

UK Cross Sector – Autumn 2018

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SPOTLIGHT
Savills Research

The New Urban Dorset



• Greater influence • Strategic growth • Homes, workspace & repurposing retail

Key recommendations and opportunities for 'Urban Dorset'

- 1** Plan strategically across the whole urban area to deliver a joined up approach to growth
- 2** Use its greater influence as the 12th largest district to attract public and private sector funding
- 3** Improve road and rail links across the urban area and to its neighbours to ease movement and allow growth
- 4** Brand the area to bring in more commerce and high value employment building on its lifestyle offering
- 5** Build 2,160 homes a year by developing suitable brownfield sites and releasing Green Belt land
- 6** Better connect the business park at the Airport to Wessex Fields and other business centres to promote growth and support the LEPs plans
- 7** Promote, facilitate and develop the 'Digital village' at Talbot Village alongside the universities to accommodate tech and creative start-ups
- 8** Expand 5G pilot to enhance digital connectivity for all businesses including marine engineering sector based in Poole Harbour
- 9** Repurpose vacant retail for other uses to increase footfall
- 10** Invest in key public realm improvements to revitalise core shopping areas

A city by the sea

The new Bournemouth, Christchurch and Poole Council will be formed in April 2019 providing a unique opportunity to rethink the development of the area

From April 2019, Bournemouth, Christchurch and Poole will be combined into one new unitary authority, 'Urban Dorset'. What does this mean for the urban area of Bournemouth, Christchurch and Poole (BCP)?

Urban Dorset

The creation of 'Urban Dorset' will mean BCP becomes the 12th largest local authority district in England in terms of population with 394,000 people. This is more people than Cardiff, Southampton, Brighton, Portsmouth and Exeter and only 14% fewer than Bristol.

What does 'Urban Dorset' mean practically?

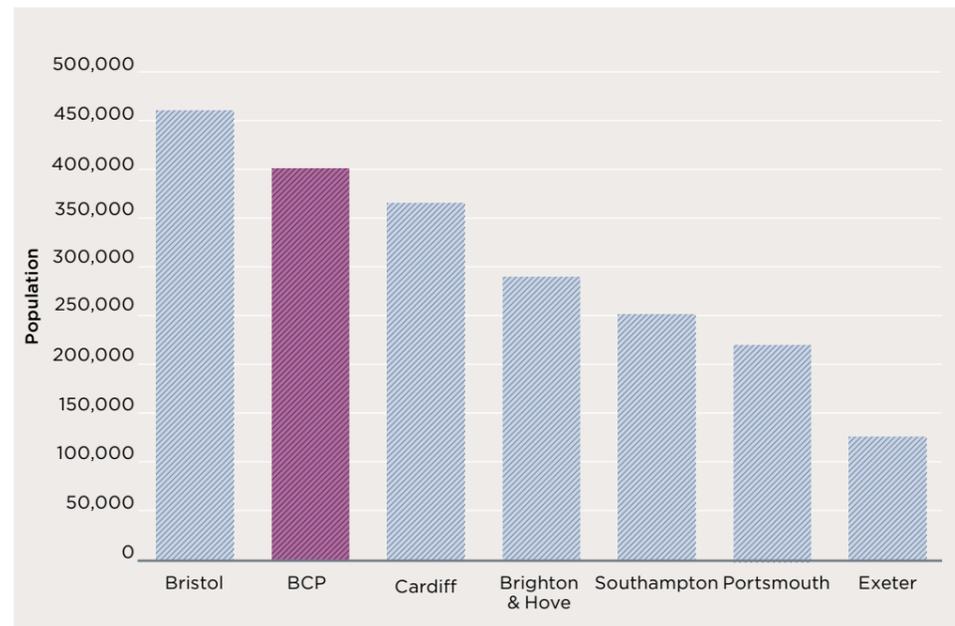
By combining the three boroughs together, BCP will have new opportunities. Being larger it will have a greater influence in Government which will help it to attract significant funding through City and Growth Deals.

For example, the £1.7bn Transforming Cities Fund through which the West Midlands has been awarded £250m for improving transport. Being a larger area and more influential, it is also more likely

to be able to attract more private sector funding.

The merger will enable the new council to restructure its workforce (reducing the roles which overlap between the three boroughs and allowing for more specialist roles) and it will be able to have one relationship with its neighbours, the LEP, local businesses and landowners, the airport and the two universities amongst others.

Sizeable district Bigger than Cardiff, Brighton and Southampton



Selected comparable local authority districts
Source: Oxford Economics

“BCP will be able to take a more strategic approach to the planning and growth of the urban area”

“By reinvigorating itself and becoming a thriving city, BCP has the opportunity to lead the way in transforming the image of the area and driving growth”



The opportunity for 'Urban Dorset'?

Combining and concentrating its resource and attracting greater investment will mean that BCP will be able to take a more strategic approach to the planning and growth of the urban area.

In its recent statement of intent, the LEP aims to pursue formal core city status for BCP and support masterplanning across the urban

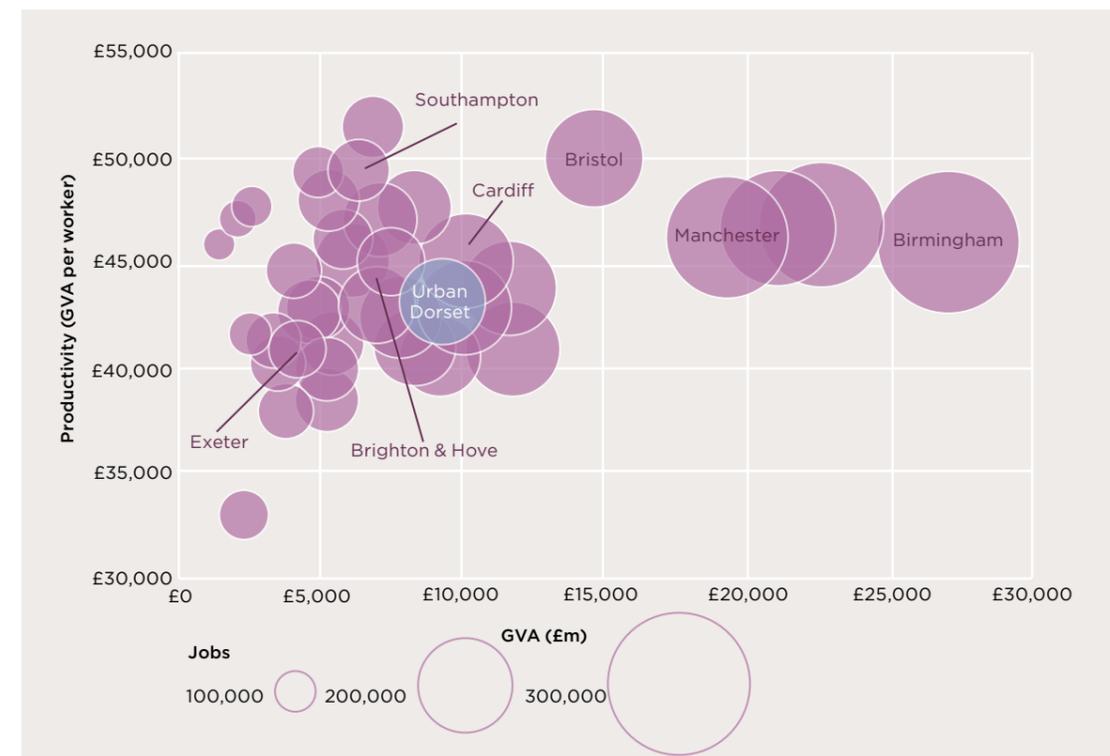
area. From forming a new Local Plan to funding infrastructure improvements within the urban area to improve connectivity, the merger will allow change to move from piecemeal improvements to wholesale enhancements.

Additionally, combining to become 'Urban Dorset' will enable the area to create a new brand for itself as an

appealing place to live, work and visit. The LEP has big ambitions to increase GVA across Dorset by 50% by 2038 and create 80,000 additional jobs.

By reinvigorating itself and becoming a thriving city, BCP has the opportunity to lead the way in transforming the image of the area and driving growth.

Economic output Urban Dorset has a similar number of jobs, economic output and productivity to Cardiff: Its challenge is to compete with Bristol and Southampton



Source: Oxford Economics, comparison of 41 UK cities excluding London

Urban Dorset All You Need To Know



23,500
There are 23,500 students at the two universities



12th
Urban Dorset will be the 12th largest district



12
12 miles of beach, 2nd largest natural harbour globally and an international airport



10.7m
10.7 million tourists visit each year



5G
Fastest broadband in country and a 5G testbed

What does BCP have to offer?

Bournemouth, Christchurch and Poole have a lot of appeal. Located on the south coast, between the Jurassic Coast to the west and New Forest to the east, the 12 miles of sandy beaches attract over 10 million tourists a year and support the employment of over 12,000 people.

Silicon beach

BCP's strengths extend far beyond tourism. BCP has high employment, the 10th highest number of businesses per person of all UK towns and cities and the fourth highest concentration of digital and creative industries in the UK outside of London giving it the nickname 'Silicon beach'. It is also the first 5G test bed in the UK.

Key assets

BCP also has an airport, currently serving European destinations, which has a runway long enough to operate jumbo jets.

There are also two universities: Bournemouth University, renowned for its media courses and Arts University Bournemouth, with over 23,500 students between them. With AFC Bournemouth in the Premier League, Bournemouth, and the surrounding area, has become increasingly known internationally.

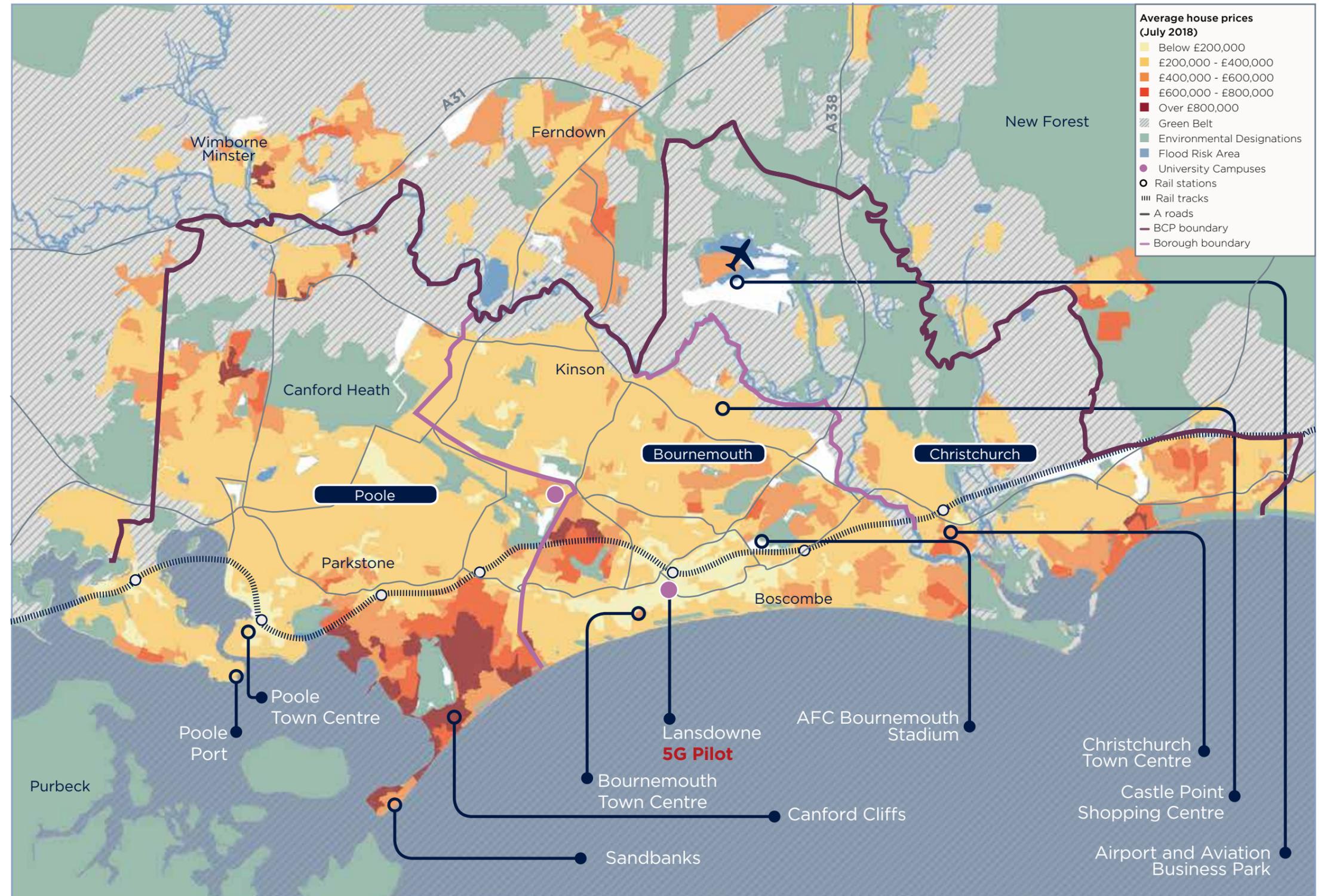
Business centre

There are twice as many finance and insurance companies per person than average for the UK with over 900 financial services businesses (including JP Morgan) and 250 head office operations. The Aviation Business Park, at Bournemouth International Airport, hosts national and international companies, especially those specialising in aerospace engineering and defence. Marine manufacturing and engineering companies, including Sunseeker, and the headquarters for the RNLI, are based in Poole which has the second largest natural harbour in the world.

Choice place to live

The appeal of the area makes it an attractive choice for retirees and second home owners. BCP has the highest proportion of over 65s in any UK city. As a result house prices in the highest value areas, Sandbanks and Canford Cliffs, are 3.4 times the national average at £950,000.

The area Key features in Bournemouth, Christchurch and Poole



Poole Harbour has a high proportion of marine engineering and manufacturing companies

Bournemouth has a high proportion of finance and insurance companies

Christchurch has a high proportion of small tech companies

Source HMLand Registry

Challenges facing BCP

Despite its strengths, BCP has challenges including transport, productivity and housing provision

Infrastructure

Travelling across the urban area by car is slow and congested, and there are limited connections to the north and west. Rail links make it possible to travel from Christchurch to Poole more quickly, taking 20 minutes, albeit services only go every half an hour and locations away from stations remain less accessible. London is nearly 2 hours from Bournemouth via train with trains running every hour putting the capital beyond a daily commute. Improving the transport infrastructure will be vital to enabling growth in the area.

Productivity

Productivity in BCP is significantly below that of Bristol and Southampton. The retail and tourist industries are major employment sectors but both have low productivity. Many work in the low paid health and social care sector which despite employing 15% of workers, generates only 11% of BCP's economic output (GVA).

But the large and growing health and social care sector supporting BCP's older population provides a great opportunity to test innovative health care solutions.

There are a limited number of health innovation companies in the area and investment into providing space for similar companies could help build this into a USP, particularly given the strengths of Bournemouth University in the health and social sciences sector.

BCP generates a lower proportion of economic output from information and communication and professional, scientific and tech than the UK. However, these two sectors are forecast to grow the most in BCP over the next ten years. Building on the new university teaching facilities, investment in the right space and support will be needed to ensure they have the ability to grow.

Bournemouth retains 22% of its graduates, just below the 28% average across 43 University towns and cities monitored by Centre for Cities. However, it struggles to attract graduates from other places ranking 42nd out of 63 towns and cities for net gain of graduates each year.

In comparison, Bristol and Southampton are much better at attracting graduates and rank 4th and 16th respectively. As well as struggling to attract graduates, BCP has had

relatively low levels of investment and struggled to grow in the way it did in the 70s and 80s when it attracted major financial companies to the area.

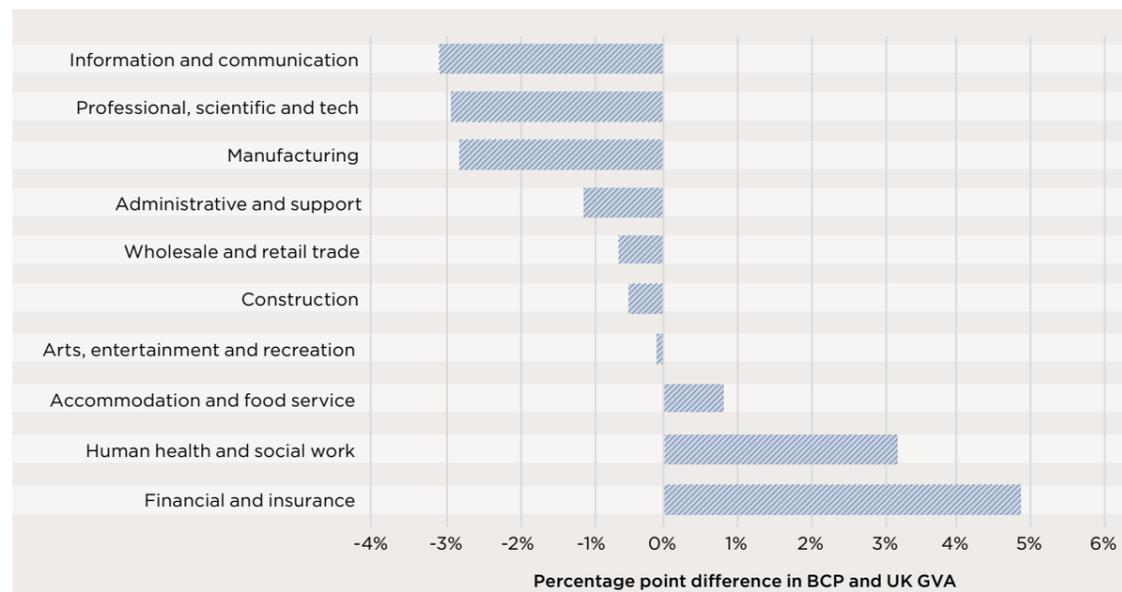
Housing provision

At a headline level, housing is relatively unaffordable in BCP. House prices are 9, 10 and 12 times average earnings in Bournemouth, Poole and Christchurch respectively compared to the national average of 8. Theoretically, someone earning the average wage in BCP could afford a home up to £160,000 with a 25% deposit. This only covers 15% of stock in the area.

There is a wide disparity in affluence across BCP with areas in both the top and bottom percentiles in the country. This is reflected in the range of house prices in the area. The interquartile range (middle 50%) of house prices in BCP is 14% wider than that for Bristol and 60% wider than in Southampton.

Therefore, the new unitary authority will need to deliver many more homes affordable to locals, across a range of tenures. Overcoming these challenges will be a key factor in transforming these three boroughs into one thriving city.

Economic output Proportion of GVA in BCP compared to the UK



Source Oxford Economics



Number of homes needed per year in BCP



Number of homes being built per year in BCP

What does the area need and how should it be growing?

In order to grow into a thriving city BCP needs to meet the existing demand and create space for growth across the different sectors

Investment in infrastructure is needed to improve connectivity across the urban area and to the north, east and west, including key cities of London, Bristol and Southampton. Infrastructure improvements could include schemes such as putting on new faster bus routes with smart ticketing and timetabling apps, some form of rapid light transit system, a new link road from Poole to the A31 and improving rail connectivity.

Strategic infrastructure improvements such as these can be achieved with greater influence and funding and will open up new areas in BCP for residential and commercial development.

We have examined the needs within the three key property sectors identifying where there are growth opportunities as a result of the combined authority.



Homes

There has been an undersupply of housing in BCP over the last twenty years, partly due to the constraints of the sea, heath land and tight Green Belt. Between them BCP are building 1,300 homes per year. This is 38% below the government's published standard assessment of housing need of 2,160 homes per year, which takes market signals into consideration. The new unitary authority will need to produce a new Local Plan which is likely to use the current MHCLG published standard assessment of housing need figures based on 2014 household projections. The ambition to grow employment in the area also means that the housing need would be higher than this.

Only 7% of the additional homes built in BCP in 2016/17 were sub-market homes. The provision of sub market housing has been constrained by focus of development

on brownfield land where costs are high and by smaller sites which do not require it. However, supported by the new local authority framework, the LEP aim to secure a government affordable housing deal worth £215 million for Dorset.

Private renting is more common in BCP than the national average: 31% of households in Bournemouth and 23% of households in BCP rent privately (22,000 households) compared to 18% nationally.

Between 2001 and 2011, 78% more households in BCP privately rent. With affordability pressures and a large and growing private rented sector, there is the opportunity to build more homes for private rent to help meet the local need. One Build to Rent scheme is under construction and another recently completed in Bournemouth. These are adding 266 new rental homes and leading the way in the sector.



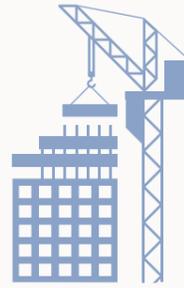
Take the train

Improving rail services can increase frequency and capacity of trains and also increase values around stations. Our research shows that, on average, house price growth has been 5% higher around stations than neighbouring areas where there have been greater passenger numbers (see Savills New Homes Market in Minutes Feb 2018). Additionally, some of the strongest office rental uplift in Birmingham is for refurbished schemes in close proximity to the recently upgraded New Street Station (see Savills Birmingham Office Market Watch May 2018).



5G

5G and superfast broadband in Lansdowne, offers a unique offering to companies.



46,000 sq ft

46,000 sq ft of new office space was completed at the Lansdowne in 2018

In Bournemouth the town centre has been the focus of large-scale residential development through the Bournemouth Town Centre Action Plan. This has in part been driven by the Bournemouth Development Company, a public-private partnership between Bournemouth Borough Council and Morgan Sindall Investments Ltd, who have focussed on redeveloping car parks.

This reflects a wider pattern in Bournemouth of residential development through change of use and conversion: over 40% of the supply in Bournemouth in the last year has been provided this way. But there is a limited supply of buildings for conversion to residential and therefore alternative sites will be required to meet the need.

In Poole, there is potential for significant residential development on brownfield sites as part of the town centre regeneration.

Infrastructure improvements, such as the Twin Sails Bridge and the recent £23.3 million transport improvements for accessing the Port of Poole, have been positive steps to enabling development, however viability remains a barrier to building even with the authority accepting 10% affordable housing on town centre schemes. While Poole propose releasing 1,300 homes in the Green Belt in their draft Local Plan, unlocking brownfield sites will be critical to meeting housing need.

Christchurch is constrained by flood risk area and 53% of the homes built in the five years to 2016/17 have been through redevelopment of the urban area. Brownfield land has been identified for the delivery of more new homes, particularly in Christchurch Town Centre and in Highcliffe. Christchurch also proposes releasing land in the Green Belt to meet the local need.



62%

of the homes needed in BCP area being built each year

Areas for homes

Best practice across BCP can be brought together to provide the homes needed across the area.

Brownfield sites

Land for up to 11,000 homes has been identified on the brownfield sites across Bournemouth, Christchurch and Poole by the National Housing Federation. However, many of these sites will be challenging to develop due to remediation costs and significant grant funding will be needed to unlock them.

The Bournemouth Development Company has the opportunity to expand its remit of redeveloping suitable car parks in Bournemouth to Poole and Christchurch.

Building on brownfield sites will go some of the way to providing the homes needed across the area.

Green belt release

Strategic Green Belt release in the most appropriate areas in BCP will be required to meet the local housing need and increase supply to make homes more affordable to locals.

It will also be able to provide more affordable housing that the town centre schemes have struggled to do. Green Belt release for development sites has been proposed in Poole's draft Local Plan and this strategy needs to be replicated across the rest of the combined area.

The proposed Stour Valley Country Park could be delivered alongside these new development sites which would create better quality publicly accessible open space.

New infrastructure including schools and medical centres provided as part of large scale development would serve the wider community as well as new residents.

Workspace

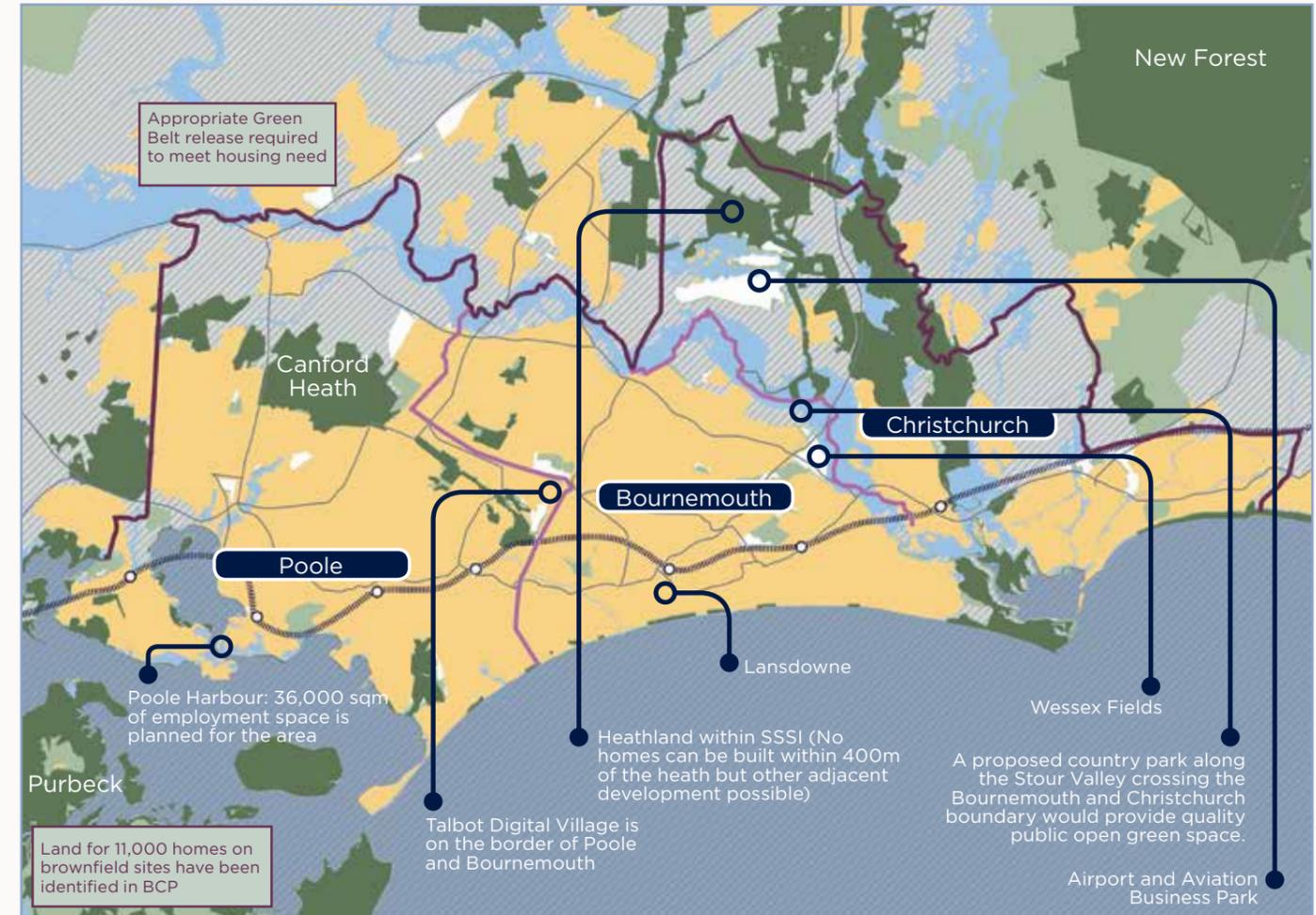
BCP has the opportunity to build on its existing employment strengths as well as the digital infrastructure and growing tech scene. But the right kind of space and support will be needed to do so. The challenge for BCP is to ensure that it provides enough top quality floorspace to attract occupiers. With flat rents and rising build costs restricting viability, there has been limited new office stock provided in BCP over the last 25 years.

In 2018, 46,000 sq ft of new office space was completed at the Lansdowne as part of the requirements building student accommodation. This space was successfully let to a tech company prior to completion showing that new office space is in demand.

The Lansdowne area is being developed into a 'world class' business district supported by £8.5m of government grants. Several sites from the railway station to the Lansdowne and St Swithun's roundabouts have been earmarked for offices, residential and student housing to transform this area. Student housing and academic space has dominated development at the Lansdowne to date but 5G and superfast broadband in the area is a unique offering to companies.

More schemes will need to be built in conjunction with other uses as well as more private and public partnerships to ensure the area receives the new office development it needs.

Growth areas Key constraints and areas for growth in BCP



Legend: Built-up area, Green Belt, Flood Risk Zone, Rail stations, BCP boundary, SSSIs, Other Environmental Designations, A roads, Rail tracks, Borough boundary. Source: Savills Research

We identify three key locations for workspace growth as a result of the merging of the three authorities:

1. Talbot Village

The digital village at Talbot Heath, adjacent to both universities, is ideally located to accommodate the type of space needed by the tech/media/creative sector. It is also well placed to capture the talent generated at the universities and retain graduates. BCP will need to work with the universities, landowners and LEP to provide incubator space and to encourage and support spin off start-up companies to develop this sector to its full potential. Bristol and Southampton are examples where the universities have worked with SetSquare (a partnership funded by the Higher Education Innovation Fund) to commercialise their work. In the case of Bristol this has meant setting up an award-winning incubator space for 80 start-ups. With borough boundaries removed, the Talbot Campus is a great opportunity for growth at the centre of the new BCP unitary authority.

2. Airport

The business park at the airport is home to several major aviation engineering companies and a host of other occupiers. With greater capacity at the airport, several development sites and an existing business community it provides the opportunity and space to grow and attract more, similar businesses. The recent change in ownership promises revitalisation. Improvements to the road network have helped to make the area more connected although more needs to be done to allow it to reach its full potential. Having one unitary authority will make it easier to deliver a coherent strategy to link the airport (in Christchurch) with Wessex Fields (in Bournemouth) and the key commercial centres. This will help meet the LEP's aims to use the airport and Wessex fields to drive economic growth.

3. Poole Harbour

There is a concentration of marine engineering companies at Poole Harbour and 36,000 sqm of employment space is planned as part of regeneration of the area. Unlike other locations in the South Coast Marine Cluster it has no Research and Development facilities. With 86% of the South Coast Marine Cluster companies expecting to expand in the next year, Poole will need to stand out to attract this growth. If the 5G testbed at the Lansdowne in Bournemouth could be extended across the BCP area as a result of the merger, this combined with the superfast broadband available could be a strong draw for new marine engineering and R&D companies. Branding itself as somewhere with the best digital infrastructure will also help improve the perception of the area and attract new businesses.

Repurposing Retail

We assess that there is enough retail space within BCP to meet the local need. Mature high street retail supply is focused around the three principal town centres, as well as Boscombe town centre and Castlepoint shopping centre. There is also a strong presence of out of town retail parks, extensive supermarket provision and several large parades throughout the wider conurbation.

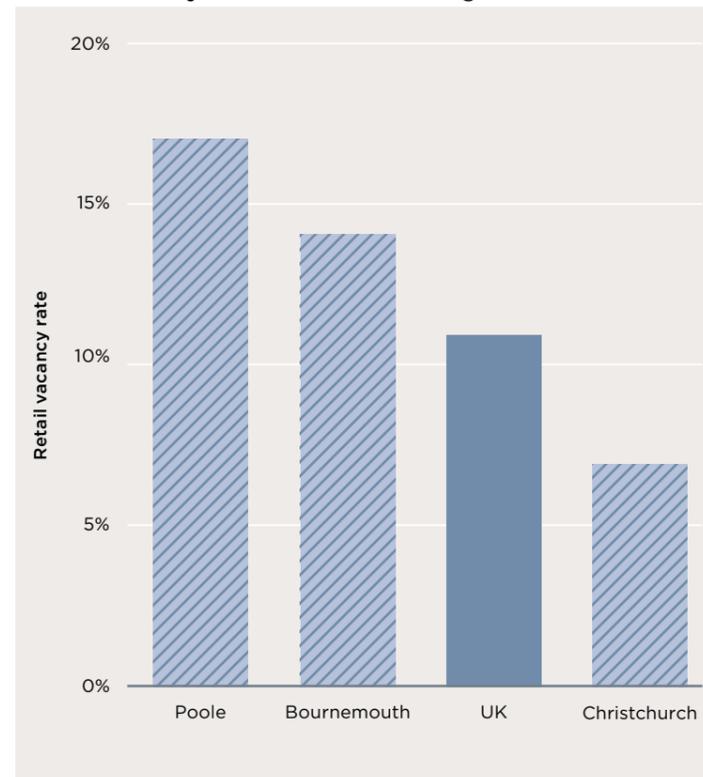
However, there are issues surrounding the quality of supply and in particular the amount of redundant floorspace. Therefore, offering an opportunity for some retail space to be re-purposed.

There is a significant opportunity from the merging of the boroughs to create a more co-ordinated strategy to recognise what is unique or beneficial with each of the main retail centres complementing each other rather than competing.

In addition, there are opportunities to redevelop excess or marginalised retail space through alternative town centre uses. This could include residential, office/workspace, social/amenity, civic/community, or leisure. The implications of an ambitious forward thinking and targeted approach to enhancing the town centre ultimately can have a positive impact on footfall, vitality, social integration and strengthen the demand for the retail and leisure space.

Focusing on enhancing key retail areas with investment in public realm will help drive footfall and uplift retail areas but this should be concentrating on the core retail areas rather than expanding them. Investment in developing the cinema complex in Poole is hoped to boost the local area enhancing the public realm as well as providing better amenities.

Retail vacancy Above the UK average

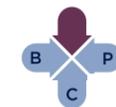


Source Savills Research

“ Making new areas within BCP more accessible will unlock new development sites ”

Key conclusions for Urban Dorset

Opportunities will be created when the three boroughs combine



Greater influence

Combining to become one new unitary authority will give Bournemouth, Christchurch and Poole more influence with Government and give it a greater chance of attracting significant funding through Public Sector Growth Deals and the private sector.



Stronger business offering

The area needs to enhance its offering for existing businesses and to attract new ones. It currently has the fastest broadband in the country and the first test bed for 5G in partnership with OS at the Lansdowne. By capitalising on its digital assets and pioneering 5G across all the key business districts it will set itself apart.

Public-private partnership is key and working with the universities to create incubator space at Talbot Village will support the growth of the tech sector. A coherent strategy for raising the profile of the area and improving digital and transport infrastructure across the urban area will also help to grow the aviation and marine engineering sectors.



Improving infrastructure

Spending more on infrastructure will mean road and rail links across the urban area can be improved, as well as links to Exeter and Bristol to the west and Southampton and London to the east. Reducing journey times and making new areas within BCP more accessible will unlock new development sites and support higher values around stations.



Repurposing retail

Vacant retail space should be repurposed to other uses to enhance the town centres. There is enough retail space to meet the local need but above average vacant space in Bournemouth and Poole particularly. Improving the public realm in the core retail areas, repurposing empty shops and strategically considering how the different town centres can complement each other will strengthen the demand for what is already there.



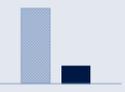
Housebuilding boost

Urban Dorset will need a new Local Plan, where the housing need is likely to be 2,160 homes per year. Only half that number are currently being built. Due the tight natural constraints of the sea, heath and floodplain, both brownfield sites in the urban area and Green Belt development will be needed to meet this growing need. A range of types and tenures of homes are needed.



STUDENT HOUSING

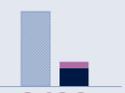
Development in Bournemouth town centre has been focused on student accommodation over the last five years. There are currently 5,700 purpose build student beds in Bournemouth for the 23,500 student population, sufficient to house 31% of full time students. An additional 2,100 beds are in the development pipeline. Once these extra beds have been completed, there will be enough beds to accommodate 42% of full time students in the town.



5,700 Purpose build student beds in Bournemouth



31% Sufficient to house 31% of full time students



2,100 Beds are in the development pipeline



42% This will accommodate 42% of full time students



Savills Research

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