

Addendum to Proof of Evidence: Economic Need

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1.0 Nature of Addendum

1.1.1

This addendum document provides revised evidence in respect of Economic Need in response to a request raised during session by the Inspector at the Cooil Road Development Inquiry on 5th October 2010. Specifically, further clarification was requested on aspects of prospective economic impact anticipated under a fully developed Cooil Road site and in line with the Conditions of Approval governing proposed use of the site.

1.1.2

The original Economic Impact Study research undertaken by ECOTEC was compiled and presented in the Final Report of January 2009. At the time of the original research the particular composition of future uses anticipated on the Cooil Road site (and those represented in Table 5.2 of the January 2009 Final Report) was judged to be somewhat different to that now being specified under the Development Order's Conditions of Approval. Consequently, in providing further clarification of prospective economic impacts anticipated under a fully developed Cooil Road site we have revised our original economic impact assessment in line with the use Conditions of Approval specified in the current (June 2010) version of the Development Order.

1.1.3

The results of a revised economic impact assessment are summarised in this Addendum. This represents a revised and updated analysis of the Prospective Economic Impact section originally contained in the January 2009 Final Report (Section 5) and replicated in part for the purposes of the September 2010 Economic Need Proof of Evidence.

characterised by relatively high employment densities (29m² and 32m² of floorspace per worker respectively). Consequently, such uses may offer greater numerical employment opportunities than the other property and land use types under consideration. Non-food superstores/ retail warehousing (which may include car showrooms) have notably low employment densities, with around 90m² per worker – though it should be noted that this category can encompass a wide range of potential uses, and local circumstances may differ considerably (for example, where a car showroom facility also incorporates a significant component of office activity).

2.1.4

Reflecting Conditions of Approval required under the Proposed Development Order, we have assumed that the greater part of floor area will be occupied by Industrial uses - principally industrial SMEs, but also R&D and warehousing elements. Reflecting the specification of the draft Development Order, a car showrooms component has also included, together with a component of Business Park/ HQ activities.

2.1.5

To estimate the gross direct employment of planned/ proposed development at the Cooil Road site it is necessary to derive estimates relating to anticipated total floor area. In the absence of further information, we have assumed an estimated total floor area available for development of 60,000m²⁴, with this being broken down according to the following types of activity:

Table 2.2 Total floor area by type of activity

Type of activity	Floor area (m ²)	Assumptions about final use
Industrial (with part mezzanine floor)	32,000	R&D (25%); Industrial SMEs (50%); General warehousing (25%)
Business Park (2 floors)	21,000	Business Park (25%); Industrial SMEs (75%)
Car Showroom (with part mezzanine floor)	7,000	Car showrooms (100%)
Total	60,000	

Source: Melville Dunbar Associates (2007); Draft Cooil Road Development Order (June 2010)

⁴ Melville Dunbar Associates estimation provided to the DLGE in October 2007.

Table 2.4 Occupational structure by proxy sector(s)

	Manufacturing	Wholesale distribution	Retail distribution	ICT	Other business services	Professional & technical services
Knowledge workers	38%	35%	30%	84%	47%	75%
Semi-skilled/ Unskilled	62%	65%	70%	16%	53%	25%

Source: ECOTECH analysis, based on 2006 Census data

2.2 Formative Economic Impact: Headline Results

2.2.1

On the basis of the above inputs and assumptions, our formative impact assessment suggests that a fully developed and fully occupied site at Cooil Road could perhaps be anticipated to generate in the order of up to 1,700 jobs directly.

2.2.2

Analysis in relation to the total net impact potentially accruing from this level of direct job creation (i.e. allowing for potential leakage and displacement effects, as well as prospective indirect (supply chain procurement expenditures) and induced effects (employee expenditures) is presented below (Table 2.5):

Table 2.5 Total economic impact

	East sector	Isle of Man
Gross direct jobs	1,744	1,744
Estimated leakage	20%	0%
Gross local direct effects	1,396	1,744
Displacement	0-25%	10-35%
Net local direct effects	1,047-1,396	1,134-1,570
Multiplier	1.2	1.3
Total net local effects	1,256-1,675	1,474-2,041

Source: ECOTECH analysis

2.2.3

In summary, including indirect and induced effects and taking into account potential displacement effects, it might be anticipated that a fully occupied development at Cooil Road could generate in excess of 1,200 additional jobs to the East Area, and perhaps more than 1,500 jobs to the Island as a whole. In terms of contribution to national income, it might be anticipated that a fully occupied development at Cooil Road