

6.0 Key Findings and Strategic Conclusions

In this final section of the report we bring together our key research findings and strategic conclusions from the study.

6.1 Strategic Policy and Development Context

The land use planning framework for the future development of the Island clearly sets out that future commercial developments should take place in existing employment centres.

Specifically, future retail and office developments should be sited within city and town centres, whilst land for industrial development should be designated in all parts of the Island, having regard to scale, public transport links, proximity to labour and availability of relevant utilities.

Whilst the planning framework specifies that future retail developments should take place within city and town centres, it is acknowledged that certain types of retail activities, including bulky goods retail, may be better accommodated on edge-of-town locations. As a result, such retail activities may potentially be permitted on land zoned for industrial use.

Given the limited supply of labour and an absence of natural resources, the overall economic strategy for the Island is to focus on develop and attract activities that maximise economic growth and prosperity whilst minimising the requirement for additional labour.

Particular sectors identified in the Economic Strategy as representing the future drivers of growth encompass a range of high technology and knowledge intensive activities, including: R&D and corporate HQs facilities, engineering and maritime activities, film and media, and information technologies and e-businesses.

6.2 Economic Trends and Growth Drivers

The Island's economy has grown rapidly during recent years, with economic growth forecast to continue at a relatively high rate into the foreseeable future.

The finance sector remains the single most significant contributor to the economy, though it is also clear that professional and scientific services have exhibited a strong growth trajectory during recent years.

A number of high technology and knowledge intensive activities, including R&D and corporate HQs facilities, engineering and maritime activities, film

and media, and IT and e-businesses have been identified as major engines of future growth.

The Eastern sector of the Island remains the dominant economic centre, with this geographical area having considerably increased its resident workforce over the last decade. Notably, growth in the employed population has been particularly strong in Braddan.

With just over 600 people registered as unemployed on the Island it can be expected that the Isle of Man will continue to rely on labour from overseas to meet future growth demands. In turn, this can be anticipated to place increasing pressure on the housing market and public services.

Employment in knowledge-intensive services, particularly in terms of telecoms/ ICT and finance-related activities, is heavily concentrated in Douglas and/ or near Ronaldsway Airport.

Significantly, high and medium technology manufacturing businesses and related employment – including the manufacture of electrical and optical equipment – are geographically concentrated in the greater Douglas area, including in Braddan, and offer a further indication of particular demand for industrial land uses in the Eastern sector of the Island.

6.3 Commercial Property Market Assessment

The Isle of Man's office market is driven primarily by the financial services sector, with the majority of companies highly concentrated in the capital, Douglas.

Readily available office space within established town centres is currently limited, notably in Douglas, and it is understood that the development of new office space on business parks would likely prove popular with a range of companies. However, given the existing policy restricting the use of edge-of-town business parks for corporate headquarters, it is unlikely that this will happen within the current Strategic Plan period (2001-2016).

Much of the industrial premises and land allocated for industrial development on the Isle of Man is located in two key areas – Douglas and Braddan, and the area around Ronaldsway airport. These locations are typically preferred by occupiers due to their close proximity to target markets and suppliers.

The most prevalent forms of industrial occupier tend to be companies that require light industrial premises and workshops. Many companies are reluctant to take up property outside the greater Douglas area on account of issues of poor access and availability of services.

Demand for owner occupier industrial units has typically been high during recent years due to a lack of suitable space. Agents are confident that the cycle of growth in the sector will necessarily lead to further demand in the near future.

In respect of target growth sectors identified by the Government it can be expected that business occupiers will require high quality office and industrial accommodation, preferably well connected with the islands freight terminals at Port Douglas and Ronaldsway airport. Set against these criteria, then the Cool Road site would appear a suitable potential location.

Whilst there must necessarily remain some measure of uncertainty in connection with establishing definitive figures for industrial land availability on the Island, based upon take-up figures and best estimates for land identified as available for industrial use, our assessment suggests that there is currently an undersupply of land for industrial use.

Consequently, it appears reasonable to suggest that in the absence of the proposed site at Cool Road coming forward, then the present undersupply of land available for industrial use in the Eastern sector will become further pronounced. Such an outcome could serve to undermine the future attractiveness of the Island for potential investors and occupiers in the future.

6.4 Prospective Economic Impacts

Our formative assessment suggests that a fully occupied Cool Road development might potentially generate in the region of 1,100-1,500 additional jobs to the Eastern sector, and 1,300-1,800 jobs to the Island as a whole.

In terms of contribution to national income, it might be anticipated that a fully occupied development at Cool Road could generate in the order of £62-83 million to the Eastern sector, and perhaps £73-101 million overall annually to the Isle of Man's GDP.

With regards to the quality of jobs potentially created on the site, it could be expected that a relatively high proportion - over 50% - of overall employment would comprise skilled jobs, with this reflecting the comparative knowledge intensity of many of the prospective industrial SME occupiers

In order to maximise additioality benefits, and otherwise minimise potential displacement of activities from central Douglas, it will be important that prospective occupier sectors are carefully selected, particularly in relation to retail activities. Further, given an identified under supply of industrial land on the Island, the loss of sites to other uses may act to reduce the attractiveness of the Island as an investment location to future industrial occupiers.

Development at Cool Road can be expected to constitute a favourably located industrial site, and one which would be well placed to provide bespoke and high quality accommodation for a range of identified future growth sectors, including e-businesses and high technology manufacturers.

Arguably, the proposed development at Cool Road could also be expected to contribute positively towards a number of additional, wider policy objectives. Though difficult to quantify, these might include a freeing up of sites for non-competing uses (office accommodation for financial and professional services) in central Douglas, together with alleviating heavy vehicle traffic (bulk deliveries etc.) in central Douglas.

Given the current lack of information regarding the details of any proposed future development, together with corresponding data limitations, the results of our impact assessment exercise are necessarily indicative in nature at this stage. Looking forward, the scope and scale of any future impacts accruing from development at Cool Road will be dependent on a range of variable criteria, including: development phasing schedule, categories of occupier and sectors activities accommodated on site, availability of potential competitor sites, together with wider trends affecting the Island's economy.