sq. ft · Warehouse · Built 1990, Renov 2007  
5,647 - 11,487 Sq. ft Avail  
For Sale: £950,000 (£82.70/Sq. ft)



Opus 82  
82,312 Sq. ft · Industrial · Proposed  
6,189 - 82,312 Sq. ft Avail at £12.50/Sq. ft



Campbell House - Heathcote Industrial Estate  
39,063 Sq. ft · Warehouse · Built 1988  
19,531 - 39,063 Sq. ft Avail at £7 - 8/Sq. ft (Est.)



Stratford Rd  
Warwick, CV34 6AT  
40,000 Sq. ft · Warehouse · Proposed  
10,000 - 40,000 Sq. ft Avail



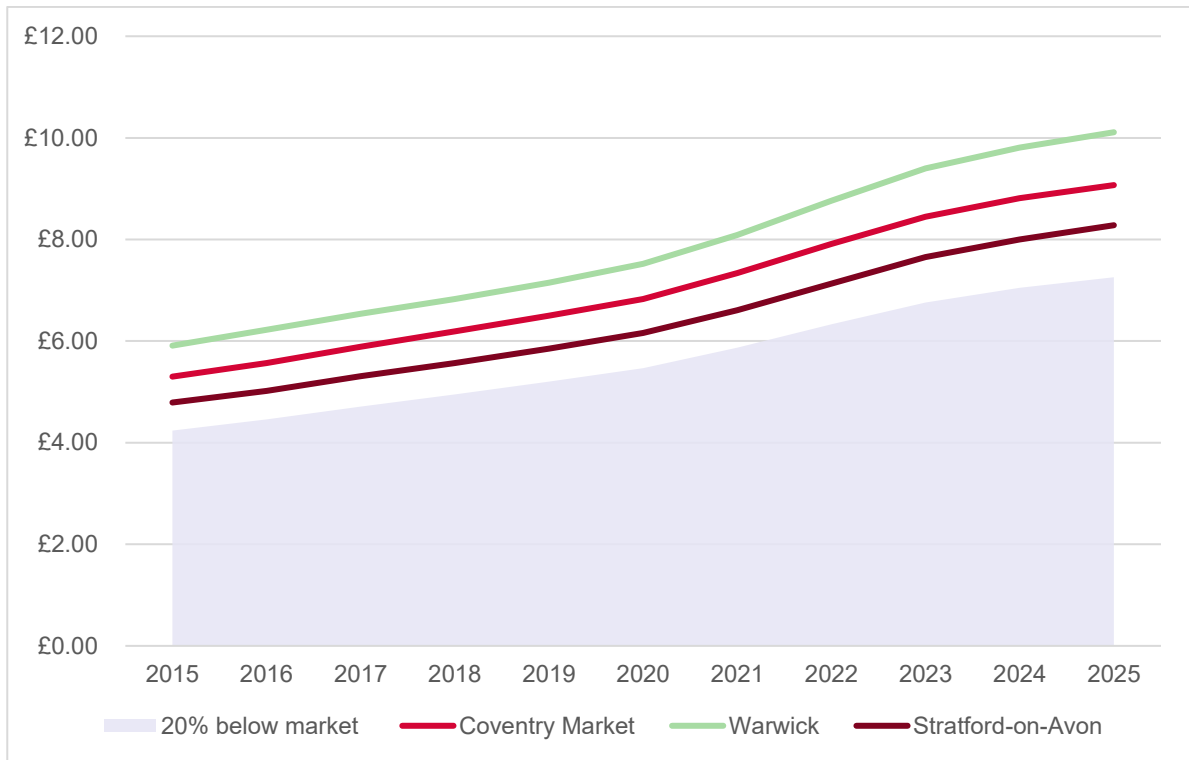
Midbox Barberry 92  
92,246 Sq. ft · Manufacturing · Proposed  
6,996 - 92,246 Sq. ft Avail

## Rental trends by type, location, and quality

### Rents

- 5.4.4. Figure 5.13 below shows the rental values of industrial stock across South Warwickshire (broken down by Warwick and Stratford). This shows that over the last decade rental values have risen at a steady rate.
- 5.4.5. When looking at average rents across South Warwickshire, if we were then to take a blanket approach of affordable rent being 20% below market value, this would equate to £7.26 per sqft in 2025. This suggests that all grades of industrial stock would not be deemed 'affordable'. Stratford average rents would be the closest to the 'affordable' threshold.

Figure 5.13 Industrial rental values by grade and location of stock



Source: CoStar & Icen Analysis

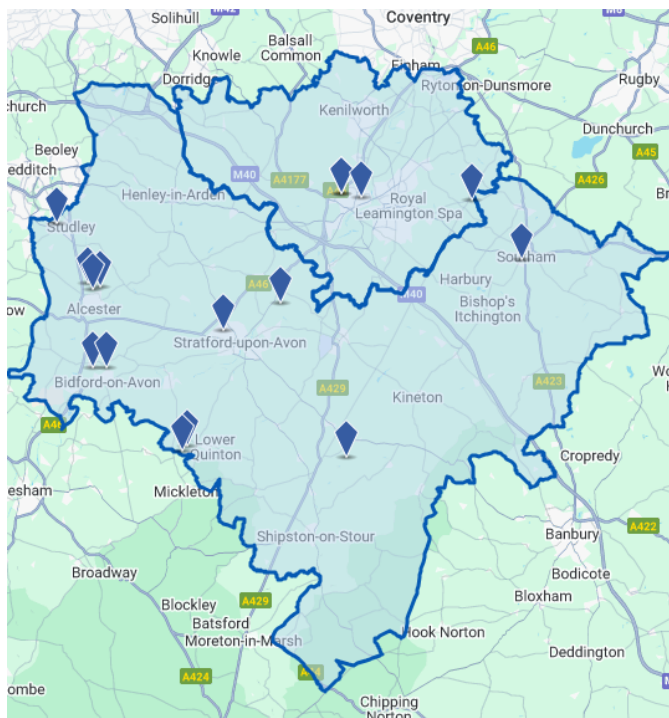
### Available Stock

- 5.4.6. When filtering CoStar data by the 'affordable' rental value of **£7.26 per sqft**, the inventory stock reduces to 340,000 sqft (made up of 15 properties), equating to 1.8% of the total stock. This stock is predominantly made up of 2 and 3 Star (low quality) space with an average age of 44 years (1981) and with only 5 buildings being developed in the last 25 years.
- 5.4.7. The location of this stock is highlighted in Table 5.4 below. This could highlight that even though there is a small number of industrial spaces are deemed 'affordable', it is likely that the location, age, quality and size means that it is not fit for purpose for the businesses needs that require industrial space.

Table 5.4 'Affordable' Industrial Business Space

Property Address	Property Type	Star Rating	Submarket Name	Rent/SF/Yr	Total Available Space (SF)	Total Vacant Available	Typical Floor Size	Year Built
111 Masons Rd	Light industrial	2	Stratford	£6.08	6570	6570	3285	2000
Birmingham Rd	Industrial	3	Stratford	£6.70	8206	8206	8206	1990
Brickyard Ln	Light industrial	2	Stratford	£4.84	13403	13403	6702	1965
Fulready	Industrial	2	Stratford	£5.95	4200	4200	4200	1970
Rush Ln	Industrial	2	Stratford	£6.06	2556	2556	5887	2011
Station Rd	Industrial	3	Stratford	£4.94	75190	75190	75190	1963
Stratford Rd	Industrial	3	Stratford	£6.01	2745	2745	17932	1988
22 Tything Rd E	Industrial	3	Stratford	£6.50	7533	7533	7533	1980
Wellington Ave	Industrial	3	Stratford	£3.95	88382	0	88382	2002
Cape Rd	Industrial	2	Warwick	£5.00	12894	12894	12894	1990
Long Itchington Rd	Industrial	3	Warwick	£5.83	49766	49766	24883	2000
Lower Cape	Industrial	2	Warwick	£5.00	4000	4000	12894	2015
Montague Rd	Industrial	3	Warwick	na	11487	11487	5744	1990
Neilston St	Light industrial	2	Warwick	£3.27 - 10.00	7280	7280	17948	1861
Nelson Ln	Industrial	2	Warwick	£6.30	7381	7381	2460	1990

Figure 5.14 Map of 'Affordable' Industrial Stock

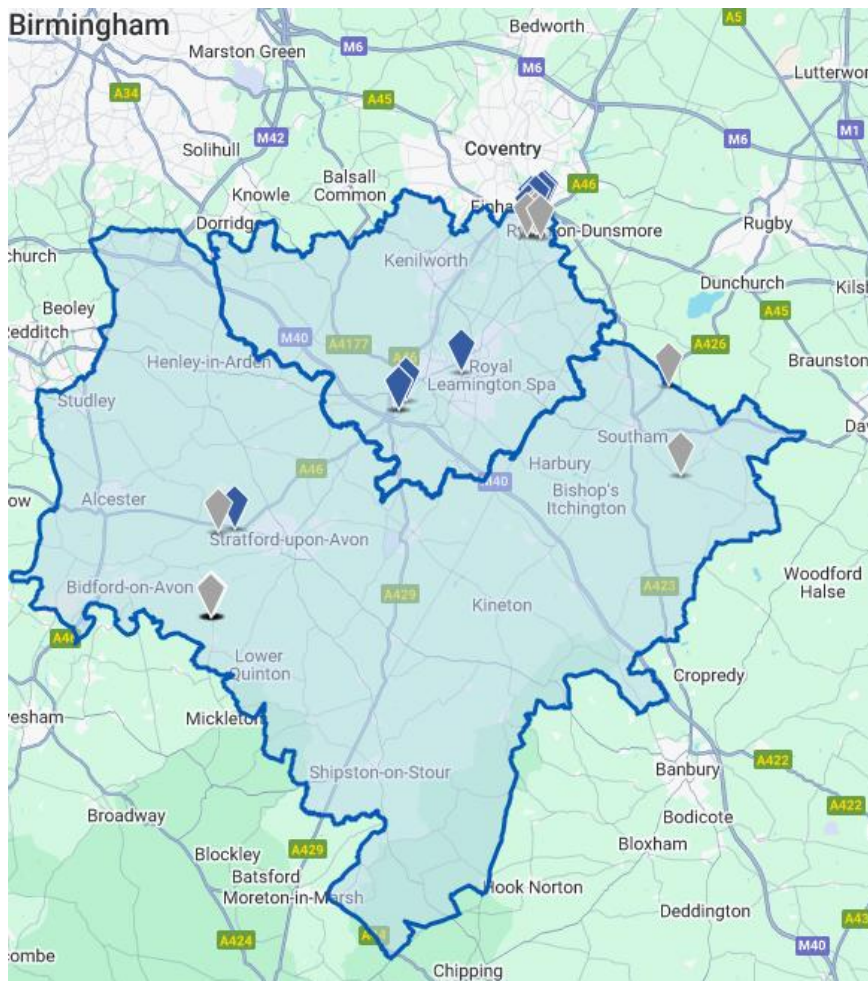


Source: CoStar

### Supply – under construction or proposed

5.4.8. Figure 5.15 below shows the CoStar data on proposed industrial stock across the study area, some of which has been identified by Savills and Wareing & Co agents, which are indicated by the blue markets on the map below. A total of 25 properties are proposed, ranging from 2,000 sqft to 1.2 million sqft at Rowley Road, as a battery recycling unit. The map also shows that the majority of the proposed properties are in Warwick, near Coventry airport at Middlemarch Industrial Estate and Business Park, where large scale industrial units have been proposed for manufacturing and warehousing as park of the Green Power Park. The site will deliver 5.7 million sqft (Grade A) at the UK Centre of Electrification and Clean Energy, pioneering centre of excellence for battery technology and advanced manufacturing. Another considerably sized proposed development is at Stratford 46 Business Park to the West of the town centre, proposed alongside the office development as mentioned above and a further 330,000 sqft (Grade B) of industrial floorspace, across 4 properties ranging from 44,000-100,000 sqft. Rental values have not yet been estimated for these schemes, however one proposed scheme states they would be looking for a rental value of £12.50 sqft.

Figure 5.15 Map of proposed industrial pipeline



Source: CoStar

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## 6. AFFORDABILITY MODELING

### 6.1. Introduction

- 6.1.1. This section of the report aims to model what affordable rental values are, specifically for SME start-ups, compared to existing market rents, and implications for development viability should affordable policies be implemented.
- 6.1.2. It must be noted that this analysis is high level, hypothetical modelling of potential scenarios. There are significant data gaps (due to commercial sensitivities), modelling assumptions, and a wide range of potential variances in the potential situations of businesses, and development schemes across the region. As such the modelling presented here is only for descriptive purposes, to help sense check potential policies.
- 6.1.3. Overall, this section shows that small businesses are most susceptible to rental increases due to lower turnover and margins, with some high-cost firms unable to afford even 30% affordable rents. Higher value office occupiers are likely to be able to meet average rental values – in particular in high value add sectors such as insurance, or digital, tech and IT industries.
- 6.1.4. This analysis has not been run for industrial users due to the wide range of businesses and cost models associated with such businesses. However, it is anticipated that a similar conclusion would be drawn, that the core pinch points in terms of rental values will be for small start-ups, or SMEs with high-cost requirements – in particular those that require dedicated or bespoke equipment.
- 6.1.5. This analysis suggests that high quality speculative office development across the region is unviable even at current market rents. Prime rental values, long term institutional investment, significant anchor pre-lets, as well as bespoke solutions to land acquisition, construction costs, financing and scheme delivery would be needed to deliver a new office development scheme.
- 6.1.6. It also suggests that policy which would seek to place further delivery challenges (such as discounted rent requirements) could have a further detrimental impact on delivery, and supply of space. Alternative measures which would seek to support the supply of repurposed stock, maximising the reuse of vacant town centre space; safeguarding existing office assets from conversion to residential uses; and potentially leveraging high value I&L development to deliver on site office units targeted at the start up and SME market in particularly, would be most effective.

### 6.2. Business Rental Affordability Modelling

- 6.2.1. To explore how policy can support affordable and sustainable business growth, we will present financial cost models for two hypothetical business in the region (Small Office based start-up; Medium Office based business), and test three scenarios (low, central and high cost scenarios) to test the impact different office rents can have on their bottom line. These examples will test the impact that rent has on business sustainability, and the potential impact of affordable workspace policies.
- 6.2.2. By testing scenarios within these models, we can illustrate how even marginal increases in rental costs can have a disproportionate impact on a business's financial position when compared against its

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potential for revenue growth. This approach highlights the importance of policies that ease the burden of rising rents and help maintain viable conditions for businesses.

- 6.2.3. This analysis has not been conducted for industrial businesses as the variance between businesses models, industries, structured, and type of occupier, would make modelling too simplistic, unless a significantly larger range of modelling scenarios were to be run, and real world financial data obtained from individual businesses. That is beyond the scope of this research at this stage.
- 6.2.4. Also, to note that the approaches used here do not align or have regard to any National Audit Office (NAO) or Department for Business and Trade (DBT) business impact assessment models, or any RICS Appraisal Guidance modelling for viability analysis. This is a bespoke model, designed for high level testing only.

#### **Model 1 – Office based Start Up**

- 6.2.5. Table 6.1 below sets out the results of the hypothetical business model for a small (4 person) office based professional service sector firm. This analysis suggests that for a start-up firm, in a professional service sector, with 4 employees, and average wages (ONS Annual Survey of Hours and Earnings), and based on a range of potential cost and revenue assumptions (broadly benchmarked against average costs and values), could afford average rents across both Stratford and Warwick sub-markets, with the exception of firms under the high cost model. This suggests that under the low cost and central scenario, such firms could afford rents of up to £20 per sqft. While higher cost business models would be reduced to £9 per sqft.

Table 6.1 Business Rental Affordability Cost Modelling (Annual Accounts)

Category	Low	Central	High
<b>Staff</b>			
Junior Staff	1	1	1
Junior Salaries	£12,000	£15,000	£16,500
Senior Staff	2	2	2
Senior Salaries	£16,000	£20,000	£22,000
Admin Staff	1	1	1
Admin Salaries	£16,000	£20,000	£22,000
Management Staff	1	1	1
Management Salaries	£32,000	£40,000	£44,000
<b>Sub-total salary costs</b>	<b>£92,000</b>	<b>£115,000</b>	<b>£126,500</b>
<b>Running Costs</b>			
Employer NI Contributions (~13.8%)	£12,696	£15,870	£17,457
Pension Contributions	3%	6%	9%
Pension Cost	£2,760	£6,900	£11,385
Technology	£4,000	£5,000	£6,000
Insurance	£4,000	£5,000	£6,000
Marketing & Customer Acquisition	£4,000	£5,000	£6,000
Recruitment	£1,600	£2,000	£2,400
Professional	£1,600	£2,000	£2,400
Admin	£1,600	£2,000	£2,400
<b>Subtotal running costs</b>	<b>£32,256</b>	<b>£43,770</b>	<b>£54,042</b>
<b>Other and Property Costs (exc rent)</b>			
Office floorspace (sqft)	592	753	861
Office Utilities & Maintenance	£2,960	£4,521	£6,028
Misc. (10%)	£3,549	£4,829	£6,007
<b>Subtotal other and property (exc rent)</b>	<b>£6,778</b>	<b>£9,350</b>	<b>£12,035</b>
<b>Total running costs (exc profit and rent)</b>	<b>£131,034</b>	<b>£168,120</b>	<b>£192,577</b>
<b>Profit</b>			
Target Profit Margin (%)	10%	10%	10%
<b>Profit cost</b>	<b>£13,103</b>	<b>£16,812</b>	<b>£19,258</b>
<b>Total Cost Inc. profit, exc. rent</b>	<b>£144,137</b>	<b>£184,932</b>	<b>£211,834</b>
<b>Revenue</b>			
Average Turnover by staff	£40,000	£50,000	£55,000
Fee earning staff	4	4	4
<b>Total revenue</b>	<b>£160,000</b>	<b>£200,000</b>	<b>£220,000</b>
<b>Rental Scenarios</b>			
Office Rent @ £12.5 per sqft	£8,073	£9,418	£10,764
Office Rent @ £15.5 per sqft	£10,010	£11,679	£13,347
Office Rent @ £17.5 per sqft	£11,302	£13,186	£15,069
<b>Impact On Net Profit</b>			
Net Profit after rent @ £12.5 per sqft	£7,790	£5,650	<b>-£2,598</b>
Net Profit after rent @ £15.5 per sqft	£5,853	£3,389	<b>-£5,182</b>
Net Profit after rent @ £17.5 per sqft	£4,561	£1,882	<b>-£6,904</b>
<b>Goal Seek Affordable Rent (£ per sqft)</b>	<b>£24.6</b>	<b>£20.0</b>	<b>£9.5</b>

## Model 2 – Office based Medium Sized Enterprise

6.2.6. The following presents analysis on the potential scenarios for an established medium sized business of 150 staff, achieving average revenues, and with a range of costs. Overall, this shows that across low, central and high-cost scenarios, the hypothetical business could afford the average office rents across Stratford and Warwickshire sub-market. However, it should be noted that this analysis is based on a range of high-level assumptions on standard costs and does not include a wide range of costs including one off cost such as fit out, finance, or incidentals.

**Table 6.2 Business Rental Affordability Cost Modelling**

Category	Low	Central	High
<b>Staff</b>			
Junior Staff	60	60	60
Junior Salaries	£24,000	£30,000	£33,000
Senior Staff	40	40	40
Senior Salaries	£30,400	£38,000	£41,800
Admin Staff	30	30	30
Admin Salaries	£32,000	£40,000	£44,000
Management Staff	£20	£20	£20
Management Salaries	£56,000	£70,000	£77,000
<b>Sub-total salary costs</b>	<b>£4,736,000</b>	<b>£5,920,000</b>	<b>£6,512,000</b>
<b>Running Costs</b>			
Employer NI Contributions (~13.8%)	£653,568	£816,960	£898,656
Pension Contributions	3%	6%	9%
Pension Cost	£142,080	£355,200	£586,080
Technology	£236,800	£296,000	£355,200
Insurance	£236,800	£296,000	£355,200
Marketing & Customer Acquisition	£236,800	£296,000	£355,200
Recruitment	£142,080	£177,600	£213,120
Professional	£142,080	£177,600	£213,120
Admin	£142,080	£177,600	£213,120
<b>Subtotal running costs</b>	<b>£1,932,288</b>	<b>£2,592,960</b>	<b>£3,189,696</b>
<b>Other and Property Costs (exc rent)</b>			
Office floorspace (sqft)	19,375	22,604	25,833
Office Utilities & Maintenance	£96,875	£135,625	£180,834
Misc. (10%)	£202,916	£272,859	£337,053
<b>Subtotal other and property (exc rent)</b>	<b>£299,791</b>	<b>£408,484</b>	<b>£517,886</b>
<b>Total running costs (exc profit and rent)</b>	<b>£6,968,079</b>	<b>£8,921,444</b>	<b>£10,219,582</b>
<b>Profit</b>			
Target Profit Margin (%)	15%	15%	15%
<b>Profit cost</b>	<b>£1,045,212</b>	<b>£1,338,217</b>	<b>£1,532,937</b>
<b>Total Cost Inc. profit, exc. rent</b>	<b>£8,013,291</b>	<b>£10,259,660</b>	<b>£11,752,520</b>
<b>Revenue</b>			
Average Turnover by staff	£80,000	£100,000	£110,000
Fee earning staff	120	120	120
<b>Total revenue</b>	<b>£9,600,000</b>	<b>£12,000,000</b>	<b>£13,200,000</b>
<b>Rental Scenarios</b>			
Office Rent @ £12.5 per sqft	£242,188	£282,552	£322,917
Office Rent @ £15.5 per sqft	£300,313	£350,365	£400,417
Office Rent @ £17.5 per sqft	£339,063	£395,573	£452,084
<b>Impact On Net Profit</b>			
Net Profit after rent @ £12.5 per sqft	£1,344,521	£1,457,787	£1,124,563
Net Profit after rent @ £15.5 per sqft	£1,286,396	£1,389,975	£1,047,063

Net Profit after rent @ £17.5 per sqft	£1,247,646	£1,344,766	£995,396
<b>Goal Seek Affordable Rent (£ per sqft)</b>	<b>£81.9</b>	<b>£77.0</b>	<b>£56.0</b>

### Summary

- 6.2.7. In summary, this analysis shows that the sensitivities for smaller start-up businesses, under 10 people, are such that average, and affordable market rents may not be achievable. This creates significant risk for the business.
- 6.2.8. This analysis has not been run for industrial users due to the wide range of businesses and cost models associated with such businesses. However, it is anticipated that a similar conclusion would be drawn, that the core pinch points in terms of rental values will be for small start-ups, or SMEs with high-cost requirements – in particular those that require dedicated or bespoke equipment.

### 6.3. High Level Development Viability

- 6.3.1. In this section we present a high-level assessment of the financial viability of developing a hypothetical, speculative, high quality office scheme in the region. This aims to test the impact that affordable policies could have on the development market for new office space.
- 6.3.2. This uses a Residual Land value (RLV) approach and broadly aligns with MHCLG Appraisal Guidelines. It considers the potential costs of the development, based on floorspace assumptions, high level BCIS construction cost benchmarks, and then a range of standard assumptions relating to other development costs, including professional fees, finance, and profit. It then estimates the Gross Development Value (GDV) of the scheme based on the above rental value scenarios and market data on investment yields. The result of the calculation is a bottom line for the scheme, which shows the gap between cost and value. If positive the scheme would be considered viable, if negative, unviable.
- 6.3.3. Again, this has only been applied for offices, not industrial land due to the unique needs of industrial units meaning a larger sample of projects would need to be modelled.
- 6.3.4. There are a range of caveats and limitations which must be considered when reviewing the findings of this analysis. This has not been prepared in accordance with RICS guidance; is not specific to a certain scheme; is based on high level assumptions; and does not factor in all costs or values. Importantly it excludes any vacancy, rent free period, or fit out costs which could be considerable. It is used here to provide a high-level sense check against the findings, direction, and issues raised across the rest of this report.
- 6.3.5. This analysis suggests that high quality speculative office development across the region is unviable even at current market rents. Prime rental values, long term institutional investment, significant anchor pre-lets, as well as bespoke solutions to land acquisition, construction costs, financing and scheme delivery would be needed to deliver a new office development scheme.
- 6.3.6. This is supported by the market evidence which has shown no development pipeline or recently completed schemes in the region, also the dependence on repurposed buildings in town centres, or cheaper out of town, business park units. This pattern is not limited to the region, but is a common pattern observed across the country including in many of the prime office market locations.

6.3.7. It also suggests that policy which would seek to place further delivery challenges (such as discounted rent requirements) could have a further detrimental impact on delivery, and supply of space. Alternative measures which would seek to support the supply of repurposed stock, maximising the reuse of vacant town centre space; safeguarding existing office assets from conversion to residential uses; and potentially leveraging high value I&L development to deliver on site office units targeted at the start up and SME market in particularly, would be most effective.

**Table 6.3 High Level Development Viability Model**

Scenario	Low	Central	High
<b>Construction Cost</b>			
Scheme size (sqm GIA)	2,000	3,000	5,000
Construction cost (£ per sqm)	£2,000	£2,200	£2,500
<b>Total Construction Cost</b>	<b>£4,000,000</b>	<b>£6,600,000</b>	<b>£12,500,000</b>
<b>Other Development Costs</b>			
Externals	£120,000	£198,000	£375,000
Abnormals	£80,000	£132,000	£250,000
Professional fees	£200,000	£330,000	£625,000
Marketing	£40,000	£66,000	£125,000
Sales / Letting	£40,000	£66,000	£125,000
Acquisition	£200,000	£330,000	£625,000
<b>Sub-total</b>	<b>£680,000</b>	<b>£1,122,000</b>	<b>£2,125,000</b>
Finance	£327,600	£540,540	£1,023,750
Contingency	£250,380	£413,127	£782,438
<b>Sub-total</b>	<b>£5,257,980</b>	<b>£8,675,667</b>	<b>£16,431,188</b>
Profit (%)	10%	15%	15%
Profit	£525,798	£1,301,350	£2,464,678
<b>Total Development Costs</b>	<b>£5,783,778</b>	<b>£9,977,017</b>	<b>£18,895,866</b>
<b>Gross Development Value</b>			
Rent @ £12.5 per sqft	£269,100	£403,650	£672,750
Rent @ £15.5 per sqft	£333,684	£500,526	£834,210
Rent @ £17.5 per sqft	£376,740	£565,110	£941,850
<b>Yield</b>	11.5%	11.0%	10.0%
GDV @ £12.5 per sqft	£2,340,000	£3,669,545	£6,727,500
GDV @ £15.5 per sqft	£2,901,600	£4,550,236	£8,342,100
GDV @ £17.5 per sqft	£3,276,000	£5,137,364	£9,418,500
<b>Residual Land Value</b>			
<b>RLV @ £12.5 per sqft</b>	<b>-£3,443,778</b>	<b>-£6,307,472</b>	<b>-£12,168,366</b>
<b>RLV @ £15.5 per sqft</b>	<b>-£2,882,178</b>	<b>-£5,426,781</b>	<b>-£10,553,766</b>
<b>RLV @ £17.5 per sqft</b>	<b>-£2,507,778</b>	<b>-£4,839,653</b>	<b>-£9,477,366</b>

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## 7. AFFORDABLE POLICIES

### 7.1. Introduction

7.1.1. This section of the report compares affordable business space policies from across other jurisdictions in England. The aim of this section is to provide suggestions on draft wording for a policy to support the provision of affordable business spaces.

7.1.2. The majority of affordable business policies have been developed by London Boroughs. This is due to the 'affordability' challenges associated with these areas, pressures on employment land, and the need to retain a balance between housing delivery and the economic function of locations. As such, these policies may be 'extreme' in terms of their requirements when compared to a South Warwickshire context, which does not face the same level of affordability challenges or pressure on employment space.

7.1.3. Overall key affordable business policy wording generally responds to the below key themes:

- Threshold – apply to developments providing generally over 1,000 sqm of new floorspace.
- Rate of provision – 10% of proposed floorspace allocated to affordable provision.
- Discounting – between 40% to 80% of market rent, or peppercorn rent to affordable workspace provider
- Duration – between 15 years to 25 years, or in perpetuity
- Mechanisms – Affordable workspace providers; direct management; direct lease
- Caveats – Unless justified by the type and nature of the proposal, and subject to viability
- Location – aligned with wider Local Plan area designations, economic policy / strategy, town centres or 'Opportunity Areas'
- Alternatives – Off-site provision; or Cash in lieu in exceptional circumstances. Also, potential covering Fit out costs or rent-free periods.
- Supporting documents – Workspace Management Plan, Viability, and Market Demand Assessments
- Phasing – within 12 months of main development completion
- Specification – same as for market rent space.

7.1.4. Interestingly, not many of the policies reviewed make a distinction between office and industrial space.

### 7.2. The Hammersmith & Fulham Affordable Workspace SPD

7.2.1. The Hammersmith & Fulham Affordable Workspace SPD, adopted in October 2022, provides guidance on delivering affordable and flexible workspace across the borough. It supplements existing Local Plan policies, helping developers, planners, and businesses implement affordable workspace effectively without creating new policy.

7.2.2. The SPD addresses the borough's shortage of affordable workspace for SMEs, start-ups, and voluntary sector organisations, caused by rising rents, high demand, and the loss of smaller office buildings. It sets expectations for larger commercial and mixed-use developments, promoting

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discounted rents, flexible leases, co-working hubs, and start-up spaces (often managed by specialist providers) to ensure local business needs are met and economic diversity is maintained.

7.2.3. The SPD aims to foster a resilient local business environment by encouraging early engagement with the council, guiding planning obligations, and supporting inclusive economic growth.

7.2.4. The policy context for this includes:

- **Local Plan 2018:** Requires large commercial developments to provide affordable workspace, through mechanisms like S106 agreements, reduced rent, co-working hubs, or flexible leases. Policies E1 and E2 promote a mix of employment uses, retention of existing employment land, and space for SMEs. Developers are expected to engage with workspace providers to ensure suitable management and occupancy. See below an example of policy wording.
- **Industrial Strategy 2017:** Highlights the importance of affordable workspace in supporting inclusive growth, particularly in STEM, creative, and digital industries.
- **National Planning Policy Framework & London Plan 2021:** Emphasise supporting economic growth, productivity, and the provision of affordable workspace, particularly for SMEs, start-ups, and priority industries. Policies E1–E3 of the London Plan guide flexible, adaptable, and affordable workspace provision, and encourage early engagement with workspace providers.

**Local Plan 2018:**

**“PROVIDING FOR A RANGE OF EMPLOYMENT USES**

*The council will support proposals including mixed use schemes for new employment uses, especially those that recognise the existing strengths in the borough in creative industries, health services, bio-medical and other research-based industries, such as those at Imperial College in Shepherd’s Bush. The council will also support the retention, enhancement, and intensification of existing employment uses. **It will require flexible and affordable space suitable for small and medium enterprises in large new business developments, unless justified by the type and nature of the proposal and subject to viability.** When considering new employment floorspace or the extension of existing floorspace the council will also take into account:*

- a. whether the scale and nature of the development is appropriate, having regard in particular to local impact, the nature of the surrounding area, and public transport accessibility.*
- b. impact upon small and medium sized businesses that support the local community.*
- c. scale and nature of employment opportunities generated in the new development.*
- d. whether there will be displacement of other uses such as community facilities or housing; and*
- e. the Hammersmith and Fulham Economic Growth Plan and the council economic strategies.*

*The borough’s three town centres and the White City and Earl’s Court and West Kensington Opportunity Areas will be the preferred locations for new office development above 2,500m<sup>2</sup>. Proposals outside of these areas for large new office development (above 2,500m<sup>2</sup>) will generally be discouraged unless it can be demonstrated that provision cannot be provided within the town centres or the White City and Earl’s Court and West Kensington Opportunity Areas.”*

7.2.5. Where sites do not fall within the identified sub-areas or designated locations where this SPD is triggered or applies, the following sets out possible guidelines and measures that SMEs and other stakeholders should consider when developing workspaces or communal units:

- A proportion of desks within an open workspace (hot-desking) area to be offered at a substantial discount of market value. The proportion and level of discount to be agreed on a site -by - site basis taking account of location, implementation and overall affordability.

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- Discounts to 'membership models' (i.e. virtual offices, providing fixed desks, hot desks and small offices) throughout a development.
  - A proportion of the floorspace to be offered to an affordable workspace provider (either on the council's list or to be approved by the council) at a 'peppercorn rent' typically provided in range of smaller sizes and flexible commitment/occupation that is let to a workspace operator, and which will allow for occupation by the end-users in one or more sectors on favourable terms
  - Discounted desks within a larger office space - Will normally require a Workplace Management Plan
  - Fit out – to ensure that the space has been fitted out to Category A standard - typically includes raised floors and suspended ceilings; installation of mechanical and electrical services; basic fire detection systems; internal surface finishes; toilets; and blinds. Fit out costs can be a barrier to entry, therefore the council will resist provision at shell and core, and fit out will be agreed through a clause in a Workplace Management Plan
  - An appropriate rent-free period offered to occupiers to cover fit-out costs/or to meet needs of defined occupiers at zero cost.
  - Timescales for the duration of affordable workspace to be as a default either 'in perpetuity' or until any subsequent Local Plan is review no longer identifies this need.
  - Implementation via Workplace Management Plan (WMP) - to ensure that the affordable workspace approved is delivered as agreed, monitored/ reported and that management of the space does not undermine affordability.
  - Off-site only in exceptional circumstances - Any replacement accommodation must be in close proximity to existing accommodation and agreed and ready for occupation prior to the grant of planning permission.
  - Cash in lieu payment - by exception - Applicant to demonstrate to the council's satisfaction that this would deliver the optimal offer regarding affordable and flexible accommodation, taking account of policy objectives, and delivering significant economic and/or social advantages. May also be preferable where the new development provides large floorplate accommodation for a defined occupier, and which cannot effectively be subdivided.

### **7.3. Brent Council – Supplementary Planning Document (June 2022)**

- 7.3.1. The Brent Affordable Workspace SPD aims to support the delivery of affordable workspace within the borough and seeks to enhance the economic strength and diversity of Brent.
- 7.3.2. The rationale behind implementing this policy stems from the increasing demand for affordable workspace in Brent, which currently exceeds supply. Over the past decade, the number of small businesses in the borough has significantly increased. However, much industrial land and office space have been repurposed for new housing, reducing the availability and affordability of workspace for small businesses. The policy aims to address this gap by facilitating the provision of affordable workspace in new developments, thereby supporting local businesses and fostering economic growth.
- 7.3.3. Affordable workspace, as defined in the SPD, refers to workspace provided at rents maintained below the market rate for that space, intended for specific social, cultural, and employment development

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purposes. The document outlines that affordable workspace should be secured for the lifetime of the development and leased to an approved operator at **no more than 50% of the market rent for a minimum of 15 years**. This definition aligns with the Council's commitment to ensuring long-term affordability and accessibility for small businesses and community-focused enterprises.

7.3.4. The key Policies include:

- Policy BE1: Requires 10% of new employment floorspace in developments exceeding 3,000 sqm in designated Growth Areas to be provided as affordable workspace. Policy BE2: Mandates 10% of new employment floorspace in redevelopment of Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) to be designated as affordable workspace.
- Policy BE3: Supports the inclusion of affordable workspace in mixed-use developments on Local Employment Sites (LES).
- Policy BE4: Encourages the provision of affordable workspace in unviable secondary frontage areas in town centres.

7.3.5. Additionally, the SPD recommends:

- Securing affordable workspace for the lifetime of the development.
- Leasing to approved operators at no more than 50% of market rent for a minimum of 15 years.
- Preparing an Affordable Workspace Management Plan to ensure effective operation and management.
- Monitoring Section 106 obligations to ensure compliance and delivery.

#### **7.4. Lambeth Council – (Local Planning Policy and Affordable Workspace SPD)**

7.4.1. The Lambeth Affordable Workspace SPD provides detailed guidance on implementing Policy ED2 of the Lambeth Local Plan 2021. Its primary aim is to facilitate the provision of affordable workspace within the borough, ensuring that such spaces are available to support small businesses, creative industries, and social enterprises. The SPD outlines how developers can meet the requirements of Policy ED2, which seeks to secure affordable workspace through planning obligations, thereby contributing to the local economy and community.

7.4.2. The text of ED2 is as follows:

**Policy ED2: Affordable workspace**

In accordance with London Plan policy E3, the council will apply the following requirements for the uplift of affordable workspace in the following locations:

- i. In Waterloo/Southbank and Vauxhall developments proposing at least 1000m<sup>2</sup> gross office floorspace should provide **10 per cent of the rentable floorspace (Net Internal Area (NIA)) at 50 per cent of market rents for a period of 15 years.**
- ii. In Oval, Kennington and Clapham developments proposing at least 1000m<sup>2</sup> gross office floorspace should provide **10 per cent of the rentable floorspace (NIA) at 80 per cent of market rents for a period of 15 years.**
- iii. In the Brixton Creative Enterprise Zone (CEZ) developments proposing at least 1000m<sup>2</sup> gross office floorspace should provide **10 per cent of the rentable floorspace (NIA) as affordable workspace for a period of 25 years** with the following discounts on market rents:

	CEZ within town centre boundary	CEZ outside town centre boundary
Between 1000m <sup>2</sup> and 5000m <sup>2</sup>	No discount	50 per cent of market rents
Between 5,001m <sup>2</sup> and 10,000m <sup>2</sup>	65 per cent of market rents	65 per cent of market rents
Greater than 10,000m <sup>2</sup>	50 per cent of market rents	80 per cent of market rents

The affordable workspace secured should be **provided on-site** and be designed to meet a local need for office, light industrial or research and development workspace.

Affordable workspace must be made available in one of the following ways:

- i. Leased and managed by an affordable workspace provider on the council's approved list in accordance with an agreed workspace management plan.
- ii. Managed directly by the owner where it is demonstrated to the satisfaction of the council that they have the necessary skills and experience and an agreed workspace management plan is in place.
- iii. Leased by the owner to one or more end users on the council's approved register of organisations that require non-managed affordable workspace.

The affordable workspace should be made available for occupation within 12 months of first occupation of the non-affordable workspace. In phased developments, the affordable workspace can be delivered on a pro-rata basis, requiring that at least the minimum amount triggered for that phase is delivered and ready for occupation within 12 months of the occupation of the non-affordable workspace element.

Where affordable workspace is being provided through a phased mixed-use development, planning obligations will be required to ensure timely delivery.

In exceptional circumstances, a **payment in lieu** may be accepted where it can be demonstrated to the satisfaction of the council that on-site provision is not feasible and/or that a greater economic impact would be achieved through this route. The payment should be calculated using the method set out in Annex 9. Payments in lieu will be used by the council to support the provision of affordable workspace anywhere in Lambeth.

**Proposals that do not provide the level of affordable workspace required by this policy will be required to submit viability information**, which will be independently assessed. Where this assessment determines that a greater level of affordable workspace could viably be supported, a higher level of affordable workspace will be required, capped at the level required by the policy. In addition, early and late viability reviews will be applied to all schemes that do not provide the level of affordable workspace required by the policy.

**Proposals requiring planning permission that involve the loss of existing affordable workspace will not be permitted unless the quantum of affordable workspace is replaced on-site or re-provided elsewhere** in Lambeth on equivalent terms to the satisfaction of the council.

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## **7.5. Hackney Council – Local Plan 2020**

- 7.5.1. There are several policies in the Hackney Local Plan (Adopted 2020) which promote the use of affordable workspaces within the borough.
- 7.5.2. Hackney's Affordable Workspace policy (LP29) was introduced in response to rapid increases in commercial rents, redevelopment pressures, and the displacement of local SMEs and creative industries. The policy aims to secure low-cost, long-term workspace through planning obligations, ensuring inclusive economic growth and retaining local character. However, implementation faces several challenges, including viability concerns from developers, inconsistent definitions of "affordable," limited supply of qualified workspace operators, and the administrative complexity of monitoring agreements. While Hackney has responded with measures such as approved provider lists, flexible discount rates, and standardised Section 106 templates, delivery remains uneven across the borough, particularly between higher- and lower-value areas.
- 7.5.3. Overall, LP29 reflects a proactive effort to balance regeneration with affordability, though sustaining truly affordable workspace in a high-value market continues to be difficult. The approach builds on earlier S106 agreements: even before LP33 adoption, Hackney used S106 to secure affordable workspace, so LP29 formalises and strengthens what had been more ad hoc.

7.5.4. The below sets out the key adopted Policies:

**Policy LP27 – Protecting and Promoting office Floor space in the Brough:**

**4. Retention of Office Floorspace**

- Loss of office space (B1a) in POAs will not be permitted unless:
  - Space is long-term vacant (after active marketing).
  - The site is unsuitable for continued office use.
  - The proposal delivers equal or greater employment quality and density.
- Replacement uses must meet or exceed previous employment levels and demonstrate long-term viability.

**1. Retention of Industrial Floorspace Outside of Priority industrial Areas and Local Significant Industrial Sites**

- The loss of these uses outside of PIA and LSISs will be permitted where all of the following are met.
  - Market Evidence shown.
  - Any new must provide greater range, higher quality.
  - Need to show strong likely hood of being occupied.

**Policy LP29 – Affordable Workspace and Low-Cost Employment Floorspace**

- a) New Major employment and mixed used development in the borough designated employment areas, the CAZ and town centres should provide **affordable and low-cost workspaces, equating to a minimum of 10% of the gross new employment floorspace.**

**Re-provision of Low-Cost Employment Floorspace**

- b) Major employment and mixed used schemes involving re-development of existing low-cost employment floorspace, must provide the maximum economically feasible amount of low cost employment floorspace in perpetuity, at equivalent rents and service charges, suitable for the existing or equivalent uses, subject to current lease arrangements and the desire of existing businesses to remain on-site

**Affordable Workspace**

- c) If the low-cost employment floorspace equated to less than **10% of gross new employment floorspace** or there is now low-cost workspace to be re-provided as part of a major development scheme, new affordable workspace should be provided as follows:
- I. Development in the Shoreditch PAS: At least 10% (Offset by the amount of low-cost employment floorspace provided) of the new employment floorspace (Gross) should be affordable at no more than **40% of the localities market rent in perpetuity, subject to viability.**
  - II. In remaining POAs, the CAZ and town centres: at least 10% (offset by the amount of low-cost employment floorspace provided) of the new employment floorspace (Gross) should be affordable at no more than **60% of the localities market rent in perpetuity, subject to viability.**

**7.6. Islington Council – Local Plan**

7.6.1. As per the adopted Local Plan, Policy B4: Affordable Workspaces states:

- Policy B4 requires major developments across Hackney to provide a portion of affordable workspace alongside new office, research, and similar floorspace. The amount required is generally **10%, with different thresholds depending on location: 1,000 sqm in the Central Activities Zone and key CAZ fringe areas, 3,000 sqm in Locally Significant Industrial Sites, and 2,500 sqm in other town centres and Principal Employment Locations.** Larger schemes in central areas must provide affordable workspace in perpetuity, while other locations typically require a 20-year lease at a peppercorn rent. Developers must submit an Affordable Workspace Statement with their planning application, and all workspaces must meet at least Category A fit-out standards with good amenities and servicing.
- While the policy primarily applies to office and research developments, other commercial projects, such as hotels or retail, may also be required to provide affordable workspace or retail space,

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depending on viability. In exceptional cases, site-specific viability assessments can be used to adjust provision, but the Council expects the maximum amount of affordable workspace to be delivered, with a late stage review possible before practical completion. Off-site financial contributions may also be considered if on-site provision is inappropriate or does not meet quality standards.

- Finally, on mixed-use developments where on-site affordable housing is provided, affordable housing takes priority if providing affordable workspace would compromise compliance with Hackney's housing policies. Overall, the policy is designed to retain and create low-cost workspace for local businesses and creative industries while balancing development viability.

7.6.2. Overall, this adopts a very similar approach to that seen above in Hackney, by which policy is directly supported in the local plan, based off market evidence and analysis. Almost all the spatial context and designations of areas are the same to Hackney. Where on site affordability is not viable, a legal contribution via a section 106 would be sought.

### **7.7. Southwark Council – Affordable Workspace Strategy Document**

7.7.1. The Affordable Workspace Strategy outlines Southwark Council's approach to ensuring that businesses, creatives, entrepreneurs, and community organisations have access to the space they need to grow and succeed. The strategy supports the vision for Southwark 2030, aiming to create a fairer, greener, and more resilient local economy where opportunity is accessible to all. It seeks to address the challenges posed by rising workspace costs, which are pushing out the very people and organisations that make Southwark vibrant and diverse.

7.7.2. The strategy outlines several key policies and recommendations to facilitate the delivery of affordable workspace:

- Provision Approaches: Developers can provide affordable workspace through various approaches, including leasing to an approved Affordable Workspace Provider, managing the space directly, or leasing to end users on the council's approved register.
- Workspace Management Plan: A Workspace Management Plan must be submitted with planning applications, detailing how the affordable workspace will be managed, including leasing arrangements, tenant support, and monitoring mechanisms.
- Market Rent Assessment: The strategy provides guidance on assessing market rents to determine the appropriate level of affordability for the workspace.
- Viability Review Mechanisms: In cases where the provision of affordable workspace may impact the viability of a development, the strategy outlines the use of viability review mechanisms to assess and adjust the requirements as necessary.
- Payments in Lieu: The strategy allows for payments in lieu of providing affordable workspace on-site in exceptional circumstances, with the funds used to support the creation of affordable workspace elsewhere in the borough.

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- Implementation and Monitoring: The council sets out expectations for the implementation and monitoring of affordable workspace obligations, ensuring compliance with planning permissions and the effective use of the spaces.

## **7.8. Wandsworth Council – Local Planning Policy**

7.8.1. The aim of LP38 is to ensure that new developments providing economic floorspace contribute to the provision of affordable and open workspace. This supports small and early-stage businesses, encourages local economic growth, and promotes diversity in the borough's employment sectors. The policy is intended to secure workspace in perpetuity or for a minimum of 30 years, helping to maintain long-term access to workspaces for SMEs, creative industries, and other socially valuable enterprises.

7.8.2. The key policies and recommendations made include:

- Thresholds for Provision:
  - Developments under 1,000 sqm must offer a range of unit sizes or meet specific end-user needs.
  - Developments over 1,000 sqm must provide at least **10% of gross economic floorspace as affordable or open workspace, with a minimum of 400 sqm.**
- Location-Specific Requirements:
  - Higher affordability requirements in key areas, such as the VNEB Opportunity Area and Battersea Design and Technology Quarter.
  - Specialist workspace is required on regeneration sites and encouraged in town and local centres, and other focal points.
- Supporting SMEs and Early-Stage Businesses:
  - Workspace should target cultural, creative, digital, food and drink, and other socially valuable sectors.
  - Opportunities for clustering of compatible businesses are encouraged to support local economic networks.
- Timing and Management:
  - Affordable and open workspace must be available for occupation at the same time as or before the remainder of the economic floorspace.
  - Delivery and management are secured via Section 106 obligations and/or planning conditions, with details captured in an Affordable Workspace Management Plan.
- Re-Provision of Existing Workspace:
  - Redeveloped sites must replace the maximum viable quantity of existing affordable/open workspace, maintaining rents and functionality to support continuity for existing businesses.

## **7.9. Oxford City Council – DRAFT/Emerging Local Planning Policies**

7.9.1. The Oxford Local Plan is currently at Reg 18/19 stages of Local Plan development. During these stages, we are able to see the council's evidence and rationale behind policy implementation. In this local plan, there are discussions on affordable Workspaces and how they should be dealt with going forward.

7.9.2. As such, DRAFT Local Planning Policy E3: Community Employment and Procurement Plans states that:

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*Planning permission will only be granted for proposals of 50 or more homes or over 1,000m<sup>2</sup> non-residential floorspace where they are supported by a Community Employment and Procurement Plan (CEPP). The CEPP must identify the opportunities that will be provided by the development to support the inclusive economy, demonstrate the social value of the proposals and set out how they will be promoted and delivered. CEPPs will be expected to consider all the following criteria: -*

- (a) Securing construction jobs for local residents.
- (b) Providing construction apprenticeships and/ or training opportunities for local residents.
- (c) Linking with local schools and colleges.
- (d) Securing jobs in the operational/ end-user phase for local residents.
- (e) Procuring a proportion of on-going supply chain needs locally; 139
- (f) Paying all employees (other than apprentices) the Oxford Living Wage.
- (g) Only using contractors who commit to paying the Oxford Living Wage or other social clauses appropriate to the development.
- (h) Procuring a proportion of construction materials locally; and
- (i) Delivery of affordable workspaces.

7.9.3. Also DRAFT Local Policy E4: Affordable Workspaces – states that:

*Development proposals delivering commercial development on the following sites are expected to deliver an affordable strategy as part of their masterplans:*

- *ARC Oxford*
- *Oxford Science Park*
- *Oxpens...*

*Details of the size, marketing, servicing, management and how the space provided will meet end user requirements, should be set out in an affordable workspace strategy. This should explain how the proposed provision helps to overcome market gaps or failures that would otherwise prevent beneficial workspace typologies coming forward, because of a lack of suitable and/or affordable space.*

## 8. POLICY RECOMMENDATIONS

8.1.1. This section considered the policy recommendations for South Warwickshire to take forward for consideration for implementation within the emerging Local Plan.

### Recommendation 1: Safeguarding of existing employment uses Policy

8.1.2. It is critical that South Warwickshire safeguards its existing employment uses, therefore it is recommended that a policy is implemented to ensure that there is a sufficient, diverse and well-located supply of land and premises to support economic growth, business investment and job creation over the plan period. Below sets out a high level comparison table of a number of policies across Local Authorities who have a safeguarding policy either adopted or emerging.

**Figure 8.1 Policy comparison table: Safeguarding existing ‘Employment Uses’**

Local Authority	Local Plan Policy Reference	Employment Uses Safeguarded	Approach to Safeguarding	Circumstances Where Loss May Be Permitted
<b>Copeland Borough Council</b>	Local Plan Policy E7 – Safeguarding Employment Sites	Use Classes E(g), B2 and B8	Existing and allocated employment sites are safeguarded to maintain a sufficient supply of land to support economic growth throughout the plan period.	Loss of employment uses may be permitted where robust evidence demonstrates that the site is no longer required, including evidence of sustained marketing, lack of demand, and no adverse impact on overall employment land supply.
<b>South Tyneside Council</b>	Local Plan Policy 22 – Protecting Employment Uses	Designated employment land and premises	Employment land and buildings are protected to support local economic resilience and ensure a balanced portfolio of employment sites.	Proposals involving loss must demonstrate non-viability, lack of reasonable prospect of continued employment use, and that redevelopment would not undermine employment land supply.
<b>North Somerset Council</b>	Emerging Local Plan Policy DP21 – Safeguarding Employment Sites	Use Classes E(g), B2 and B8	Existing and proposed employment sites are safeguarded to support economic growth and minimise unnecessary loss of employment opportunities.	Alternative uses may be permitted where it is demonstrated that there would be no harm to economic objectives, no unacceptable increase in commuting, and the proposal would complement employment uses or deliver wider benefits.
<b>Conwy County Borough Council</b>	Local Development Plan – Safeguarded Employment Sites	B1, B2 and B8 (and successor classes)	Designated employment sites are protected to maintain long-term employment provision across the authority.	Loss is permitted only where there is clear evidence that the site is no longer viable or marketable for employment use and the alternative use provides clear local benefits without harming economic objectives.

<b>Cherwell District Council</b>	Local Plan Review Policy 26 – Development at Existing Employment Sites	Existing employment land and buildings	Existing employment sites are retained to support economic growth and local employment needs.	Proposals for loss must demonstrate no reasonable prospect of employment use, supported by viability evidence and sustained marketing over an appropriate period.
<b>Maidstone Borough Council</b>	Local Plan Review Policy LPRSP11(A) – Safeguarding Employment Sites	Designated economic development areas (designated specifically for offices, industrial, and warehouse uses (E(g) and B Use Classes)	Employment sites are safeguarded to maintain a diverse and flexible supply of land and premises for business uses.	Loss of employment uses may be permitted where evidence shows a lack of demand for employment use and where redevelopment would not harm economic or amenity considerations.
<b>Spelthorne Borough Council</b>	Local Plan – Strategic Employment Areas	Strategic employment areas	Strategic employment areas are protected from inappropriate redevelopment to ensure continued economic function.	Change of use is only permitted where extensive marketing evidence demonstrates that the site is no longer suitable or viable for employment use.

Source: Local Authority Local Plans

8.1.3. The table above considers a number of Local Authority policies relating to Safeguarding Employment land. The below sets out some of the common themes across the policies:

- **Particular Use Classes:** Typically focused on employment use classes (E(g), B2, B8 / B1, B2, B8)
- **Retention of Existing Sites:** Employment land is generally safeguarded unless specific tests are met, with a focus on retaining supply for long-term economic function.
- **Evidence Requirements:** Most authorities require robust evidence (e.g., marketing over 12–24 months) to show site is no longer viable for employment use.
- **Impact Tests:** Policies assess whether loss would adversely affect local employment opportunities, economic objectives, or the overall supply of employment land.
- **Exceptional Circumstances:** Loss is often only permitted where there's no reasonable prospect of employment re-use, alternative benefits, or compatibility with neighbouring uses.

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- 8.1.4. Based on the above, it could be suggested that the following policy wording could be included within the emerging Local Plan 'Policy XX: Safeguarding Employment Land'.

**Policy XX: Safeguarding Employment Land**

**Objective:** To safeguard the strategic supply of employment land and premises, support economic growth, and ensure sufficient land is available to meet business needs throughout the plan period.

**Scope:** Existing and allocated employment sites (Use Classes E(g), B2, B8) as identified on the Policies Map will be retained for employment use.

**Protection of Employment Sites:** Proposals for development that would lead to the loss of employment land or buildings will only be permitted where the applicant demonstrates that:

- There is *no reasonable prospect* of the site being used for employment purposes, supported by evidence of sustained marketing on appropriate terms over a minimum period (e.g. 12 months);
- The continued employment use is shown to be unviable, including consideration of refurbishment or redevelopment options;
- The proposed alternative use would *not adversely impact* the supply or quality of employment land needed to meet forecasted demand over the plan period; and
- The alternative use would *complement* existing employment uses or deliver *significant community or environmental benefits* without undermining economic objectives.

**Assessment Criteria:** In considering applications for change of use, regard will be given to:

- Availability of suitable alternative employment sites in the locality;
- The potential effect on neighbouring uses and the operational integrity of existing employment areas;
- Impacts on the vitality and viability of town centres, where relevant; and
- Economic and sustainability objectives set out elsewhere in the plan.

**Marketing Evidence:** Where loss of employment use is proposed, applicants must submit evidence of effective and active marketing at open market rates on reasonable terms for employment uses, demonstrating a lack of interest from potential occupiers.

**Monitoring and Review:** The Council will monitor employment land supply and take action through plan review where necessary to maintain an adequate portfolio of available employment land and premises.

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## **Recommendation 2: Allocation of 'suitable land'**

8.1.5. As set out in the South Warwickshire Employment Land Study Update 2026, South Warwickshire has experienced strong economic growth over the last two decades and continues to play an important role within the West Midlands strategic employment market, particularly within the A46/M40 corridor. The study identifies a continued need for a range of employment space including offices, industrial premises, strategic employment sites, SME accommodation and affordable workspace to support key growth sectors including advanced manufacturing, digital creative industries, automotive and low carbon transport, bioscience and logistics.

### *Warwick*

8.1.6. The study identifies continued demand for high quality office provision within Warwick and Leamington Spa town centres, particularly linked to growth in the digital creative and gaming sectors. The report supports refurbishment and intensification of existing office stock alongside provision of smaller and more flexible business accommodation. The latest supply-demand analysis identifies a residual non-strategic office land requirement of 4.8ha to 2050, alongside a significant residual industrial land requirement of 81.2ha, resulting in a total residual non-strategic employment land requirement of 86ha across Warwick District.

8.1.7. In relation to industrial and logistics uses, the study identifies continued unmet demand for industrial land and strategic employment provision. The A46/M40 corridor is identified as a key opportunity area for strategic employment growth, with a need for additional B2 and B8/mixed strategic employment provision to support manufacturing, logistics and advanced industrial sectors. The study also highlights the importance of delivering smaller and medium sized industrial units to support SME growth and local business needs.

### *Stratford*

8.1.8. The study identifies that office demand within Stratford-on-Avon is more limited and that standalone office development may not be viable in all locations due to market demand characteristics. The evidence supports the delivery of office floorspace through mixed-use development schemes and refurbishment or intensification of existing employment stock where appropriate. The latest supply-demand analysis identifies a residual non-strategic office land requirement of 2.3ha to 2050.

8.1.9. The evidence identifies continued unmet demand for industrial land across Stratford-on-Avon, with a residual non-strategic industrial land requirement of 145.4ha to 2050, resulting in a total residual non-strategic employment land requirement of 147.7ha. The report notes that future industrial and logistics provision will need to support a range of business types and sizes, including smaller and growing businesses, whilst also contributing towards strategic employment requirements associated with the wider Coventry and Warwickshire functional economic area.

8.1.10. In addition to local employment needs, the study identifies a continuing requirement for strategic employment land provision associated with the West Midlands strategic logistics and industrial market. The A46/M40 corridor is identified as a primary opportunity area for future strategic employment growth, including provision for B2 manufacturing and B8/mixed strategic employment uses. The evidence identifies a need for additional strategic employment sites within this corridor over the plan period.

8.1.11. Taking account of the above, the study concludes that additional employment land allocations will be required across South Warwickshire to support economic growth, sector clustering, SME development and strategic employment needs over the plan period. Future allocations within the emerging South Warwickshire Local Plan should therefore be brought forward in accordance with the recommendations and spatial priorities identified within the South Warwickshire Employment Land Study Update 2026.

**Recommendation 3: Affordable Workspace policy for ‘viable’ schemes**

8.1.12. Another important consideration is the inclusion of an Affordable Workspace policy for schemes that are deemed ‘viable’. As explored in the early sections of the report, affordable workspace policies have been adopted across various Local Authorities. Figure 8.2 below sets out an overview table of policy, including their triggers, requirements and approach.

**Figure 8.2 Policy Comparison Table: Affordable Workspace**

Local Authority	Local Plan Policy Reference	Trigger / Threshold	Affordable Workspace Requirement	On-Site / Off-Site Approach and Viability
London Borough of Brent	Affordable Workspace Policy (Local Plan and SPD)	New development providing more than 3,000 sqm of employment floorspace in identified growth areas	Typically requires around 10 per cent of new employment floorspace to be provided as affordable workspace at discounted rents for a defined period.	On-site provision is expected, with viability influencing the level and form of provision.
London Borough of Waltham Forest	Local Plan Policy 32 – Affordable Workspace	Major development providing 1,000 sqm or more of employment floorspace	Affordable workspace is required as part of qualifying schemes, with the quantum and discount level determined having regard to location and viability.	On-site provision is preferred, but off-site financial contributions are accepted where on-site delivery is not feasible or viable.
London Borough of Hackney	Local Plan Policy LP29 – Affordable Workspace and Low-Cost Employment Floorspace	Major employment and mixed-use development exceeding 1,000 sqm	Requires a minimum proportion of new employment floorspace to be provided as affordable workspace at discounted rents, subject to viability.	On-site delivery is expected, with off-site provision or financial contributions accepted only in exceptional circumstances.

<b>London Borough of Southwark</b>	Local Plan Policy P31 – Affordable Workspace	Development providing 500 sqm or more of employment floorspace	Requires at least 10 per cent of new employment floorspace to be provided as affordable workspace secured for a long-term period.	Off-site contributions are accepted where on-site provision is not feasible, calculated using an agreed methodology.
<b>London Borough of Wandsworth</b>	Local Plan Policy LP38 – Affordable and Open Workspace	Development providing more than 1,000 sqm of economic development floorspace	Requires the provision of affordable or open workspace, generally equivalent to around 10 per cent of floorspace, subject to viability.	Provision is secured through planning obligations, with flexibility in delivery depending on scheme viability and context.

Source: Local Authorities Local Plan

8.1.13. The table above considers a number of Local Authority policies relating to Affordable Workspace. The below sets out some of the common themes across the policies:

- **Trigger / Threshold:** Most local plans set a threshold for market or mixed-use development above which affordable workspace is required (typically 1,000 sqm or greater, but Brent uses 3,000 sqm in certain growth areas, and Southwark starts at 500 sqm).
- **Quantum of Provision:** A common benchmark is around 10 % of new employment floorspace to be provided as affordable workspace, with spatial or use-class qualifiers.
- **Affordability and Duration:** Policies use discounted rents (e.g., no more than 40–60 % of market rent or specified local discount) and long term security (e.g., minimum 15–30 years).
- **On-Site / Off-Site Flexibility:** On-site delivery is preferred; off-site contributions or in-lieu payments are accepted where justified by viability or site constraints.
- **Viability Considerations:** It is recognised that provision should be subject to viability and may be tailored based on site circumstances and economic context.

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- 8.1.14. Work undertaken by Aspinall Verdi has tested the viability of a number of large scale industrial employment sites across South Warwickshire, and the potential for these sites to deliver 10% affordable workspace at 60% market rents. At this stage, the findings show that schemes in Warwick are more likely to be viable than Stratford, and are therefore, more likely to be in a position accommodate affordable workspace on site, though this is subject to more detailed site viability at a later stage.
- 8.1.15. Based on the above, it could be suggested that the following policy wording could be included within the emerging Local Plan 'Policy XX: Affordable Workspace'.

**Policy XX: Affordable Workspace**

**Objective:** The purpose of this policy is to support a diverse, resilient and inclusive local economy by securing the provision of affordable workspace within commercial and mixed-use developments. The policy seeks to ensure that new development contributes to meeting the needs of small and medium-sized enterprises, start-ups, creative industries and social enterprises, where such provision is viable (which could include rural locations).

**Scope:** This policy applies to development proposals that deliver 1,000 sqm or more of gross employment floorspace, including major mixed-use developments incorporating employment uses with focus in existing larger settlements. Affordable workspace provision will be sought where it is demonstrated that the development is viable, having regard to site-specific circumstances (with rural locations likely to be less viable) and prevailing market conditions.

**Affordable Workspace Requirement:** Development proposals within the scope of this policy will be required to provide affordable workspace as part of the overall employment floorspace (of at least 10% of the overall floorspace). Affordable workspace should be provided at rents below prevailing market levels (at least 20% below average market rents based on market analysis) and at rates that are genuinely accessible to local businesses, having regard to local evidence of need, the type and size of workspace proposed, and the overall viability of the scheme. Affordable workspace must be secured through planning obligations in perpetuity, unless otherwise agreed by the Council.

**On Site Provision:** Affordable workspace should normally be provided on site as an integral component of the development. On-site provision should be designed, located and managed to ensure that it is fit for purpose, commercially functional and capable of meeting the needs of its intended occupiers, without undermining the operational effectiveness of the wider development. Where it is demonstrated that on-site provision of affordable workspace is not feasible due to site-specific constraints, operational requirements or viability considerations, the Council may accept equivalent off-site provision or a financial contribution in lieu. Financial contributions will be calculated on a proportionate basis and will be directed towards the delivery, support or long-term management of affordable workspace elsewhere within South Warwickshire, in locations that meet identified business needs and align with the Council's economic strategy.

**Review mechanism for exceptional circumstances:** Where a proposal does not provide affordable workspace or an equivalent off-site contribution (payment in lieu), this must be justified by a robust and transparent viability assessment prepared in accordance with national planning policy. The payment in lieu is intended to be used for off-site affordable workspaces located in areas where the market rent is lower (and the resulting discounted rent is achievable). The payments in-lieu will then be pooled together and used by the council to fund affordable workspace, primarily looking at council owned development. The Council may require the inclusion of review mechanisms within planning obligations to enable additional affordable workspace provision or financial contributions to be secured where development viability improves over time.

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## Other Recommendations

8.1.16. In addition to the above policies, it is recommended that the council could consider the following initiatives to support the delivery of affordable business space:

- **Section 106** – review potential options to leverage new housing developments to support delivery of affordable business space, in the understanding that new homes and labour force will need locally based new employment opportunities to prevent unsustainable commuting patterns and deliver sustainable development

**Review opportunity for town centre grant funding** – Grant funding to support repurposing and reuse of key town centre sites which may be of use for small businesses, or affordable workspace but face pressure for conversion to housing. This could include funding to support repurposing of vacant shops and properties.

**Review council owned assets** – To work closely with the councils property team to review existing freehold and leasehold assets, resolve property challenges, with a focus on wider economic and social value benefits as opposed to purely financial metrics, and consider repurposing and reuse of vacant or derelict sites.

- **Business support interventions** – Council to review measures to support local businesses to start up, and grow, or relocate, including potential measures that could reduce business rates payments, or council interventions to provide a wrapper lease and direct delivery of affordable business space.

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## **A1.DISCUSSION GUIDE**