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Havant Borough Council

Employment Land Review Update

July 2026

Havant
BOROUGH COUNCIL

Contents

Appendices

Quality Assurance

This report has been prepared within the quality system operated at Rapleys LLP according to British Standard ISO 9001:2015.

We confirm that the undersigned is an appropriately qualified and experienced Chartered Surveyor/Planner experienced in the commercial property sector.

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INTRODUCTION AND SUMMARY

i. The Council published a full Employment Land Review in 2024 but, much of that analysis reflected the market in 2023. In recognition that main evidence base documents should not be older than two years at the time of plan submission, the 2024 analysis needs updating.

ii. To address the plan-making requirement, we have updated our previous work by using the most recent data available for employment and plan monitoring data to update the past trends in delivery analysis.

iii. We also update our analysis to reflect ongoing Duty to Cooperate work across Southern Hampshire[1] and particularly the offer from Portsmouth and Fareham to help meet Havant's unmet need. This update reflects again Havant's exceptionally limited opportunity to identify new land.

iv. The update brings forward the plan base year from 2023 to 2022 to align with the draft Building A Better Future Plan's revised 2022-43 period.

v. The portfolio of sites in the land supply to meet employment need has been boosted. The move to an earlier (2022) plan base date means the delivery of the Amazon on New Lane is now included within plan period completions, plus Phase 3 at Dunsbury Park is also now included in the general industrial supply rather than continuing to be identified as land to accommodate Freeport related net additional jobs.

vi. In terms of market outlook, while our 2024 report is approaching a couple of years old, the general market direction remains similar. A full update of the market section would not be appropriate, especially given the very small size, and limited data, for Havant. As discussed in more detail in this report, if anything, the market for commercial space and particularly industrial space, has weakened as the market has struggled to absorb the Covid 'boom' in supply.

vii. In our 2024 report there were signs of impending market weaknesses, but market commentary, and particularly agents' feedback remained positive[2]. This optimism, with hindsight, was misguided with the national market in the following years seeing levels of development reduce. While delivery is generally 'lumpy, in 2024/25 for the first time in fifteen years no industrial development activity (neither gains nor losses) was recorded in Havant. Looking forward, the phased delivery of industrial units continues at Langstone Park, with circa 8,500 sq m likely to be delivered in 2025/26, and development in progress at Waterloo Park, Waterlooville.

viii. While agents' market reports always need treating with care because ultimately, their objective is to generate new business, even these normally optimistic reports now confirm a downturn in general market activity.

ix. At the national level, Savills in early 2025 reported the 2024 year as one offering industrial and distribution firms the highest level of supply seen in the previous decade[3]. Speculative development (the delivery of new floorspace) stalled, while those that may choose to take 'build to suit' products delayed their investment. Built to suit is a favoured delivery model for large users because they can specify their own property requirements. Lambert Smith Hampton (LSH) reported that the pandemic fuelled expansion faded during 2023, as the market experienced a rapid swing from record breaking to subdued levels of activity'[4].

x. While some the drivers of demand remain, for example e-commerce, it is unclear whether over the plan period, previous growth rates can be sustained or should be sustained given many losses online are at the expense of high street retailing. While e-commerce sites are opening, many other logistics networks to serve the high street economy; including their warehouses and distribution chains are closing or being re-configured. Trade can only move from the high street to e-commerce once. Once this shift is complete further rapid e-commerce growth will need to slow.

[1] As documented in the March 2026 Statement of Common Ground between South East Hampshire Local Authorities. Final_SCG_SEH_Mar-26.pdf

[2] Para 5.4 "Recent consultations with agents and developers have confirmed that the market has cooled from its pandemic peak, but demand remains strong."

[3] Agents reports normally need treating with care because, part of their purpose is to 'talk up their market' but most reports in 2024 expressed similar concerns regarding a weakening of the market. Eg Savills | UK industrial and logistics market outlook

[4] Industrial and Logistics Market Report 2024 | LSH

There are signs in retail planning evidence that the growth in 'special forms of trading' (include e-commerce) will slow over the plan period.

xi. Related to the industrial sector, the 2024 report was drafted shortly after the designation of the Solent Freeport – including land at Dunsbury Park as a 'tax site'. As discussed in 2024 the freeport had been advanced on a 'nil displacement' basis – i.e. the designation of the Freeport would stimulate net additional demand for economic space and net additional job, as opposed to displace demand from one local site to another.

xii. Following the logic of designation, it was questionable whether the new Freeport land (Phase 3) should be counted against a PPG assessment of need where the Freeport policy intervention was not in play and so demand may have been less. For this update we expect the site to come forward for general warehousing rather than the advanced manufacturing envisaged in the Freeport business case.

xiii. Thus, in this updated report, given the market outlook, the lack of Freeport related demand and proposals for non Freeport related businesses, we conclude that there is little prospect of Freeport related net additional jobs and floorspace, and therefore the available land at Dunsbury Park should be included within the supply available for general market activity.

xiv. As with the last report the office market remains weak and developer confidence to build new space, has yet to return. There is little long-term, plan period, clarity as to when confidence will return although as noted above, Portsmouth is agreeing to assist, and unlike Havant, has a supply of land that can wait for market confidence in offices to recover.

xv. The 2024 report also highlighted that Havant's socio-economic baseline was reasonably strong with key indicators showing relatively low unemployment, albeit wages lag behind the county. The influence on Havant's economy of the City of Portsmouth and its attraction for employment, is evident through the Borough's relatively low job density (number of jobs compared to number of economically active residents) and the high level of out-commuting observed (34% of residents work outside the Borough).

xvi. One further factor we need to consider is potential housing and so labour supply growth, now that the Council has confirmed its housing capacity over the 2022-2043 period. For this update we estimate the size of the resident, economically active population, should the Council build the Standard Method in full. We also consider a much lower capacity constrained scenario. Havant has capacity to deliver only 7,087 of the 18,564 new homes needed to deliver Standard Method in full, albeit given the constraints to available land supply this is academic and the full standard method figure is not a reasonable alternative. While we understand that neighbouring Local Authorities may accommodate some unmet economic need, there is no readily available solution for housing.

xvii. There is, at the time of writing, a draft 2025 version of a new NPPF. The structure of this draft version is very different but, in practice for the economic uses, remains largely unchanged. The requirement to consider the need for major new logistics sites remains; as is the general approach to positivity so that planning does not constrain economic growth. The need to consider 'market signals' including understanding whether demand/supply is balanced at the time an assessment is undertaken remains a fundamental part of the PPG. We provide further detail in the appendix to this update, but as noted above, very little has changed with the national direction of travel.

xviii. The PPG, which provides expanded policy and evidence-making guidance, has not been updated, and thus the policy commentary as regards the emerging NPPF and possible revisions to the PPG provided in the 2024 report still stands. However, subsequent to this report completing, the Council will need to check the final drafting of the NPPF/PPG and may need to reflect any changes closer to plan submission.

1 PROPERTY MARKET IN 2026

1.1 In this section we provide a brief update as regards the current strength of the industrial and logistics sector and also offices. Our 2024 report was informed by a number of sources but, to illustrate the market, we used data from Lambert Smith Hampton (LSH), which is published as part of their periodic market update reports.

1.2 We are always cautious regarding this type of evidence because it is generally positive – reflecting the nature of the evidence and its intended developer audience. Even in challenging markets such reports often focus on the positives. But this type of data remains helpful and even these reports cannot escape the weakening in the industrial and logistics markets.

1.3 Recapping the national market is useful especially because of the small market size in Havant which makes spotting trends in the market challenging.

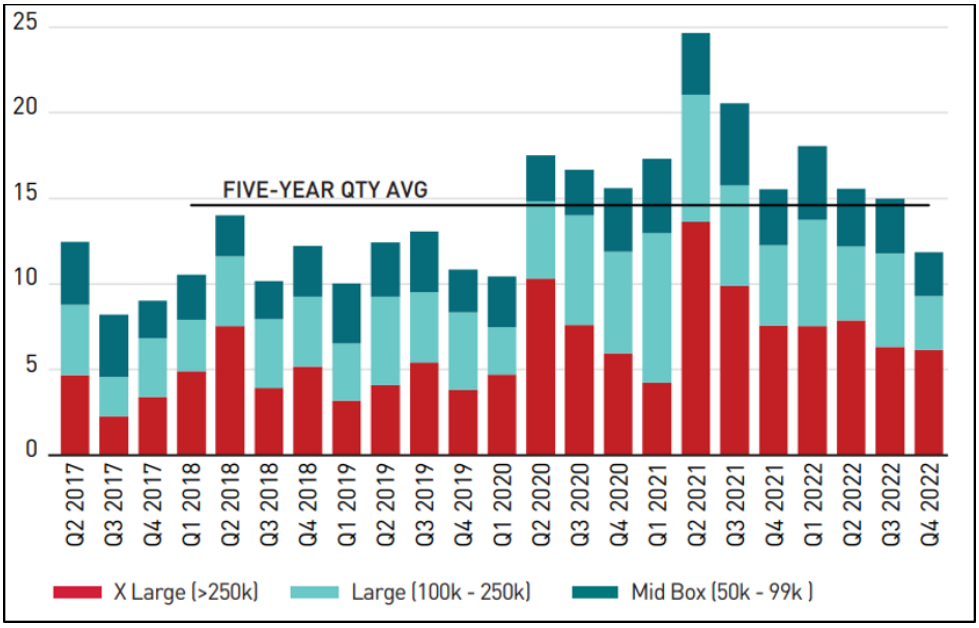
INDUSTRIAL

1.4 In 2023 there was national evidence that the most recent, 2022 data, was showing a weakening of activity and slowdown in development or take-up.

1.5 But this 2022 weakening came on the back of an exceptionally strong Covid era growth, and while recognising that the Covid peak had passed, agents remained optimistic. However, as the 2023, 2024 and 2025 data makes clear, 2023 onwards were very weak years.

1.6 In 2023 LSH highlighted the 5 year average take-up (National) at around 15m sq ft a quarter. We have replicated below the LSH data presented in the 2024 ELR. This showed a weakening of national demand, post a 2021 Covid driven peak but, as reported in 2023, agents remained bullish and were, when consulted, suggesting this was a short-term blip.

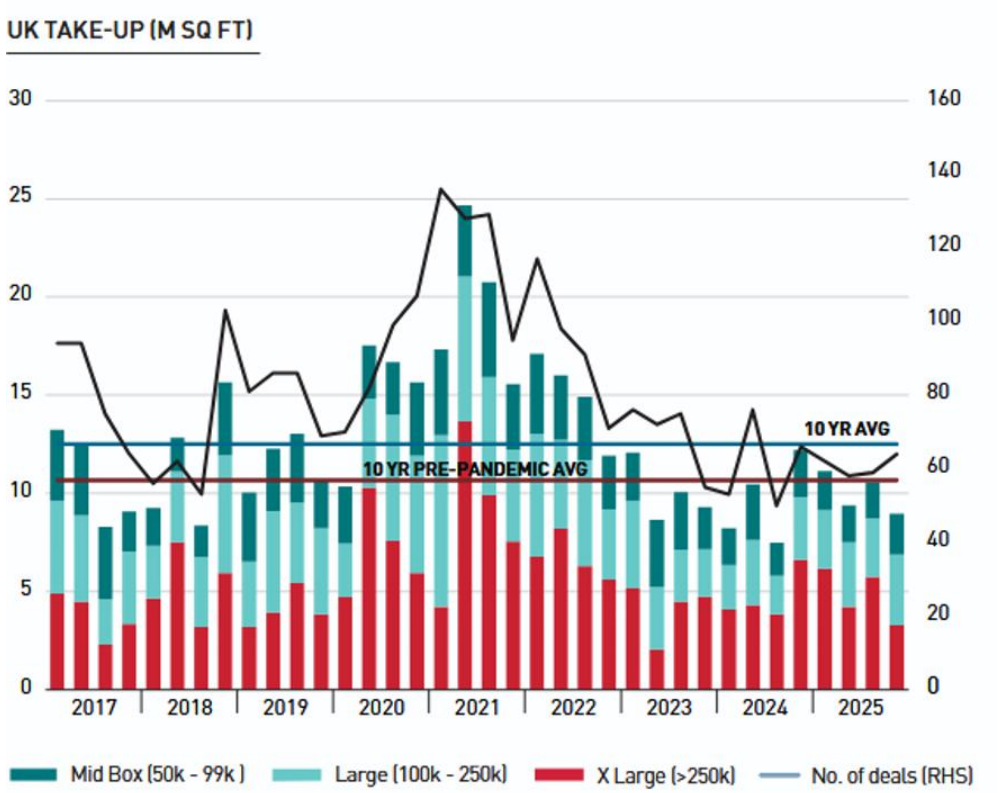
Figure 1-1 – LSH 2023 Industrial Market Review



1.7 The more recent 2026 LSH report is shown below. As opposed to reporting a 5-year average LSH now focus on a 10-year average which is much lower than previously reported. Nationally the 2023 average was c15m sq ft per quarter, positively influenced by the Covid peak. In their 2026 report LSH have moved to reporting a 10-year average – mathematically the move to a 10-year average reduces the weight given to the very weak, post Covid years.

1.8 For our purposes this new data shows much lower levels of take-up compared to the previous focus on 5 years. Also, that a 10 year pre-pandemic average is very similar to a new 10-year period – the Covid peak has been dissipated in the longer run data.

Figure 1-2 – LSH 2026 Industrial Market Review



1.9 We understand that part of what has driven this fall in demand is a Covid 'overhang' – the market is struggling to absorb all the space delivered in the Covid era peak. While this is less obvious in the small Havant market, nationally Covid resulted in strong delivery as developers took the opportunity to rapidly build out the pipeline of space in response to very strong, but Covid related, market signals. At the peak of the Covid boom retailers and the health sectors were rapidly increasing their storage capacity before releasing space as the pandemic passed.

1.10 No reliable market data is available for Havant, given its small and local market size. But the fact no space was delivered in Havant in the 2025 monitoring year is likely to reflect this weakening national picture. We understand from the Council, who has sight of further data including that related to possible preapplication discussions, that this is unlikely to change in the short term in Havant.

1.11 While Havant delivered industrial space in the years up to 2024 absolutely no industrial space was completed, or lost, in 2025 – a first since the Council records began. While there are, in the historic data, some negative years these generally reflected the loss of poorer quality stock and sites being 'shaken out' of the portfolio. Recording no new floorspace in 2025 when the market nationally had cooled, but not stalled, is unusual.

1.12 We return to the trend years when updating 'need', but for this purpose, more recent market evidence confirms the untypical Covid related years alone do not present a reliable plan period barometer of demand. But; at the same time, the most recent few years reflect the market looking to swing and correct – absorbing this Covid era build (at least nationally).

1.13 In terms of rents the South Coast, including the PfSH area remains competitively priced with rents around £14 per square foot which is a significant discount compared to locations closer to the M25. Rents are cheaper than in many 'core' logistics locations but that reflects the nature of the market and limited stock of very large logistics units and a more local market here. As reported in the PfSH strategic work South Hampshire is not a major logistics location and is poorly located to service major population centres at the regional scale.

1.14 This new data suggests that we should consider a longer 'trend' period to assess plan period needs and, following this new evidence, should reduce the weight given to any peak Covid years by including more recent data within the 'trend'. We return this in the next section when we update need.

OFFICES

1.15 While there is evidence that the industrial market has cooled for offices the market remains weak and, while there may be some signs developer confidence is returning, this does not extend to secondary office markets including Havant. Those looking for office space have a choice of locations, existing built stock and unbuilt land allocations should they choose. Viability and deliverability in the short term remain problematic.

1.16 Recent agents report, including the 2026 LSH report, highlights that occupiers have moved to seek 'quality' referred to as a 'flight to quality'. While presented as a market facing positive this partly reflects the need for developers, in a weak market, to proactively compete, and occupiers to exercise their influence when seeking new space. For Havant the 'flight to quality' is less relevant given the markets secondary nature but, with the prospect of 'quality' existing or proposed supply elsewhere Havant will struggle to compete.

1.17 Looking at the drivers of demand in Havant public sector related demand is unlikely to recover – this is detrimental to smaller towns where the office market has historically been anchored by public sector occupiers. But, as noted in the introduction, nationally the UK has continued to gain office sector jobs. In recent years these have been accommodated either through homeworking or space efficiencies. Employment densities have tightened in response and are often (and in Havant) well below the HCA employment densities guide 'rule of thumb'.

1.18 The economic forecast we used to inform our office demand assessment in 2023 suggests that, over the plan period, office job growth in Havant will return - Havant will not grow into a major office location of sub-regional significance but will experience some positive growth. Given many office jobs are related to servicing the population, with a growing population to service, some positive job growth is to be expected. The critical point is when this growth will trigger a demand for new floorspace.

1.19 In this regard more recent evidence suggests that around our last report, 2023, the UK was at 'peak' homeworking and while homeworking is here to stay for many workers, the push is more about the return to work as opposed to increased homeworking rates. Recent research for the House of Lords (2025) stressed the trend for firms to 'mandate' a return to work – although this was not always enforced but it is becoming increasingly common.

1.20 In our 2023 report we estimated office floorspace demand using 2023 'observed' office employment densities in Havant – so allowing for office/homeworking as seen in 2023. For this report we maintain this approach – we don't make any further allowance for increased or re-called homeworkers.

1.21 We considered updating the economic forecast, but for reasons related to labour supply, and the ability to meet housing needs in full, there is unlikely to be a labour supply to support a higher office number. As regards a lower number our net additional recommendation in 2023 was already low, and while any office floorspace growth could be considered aspirational in the current context, plans should seek to be aspirational and manage flexibility. Havant still needs a positive supply of land/floorspace to provide flexibility and manage the risk that office demand will improve. If no land is provided for in the next Havant plan there is a risk that any office demand cannot be fulfilled.

1.22 Raw market signals, and developer short term confidence, would suggest no new office space over the forthcoming plan but, over the new plan period, the Council needs to remain flexible land positive, We return to this in the 'balance' section because there is also a known supply of possible floorspace in Portsmouth and given this fact, Havant is always likely to lose out when firms are looking for sub-regional sites/floorspace.

SUMMARY

1.23 Our last report was prepared in 20224 based on data largely from 2023. Since then, the market has moved on, but the general direction of travel remains as previously set out.

1.24 The outlook for industrial remains positive although less so since 2023/24. In 2023 there was signs in the data that the market was cooling, but agents' feedback remained positive. The additional years of data suggests this view was too optimistic and the market, in 2025/26 was still in a weak position. For our analysis in the next sections the weight afforded to the Covid boom years should now be reduced. Nationally, the LSH data referred to above, shows current 10 year national averages in take-up being only slightly ahead of where they were pre-pandemic.

1.25 For offices; the national market remains largely as presented in 2023/24. While some office markets are showing more positive signs these are generally stronger office markets – firms looking for space will obviously look for value and, if space is available at reasonable cost, will favour those more central markets over the more secondary.

1.26 Havant needs to plan positively for a growing office sector, although modestly. Without any positive land provision any additional demand will be displaced elsewhere. But, while viability remains an issue (as per 2023) the focus needs to be on retaining stock where viable to do so. The Havant vacancy rate is volatile given the small market area, and currently (2026) vacancy is 12.6%, which is broadly where the level has been for a couple of years, prior to that vacancy was low single digit back to 2018.

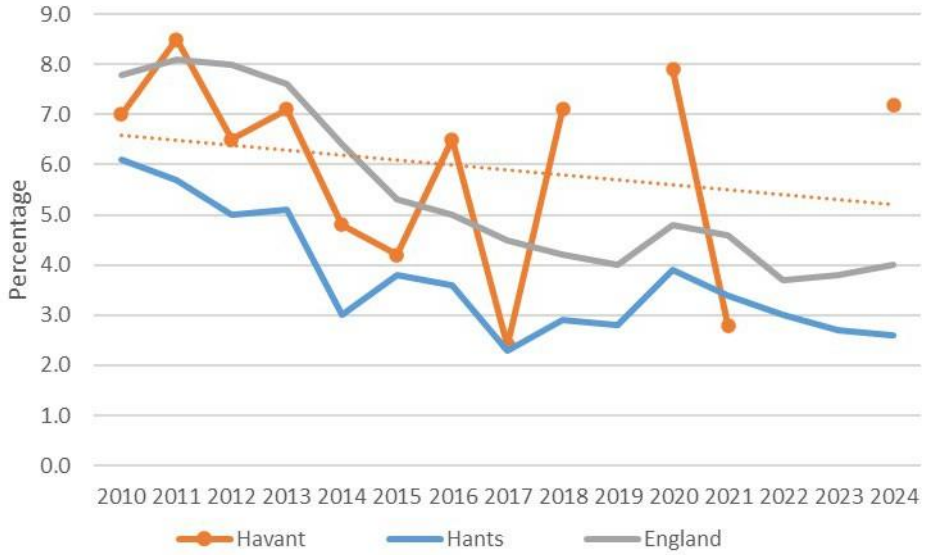
2 SOCIO-ECONOMIC UPDATE

2.1 As referred to earlier, at the time of the 2024 ELR study Havant's socio-economic baseline was reasonably strong and clearly intertwined with the City of Portsmouth's economy within whose economic market area Havant is located. The conclusions drawn in 2024 were that while the Council should aspire to higher skilled and waged jobs for Borough residents, there needs to be a degree of pragmatism given the strength and size of the neighbouring economy.

2.2 Below, we review the position now using latest available data for three of the main socio-economic indicators - unemployment, wages and job density. We note that the position in respect of the other key indicator, commuting flows, remains as reported in 2024 based on Census 2021 data – strong outflows (34%) of the Borough workforce.

2.3 The chart below updates the position in respect of unemployment, albeit for Havant there is only one additional data point. Havant's unemployment rate continues to be quite unstable largely because of the small sample size, but the trend remains downwards, so no significant change from the position reported in 2024.

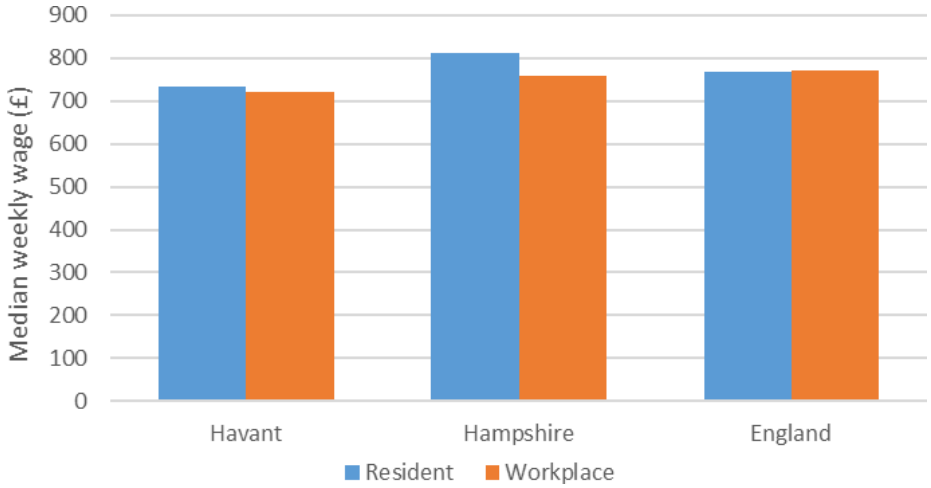
Figure 2-1 Havant Borough – Unemployment



Source: ONS annual population survey nb no figures for 2019 2022 and 2023 due to sample size issues

2.4 The data for wages in the 2024 report referred to 2022 and showed that wages in Havant (resident and workplace) were quite substantially lower than county and country (17% and 12% lower). As illustrated in the chart below, the latest (2025) data shows the position has narrowed considerably with Havant wages increasing to within 9% and 5% of the benchmarks respectively. It is plausible that the floorspace delivered at Dunsbury Park and the higher value businesses and jobs will have helped lift wages in the Borough.

Figure 2-2 Havant Borough – Wages 2025



Source: ONS annual survey of hours and earnings (ASHE), 2025

2.5 The third indicator considered is job density, which is the number of jobs compared to number of economically active residents. The higher the number the closer the balance between local jobs and local labour force.

Table 2-1 Job density

Area	Jobs density
Portsmouth	0.88
England	0.87
Hampshire	0.83
Havant	**0.62**

Source: ONS jobs density for 2023 (latest available)

2.6 Unsurprisingly the City of Portsmouth has a high density, which aligns with the high degree of in-commuting into the city from neighbouring areas such as Havant. Hampshire overall has a relatively high density just below the national figure, while Havant is lower reflecting the relative strength of its economy that will remain close to the lowest in the county (Gosport).

2.7 In conclusion, the improvement in resident/Borough wages is the key positive compared to 2024, and while we cannot draw a conclusive link to Dunsbury Park, there is no doubt that the provision of land and opportunity has attracted higher skilled and waged jobs into the local economy. Havant's job density figure relative to Portsmouth continues to demonstrate the City's 'sphere' of influence and suggests Havant's labour force will continue to be drawn to the job opportunities available in the City.

3 INDUSTRIAL NEED

3.1 The 2024 ELR concluded that over the 20-year plan period industrial need was circa 140,000 sq m. This was identified on past trends in floorspace delivery basis (most recent five-year period). The alternative labour demand approach, based on an economic forecast (Experian June 2023), produced a much lower assessment of demand.

3.2 In this update we consider the latest available data to underpin the past trends approach, but do not refresh the labour demand approach as neither an updated economic forecast nor the one additional year gained by bringing the base year forward to 2022 would 'move the dial' on that approach to a need assessment.

3.3 This update also considers labour supply, specifically the labour force implications of a (theoretical) scenario where the Standard Method housing delivery is achieved in full.

3.4 In this section we firstly update the past trends analysis before moving on to consider the labour supply scenario.

3.5 Since our last report two further years of local plan monitoring data has been published (2023/24 and 2024/25). For the purposes of plan-making we use data collected by Hampshire County Council, which is therefore available for public scrutiny. Thus, an assessment using monitoring data is more transparent that some other studies that are underpinned by commercial data, data behind propriety paywalls, not publicly available and cannot be audited.

PAST TRENDS APPROACH

3.6 This update involves adding in the latest data, recalculating the trend period averages, 'sense checking' these against official published data and then using the most appropriate trend period average to project forward over the plan period.

3.7 A common criticism of a past trends approach is that it simply reflects what was delivered in the past, but that omits the care given to the selection of the relevant trend period and whether that period broadly reflected market signals (and other) evidence. In the 2024 study we selected a trend period where demand was rising and projected that through the new plan period – alternative periods were available, and different PPG methods, that generated alternative results. In 2024 a rising market trend reflected the 'bullish' market / agent feedback.

3.8 Opinions regarding the scale of need will always differ but, as with here it is common for studies to recommend seeking to 'front load' the economic land supply where possible – so, in summary, and assuming a 5 year plan review cycle, plans should provide 15+ (or so) years of deliverable supply and use their plan reviews to 'top up' as needed. This flexibility means that actual demand could be three times higher than the estimate of need and still provide land to the market.

3.9 Given that plan-makers normally have to choose between allocating land for housing or economic purposes, seeking to manage risk by including very large 'margins' (land provided only for safety reasons) could result in land being unnecessarily safeguarded. It was not very long ago when the market trend was to seek to release industrial allocations for housing or retail uses via application or appeal. Given Havant is short of land for any format of development, most obviously housing, a cautious approach to overprovision of economic land is sensible acknowledging that Havant cannot meet the assessed need for housing or employment.

3.10 In line with our previous studies and advice, we do not quantify a need figure for the Freeport, and any employment so derived would be net additional to the market. However, as discussed earlier for a number of reasons the prospect of net additional jobs flowing from the Freeport is considered unlikely, and therefore the land at Dunsbury Park Phase 3 that was identified to accommodate Freeport related activity is now considered available for general employment market uses.

PAST TRENDS IN INDUSTRIAL COMPLETIONS

3.11 The table below replicates the data from the 2024 ELR that ran to 2022/23 (the years with grey background) and then in the final two rows adds data for the two most recent years of monitoring – 2023/24 and 2024/25.

Table 3-1 Havant Borough – Net Change in Industrial floorspace

Net change in industrial floorspace / Monitoring year	Core industrial Sq m	Ware-house Sq m	Total industrial sq m
2010/11	-205	0	-205
2011/12	1,725	0	1,725
2012/13	-9,082	0	-9,082
2013/14	783	0	783
2014/15	-18,507	-663	-19,170
2015/16	-869	0	-869
2016/17	1,502	0	1,502
2017/18	2,748	0	2,748
2018/19	-8,827	0	-8,827
2019/20	10,608	0	10,608
2020/21	-208	152	-56
2021/22	11,120	8,546	19,666
2022/23	-655	14,049	13,394
2023/24	**0**	**18,167**	**18,167**
2024/25	0	0	0

Source: HBC Monitoring data

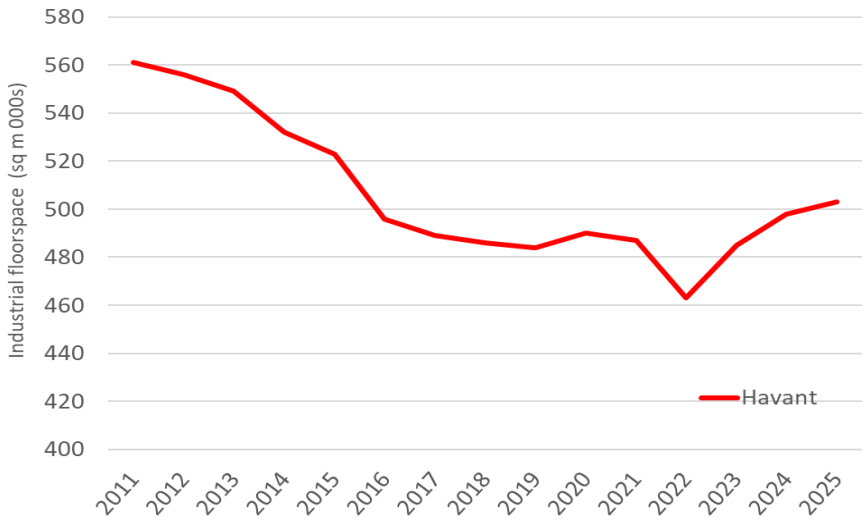
3.12 2023/24 saw major schemes complete at Langstone Park and at Dunsbury Park, which sum to the second highest total in the past 15 years, but 2024/25 saw no completions at all, neither industrial gains nor losses, the first year to register zero activity in 15 years. The years with high and low totals reflect the 'lumpiness' of delivery of what are comparatively few schemes at Borough level.

3.13 The three years preceding 2024/25's inactivity collectively added c50,000 sq m to the Borough's overall industrial floorspace, increasing the total industrial floorspace to c500,000 sq m. The relevant schemes contributing over this period, in addition to those referred to above, being Spring Business Park and the Amazon warehouse, both of which are in the New Lane industrial area.

3.14 It is clear from the data that this pattern of 'feast or famine' years, reflects the impact of a handful of large schemes coming forward on an intermittent basis. Looking ahead a further phase at Langstone will deliver over 8,500 sq m in the current year and we understand development at Waterloo Park has commenced[5].

3.15 Next, we sense check the profile of recent changes as set out in the monitoring data above, with overall Borough-wide industrial floorspace change as recorded by the VOA, as shown below.

Figure 3-1 Havant Borough – Net Change in Industrial



Source: VOA

[5] Informal and unpublished data from HCC

3.16 The graph shows that after a long period of decline that included a sharp drop in 2022 (largely down to the loss of Pfizer, New Lane) there has been a significant uptick in industrial floorspace delivery over the past three years, which sums to a net increase of c40,000 sq m. Thus, broadly aligning with the floorspace figure in the monitoring data. The difference is likely to be explained by different data inclusion periods and use definitions. but the direction of travel is clear.

3.17 It is relevant to note that the majority of the industrial space added is in fact warehousing rather than light or general industrial.

3.18 Overall, the Monitoring data broadly aligns with the VOA data, with both seeing a marked uptick in overall industrial floorspace in recent years.

AVERAGES/TRENDS AND PROJECTIONS

3.19 Based on the above data the table below presents a range of averages / trends and a plan period projection for each trend period. In arriving at the projections no additional margin is added to account for any corrections because there is considerable latitude in the figures already and very little latitude in the potential supply.

3.20 The first set of data (grey rows) replicate the averages set out in the 2024 ELR that were to year 2022/23 and in the final column these projected over the2023-43 period, with the preferred average in the 2024 ELR being the five-year average upper most in the table below that aligned with the market view. These are shown to aid comparison with the updated averages and projections that come next.

3.21 The second half of the table (four bottom rows - white background) present 6,8,10 and 15 year trend periods including the latest two years of data, with the averages ending in year 2024/25. The far right-hand column projects over the revised 2022-43 plan period.

Table 3-2 Havant Borough – Net Change in Industrial

Period averages	Core industrial Sq m	Ware-house Sq m	Total industrial sq m	Projection 2023-43 sq m
5 year pa average 2018/19-2022/23	**2,408**	**4,549**	**6,957**	**139,140**
10 year pa average 2013/14-2022/23	**-231**	**2,208**	**1,978**	**39,558**
13 year pa average 2010/11-2022/23	**-759**	**1,699**	**940**	**18,795**
Period averages	**Core industrial Sq m**	**Ware-house Sq m**	**Total industrial sq m**	**Projection 2022-43 sq m**
6 year pa average 2019/20-2024/25	**3,478**	**6,819**	**10,297**	**216,227**
8 year pa average 2017/18-2024/25	**1,848**	**5,114**	**6,963**	**146,213**
10 year pa average 2013/14-2024/25	**1,542**	**4,091**	**5,633**	**118,299**
15 year pa average 2010/11-2024/25	**-658**	**2,683**	**2,026**	**42,538**

Source: HBC Monitoring data and Rapleys analysis

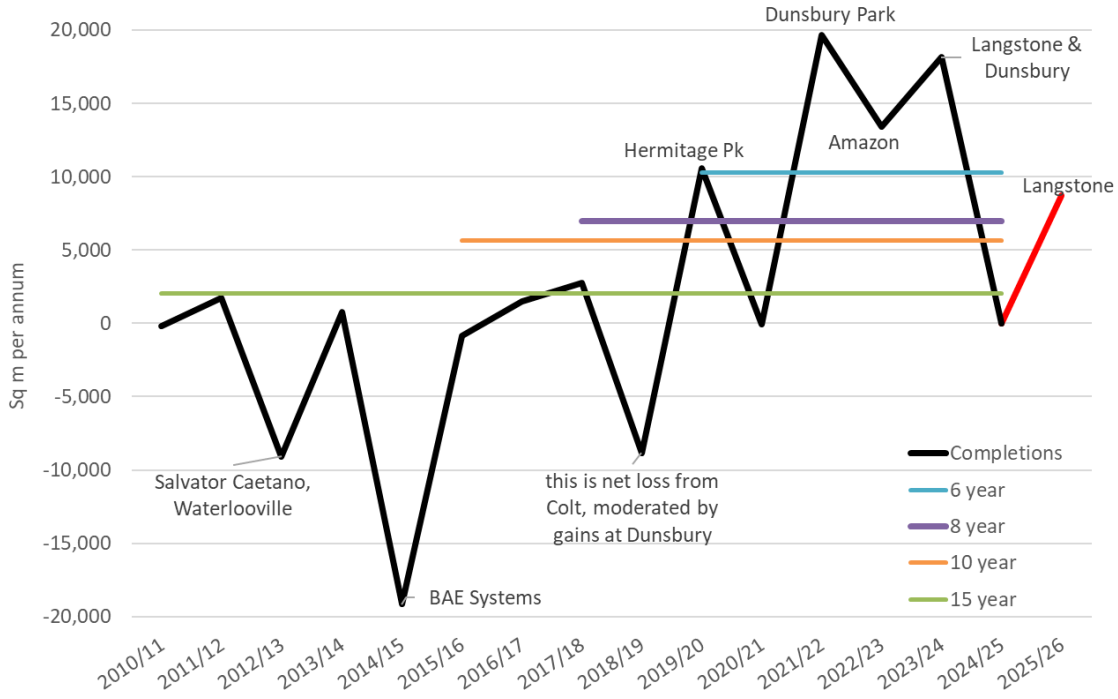
FINDINGS

3.22 In our previous report we recommended Havant plan for 139,140 sqm – which reflected the most recent 5 year trend period at the time. This projected forward a mix of some strong years for Havant, years that broadly reflected the Covid boom, balanced by two years were floorspace losses exceeded gains – negative years were not uncommon in Havant, although in a rising market we would have expected fewer, but as discussed with relatively few schemes coming forward the data is bound to be 'lumpy'.

3.23 Turning to the averages that include the latest two years of data (2023/24 and 2024/25) the table presents trends based on 6,8,10,and 15 years. The table shows the average net change is highest in the shorter 6 year term (10,297 sq m pa that projects to 216,227 sq m over the whole plan

period, and the averages and projections reduce as the trend period years lengthen. Below, to assist with determining which period is most reflective of the scale of growth the Borough should plan for, we illustrate the data in chart form.

Figure 3-2 Havant Borough – Comparison of different averages in net change in Industrial floorspace



Source: HBC Monitoring data and Rapleys analysis

3.24 In the above chart the black line denotes the annual average net change in completions – the same data as the right-hand column in Table 3.2 above. At the extreme right-hand side, we have accounted for the known 2025/26 delivery at Langstone, but this is not published data and thus is not included in the trend period calculations and is shown for illustrative purposes only. The key schemes that take the 'delivery' line above and below zero floorspace delivery are noted. The coloured horizontal bars denote the trend periods, with their length varying according to the number of years included – for example the green line – the lowest bar of the set, is for the whole period 2010/11-2024/25. Reiterating the point made above, the chart shows how as the bars rise up the scale they shorten.

3.25 The chart illustrates the 'lumpy' nature of delivery, and how supply is reliant on a very small number of sites. However, as shown in the next section and by the inclusion in the chart of the 2025/26 phase at Langstone these large sites do have considerable supply remaining.

3.26 While we do not think that it would be sensible to plan on the basis of the 6 year trend period (turquoise bar) because that spans the Covid period and accelerated delivery, nor do we consider the full 15 year trend to be reflective of what will come forward in the future because that trend average included some large losses that review of the Borough's sites portfolio suggests is unlikely to repeat. Thus, accepting the 'lumpy' nature of delivery, the past rates of delivery, the development in progress and the availability of 'ready' supply taken together means that to avoid constraining future economic growth the trend averaging around 7,000 sq m (purple line 8-year average) is positive and achievable.

3.27 We have not made any provision for further stock losses from Havant in this assessment. The stock was assessed in 2023 and considered very largely fit for purpose, so further losses should

are not anticipated and any losses will be limited. Any windfall loses should be managed within the need figure, a front-loaded supply, and a plan review as would be needed in any event.

3.28 As shown in Table 3-2 above the 8-year trend period generates a plan period need of ~146,000 sq m, pro-rata almost exactly the same as the need identified in the 2024 ELR.

INDUSTRIAL SUPPLY

3.29 The 2024 report identified committed supply of 117,715 sq m. The three tables below document the Borough's updated supply as at March 2026, covering i) schemes completed since 2022/23, ii) extant planning permissions and iii) land allocated for industrial use.

Table 3-3 Havant Borough – Industrial supply – schemes completed since 2022/23

Year record	Site	Indust-rial sq m	Ware-house sq m	Flexi Indl sq m	Grand Total sq m	PA ref:	Reg 18 plan ref:
2022-23	32 New Lane		14,049		14,049	APP/21/00200	
2023-24	Langstone Park, 2B		11,290		11,290	21/00405	30
2023-24	Dunsbury Park - Phase 1 Plot 5		6,877		6,877	17/01324	27
	Grand Total sq m	**-**	**32,216**	**-**	**32,216**		

Source: HCC monitoring data

3.30 All three schemes completed since the beginning of the Plan period are comparatively large schemes. 32 New Lane is the Amazon last mile facility on the former Pfizer site, and both of the schemes delivered in 2023/24 are discussed above.

3.31 Turning to planning permissions (Table 3-4 below), the bulk of the floorspace is on three allocated sites with the largest at Langstone Park for the demolition of office and the erection of flexible industrial / warehouse floorspace. This scheme is now proceeding with reserved matters applications, with as mentioned earlier, a phase for 8,500 sq m completed in 2025/26. At Dunsbury Park, Plots 400 and a small parcel of Plot 1 of the original Phase 1-2 permission are the remaining last undeveloped parcels. At the Colt site, the residential element has been completed, but the industrial element is yet to progress. Elsewhere there are currently four extant permissions related to very modestly scaled proposals on non-allocated land (refer to the bottom four rows of the table below), all will result in net additional industrial floorspace with the exception of one (36 New Lane) where an existing large outdated industrial unit will be replaced by six modern industrial units totalling c4,500 sq m resulting in a qualitative improvement in stock, but an overall relatively modest net loss of floorspace.

Table 3-4 Havant Borough – Industrial supply – planning permissions

Site	Indust-rial sq m	Ware-house sq m	Flexi Indl sq m	Grand Total sq m	PA ref:	Reg 18 plan ref:
Langstone Technology Park 2B			50,421	50,421	22/00172	30
Dunsbury Park (Remaining Phase 1 Plot 1 Land & Plot 400)			17,113	17,113	12/00338	27
Former Colt International Site	2,860			2,860	18/00244	28
2, 2A, 4 & 6 Seagull Lane	975			975	22/00155	-
Unit 3 North Street		620		620	21/01370	-
Furniss Business Centre	243			243	23/00486	-
36 New Lane			(1,263)	(1,263)	22/01039	-
Grand Total sq m	**4,078**	**620**	**66,271**	**70,969**		

Source: HCC monitoring data

3.32 The floorspace potential on the sites proposed for allocation in the Regulation 18 Plan (see table below) is largely consistent with what was recorded in the 2024 ELR update with the exception that the permissions at Langstone Park and Dunsbury Park phase 1 are now recorded in the completed and permitted schedules in the tables above. The additions to the supply table below are the Phase 3 land at Dunsbury Park and the Downley Road Gas Holder site that was previously

omitted in error. There is one exclusion, the Gas holder site on Palmers Road, Emsworth, which other evidence shows cannot come forward for industrial use because of flooding issues.

Table 3-5 Havant Borough – Industrial supply – proposed allocations

Site	Indust-rial sq m	Ware-house sq m	Flexi Indl sq m	Grand Total sq m	PA ref:	Reg18 plan ref:
Dunsbury Park - Phase 3		13,950		13,950	-	27
Waterloo Park Elettra Ave (Former Bae Systems Site)	12,000			12,000	24/00777	26
Dunsbury Park - Phase 2 (Units 600 And 601)		11,535		11,535	-	27
Gas Holder Site, Downley Road, New Lane	3,760			3,760	-	29
Interbridges East	2,300			2,300	-	32
Interbridges West	2,200			2,200	-	31
Grand Total sq m	**20,260**	**25,485**	**0**	**45,745**		

Source: HCC monitoring data

3.33 Total supply, as set out in the three tables above, now sums to 148,930 sq m, which is c31,000 sq m higher than the supply recorded in 2024. This is mainly due to the inclusion of Amazon unit on New Lane that was completed in the first Plan year (2022/23), plus Phase 3 land at Dunsbury Park, the inclusion of the Downley Road Gas Holder site and a marginal increase in permitted floorspace at Langstone Park.

3.34 Based on the annual rate of need (6,957 sq m pa) commitments equate to just over 21 years' supply (ie the Plan length).

BALANCE

3.35 In the 2024 ELR report the industrial balance to 2043 (as shown in Table 7.4 of that report) after accounting for available supply, was a requirement for an additional 21,425 sq m.

3.36 The table below updates the industrial floorspace balance calculation for the 2022-43 period based on the revised demand and supply figures discussed above.

Table 3-6 Havant Borough – Industrial balance

		2022-43 Sq m (GIA)
k	Gross need	146,213
n	Total supply	148,930
o	**Need**	**-2,718**

Source: HCC monitoring data and Rapleys analysis

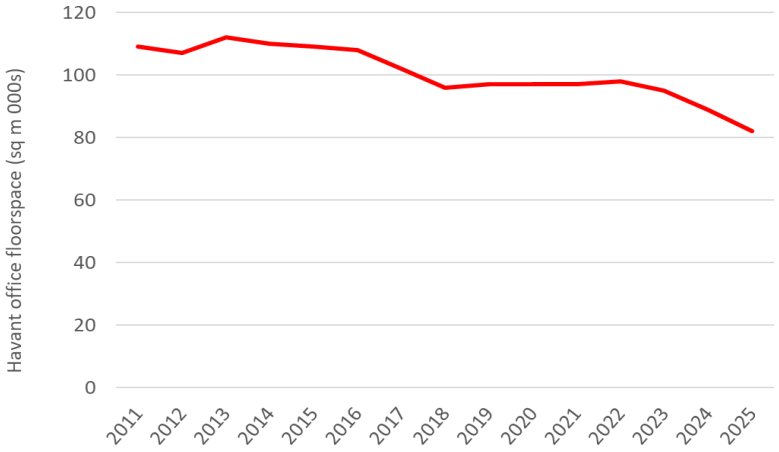
3.37 The latest data, as shown in the table above indicates that industrial need and supply almost exactly in balance

3.38 Should some of the above mentioned sites not come forward for general industrial development, including Phase 3 Dunsbury Park, which could possibly deliver net additional jobs over and above those anticipates for in the general market, the Council will need to look for other supply opportunities to bridge any unmet need 'gap'. As advised in 2024, it may be that the Council will need to look to neighbouring authorities, its FEMA counterparts, to address any shortfall.

4 OFFICE NEED

4.1 The quantum of office floorspace in the Borough has declined over the past fifteen years as illustrated in the Figure below, with the latest data (for years 2024 – 25) showing an acceleration in the losses with approximately 10,000 sq m (circa 10% of the total stock) lost since 2023.

Figure 4-1 Havant Borough – Total office floorspace



Source: VOA

4.2 This recent dip is not reflected in the plan monitoring data, with the only losses recorded in the official monitoring data being Aura House, Havant and 286/8 London Road, Waterlooville that together sum to less than 1,500 sq m. The disconnect between the monitoring data and the VOA will be down to differences in classification, timing of data recording and perhaps more critically change of use within E class that do not require planning permission.

4.3 The key fact is that the Borough's office floorspace continues to decline, and when assessing future need an approach based on past trends will be negative. Thus, as we did in 2024, when considering future need in the Borough for office floorspace we turn to the labour demand approach.

4.4 Given that as stated in the Council's 2022 Regeneration and Economy Strategy, the growth in housing provision will lead to a significant increase in the population, there will be a need to balance jobs and housing[6]. This combined with the Strategy's objective to build a stronger economy and specifically creating new and better jobs and particularly to diversify town centre uses, means the Local Plan needs to be positive and identify a supply of land / locations to enable positive growth in the economy.

LABOUR DEMAND

4.5 The 2024 ELR study 'translated' jobs recorded in the Experian Economics economic forecast that is sector based, to the various employment land use categories[7]. The method for the translation is explained at Appendix A of the 2024 report. The study showed that in 2016 there were 11,500 office based jobs in the Borough, but by 2023 the number had declined to 10,000, an average rate of reduction of 226 jobs per annum.

4.6 As noted earlier the quantum of office floorspace has declined gradually for a number of years, and the economic data confirms that office jobs have also declined from at least 2016. This 'balancing' of decline in office jobs and floorspace is quantified as a job density measure – floorspace per job. Office job densities in Havant Borough in 2016 were fairly high (9.5 sq m / job, compared to a national average of 12 sq m / job[8]), and with reductions in both floorspace and jobs to 2023, the office job density has been stable over that period, remaining at ~9.5 sq m / job. As we shall see below in the calculation of future need, the job density (rounded to 10 sq m / job) is the Borough average rather than a national benchmark average[9].

[6] Annex 2 Havant Borough Regeneration and Economy Strategy 2022–2036

[7] Employment land use categories being: office, R&D, light industrial, general industrial and logistics/distribution

[8] Homes & Communities Agency, Employment Density Guide 2015

[9] Some studies use the average figure from the HCA guidance dating back to 2015. That guidance identified job densities based on Full Time Equivalent jobs whereas for ELR's we work on total jobs . Hence our calculation of density factor (as b in the above table) is based on total jobs and total office floorspace.

4.7 Turning to the Economic Forecast, office job change at the time of the 2024 ELR to 2043[10] was for an increase of ~150 office jobs per annum, summing to ~3,000 additional office-based jobs in the 20 years to 2043 (see Table 9.1 of the 2024 ELR). This is a comparatively modest, but positive change reflecting the nature of Havant's office economy. We can surmise from this that the forecasters think the downturn in office jobs will not last, and office type activities are going to grow into the future. This is a very plausible approach given that a large proportion of office type jobs are people servicing activities, the professional jobs – solicitors, financial advisors, architects, and Havant's population is forecast to rise. There is also evidence of a more concerted return to the office, with a recent House of Lords investigation[11] suggests that the peak homeworking years are behind us. Thus, pre-Covid working patterns may to some extent re-establish.

4.8 With already comparatively high office job densities in the Borough (~10 sq m / job), which are unlikely to improve much further over time, and the additional office job generation, this will at some point push rents to the point where office development turns viable. Currently we remain a long way from that point, but over the course of the Local Plan period a return to viability is likely.

4.9 Thus, the position remains as presented in the 2024 ELR report. The table below replicates the calculation in Table 9.1 from that 2024 ELR but does reset the base year to 2022, and the plan period is 21 years to-2043. The re-basing to 202 generates a very minor reduction in need, because the June 2023 Experian forecast has marginally higher office job numbers in 2022 compared with 2023, but still broadly summing to an additional 150 office jobs per annum (~3,000 to 2043).

Table 4-1 Havant Borough – Office need to 2043

	Office need	2022-43
a	Jobs change 2022-43	2,997
b	Density factor (sq m NIA /job)	10
c	Occupier demand (floorspace change, sq m NIA) [a*b]	29,969
d	Vacancy factor (sq m) [c*8.1%]	0
e	Existing stock vacancy adjustment (sq m)	0
f	Need for development (sq m NIA) [c+d+e]	29,969
g	**Net need (sq m GIA)** [g/0.85]	**35,258**
	Office losses (added to get to gross need)	
h	Planning permissions	0
i	Plan allocations	0
j	**Total future losses [i+j+k]**	**0**
k	**Gross need (sq m GIA) [h+l]**	**35,258**

Source: , Experian Economics (June 2023), HCC monitoring data and Rapleys analysis

4.10 The latest monitoring data does not affect the office need calculation because office need was, and continues to be, based on the economic forecast job change over the plan period. The Council's Regeneration and Economic Strategy seeks to promote a stronger economy and specifically to diversify town centre uses, and this requires land and floorspace. Thus, the 21 year plan period office floorspace need remains ~36,000 sq m.

4.11 It is worth noting that the current version of the NPPF, and the Inspectors' local plan checklist (recently published) requires only a 10 year supply of 'town centre' (including offices) supply . While not stated in the PPG, this appears to reflect the challenge in identifying a plan period (15+years) need number and associated supply. The office market has been challenging for a number of years, and this has hindered plan period site promotion – developers are unwilling to invest in securing land allocations when they do not see a reasonable short-term development opportunity. In our experience most plans struggle to identify supply from promoted sites, and

[10] Using the same 'translation' technique to calculate the number of office jobs from the numbers in the economic sectors in the forecast.

[11] House of Lords November 2025 Is working from home working?

councils need to help by developing long-term redevelopment, renewal and regeneration strategies that make positive provision for new office space over their plan period.

4.12 Thus, the minimum office floorspace supply required over the first 10 years would be18,000 sq m.

4.13 In our view progressing the next Havant plan with no positive office provision, or any signposting where supply could be provided in an improved market, would not be positive nor reflect the need for plans to provide flexibility for a change in market conditions. But, given the current market weakness and limited viability any new office development will be middle of the plan period. Office jobs have traditionally delivered significant job growth and while it may be tempting to have zero office floorspace need over then plan period, some floorspace will be needed qualitatively given the otherwise reliance on industrial and out-commuted jobs.

4.14 In the short-term, given the flexibility in the NPPF it may be pragmatic for Havant to acknowledge that over the short to medium-term the viability 'gap' means a continuation is likely of the general lack of schemes coming forward with even an element of office, and it will be better to work with neighbouring Authorities to accommodate the shortfall in opportunity. The City of Portsmouth that has a strong office sector is the obvious and we understand willing candidate to accommodate Havant's unmet office growth[12]. Then mid to longer term plan period supply can be considered as part of longer term town centre regeneration strategies than can be adjusted (amending quantum's) at subsequent reviews.

[12] Ibid footnote 1

5 LABOUR SUPPLY

5.1 Assessing the labour supply resulting from demographic projections is one of the approaches considered in the NPPF as suitable for calculating employment land need. However, because the approach assumes that 'boosted' homes will attract a higher population through migration but given almost all councils need to boost housing above trend, there is no source for these migrants as nationally the population is fixed. So, any labour supply scenario that is reliant on boosting inward migration needs treating with some care. This caveat is critical and a labour supply scenario is not credible and would lead to planning for the delivery of more employment floorspace than future labour supply could realistically support. Therefore, we treat labour supply as a sensitivity rather than a scenario, and use it to 'sense check' the other approaches to establish whether there will be sufficient labour to meet the various projections of economic growth outlined in the other approaches to calculating employment need, and in particular the preferred approach discussed above.

5.2 The method for assessing future labour supply is explained at Appendix 2, and in this section the output of the labour supply calculations are shown below, and then discussed in the context of the outputs from the other need assessment approaches considered in this study to see whether the labour supply position modifies these in any way.

5.3 The assessment requires considerable judgment – many of the variables used to estimate the future labour supply are fluid; existing and future workers can commute in/out of the Borough, future changes to economic activity rates projected at the national level may not follow through local economies and especially where there is less financial incentive for older age workers to remain in employment rather than choose to retire, unemployment rates are dynamic and at 3.4% may already below the 4% equilibrium rate. The calculations at Appendix 2 set out the assumptions used in reaching the labour supply estimates.

5.4 The resultant labour supply for Standard Method delivered in full and also the Council's constrained housing delivery are as set out in the table below.

Table 5-1 Labour Supply over 2022-43 plan period – in full and constrained

Scenario	Labour supply	
	Total	excl commuters
Full Standard Method	16,403	12,302
Aligned with housing target	5,311	3,983

Source: HDH and Rapleys – refer to Appendix 2 for the calculations

5.5 Delivery of the Standard Method in full would generate a labour supply of 16,403, and after accounting for 25% net out commuting to jobs elsewhere the growth in labour supply would be 12,302. Alternatively given the Council's housing target (337 pa) the proposed labour supply growth net of commuting could support 3,983 jobs.

COMPARISON WITH THE PREFERRED SCENARIO

5.6 To determine whether an uplift in economic need is needed/justified next we compare the increase in the number of jobs linked to the Standard Method with the number of jobs flowing from the preferred approach to employment land need.

5.7 The number of jobs flowing from the preferred approach is 8,199 jobs. This total comprises:

- 2,924 industrial jobs. This is the number of jobs that can be accommodated in the amount of floorspace to 2043 projected from the past trends approach (146,213 sq m). This assumes a job density of 1:50/sq m which is a blend of industrial and warehousing jobs – in practice more jobs would be supported if the land were taken up for manufacturing, but less if warehousing. If larger size warehouses predominate the same land would support fewer jobs. At 1:70 2,089 would be supported.
- Delivering 21 years of office growth would support a further 2,997 jobs – this is the estimate in the economic forecast (refer to Table 4.1 above)– but noting this is highly optimistic at the moment and given very weak site promotion actual delivery could be much less.

- All other job sectors in the economy are aggregated and termed 'non B' (the Experian forecast suggests in aggregate by 2043 this aggregate of non-B class jobs will total 2,278 (refer to the non-B total at Appendix 3).

5.8 Thus, in aggregate our assessment provides land for, at most and assuming a mix of industrial and full office provision 8,2 00 jobs (full take-up of all land). Accepting the limitations in the office demand, and the likelihood any office development, at least short/medium term, may be directed elsewhere, this could be much lower at 5,202 jobs (ie net of all office jobs).

5.9 A further caveat is noted in regard to the industrial estimates, we have not made any allowance for increased automation which, over the middle of the plan period, may reduce the need for industrial employment, and so reduce the demand for labour. In the absence of reliable evidence on future employment densities, we maintain these at the 2026 level throughout, which may result in a higher projected industrial job yield rather than what ultimately arises, and this will need to be kept under review. It is important to note that the growth in AI will not remove the need for industrial floorspace as the goods still need to be manufactured, assembled and transported. Thus, while job numbers may well fall, floorspace requirements will not.

5.10 Given the size of the existing workforce, and the huge uncertainty on the data the 5,202 jobs in the preferred scenario appears reasonably balanced with the lower housing scenario (the 'aligned with the housing target' figures in Table 6.1 above). Providing marginally more economic land than labour supply (ie land to support 5,202 jobs compared with 3,983 jobs in the labour supply) would appear positive. The Havant economy accommodates nearly 60,000 working residents (Residence Based Employment), with ~35% currently out-commuting, and thus a 'disconnect' of ~1,200 is not significant given the many caveats.

5.11 The full economic needs job number of 8,199 could only be delivered if the office need estimate is delivered in full, and if the labour could be sourced from other areas. However, for reasons previously outlined full office delivery is unlikely, and we have recommended the Council actively consider the NPPF 10 year minimum and work with the neighbouring councils (particularly the City of Portsmouth) because of Havant's lack of sites and viability issues. Moving the office need out of Havant would 'fit' within the above because of the high net out-commuting from Havant.

5.12 Full Standard Method provides a labour supply of 16,403that with consideration of a 25% rate of net out commuting equates to an additional 12,302 persons. Although this is hypothetical, the result would most likely result in more commuting outflows but, given much migration is economic led, without jobs there is less motivation to migrate to Havant.

5.13 In summary, we would not expect perfect alignment between any estimate of labour supply and economic need. The most likely scenario is that land will be provided within Havant for around ~5,200 jobs – mostly industrial and warehousing jobs, but with some growth in 'Non B' jobs (that do not require employment land), but zero office jobs. This broadly aligns with the constrained labour supply growth from the housing delivery target.

5.14 The ~3,000 office jobs, for which there is no labour supply for within the constrained housing scenario, are unlikely to be delivered in Havant Borough and, if provided via DtC, will be available for the considerable share of outward commuters we have assumed. So, assuming these workers continue to commute out, the labour supply remains broadly balanced.

5.15 Providing for the economic need we have identified can be broadly supported given the proposed housing target. Planning for a significantly higher economic need would require more new homes, that Havant cannot provide, or shifts in commuting which; is possible in a strong economy given current outflows, or some combination of the two.

SUMMARY AND ADVICE

5.16 Labour supply has been used to inform our need assessment mainly to ensure that we do not, through a lack of labour, constrain economic growth. The simple policy response, where this is in question, is to increase housing supply and so labour, so the economy is not constrained. This could be within Havant or elsewhere in the market area. Economic, or other needs, are not normally constrained by land supply with broad working assumption that unmet need should be addressed in partnership with neighbours. If Havant were to deliver Standard Method housing in full this may generate a labour supply of ~16,400 workers, reduced if we allow for trend based outward commuting – but at ~12,000 workers this still exceeds the 8,200 jobs in our need

assessment. So, we could be in the position of recommending a policy uplift on economic need to ensure that future workers have local jobs.

5.17 But Havant is unable to meet its Standard Method in full – housing supply is likely to limit labour supply growth to 4-5300 workers over the plan period, and this needs confirming through the EiP.

5.18 The economic need at ~8,200 is slightly above this – but given the size of the local labour market would not raise concerns. However, pragmatically around 3,000 jobs are related to office sector growth in our need assessment. We are uncomfortable about simply concluding that Havant should not aspire to boost its office related economy – because ensuring a diverse economy and range of local opportunities is important. But office space in unlikely to be delivered in any scale in the short-term and possibly not until a plan review – and sites that may be suitable for offices will clearly be in demand for housing given the housing shortfall.

5.19 So, the plan should progress using a range of economic need for between 5,300 – 8,200 jobs. If office sites are promoted for inclusion in the plan they should be supported as assisting with the higher, aspirational end of the range.

5.20 As regards labour supply, if offices are met in full, this would require more homes or a shift in commuting to be considered as part of a plan review, given the size of the wider labour market area, any possible consequences should be addressed at the strategic level and there would be time to consider this strategically. Assumptions regarding commuting balance need to addressed strategically because related councils already assume they can regain trend based labour.

5.21 Finally, it is worth commenting on why the economic need exceeds (constrained) labour supply growth – as we set out above Havant had a supply of economic land available to meet market demand for economic space in the past, and hence why our analysis of past trends is positive. The take-up of this economic space was not coupled to housing land supply – most firms in Havant service a wider market area and they delivered the space regardless. But housing land has been in prolonged short supply, and delivery of homes cannot be boosted in the same way. If land such as Dunsbury Park and Langstone Park had not been available take-up would have been slower and future needs reduced. As we conclude below Havant has a supply of industrial land and, if there is a shortall for offices or industrial, neighbours may be able to assist.

6 OVERALL BALANCE

6.1 For calculating the balance, we work on economic need being addressed in full, i.e. 8,200 jobs. But as discussed above the office element, ~3,000 jobs are unlikely to be delivered in the Borough in the short / medium term and with a lack of short-term site promotion, delivering any new office space of scale is unlikely before the point that this plan is reviewed. Thus, we have 5,200 as the low end of a job delivery range with 8,200 at the high end.

6.2 Given the Borough's land constraints and the potential interchangeability of uses that could come forward on some of the supply sites, in 2024 ELR we assessed the overall combined balance of employment need (ie industrial and office elements together). For the purposes of comparison below we present both the original 2024 ELR findings (first column of the table below - replicating Table 10.1 of that report) and the revised position for the range of possible job delivery, with the table taking account of new supply evidenced through the plan monitoring data.

Table 6-1 Havant Borough – overall balance – 2022-43

	Original	Revised Range	
		Low end	High end
Balance	Sq m	Sq m	Sq m
Jobs supported		~5,200	~8,200
Need			
Industrial	139,140	146,213	146,213
Office	35,258		35,258
Total need	**174,398**	**146,213**	**181,470**
Supply			
Industrial delivered	0	32,216	32,216
Industrial	117,715	116,714	116,714
Office	2,300		1,363
Total supply	**120,015**	**148,930**	**150,293**
Balance to find	**-54,383**	**2,718**	**-31,177**

Source: HCC monitoring data, Experian Economics (June 2023) and Rapleys analysis.
The job supported figures come from paragraph 5.7 above.

6.3 The above table shows that the overall supply 'gap' for Havant employment floorspace reduces from ~55,000 sq m to a range between having a minor surplus of ~3,000 sq m- to an under-supply of ~31,000 sq m.

6.4 Thus, given the highly constrained nature of the Borough, and the lack of identification of land for employment use over and above those discussed above, despite several Call for Sites rounds, the Council is best advised to pursue accommodating the Borough's office need, at least in the short to medium term elsewhere in the FEMA, and in particular in the FEMA hub – the City of Portsmouth.

7 CONCLUSIONS AND RECOMMENDATIONS

7.1 This report of study provides an update to the 2024 ELR. It is required because main evidence base documents must not be older than two years at the time of plan submission.

7.2 The study has considered the three main approaches to assessing future employment need – past trends, labour demand and labour supply, the latter as explained as a sensitivity rather than a scenario. We can confirm that the labour demand approach, based on an economic forecast, is used to identify future need for office, but continues to underestimate and misalign with the industrial market. The second scenario is future need based on past trends in completed floorspace, and this approach aligns with industrial market sentiment, but not for office. Labour supply, linked to delivering Standard Method housing in full and the second scenario delivering the Local Plan housing figure, is used as a sensitivity, to determine if the jobs associated with the employment land needs generated by labour demand scenario for office (and non-B) and past trends for industrial broadly align with the labour supply so generated.

7.3 The study has drawn on the latest (2024/25) plan monitoring data and various property market review commercial publications to gauge the market outlook now and into the future. These data provide a sectoral breakdown view of the wider market and also specifically to the employment sectors in Havant and its market area.

7.4 Other matters that have changed in the last couple of years include the status of the Freeport Land at Dunsbury Park, where the Phase 3 site is now confirmed to be available for general industrial uses and is no longer specifically ringfenced for net additional businesses / jobs in Freeport stimulated high tech sectors.

THE FINDINGS

7.5 OFFICE: Havant's office market continues to be weak with no sign that developer confidence is close to a return. The latest VOA data shows that office floorspace in Havant has shrunk from close to 100,000 sq m in 2022 to just over 80,000 sq m in 2025.

7.6 A rising population will generate a need for office space for a range of 'people servicing' activities. The need assessment identifies a modest increase in job numbers over the plan period (~150 pa) and this generates a need for 36,000 sq m to 2043, with half of this (ten years need) needing to be identified in the Plan to satisfy NPPF requires . The labour supply sensitivity analysis shows that housing provision would need to increase beyond the Local Plan level for the Borough to be able to deliver this scale of labour supply increase needed.

7.7 While the Havant office market remains firmly in the 'doldrums', other areas have a more positive outlook. Recovery is likely to be felt first in the larger established office areas such as the City of Portsmouth, and with Portsmouth being able to accommodate office related labour supply growth in the short to medium term, supporting office growth within the same economic market area is clearly a pragmatic response to Havant's lack of market interest and lack of land supply available for office use.

7.8 INDUSTRIAL: while the wider outlook for industrial development has cooled from the Covid related heights it remains a positive market, and the Borough has seen a range of new schemes developed and others in planning. Notably a number of these have been brownfield redevelopment – Amazon replacing Pfizer, Langstone 'swapping' office for industrial/warehousing activities – thus values are sufficient for developers to look at all site options.

7.9 The assessment of industrial need focuses on past trends in completions and applies analysis of a range of periods – relatively short (6 year), medium and longer term (15 years) – and data on supply both committed through recent development, development known to be proceeding, planning permissions and land allocated for employment use. This analysis shows that the level of future need in Havant is unchanged from the 2024 assessment. Thus, while the national picture may be of a market no longer at Covid heights, locally across the peaks and troughs of delivery the level of market interest has been consistent, resulting in delivery of ~7,000 sq m pa. Over the 21 year plan period this equates to ~146,000 sq m of industrial need, which is closely matched by the available supply that has been boosted by ~31,000 sq m mostly relating to the delivery of Amazon on New Lane in the plan period (2022/23) and the addition of Phase 3 at Dunsbury Park.

OVERALL BALANCE

7.10 Labour supply is a challenging issue in Havant given housing land supply constraints and reasonably good industrial track record. We suggest need is presented as a range dependent on the future office market. Short-term market signals would suggest zero office need, but as noted, we are cautious about simply writing off a future office economy here, and consider it a longer term objective, by which time new strategic planning tiers may assist with such cross boundary issues.

7.11 Thus, employment need should be considered as a range, and this is presented in Table 6.1 above. The range stems from how office need is managed. The plan period low end of the range is to support ~ a low end total of 5,200 jobs[13] (2,800 of which are industrial jobs requiring ~146,000 sq m). This end of the range excludes the identified office need (3,000 jobs and ~36,000 sq m) as the pragmatic approach, until at least Plan review, is to look to export that need. The Borough's industrial need is in balance, with the committed supply matching the identified industrial demand, albeit with no margin the risk is should some of the supply not come forward this would need more land to be identified, and undoubtably further engagement with the Borough's FEMA partners.

7.12 The higher end of the range (~8,200 jobs in total) is more aspirational as it is inclusive of the identified need for office jobs for which there is almost zero existing committed supply, and therefore a major shift in values will be necessary to encourage office development opportunities to come forward to 'plug' the higher end of the range unmet need gap of ~31,000 sq m after accounting for known supply as shown in Table 6.1 above. Having considered the market our view is that this higher end of the range is unlikely to transpire before at least the mid-plan years, and after the next Local Plan review date.

[13] Includes 2,700 non-B jobs with no specific land requirement.

Appendices

Appendix 1: NPPF changes

The National Planning Policy Framework (NPPF) was originally published in March 2012 and has been revised a number of times since, most recently in December 2024. At the time of drafting a new consultation version of the NPPF (December 2025) was available.

As regards to economic development, and employment planning, the NPPF seeks to support the development of a strong, responsive, and competitive economy by: identifying and coordinating the provision of infrastructure; ensuring that there is enough land (of the right type, in the right place, and at the right time) to support growth; and encouraging innovation and improved productivity. This has been a long standing principle – that planning, and development plans should enable economic growth and also provide sufficient flexibility for a change in circumstance.

While there is currently a new version of the NPPF in circulation (December 2025) this does not change the key, positive, economic message flowing from previous versions -including the need to consider market signals. In this regard national policy has been clarified, through a proposed National Development Policy (E2) to confirm that any analysis needs to consider both the availability of land and floorspace – recognising that planning's function is to provide (and control) the supply of land and the land market works differently to the second hand floorspace market; Major strategic occupier commonly use a 'built to suit' model whereby development land is offered and space is developed directly for them – bypassing the floorspace market. Planners cannot deliver built floorspace and only provide the land to do so.

Offices remain 'main town centre' uses and subject to the sequential test.

As regards practice plan making guidance the emerging guidance suggests that when 'baselining' councils should rely on national statistics and/or their monitoring data. National Statistics provide a view regarding job and sector change while the Council's Authority Monitoring Report (AMR) data land and floorspace change using data that is relevant to plan making:

> *"current picture of your area, informed partly by the data you will have collected though monitoring your existing local plan".*

One interesting area of emerging guidance is the new PINS local plan 'checklist' requires only a 10 year supply of 'main town centre' uses (including offices) reflecting the December 2024 version of the NPPF – that version required 15 years for other economic uses but only 10 for offices. This flexibility does not appear to have been carried in the 2025 consultation where 15 years is required for all economic uses. It is unclear whether this shift is deliberate or not.

It maybe that future changes are made to the PPG – which has been largely unchanged in many years – despite extensive lobbying to Central Government. We cannot pre-empt any changes and so out work continues to apply the PPG and, in line with emerging advice we 'baseline' the future plan by reference to official statistics or local plan monitoring data. Councils should use their plan making evidence, including their AMRs where possible – data that is publicly available and not behind paywalls and only available to specialists.

Planning Practice Guidance (as drafted January 2026)

The PPG provides guidance on how LPAs should assess the future need for economic development, and although the NPPF was recently revised the guidance remains largely unaltered from that issued in 2019.

Current guidance states that key to assessing economic needs is understanding existing business needs, local circumstances and market conditions as national trends will not necessarily 'translate'.

The Guidance lists a raft of measures suitable for the assessment of business needs, which we do not repeat here, but highlight the suggested need for close liaison with the business community and taking account of Local Industrial Strategies.

The Guidance identifies appropriate approaches and data for the assessment of future need:

- for labour demand - sectoral and employment projections that look at likely changes in skills needed;
- for labour supply - demographically derived assessments of current and future local supply;
- analysis of past take-up of employment land/property and/or future property market requirements; and
- stakeholder engagement, business trend analysis, changing business models (particularly for sectors making use of online platforms), and monitoring of business, economic and employment statistics.

The assessments will need to take account of longer term economic cycles and consider the implications of alternative economic scenarios.

Analysis of market demand should involve a comparison between the available stock of land and the particular requirements of an area to identify gaps and the under/ over-supply of land. The guidance on market demand goes on to state that the need assessment approaches will help with an understanding of the requirements for specifically – office, general business and distribution space, and indicate any mismatches between types of supply and demand. This understanding can then form the context for appraising individual sites.

The Guidance advises the data/approaches that can be used to translate from economic sector to land use. This involves Standard Industrial Classification (SIC) data, Employment/floorspace ratios and Floorspace/site area ratios, all of which we incorporate in our sector 'mapping, method.

The needs and space requirements for the logistics industry are specifically referenced. The PPG notes that the sector *'plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses'* and contributes to local employment opportunities. It has distinct locational requirements, and these need to be considered separately from general industrial land.

For logistics facilities with national/regional significance, a significant quantum of land (with good access to strategic transport networks, and sufficient access to power and skilled local labour) is generally required. Where such a need exists, LPAs responsible for strategic policy should collaborate with others (LPAs, infrastructure providers, relevant interests) to identify scale. This can be informed by:

- Engagement with logistics developers/occupiers to understand changing requirements (type, size, location, impact of new/emerging technology);
- Analysis of market signals (trends in take-up, availability of logistics land/floorspace);
- Analysis of economic forecasts (identifying potential changes in demand, anticipated growth in sectors likely to occupy or rely on logistics facilities); and
- Engagement with LEPs (reviewing their plans and strategies, including economic priorities within Local Industrial Strategies)[14].

Once logistics need has been assessed, LPAs responsible for strategic policy need to consider how to meet it (by expanding existing sites and/or identifying new ones).

Beyond national/regional need, LPAs should also assess other requirements in the logistics sector (for example SMEs and 'last mile' facilities serving local markets). Any such assessment may need to consider a range of up-to-date evidence to provide an appropriate provision (amount, type, and location). This can include market signals, anticipated changes in the local population/housing stock, the local business base, and infrastructure availability.

The final issue considered by the current Guidance (dating from 2019) addresses the specific locational requirements of specialist or new sectors of a modern economy. The Guidance underlines that the wider modern economy sectors may have specific requirements in terms of land/premises needed. The example is given of how the clustering of some industries (high tech, creative digital etc) can support collaboration, innovation and productivity as well as raising economic prospects in an area. The Guidance gives examples of these requirements, that may be more qualitative in nature and be identified through business engagement, as a need for greater studio capacity, co-working spaces or research facilities.

The Plan-making section of the PPG provides guidance on defining Functional Economic Market Areas (FEMAs), setting out the factors that can be assessed when considering the extent of a FEMA. Understanding economic flows will help inform decisions on new housing locations and will guide transport and other infrastructure investment.

[14] In 2024 the LEP functions transferred to Councils.

Appendix 2: Labour supply method

HDH Planning have provided the Council with a view of Labour Supply, on the assumption that the Standard Method is delivered in full, and that this labour supply is available in full to the Borough. This data has a major caveat in that while the Standard Method seeks to boost housing delivery, it does so within the confines of a fixed national population and fixed national labour supply. Simply delivering more new homes, at the national level, cannot boost the national population nor labour supply. At the local level this is more nuanced because boosting homes may provide an opportunity to enable additional economic-led migration – workers may have been prevented from migrating because of a lack of affordable housing stock. So, by boosting the supply of homes, migration flows can increase – but only where there is economic motivation to do so. Labour supply assessments almost always increase inward migration to 'fill' additional houses, but assessments never identify, nor plan for, areas that may in turn lose labour they otherwise assume would be retained.

To model how the Standard Method homes could be filled HDH first assume that any 'boosted' homes (i.e. that proportion of the Standard Method homes above the homes delivered through alignment to demographic trend) firstly improve local access to housing and therefore increasing household formation, and then once household formation has been addressed then the approach is for any additional homes to attract more inward migration (and thereby boosting labour supply) until all the Standard Method homes are 'filled'.

The key inputs into the modelling are: economic activity rates and the unemployment rate, after which we account for labour that is likely to commute out. The approach taken to these issues is explained below and the calculations shown first for the labour supply associated with the Standard Method and then the labour supply associated with the Council's housing target (337/pa) referred to as the constrained approach.

To produce a locally relevant set of participation rates, we taken national projections from the OBR and adjust these using Census 2021 data (table RM024), which records economic activity by age band at both national and local authority level. The difference between Havant's 2021 participation rates and the national equivalent is applied to the OBR projections, generating a specific set of projected participation rates.

These adjusted participation rates are then applied to the projected population aged 16–90 across the plan period. This ensures the modelling captures economic activity among older workers, reflecting national expectations that participation among older age groups will rise as the population ages and state pension ages increase.

A final adjustment is made to account for unemployment, which we keep fixed at the current 3.4% rate.

Because, in full standard method, more homes are promoted than any demographic assessment would suggest, we have needed to estimate a higher inward flow of new residents. This highlights a fundamental difference in modelling approach - economic models are founded on population projections and the Standard Method is founded on current housing stock – two very different baselines. This has a huge caveat in that, while national planning policy is seeking to boost housing supply, at the national level the population is fixed to national population projections. While it is standard practice to boost labour/population to match a higher housing number no one identifies where these people will come from. With so many councils boosting supply above basic demographic need there are not enough people national for every council to make similar upward adjustments to their population.

So, seeking perfect numerical alignment is unlikely to be achieved or be robust. However, it remains sensible for the Council to consider the possible scope for Standard Method homes to deliver a higher labour supply, that in turn may justify a higher economic target than would, following the PPG, otherwise result – accepting these caveats:

- The Standard Method figure for Havant Borough is 884:
- There is a projected plan period growth (between 2022 and 2043) in the working age population (those aged 16 to 64) of 16,864.
- Applying the new (2025) national OBR economic activity rates and adjusting these to reflect the differences between the national situation and the situation in the Borough in 2021 according to the Census, and then applying these alongside an unemployment rate of 3.4% we have a total additional 16,403people in work.

These estimates are likely to be at the very upper end of a credible range because, as noted, there is no 'spare' national pool of labour to attract to the Borough simply because the Borough may build homes. Most other councils / development plans in England are planning for similar 'boosts' in housing supply and no council, we are aware of, is looking to give up or donate its labour supply as part of a plan policy or strategy.

The labour supply calculations associated with the Council's housing target as set out in the Regulation 18 Plan of 337 pa or 7,087 over the plan period:

- There is a projected plan period growth (between 2022 and 2043) in the working age population (those aged 16 to 64) of 4,696.
- Applying the new national OBR economic activity rates and adjusting these to reflect the differences between the national situation and the situation in Havant in 2021 according to the Census and then applying these alongside an unemployment rate of 3.4% we have a total additional 5,311 people in work.

There are a number of variables 'in play', many of which are dynamic and will flex, and therefore considerable caution is needed, with the principal variable being the commuting balance. , We know from the 2021 Census that around 35% of Havant's workforce commute out of the district for work, but because commuting is dynamic there is no reason to believe this will be absolutely fixed – labour will flow to the strongest economies.

Our assessment assumes that labour supply to meet Havant jobs will be around 25% less than full supply because 35% of workers will continue to commute out, but 10% of workers will hold more than two jobs (referred to as double jobbing). Combined, 75% of the labour supply flowing from housing delivery will be available to Havant, but this could change as commuting flows flex over time, and if Havant's economic land supply attracts higher value jobs and 'recalls' commuted labour.

Accounting for 75% labour retention in the Borough produces the following available labour supply scenarios:

- Standard Method in full – the 16,403 reduces to 12,302persons.
- The housing constrained scenario – the 5,311 reduces to 3,983 persons.

Appendix 3: The Experian Forecast

SIC		Change in job numbers 2022-43				Change in jobs by employment activity			
		2022	2043	Change	%	Office	Industrial	Whsing	Other
A	Agriculture, Forestry & Fishing	0	0	0	-	0	0	0	0
B	Extraction & Mining	0	0	0	-	0	0	0	0
C	Food, Drink & Tobacco (manufacture of)	0	0	0	-	0	0	0	0
C	Textiles & Clothing (manufacture of)	300	200	-100	-33	0	-100	0	0
C	Wood & Paper (manufacture of)	0	0	0	-	0	0	0	0
C	Printing and Recorded Media (manufacture of)	0	0	0	-	0	0	0	0
C	Fuel Refining	0	0	0	-	0	0	0	0
C	Chemicals (manufacture of)	100	100	0	0	0	0	0	0
C	Pharmaceuticals (manufacture of)	0	0	0	-	0	0	0	0
C	Non-Metallic Products (manufacture of)	400	200	-200	-50	0	-200	0	0
C	Metal Products (manufacture of)	500	300	-200	-40	0	-200	0	0
C	Computer & Electronic Products (manufacture of)	700	400	-300	-43	0	-300	0	0
C	Machinery & Equipment (manufacture of)	900	500	-400	-44	0	-400	0	0
C	Transport Equipment (manufacture of)	0	0	0	-	0	0	0	0
C	Other Manufacturing	700	500	-200	-29	0	-200	0	0
D/E	Utilities	1,600	1,300	-300	-19	0	-85	0	-215
F	Construction of Buildings	1,100	1,500	400	36	0	0	0	400
F	Civil Engineering	600	700	100	17	0	0	0	100
F	Specialised Construction Activities	3,300	4,400	1,100	33	0	1,082	0	18
G	Wholesale	2,000	2,600	600	30	0	142	368	90
G	Retail	5,500	5,100	-400	-7	0	0	0	-400
H	Land Transport, Storage & Post	1,200	1,200	0	0	0	0	0	0
H	Air & Water Transport	0	0	0	-	0	0	0	0
I	Accommodation & Food Services	3,600	4,900	1,300	36	0	0	0	1,300
R	Media Activities	0	0	0	-	0	0	0	0
J	Telecoms	300	300	0	0	0	0	0	0
J	Computing & Information Services	1,300	1,600	300	23	300	0	0	0
J	Finance	800	800	0	0	0	0	0	0
K	Insurance & Pensions	0	0	0	-	0	0	0	0
K	Real Estate	700	1,000	300	43	300	0	0	0
L	Professional services	4,100	6,200	2,100	51	1,959	0	0	141
M	Administrative & Supportive Services	4,400	4,900	500	11	307	5	30	158
N	Public Administration & Defence	1,300	1,500	200	15	148	0	0	52
S	Education	5,900	6,400	500	8	0	0	0	500
O	Health	1,900	2,100	200	11	0	0	0	200
P	Residential Care & Social Work	2,700	2,700	0	0	0	0	0	0
Q	Recreation	900	900	0	0	0	0	0	0
Q	Other Private Services	1,100	1,000	-100	-9	-17	-16	0	-66
		47,900	**53,300**	**5,400**	**11**	**2,997**	**-273**	**398**	**2,278**

Nb blue text denotes sectors requiring predominately industrial floorspace,
green sectors requiring predominately warehouse/logistics floorspace and
pink sectors requiring predominantly office floor space

The total forecast job change 2022-43 for all economic sectors sums to 5,400 an 11% increase. The right-hand set of columns show how this forecast is distributed across the land use types.

Source: Experian Economics, June 2023:

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