

# Isle of Man Government Employment Land Review





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## Executive Summary

### Background

In Autumn 2013, Government appointed Peter Brett Associates and Black Grace Cowley to undertake an Employment Land Review (ELR) to:-

- Gather information and evidence about the quality and quantity of and demand for employment land and premises.
- Identify any constraints on the current zoned land for employment and
- Identify employment land requirements to meet the needs of the economy in the future.

The ELR Report has been received. It is a robust evidence base on which to base land use plans, to inform decisions on individual planning applications and to support activity to stimulate economic growth. The Review does not identify specific locations for new employment land but rather gives the background evidence to support the preparation of the Strategic Plan and the Area Plans which will assess individual sites for new allocations within the Area Plans.

### Headline Findings

- 276 ha of employment and office land is allocated Island wide, 33% of this allocation remains available
- 78% of industrial, commercial and distribution floorspace is in the East region. 14% is in the South.
- Up to 98% of office floorspace is in the East region, concentrated in Douglas Town Centre
- There are few physical constraints which prevent development of the available employment land supply.
- The vast majority of demand for employment floorspace focusses on locations in in the East
- Existing allocations are sufficient to meet future demand in the South, West and North.
- Available land in the East is limited to 2ha, a land supply of under 3 years
- Between 19ha and 19.7ha of employment land will be required to 2029
- 15.07ha employment land will be required in the East unless other areas are further incentivised in some form.

### Summary of Employment Land Review

#### Introduction

The ELR contains a comprehensive, up to date picture of the need and provision of employment sites and premises, by area and sector which can be used to support policy recommendations on the allocation, protection or release of employment sites. Appendix 1B of the Review includes mapping by Plan Area and detailed site employment land schedules. The ELR assumes a 15 year time horizon, supporting timeframes in the Strategic Plan and Area Plans. It includes a detailed understanding of the local economy, its spatial and sector structure, and its strengths and weaknesses as a business location.

The approach taken is tailored to the Isle of Man's specific circumstances and is consistent with best practice methodology in preparing employment land assessments. A comprehensive analysis is contained in the Report which considers:-

- Planning and Economic policy
- Supply of employment land and floorspace
- Supply constraints
- Consultations with Business Development Managers, Chamber and key businesses

- Property Market trends
- Demand for employment land & floorspace
- Future requirements for employment land & floorspace; and
- Ongoing monitoring arrangements

## **Planning and Economic Policy Review**

Providing appropriate employment land and premises to support economic growth is a central part of Government Policy. This is recognised in Agenda for Change and highlighted in the development of Vision 2020. Planning policy in the Island Strategic Plan reinforces the provision of appropriate employment land with a core aim of 'pursuing manageable and sustainable growth based on a diversified economy.'

## **Supply of Employment Land and Floorspace**

The ELR examined allocated employment land and employment floorspace to properly assess the supply of employment land and its take up:

- Zoned/allocated land for employment use (industrial, light industrial, storage & distribution, offices) is identified in Area and Local Plans and is reported in hectares. Some of this zoned land has been developed and some is still available.
- Employment floorspace is premises built for employment uses and is reported in square metres. Some of this floorspace is occupied and some is available for freehold or lease.

The zoned/allocated employment land has been reviewed by the DOI in its Employment Land Availability Study 2014. A total of 276 hectares is allocated, 244.47ha for industry, distribution and other uses and 31.51ha for office use. The East is dominant with 131ha of allocated employment land.

Employment floorspace has been reviewed through GIS, rating information and validation by local agents. There is 578,000sq m of industrial, commercial and distribution floorspace across the Island. Again, much of this (78%) is in the East. There is approximately 224,000sqm of office floorspace, 85% of which is in Douglas town centre with a further 13% elsewhere in Douglas or in nearby Business Parks. The South provides 25% of the Island's industrial floorspace and nearly 20% of its distribution capacity reflecting proximity to ports and trade gateways.

Of the 276ha of allocated land, a third is available for existing, new or expanding businesses. Land availability has increased in the South, North and West since 2012, while remaining relatively constant in the East.

## **Constraints on Supply**

In order to understand the supply of employment land/floorspace it is important to consider any constraints on the development of land such as infrastructure or environment. Accordingly the ELR applied a criteria-based assessment of employment land which rated the areas; good, average or poor against the following:

- Availability of undeveloped land
- Marketing
- Internal environment such as the quality of the buildings,
- External environment such as landscaping, parking, circulation,
- Site development constraints,
- Road access

- Public transport
- Local Market conditions e.g. number of vacant properties

The assessment revealed that with the exception of some areas in the North and isolated instances in Douglas and the East, few if any of the allocations were poor.

The ELR also examined other constraints such as covenants restricting use, sites reserved for company expansion (therefore not available generally), planning permission/recommendation for higher value uses, and other constraints to development in the short term. In the East region these factors reduce the effective allocated land supply to 2 ha (enough for 2.6 years at existing take up rates).

### **Consultations with Business Development Managers, Chamber and key businesses**

Key interests have been involved in the ELR, including Government Departments, the Utilities, developers, employment estate owners, key sector businesses and Chamber of Commerce representatives. Involvement has been through one to one interviews, a business survey and a workshop. Comments and observations fell into key areas highlighted in bold below.

Douglas and the East is the main focus of **spatial distribution of employment areas**. It was generally accepted that businesses were unlikely to want to locate outside these areas without significant incentives.

Most of the consultations revealed that whilst most employment areas enjoy a **reasonable business environment**, there are a few areas affected by a poor quality environment and/or a lack of coordinated maintenance and management. The value of an attractive Douglas town centre environment and other quality of life elements - retail, leisure – is significant in attracting investment to all sectors.

General support emerged for **a high quality business park/technology park**, although qualified by the need for a skills development strategy. The most appropriate sites were considered to be in the East and South with proximity to the A5, accessibility to Douglas and the airport.

Few **major infrastructure constraints** were observed, although the cost and programming of electricity connections, road access and capacity constraints and broadband capacity issues were noted in some areas. Car parking is a critical issue for many businesses and particularly crucial in town centres.

Consultations indicated that **Government should have a lead role** in ensuring the development and promotion of employment land including: the use of its own assets; and taking a strategic planning approach rather than incremental planning. Several stakeholders noted that Government would require to take an enabling role in developing a Technology/high quality Business Park.

### **Market Commentary**

Black Grace Cowley provided a market commentary, informing the ELR with a current picture of actual sales, leasing and building of premises. The commentary was added to by the Government's Strategic Asset Unit. In overall terms there is a clear market preference for sites for offices and other employment uses in and around Douglas.

Most demand witnessed by commercial agents for office floorspace focuses on central and southern Douglas, although the Summerhill and IOM Business Parks have also had high quality

office development. BGC estimate present levels of office space take up at 2,323 sq.m per annum, just over 40% of the levels seen in the 1990s and 2000s.

With 14% of Douglas office floorspace available, most inquiries should be able to be met through existing or refurbished stock. Companies requiring a large office footplate or a flagship location may be an exception to this e.g. Canada Life.

Demand for industrial and distribution floorspace is also focused in Douglas and the East where access to labour, transport links and road networks are better developed and where the majority of employees and customers live. Demand for industrial units has been resilient with the majority of premises on estates occupied and trading.

Demand expressed to agents is generally for smaller units, while inquiries to DED have generally been for larger premises. An estimated 4,645 sq.m is taken up annually; this is expected to increase with the on-going development of aerospace and other high value manufacturing sectors.

### **Demand/Future Requirements for Employment Land**

Establishing future requirements for employment land combines an understanding of: the future needs of the economy and how its different parts are expected to grow; an appreciation of how change has been accommodated historically: specific concerns of businesses, landowners, Government, agents and others (established through consultation); and property market trends. Evidence and information has therefore been gathered from a number of sources including Vision 2020, a Business Survey, one to one consultations and analysis of employment trends.

Vision 2020 developed pessimistic, realistic and optimistic scenarios to forecast future employment across the various sectors of the economy. In most sectors, the ELR has used the realistic scenario to estimate future floorspace and land requirements. However, as growth in the Island's manufacturing sector has surpassed that identified in the realistic scenario, requirements to 2020 and beyond have been assessed on the optimistic scenario. It is estimated that the Isle of Man's key sectors – advanced manufacturing (including food manufacture), finance, professional services and tourism - will add a further 3,834 jobs to 2029 accounting for up to 80% of Vision 2020's growth target.

The Business Survey revealed found that 72% of businesses responding (heavily weighted to manufacturing) expected they would require additional property before 2019. This figure does not include provision for inward investment.

The ELR factors this information together. It estimates the total amount of employment land required to 2029 is 19ha -19.7ha, comprising:

- Manufacturing 16.47ha,
- Office 0.34 ha -1.34ha; and
- Warehousing/Distribution 2.16ha

As stated above the consultations and trends show the strong desire for existing businesses in Douglas and the East to expand in that region and not to move away. The findings of the market commentary and analysis of development trends in recent years strongly reinforce this. While the quantity of available employment land across the Island as a whole may be sufficient to meet future need in absolute terms, in practice, the emerging and significant shortfall of suitable sites and premises in Douglas and the East is a factor constraining business growth.

The area of effective employment land in the East has been estimated at 2ha. The ELR estimates a further 15.07ha would need to be allocated in the East Plan area to 2029 to meet future



economic requirements. This could be reduced to between 6.65ha – 10.8ha were it decided to limit growth in the East and incentivise development in other parts of the Island.

There was strong support from consultees for Vision 2020's proposal that some of the future employment growth should be accommodated on a Technology/High Quality Business Park to more effectively compete with jurisdictions where parks have been developed to provide a high quality, managed business environment which encourages clustering and business synergies. A Development Brief should be prepared for a Park (or parks) anticipating supporting allocation in the East Area Plan or elsewhere.

## **Monitoring**

The Island's economy is in the process of restructuring. The work underpinning Vision 2020 indicates a shift in the balance of economic activity toward manufacturing and production. In the short to medium term, the banking, finance and fiduciary sectors anticipate continued decline in the short to medium term. In this changing environment awareness of the nature and speed of property and land requirements can play an important role in developing appropriate policy and programme responses.

The ELR includes the development of the first Island wide employment floorspace database, assembly of quantitative and qualitative information on the future intentions of businesses and an assessment of premises availability. This supplements the ELR. Some data gaps remain for example the take up rates for different types of employment premises at planning level or Island wide. The information would be valuable in supporting forward planning, economic development and in increasing levels of confidence in the development sector.

The information in the ELR needs to be updated at regular intervals. The main commercial agents have collaborated in the Study and there is an 'in principle' agreement for this to continue. It is recommended that DED, Agents, DOI undertake this work at 6 monthly intervals.

# 1 INTRODUCTION

- 1.1 This Employment Land Review is a critical part of the evidence base to support the ongoing preparation of the Island Development Plan, which encompasses the Strategic Plan and one or more Area Plans. It provides a basis for its underpinning in economic development policy as well as assisting assessment of related planning applications which may be received by the Department of Environment, Food & Agriculture.
- 1.2 Recent Planning Inquiries indicate the value of a comprehensive framework of evidence in providing the basis for relevant planning and economic development strategy. While the employment land 'reserve' is clearly finite, the needs of the economy and the key sectors within it are constantly changing. Demand related to office and industrial activity will continue, with specific requirements changing to reflect emerging technology and the development of particular sectors.
- 1.3 The Treasury's Central Planning Assumptions envisage real growth in National Income of some 3% per annum to 2015 as well as continued growth in the working age population. The availability or otherwise of suitable sites and premises is an important factor in promoting the continuing development of the key sectors likely to generate this growth. It is an important part of the Island's business infrastructure.
- 1.4 The importance of establishing a robust evidence base to support the future development of suitable sites and premises in the Isle of Man's key sectors has been recognised for some time, as the statement below indicates,  
  
*"The reality in the Isle of Man is that there is very little historic data available with regards to unmet demand for land/premises or future requirements in terms of location and land required. This is a matter which was highlighted in the recent Inspector's report (Dec 2010)<sup>4</sup> from the Proposed Cooil Road Development Order Inquiry."*  
  
Department of Infrastructure, Employment Land Statement to the Inquiry into the Modified Draft Area Plan for the South, May 2011
- 1.5 Take up rates have not historically been monitored. While enquiries are received by agents and Government for employment sites or premises, information regarding notified requirements, the outcome of enquiries and the factors influencing the outcome is not systematically maintained.
- 1.6 Without information on the distribution of employment land and premises for particular sectors or types of user, it is difficult to establish the extent to which the present stock acts as an incentive or disincentive to investment and expansion. It is also difficult to establish what future needs may be.
- 1.7 Factual evidence gathering is therefore needed to enable a realistic assessment of the supply of employment land and its effectiveness in meeting the demands of its key economic sectors in the future.
- 1.8 A comprehensive, up to date picture of the need and provision of employment sites and premises, by area and sector, is needed in order to support policy recommendations on the allocation, protection or release of employment sites. It must be rooted in a detailed

understanding of the local economy, its spatial and sector structure, and its strengths and weaknesses as a business location.

- 1.9 The Isle of Man Government therefore commissioned Peter Brett Associates (PBA) and Black Grace Cowley to prepare an Employment Land Review. This report presents their findings.
- 1.10 The approach is tailored to the Isle of Man's specific circumstances and is consistent with best practice methodology in preparing employment land assessments. A comprehensive analysis has been prepared including the following:
- Assumption of a 15-year time horizon, supporting the longer term timeframes adopted in the Strategic Plan and Area Plans, while also promoting policy development which can provide a measure of investment confidence in the medium to long term;
  - Key sector employment trends consistent with Vision 2020 – Mapping the Isle of Man's economic future;
  - Review of existing policy;
  - Analysis of supply:
    - profile of sites and premises
    - consideration of infrastructure issues (access, services & utilities etc.)
    - site mapping and consideration of effectiveness
    - development pipeline
  - Demand analysis:
    - Review of Vision 2020 trends and assumptions
    - Consultations with Business Investment Managers, Chamber of Commerce representatives, key businesses, developers and others
    - A survey of businesses to establish future employment requirements and views on business investment and location
    - A forecast of future demand, under optimistic, pessimistic and realistic scenarios
  - Property Market Review:
    - profile of sites and premises; and
  - Implications for future monitoring.
- 1.11 The various analyses raised issues concerning what type, how much and where future employment land and floorspace should be encouraged if it is to meet the developing needs of the economy.
- 1.12 A Stakeholder Workshop was then held on 12 August 2014, bringing together representatives from the Isle of Man's key economic sectors, officers from the Departments of Economic Development and Infrastructure, property agents and owners of employment land. It considered these issues and their implications for future provision, its outcomes helping to inform the Draft Report.

## 2 REVIEW OF PLANNING & ECONOMIC DEVELOPMENT POLICY

Provision of appropriate employment land and premises is a central part of Government policy to support economic growth, recognised in the Agenda for Change and highlighted in the development of Vision 2020, the Isle of Man's Economic Strategy.

Planning policy reinforces this. Economic progress and 'pursuing manageable and sustainable growth based on a diversified economy' is a core aim of the Isle of Man Strategic Plan. It has a clear spatial strategy, with Douglas as the main centre, and Ramsey, Peel, Onchan, Catletown and Port Erin as service centres. The Freeport/Ronaldsway/ Ballasalla/Jurby industrial estates are the only major employment areas identified elsewhere. It directs development to appropriately allocated sites across the Island.

Local Plan updating has started with the Area Plan for the South, approved by Tynwald in 2013. Key employment areas, including strategic reserve sites are identified. The Central Douglas Masterplan has been prepared indicating the pattern for future development and expansion of Douglas Town Centre, with particular implications for future office development and its location. Preparation of the Area Plan for the East will commence shortly, providing the planning framework for the continuing economic development of Douglas and the major employment locations on the Island.

At a detailed level, a consultation draft Use Classes Order was published in late 2014, which will create flexibility to accommodate changes of use in response to the changing technology, storage and administrative requirements of modern industry. The revised Order will be published later in 2015.

- 2.1 Ensuring provision of appropriate employment land and premises is critical to the ongoing development of the Isle of Man's economy. This is recognised through overarching Government policy and its expression in planning policy and economic development objectives.

### Agenda for Change

- 2.2 Economic objectives concerned with economic growth, maintenance of full employment and increasing earnings are at the heart of the Government's 'Agenda for Change', which sets out the vision for change for the Isle of Man to September 2016. It's Environment and Infrastructure theme aims to ensure infrastructure investment supports sustainable economic development. Several supporting corporate objectives relate directly to the provision of employment land and premises, including:

#### *Our Economy*

- Energise the Island's ability to innovate and create our future industries:
  - Drive growth in emerging innovative sectors

#### *Environment & Infrastructure*

- Prioritise the schemes in the capital programme which further develop our infrastructure and support economic development; and
- Make sure town and country planning supports economic development.

### The Isle of Man Strategic Plan - Towards a Sustainable Island (2007)

- 2.3 The Isle of Man Strategic Plan- Towards a Sustainable Island (2007) adopts the same principles in the land use planning framework for future development.
- 2.4 Economic Progress is one of the plan's 6 aims, to "*pursue manageable and sustainable growth based on a diversified economy*". Accordingly, the Strategic Plan encourages growth of employment opportunities throughout the Isle of Man consistent with its Business and other policies (Business Policy 1).
- 2.5 Its Economy objectives focus on improving and maintaining diversity across the economy; ensuring sufficient land and property in terms of location, size and type is available for employment purposes; safeguarding and providing for the needs of existing and new location-dependent businesses; and maintaining and enhancing town centre viability. It is presently the subject of a partial review, limited to housing figures and allocations in response to the 2011 Census.
- 2.6 Its spatial strategy is based on service Centres, transport Links and Gateways (ports and airports) to give a strategic focus for future development. Douglas is identified as the MAIN CENTRE, with Ramsey, Peel, Onchan, Castletown and Port Erin as SERVICE CENTRES. The Freeport/Ronaldsway/ Ballasalla/ Jurby industrial estates are the only major employment areas identified outside the CENTRES. The Airport, Douglas harbour, Ramsey and Peel are identified as the main GATEWAYS.
- 2.7 Douglas and its surrounding area is the focus of business and employment activity, with Castletown, the Airport/Freeport, Peel, Ramsey and Jurby identified as other major employment areas.
- 2.8 Strategic policy then directs major employment-generating development to appropriately allocated land and existing centres (Strategic Policy 6). Strategic Policy 7 seeks to ensure that undeveloped land allocated for industrial, retail or office purposes is retained and protected for these uses.
- 2.9 The Strategic Plan's Business Policies therefore reinforce the spatial strategy, restricting permissions on industrial development land to industrial, storage and distribution and in Business Policy 7, focussing new office development in town and village centres (or on approved Business Parks).

### Area/Local Plans

- 2.10 In general, local plans are concerned with identifying sites suitable for industrial development while not affecting residential amenity. All Local Plans will in time be replaced through Area Plans for the East; North; and West. The **Area Plan for the South** (approved 2013) is the only plan to have been prepared after the Isle of Man Strategic Plan. It covers most of the Island to the south of Foxdale, including Ballasalla, Castletown, Port St Mary and Port Erin. Translating direction and policies to local level, it identifies business park

potential at Ronaldsway and reinforces Port Erin and Castletown's employment functions as part of their SERVICE CENTRE role. In promoting environmental improvements at Balthane, it also recognises the importance of environmental quality in attracting investment.

- 2.11 The Plan's specific recommendations and proposals (shown below) focus on developing the broad hub of employment activity at Ballasalla, Balthane, the Freeport and Ronaldsway.

**Employment Recommendation 1:** *It is recommended that the Department of Infrastructure, the Department of Economic Development and Malew Parish Commissioners work collaboratively to produce a strategy for improvements at Balthane Industrial Estate.*

Balthane is a designated Industrial Estate and is for industrial employment.

**Employment Proposal 1:** *All industrial uses, other than small scale light industrial uses considered to be acceptable within the Mixed Use areas, or those uses deemed appropriate by the Isle of Man Strategic Plan Business Policy 7, will be located on the Industrial Estate at Balthane and where appropriate Ronaldsway and the Freeport.*

**Employment Proposal 2:** *It is proposed that Site 4 to the north east of the Freeport should be designated for Office and/or Industrial Use and be subject to Development Brief 4.*

Development Brief 4 provides site specific guidance on parking, access improvements, landscaping and building size and design.

- 2.12 **Employment Proposal 3:** *It is proposed that the Ronaldsway Industrial Estate will be designated as a Business Park. As such, it would be a suitable location for light industrial purposes, warehousing, new technology companies involved in scientific, commercial, or industrial research or development and office accommodation as the corporate headquarters of companies having multiple and diverse interests (but excluding financial/professional services to visiting members of the public).*

- 2.13 The Plan makes a distinction between the respective functions of Ronaldsway and Balthane, listing suitable uses at Ronaldsway and noting that other uses may be better directed to Balthane<sup>1</sup>.

- 2.14 Further Business Park land to the south of Ronaldsway at Malew is identified as a Strategic Reserve (SR2), with its development linked to demonstration of an 'unacceptable' shortfall in employment land availability<sup>2</sup>. Business Park designation is accompanied by landscape guidance in the Plan, firmly emphasising high quality design and the need to protect views from the Isle of Man's main entrance points and strategic roads (in this case the A5). The business park designation is intended to encourage development similar to business park concepts implemented in the UK, Europe and elsewhere.

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<sup>1</sup> Area Plan for the South, paragraph 6.8.5

<sup>2</sup> The Monitoring Report for the South is the main tool for this. The Plan also provides for site release in exceptional circumstances

## Central Douglas Masterplan

- 2.15 A masterplan for Central Douglas has been finalised. Its consideration includes opportunity sites in Lower Douglas and considers the relationships between this area and other parts of the town centre, including the established office core and main retail areas.
- 2.16 The masterplan seeks to reinforce central Douglas's role as the island's main concentration of office floorspace. The potential for additional allocations outside the town centre therefore needs to be considered against a number of factors including: forecast requirements for office space; the availability or otherwise of deliverable opportunities in the town centre; and whether particular types of office facility might be more appropriately located outside town centres e.g. headquarters linked to operational, research or other facilities. Critically, policy and implementation of planning and other policy is concerned that Douglas town centre's business role is not undermined.

## Use Classes Order

- 2.17 The Town and Country Planning (Permitted Development) Order 2012 does not provide any use class or specific definition of employment land. Employment land could fit into the following use classes:
- Class 4 Offices: Use as an office other than a use within Class 2.
  - Class 5 Research and Development, Light Industry: Use for all or any of the following purposes —
    - (a) for research and development of products or processes, or
    - (b) for any industrial process, being a use which can be carried out in any residential area without detriment to the amenity of that area by reason of noise, vibration, smell, fumes, smoke, soot, ash, dust or grit.
  - Class 6 Storage or Distribution: Use for storage or as a distribution centre
- 2.18 The Use Classes Order has been the subject of recent consultation, aiming to create flexibility to accommodate changes of use in response to changing technology, storage and administrative requirements of modern industry. Consultation took place for 6 weeks between 28 November 2014 and 9 January 2015. The matters raised in response are under review and a new use class order will be published in due course.
- 2.19 Government and supporting planning policy is clear in directing appropriate employment and office development to specific locations and this has been relatively successful. Office uses are generally limited to Douglas town centre, the centres of Ramsey, Peel and Castletown and to designated business parks. Similarly, with the exception of a few standalone manufacturing operations, industrial and warehousing activity is generally limited to areas specifically allocated for these uses.
- 2.20 The Isle of Man's fiscal differentiation from the UK and Ireland has led to the development of a financial and business services sector much larger than might be anticipated for similar-sized areas in the UK. However, the scale of its manufacturing, distribution and warehousing sectors is more proportional. With limited demand, some of the areas

allocated for industrial use have witnessed pressure from retail, retail services, showroom, community services and other uses. As these values generally command higher rents than industrial and storage uses, where such development has taken place, it has tended to influence value expectations and generate continued pressure for uses not covered by the original allocation. In some cases, different customer access, loading, delivery and parking requirements have created use conflicts and created capacity issues at some road junctions.

- 2.21 While acknowledging that allocations should contain some flexibility to reflect the size of the economy and the changing nature of sector demand, care also needs to be taken to ensure land and premises are available to encourage the maintenance and expansion of particular employment uses in environments suited to their operation.



### 3 EMPLOYMENT LAND & FLOORSPACE

A review of employment floorspace shows some 578,000 sq.m of industrial, commercial and distribution space across the island, 78% in the East with a further 14% in the South.

There is approximately 224,000 sq.m of office floorspace, 85% is in Douglas Town Centre, with a further 13% elsewhere in Douglas or in nearby business areas. With contraction in financial services and related sectors, there are increasing levels of office availability. 14% of office floorspace in Douglas was being marketed at the time of the review.

At the same time, availability of industrial floorspace has tightened, particularly in and around Douglas.

Some 276 hectares of employment and office land is allocated across the Isle of Man, a third of which is presently available. The East accounts for the largest area of allocated land – 131 ha. A further 98 ha is allocated in the South. Land availability in the North, West and South has increased since 2012, while remaining relatively constant at around 12 ha. in the East.

While there are few constraints to the development of allocations elsewhere, the employment and office land supply in and around Douglas is limited by: covenants restricting use; company expansion (therefore not available generally); planning approval/ recommendation for higher value uses; and other constraints which prevent development in the short term. Once these are taken into account, the effective allocated land supply in the East Plan Area is reduced to 2ha.

With forecast economic growth in manufacturing and related sectors, historic annual take up rates of some 0.78 ha in this area would be expected to increase. This indicates an effective land supply of 2.6 years. This is unlikely to improve in the short to medium term without one or a combination of the following: existing constraints (some of long standing) are addressed; additional allocations are brought forward in the Area Plan for the East; or businesses are incentivised to take up existing allocations elsewhere.

- 3.1 This chapter summarises employment land and floorspace across the Isle of Man. It focusses on industrial, commercial and warehousing/ distribution uses. Retail floorspace has been the subject of a separate review completed in 2013. At Appendix IB, the Review includes mapping by Plan Area and detailed site employment land schedules.
- 3.2 It presents employment and office land availability and also discusses the availability of industrial and commercial premises before presenting a market commentary.

#### Employment & Office Land Availability

- 3.3 Employment and office land availability has been reviewed by the Department of Infrastructure, updating the Employment Land Availability Study 2012. The update provides an assessment to 30<sup>th</sup> June 2014.
- 3.4 A total of 244.47 ha of land is allocated for employment use, 92.91 ha (38%) of which was considered available at the time of the assessment. 31.51 ha is zoned for office use, 4.51

ha of which is available for office use<sup>3</sup>. The table below shows the distribution of allocated and available land. (See detailed schedule at Appendix 1A)

**Table 3-1 Employment & Office Land: Allocations & Availability (ha.)**

Plan Area	Employment Use		Office	
	Allocated	Available	Allocated	Available
North	21.92	14.5	0.00	0.00
South	95.82	56.59	2.17	0.00
East	101.58	12.03	29.34	4.51
West	25.15	9.79	0.00	0.00
<b>TOTAL</b>	<b>244.47</b>	<b>92.91</b>	<b>31.51</b>	<b>4.51</b>

- 3.5 The figures above provide a summary picture. While various sites are available for small scale employment development (0.1 ha – 0.5 ha) there are fewer opportunities for larger development. This situation is particularly pronounced in the East, where the potential within the existing land supply to accommodate larger developments or promote co-ordinated development appears limited. Office land availability is effectively focussed on Central Douglas and Victoria Road.
- 3.6 The aggregate figures in the Employment Land Availability analysis show limited net change from the 2012 assessment in the East (from 12.04 ha to 12.03 ha), but increased availability in the North, West and South<sup>4</sup>. This highlights the concentrated nature of demand for employment space in the Douglas/Ronaldsway area.
- 3.7 While there are few constraints to the development of allocations elsewhere, the employment and office land supply in and around Douglas is further limited by: covenants restricting use (such as the residual area at the Isle of Man Business Park which is restricted to corporate HQ office use); company expansion, and therefore not available generally (as at School Road, Onchan); planning permission/ recommendation for higher value and other uses (as at Ballafletcher); and other constraints which prevent development in the short term. Once these are taken into account, the effective allocated land supply in the East Plan Area is reduced to 2ha. This is shown in Table 3.2 below.

<sup>3</sup> No comment is provided on site deliverability

<sup>4</sup> The increase in the South are principally related to allocations in the Area Plan for the South

**Table 3-2 East Plan Area: Employment Land Availability June 2014 (ha.)**

Site	Area available	Constraint	Residual availability
Onchan 2A (School Road)	2.54	Adjacent to Triumph. Short term deliverability unlikely. Zoning may be reviewed in preparing Area Plan for the East	0
Braddan 5A (Ballafletcher)	0.64	Current planning application for warehouse and entertainment centre. Due to limited land availability for a mixed use development of this scale, officers have recommended there is sufficient justification to allow the land to be used for an alternative use.	0
Braddan 5B (Ballafletcher)	0.16	As above	0
Braddan 1B (IOM Business Park)	2.59	Covenant restricts development to Corporate HQ office use	0
Braddan 3 (Ballakinnish)	4.1	The site will be reviewed as part of the Area Plan for the East. Viewed by market and planners as unlikely to come forward in the short term. Possible potential as employment land in the medium to long term. <sup>5</sup>	0
<b>TOTAL</b>	<b>10.03</b>		
East Total Employment Land Availability as noted in ELAS (ha)			<b>12.03</b>
Residual availability (ha)			<b>2.00</b>

3.8 As indicated above, should the present appeal at Ballafletcher be lost, availability will increase to 2.8ha.

#### Take up

- 3.9 Take up of industrial, employment and commercial land and premises is not routinely monitored, rather take-up analyses tend to be developed in response to relevant applications or as required to support planning inquiries.
- 3.10 The most recent concerned proposed light industrial development at Cooil Road, Douglas. Supporting information provided by the Department of Infrastructure and the applicant examined take up rates. The Department's supporting information was based on analysis of planning consents granted between 2000 and 2012 for locations in the East of the Island. It identified annual employment land take up of 0.78ha. in this area (based on consents at

<sup>5</sup> Note: DoI using the site to store construction materials for Douglas town centre projects. June 2014 approval for DoI application for retrospective change of use from a former market garden to storage of construction materials. Decision notice states that the "use approved shall ensure for the benefit of the Department of Infrastructure only".

White Hoe, Middle River, Snugborough, Middle Farm, Ballafletcher, Carrs Lane, Spring Valley, the Isle of Man Business Park, South Quay and Kirby Farm.

- 3.11 The Department's evidence to that Inquiry<sup>6</sup> identified that in a worst case scenario (i.e. one in which all consents are developed) an estimated 2.14 ha of employment land would be available, equivalent to 2.75 years supply. Assuming permissions at Ballafletcher and White Hoe (Manx Telecom) were not implemented, some 4.26 ha would be available in the East, equivalent to nearly 5 and half years supply. The pressing nature of the requirement for additional employment land in the east was further emphasised, with the evidence noting that, "Due to the lack of available land, it is considered there is an over-riding national need for additional land to be released prior to the Area Plan for the East"<sup>7</sup>.
- 3.12 Since the publication of the Inspectors Report, Canada Life's relocation and proposed expansion from Castletown to a 1,672 sq.m unit (18,000 sq.ft) at the Isle of Man Business Park (at Ballacottier) further reduces the available supply.

### Floorspace

- 3.13 Recognising the restrictions of existing data, the Employment Land Review has included a detailed analysis of existing floorspace across the Isle of Man. This involved a combination of: interrogation of existing datasets maintained for rating and GIS purposes; discussions with commercial and industrial agents; site visits, where possible; validation through review by industrial and commercial property owners; and detailed review with officers from the Departments of Economic Development and Infrastructure. Office floorspace figures for Douglas town centre were identified through a specific review of rating records by the Valuation Office<sup>8</sup>.
- 3.14 Floorspace profiles of the main employment locations are summarised below. More detail is provided at Appendix 1B, which includes mapping by Area Plan area and detailed site schedules.

**Table 3-3 Employment Floorspace 2014 (sq.m)**

	East	South	North	West	Total
Office	219,915	3,671	73 <sup>9</sup>	167 <sup>10</sup>	<b>223,826</b>
<i>Douglas TC</i>	190,018				
<i>ex Douglas TC</i>	29,897				
Industrial	68,339	50,014	17,598	5,360	<b>141,311</b>
Food drink	8,914	562	601	3,537	<b>13,613</b>
Distribution/storage	49,673	11,966	5,185	472	<b>67,296</b>

<sup>6</sup> Statement on behalf of the Planning Authority, Appeal No. L09NEW/AP12/0115: Applicant H Richmond

<sup>7</sup> paragraph 77, *ibid*

<sup>8</sup> Specific Valuation Office assessments of centres outside Douglas are still to be completed

<sup>9</sup> See previous comment. Figures relate to office space in employment areas outside town centres

<sup>10</sup> As above

	East	South	North	West	Total
Industrial services	51,040	4,630	8,008	942	<b>64,620</b>
Retail	23,114	831	632	1,000	<b>25,577</b>
Leisure	2,721	2,055	457	215	<b>5,447</b>
Non residential institutions	15,520	3,075	423	-	<b>19,019</b>
Vacant	11,326	3,074	688	2,634	<b>17,721</b>
<b>TOTAL</b>	<b>450,562</b>	<b>79,878</b>	<b>33,665</b>	<b>14,326</b>	<b>578,431</b>

- 3.15 The figures indicate the significance of the concentration of all types of employment activity in the East, the area accounting for some 78% of all employment floorspace: including over 98% of the island's office space; nearly three quarters of its distribution floorspace and nearly 60% of its industrial premises. It also accounts for 63% of vacant floorspace. Douglas town centre accounts for 84% of the Isle of Man's office floorspace.
- 3.16 The South of the island provides a further 25% of industrial floorspace and nearly 20% of the Isle of Man's distribution capacity, reflecting proximity to the main ports and trade gateways.

### Floorspace Availability

- 3.17 The review has also examined the availability of commercial and industrial floorspace across the Isle of Man through: review of commercial and industrial property notified to agents (and publicly marketed), validation through discussions with commercial and industrial agents, and site visits.

**Table 3-4 Availability of Employment Floorspace, June 2014 (sq.m)**

Area	Use				TOTAL
	Office	Industrial	Distribution	other	
<b><u>EAST</u></b>					
Tromode	-	1,229	-	-	1,229
Middle Park	-	697	-	-	697
Spring Valley	516	3,321	-	-	3,837
Springham	-	391	-	-	391
Snugborough	102	1,674	-	-	1,776
Middle River	302	139	-	-	441
Douglas Head	-	361	-	-	361
Hills Meadow	-	470	-	-	470
Kirby Farm	-	1,663	-	-	1,663
Onchan	721	1,623	-	-	2,344
Douglas Centre	30,476	-	-	1,741	32,217
<b><u>NORTH</u></b>					
Jurby	-	1,568	-	-	1,568
Ramsey	587	307	-	-	893
Laxey	253	219	-	-	472

Area	Use				TOTAL
	Office	Industrial	Distribution	other	
<b><u>SOUTH</u></b>					
Ronaldsway	811	8,279	-	-	9,091
Balthane	-	755	321	-	1,076
Ballasalla	772	790	-	-	1,562
Castletown	1,606	116	-	-	1,722
Port St Mary	75	-	-	-	75
<b>TOTAL</b>	<b>36,220</b>	<b>23,602</b>	<b>321</b>	<b>1,741</b>	<b>61,884</b>

- 3.18 An internal assessment prepared for the Department of Economic Development & Department of Infrastructure in 2012 also focussed on availability, with some 401,000 sq.ft of office floorspace and 435,250 sq.ft of industrial floorspace estimated to be available at the time.
- 3.19 While the figures in both exercises were based solely on properties notified to agents, they indicate some shifts over the last two years:
- At 390,000 sq.ft (36,230 sq.m), office availability island-wide was just 3 % lower than in 2012. However, the volume of available premises in the east of the island, which includes Douglas, is now 14% (75,000 sq.ft(6,968 sq.m),) higher; and
  - Industrial floorspace availability has reduced markedly from 435,250 sq.ft (40,435 sq.m), in 2012 to 254,000 sq.ft (23,597 sq.m) now. This is particularly pronounced in the East (-38%) and South (44%), the areas with the largest concentrations of industrial floorspace.

## 4 MARKET COMMENTARY

### Offices

The large part of demand witnessed by commercial agents for office floorspace focusses on established office areas in central and south Douglas. The Summerhill and Isle of Man Business Parks have also witnessed high quality office development. Larger companies such as Pokerstars have occupied signature buildings.

Over the last 25 years, most requirements have been for premises of between 929 sq.m (10,000 sq.ft) and 2,787 sq.m (30,000 sq.ft). Companies in financial and related sectors have downsized in recent years due to a combination of reduced demand in banking and related areas and restructuring. Average requirements for new space are now considerably lower than trend at between 93 sq.m – 465 sq.m. The take up of available office premises is now estimated at 2,323 sq.m per annum, just over 40% of the levels seen in the 1990s and 2000s.

With 14% of Douglas office floorspace available, most inquiries should be able to be met through the existing or refurbished stock. With limited available floorspace of between 1,858 sq.m and 3,716 sq.m, larger or more specialist requirements would be an exception to this.

### Industrial

Market demand for industrial and distribution space is also focused in and around Douglas where access to labour, transport links and road networks are better developed and where the majority of employees and customers are located. Outside Douglas, other locations in the East Plan area and the Ballsalla/Ronaldsway area, Peel provides a focus for food processing and related activity, while Ramsey also provides some accommodation for engineering activity. While most businesses are accommodated in defined industrial areas, several, mainly larger manufacturers occupy stand-alone premises.

Demand for industrial and warehouse premises has been resilient with the majority of premises on estates occupied and trading.

While demand expressed to agents is generally for smaller to medium sized units of between 929 sq.m and 465 sq.m, in the last 2 years, the Department of Economic Development has received an increasing number of inquiries for larger premises. Some 4,645 sq.m is estimated to be taken up annually, although this is expected to increase with the ongoing development of the aerospace and other high value manufacturing sectors.

- 4.1 Commercial agents Black Grace Cowley have reviewed the main areas of property demand and supply. This is based on their understanding of the Isle of Man's property market, deals for commercial, industrial and warehousing property they have completed and inquiries they have received from potential occupiers,
- 4.2 The performance of the economy and commercial property markets are generally linked and are cyclical in nature. World economies were severely affected by the economic downturn over the last six years although recovery is now clearly taking place in the UK and

other western economies. While the Isle of Man has technically never been in recession, demand for commercial premises continues to be weak compared with 2000-2008.

### **Offices**

- 4.3 Over the last 25 years there has been continuing demand for offices to service the expansion of the finance sector and associated support services. Historically, professional offices have located around Athol Street in Douglas with advocates and accountants often having satellite offices in Ramsey and Castletown.
- 4.4 As the finance sector expanded the first phase of multi-storey modern office buildings was brought to the market between 1970 and 1980 in the Prospect Hill/ Athol Street area. The refurbishment and conversion of older, Victorian buildings and the construction of further new office schemes continued during the 1980's and the 1988 Douglas Local Plan set out the zoned office area in south Douglas which was further expanded in the 1998 Local Plan.
- 4.5 The development of purpose built office schemes, principally in the 929 sq.m – 2,787 sq.m range has continued over the last 25 years while previously established finance sector companies and professional firms expanded and moved into larger premises in this area.
- 4.6 With a large population and employment base, established business contacts and support services all located in south Douglas, there has been little incentive for businesses to relocate elsewhere.
- 4.7 A number of companies have decided to build or lease office buildings on the outskirts of the zoned office area, along Peel Road, on former headland hotel sites and on the two business parks, Summerhill Business Park in north Douglas and the Isle of Man Business Park on the south west outskirts.
- 4.8 A small number of finance sector companies took premises and subsequently expanded in Ramsey and in Castletown although a number of professional firms, advocates and accountants, have recently closed regional offices and consolidated Douglas operations.
- 4.9 With approximately 85% of the Island's 224,000 sq.m of office floorspace in Douglas town centre, supply and demand for offices is concentrated in the Island's capital.
- 4.10 Modern purpose built office buildings in the town range between 929 sq.m to 5,574 sq.m. The majority have the facility for multi-occupation with tenants able to take open plan floors from 186 sq.m to 1,115 sq.m. Although a number of tenants occupy between 929 sq.m and 2,787 sq.m, many occupiers have reduced staff numbers and therefore, their office space requirement. Irish banks including AIB Bank and Bank of Ireland have closed adding to the existing supply of available offices.
- 4.11 There is currently a reduced level of demand for office space compared with previous take up in the 1990s and early 2002, which was estimated at 5,574 sq.m annually.<sup>11</sup>

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<sup>11</sup> Black Grace Cowley estimate



- 4.12 Current demand is for good quality office suites in the 93 sq.m – 465 sq.m range. Most inquiries and subsequent lettings and sales are from companies already established in the local finance sector. Off-Island demand has been limited with new businesses generally establishing small offices, intending to expand as business develops. There is an oversupply of second-hand space in Douglas town centre with a limited supply of new accommodation.
- 4.13 Although there is no established database, estimated annual floorspace take up in Douglas and the East is in the order of 2,323 sq.m<sup>12</sup>, well below previously established levels. While this would normally be expected to increase as the economy improves and political and financial uncertainty is removed, the banking and fiduciary sectors which have traditionally underpinned much of the demand for office property are restructuring. Demand for these sectors may take some time to return to previous levels, it may be offset from increasing interest from IT and e-gaming companies. Speculative office development is considered unlikely in the short term, with mixed use development potentially offering scope to incorporate office floorspace.
- 4.14 As the increased availability noted earlier indicates, the majority of office space requirements may now be met in the existing supply. However, office specification and architecture dates at a faster rate than other types of commercial property and many companies will seek to relocate to more modern premises at the expiry of medium to long term leases, leaving older properties vacant.
- 4.15 There is a limited supply of good quality office space between 1,858 sq.m – 3,716 sq.m and new build options have been considered on several occasions recently. Local finance sector companies have either bought sites for development and owner occupation or have approached developers to prepare development schemes for leasing.
- 4.16 With the current levels of available office space within the Douglas area, the Island is well placed to provide a range of office accommodation types to the majority of small to medium sized companies seeking to expand or re-locate to the Island. A number of refurbishment programmes have been carried out in order to attract new occupiers.

### ***The Industrial Market***

- 4.17 The industrial and warehouse market has developed over the last 50 years and is more widely distributed across the Island compared to the office market.
- 4.18 The majority of industrial premises are located in established and mostly well screened industrial estates, some of which originate from historic businesses such as commercial laundry, bottling plants, gas plants etc. These original businesses have closed with premises and surrounding land redeveloped to provide more modern facilities.
- 4.19 However, the last 30 years has witnessed a rapid expansion in available industrial space with new estates being established, mostly on the outskirts of Douglas. Older estates have

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<sup>12</sup> ibid

gradually been upgraded although the general quality in terms of management, landscaping, estate road networks etc. requires improvement in several instances.

- 4.20 Demand has again focused in and around Douglas where employment sources, transport links and road networks are better developed and where the majority of customers are located.
- 4.21 There are approximately 12 industrial estates in and around Douglas, in a crescent around the east, south and west side of the outer ring road leading from the South Quay through Kewagie into Cooil Road, Vicarage Road, Ballafletcher Road and Tromode. These estates range in size and quality and attract a diverse range of industrial, warehouse, storage and retail uses.
- 4.22 In the south, industrial estates are established around Ballasalla and Ronaldsway airport, once again varying in size, quality and use. At Balthane, the volume of development of new industrial units constructed in recent years by several developers has been significant.
- 4.23 The North is served by industrial estates in the centre of Ramsey including the Ship Yard, Gladstone Park, and an industrial estate at Jurby in the far north. In the west, industrial development focusses around Mill Road, Peel and on the adjoining Fish Yard.
- 4.24 Several major industrial employers have large manufacturing units with adjacent space for future expansion, including Triumph (formerly G.E. Aviation) in Onchan and Ronaldsway Aircraft at Ronaldsway.
- 4.25 In general terms, demand for industrial and warehouse premises has been resilient and the large majority of premises on estates are occupied and trading.
- 4.26 Demand is generally for smaller to medium sized units of between 929 sq.m and 465 sq.m. The principle demand is for warehouse and distribution space with less marked demand for industrial and manufacturing space.
- 4.27 The profile of manufacturing businesses has changed over the last 30 years with the manufacture of bulky, low value goods being replaced by high quality precision engineering businesses establishing manufacturing units in a number of locations.
- 4.28 Although a number of major manufacturing and distribution companies occupy units of 1,858 sq.m – 2,787 sq.m, agents have little current evidence of demand from new entrants for this size of unit. However, it is noted that several recent inquiries have been made to DED for property of this scale or larger from both indigenous and inward investing businesses,
- 4.29 As yet, there is no established data for the take up of industrial space although it is estimated that across the Island approximately 4,645 sq.m<sup>13</sup> floorspace is taken up by tenants and owner occupiers on an annual basis. We would expect this level of take up to increase as the local economy recovers.

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<sup>13</sup> Black Grace Cowley estimate

- 4.30 On the basis of historical trends, most industrial requirements would be able to be met within the existing supply. However, in the short to medium term at least the emphasis of growth in the Isle of Man economy is expected to shift towards production uses, generating demand for industrial floorspace. The potential development of high quality industrial units, possibly as part of a high technology/ business park may also attract demand from Island and off Island businesses relocating to the Island once suitable premises are available to them.

## 5 EFFECTIVENESS

With the exception of those in the North and isolated instances in Douglas and the East, few if any of the Isle of Man's employment allocations are categorised as poor. As shown in previous sections, locations in the East and South are the main focus of letting and purchasing activity, with both areas witnessing a major reduction in property availability in the last two years as economic activity has increased. Higher levels of investment are typically attracted to these locations reflecting the prospects of achieving swifter occupation, higher values and better returns.

In Douglas and the East, few sites are available to accommodate expanding activity. In the South, while there are large allocations of employment land at Ronaldsway and Balthane, and expansion land at the Freeport, availability of high quality sites is more limited.

- 5.1 This section examines the land provided by the planning system for employment uses. It examines the spatial distribution of these sites and whether they are vacant. The method and set of criteria adopted in this qualitative audit are consistent with Government guidance and other studies.
- 5.2 In 2008 the Department for Local Government and the Environment commissioned a framework for assessing potential residential and employment sites in developing Area Plans, with the aim of identifying those that could best meet the objectives of the Strategic Plan (2007).
- 5.3 The Framework identifies 17 criteria for site selection, and a scoring framework to help assess overall site suitability. Those relevant to employment land are:
  - Locations which minimise the need to travel and protect the countryside;
  - Sites compatible with adjacent land uses;
  - Prioritising vacant sites; those not requiring substantial work; and those with fewer ownership constraints;
  - Making best use of existing and planned utilities infrastructure;
  - Sites located to encourage the use of public transport;
  - Accessibility relative to the road network;
  - Maintaining landscape character, protecting visual amenity and valued wildlife habitats and species;
  - Maintenance of the historic built environment and protecting archaeology;
  - Protecting high quality agricultural land; and
  - Minimising flooding risk and avoiding hazardous land uses.

- 5.4 The related constraints and opportunities map shows the bulk of existing employment land allocations concentrated in the centres, urban and other areas identified as suitable for employment uses in the Isle of Man Strategic Plan.
- 5.5 The criteria above, their related definitions and the assessment thresholds used in the Site Assessment Framework have informed the criteria adopted in this Employment Land Review.
- 5.6 The matrices include a commentary on the assessments made for individual criteria. The scoring for the individual criteria is shown below:

**Table 5-1 Site Assessment Criteria**

<i>Criteria</i>	<i>Ranking considerations</i>
<b><i>Availability of Undeveloped Land</i></b>	
Immediate	Serviced or available for immediate development with minimal constraint. Owner aspirations for employment use consistent with existing allocation
Medium Term	Requires significant infrastructure or cannot be developed for a period of 3-5 years. Owner aspirations for employment use
Constrained	Physical or legal reasons why the land cannot be developed i.e. still in alternative use; held for expansion; or requires other infrastructure etc. Owner aspirations for change of use
<b><i>Marketing</i></b>	
Good	Active marketing and high levels of interest in use presently allocated
Average	Active marketing but limited interest in use presently allocated
Poor	Limited or no evidence of active marketing, recent completion or development. High vacancy levels
<b><i>Internal Environment</i></b>	
Good	Modern buildings, high quality infrastructure and landscape
Average	Buildings between 20-30 years old and generally well maintained
Poor	Old properties or properties in a state of disrepair and suffering obsolescence
<b><i>External Environment</i></b>	
Good	Surrounded by good quality property with nearby facilities for staff. High quality, well maintained landscape. Good provision for servicing, parking & circulation. Located in areas of similar use or open countryside
Average	In an area of reasonable quality property with some ancillary facilities for staff. Adequate servicing, parking and circulation. Quality of environment and landscape unlikely to restrict attractiveness to general users. Located in an area of similar use but with some 'bad neighbour' or sensitive uses nearby
Poor	Surrounded by low quality property and limited facilities. Quality of environment and landscape may limit attractiveness. Restricted parking, circulation and servicing arrangements. Site adjacent to 'bad neighbour' or sensitive uses
<b><i>Site Development Constraints</i></b>	
Good	No environmental constraints or abnormal development requirements. In single ownership or there is agreement re future direction among existing owners
Average	Some environmental constraints, abnormal development

<i>Criteria</i>	<i>Ranking considerations</i>
	requirements exist which may limit development potential. In multiple/single ownership with consistent aspirations
Poor	Environmental constraints, abnormal development requirements significantly limit development potential. Fragmented ownership with different development aspirations
<b>Road Access</b>	
Good	Adjacent or close to strategic road and with good internal roads. No congestion at peak periods
Average	Within 2 km of strategic road and having a reasonable internal estate road layout. Congestion infrequent
Poor	More than 2 km from strategic road or set within a mainly residential area or narrow estate roadways. Regular congestion at peak periods
<b>Public Transport</b>	
Good	Bus service either through or to the edge of the site with regular service (>2 services per hour at peak). Employer/landlord provision of site specific transport accessible to most businesses
Average	Bus service close or near to the site estate running a moderate service (< 2 services at peak). Employer/landlord provision of site specific transport accessible to limited number of businesses
Poor	Public transport remote from the site
<b>Local Market Conditions</b>	
Good	Few vacant properties on site or within the immediate area & good rental and capital value levels
Average	A number of vacant properties on the site, taking longer to be occupied and at moderate rental/capital value levels
Poor	High vacancy rates, long void periods and low levels of rental/capital values
<b>Overall Assessment</b>	
Good	Performs well in the local/regional market use. Potentially attractive to inward investors. Scope for expansion
Average	Performs well in the local/regional market. Limited attraction to inward investors. Limited or no scope for additional development
Poor	Under-performing site or suffering market failure in its current use

- 5.7 The effectiveness assessment uses the four areas adopted in the Isle of Man Strategic Plan (2007) as the basis of its analysis:
- **Douglas and the East:** Douglas, Onchan, Braddan, Marown, Santon, Laxey and Lonan;
  - **Ramsey and the North:** Ramsey, Andreas, Ballaugh, Bride, Jurby, Lezayre and Maughold;
  - **Peel and the West:** Peel, Patrick, German, Michael; and
  - **The South:** Castletown, Port Erin, Port St Mary,, Arbory, Rushen and Malew
- 5.8 The assessment is indicated in the tables below.
- 5.9 With the exception of those in the North and isolated instances in Douglas and the East, few if any of the Isle of Man's employment allocations are categorised as poor. As shown in previous sections, locations in the East and South are the main focus of

letting and purchasing activity, with both areas witnessing a major reduction in property availability in the last two years as economic activity has increased. Higher levels of investment are typically attracted to these locations reflecting the prospects of achieving swifter occupation, higher values and better returns.

5.10 In Douglas and the East, few sites are available to accommodate expanding activity. In the South, while there are large allocations of employment land at Ronaldsway and Balthane, and expansion land at the Freeport, availability of higher quality, serviced sites is more limited.

Table 5-2 Site Assessments

Douglas & the East										
Site/Area	Tromode	Ballafletcher	Middle Farm	Whitehoe	Spring Valley	Springham	Summerhill Business Park	Isle of Man Business Park	Snugborough Trading Estate	Middle River Estate
ha	3.72	11.3	8.38	8.1	11.3	0.27	0.8	18.76	12.27	6.4
<b>Undeveloped Land Availability</b>	limited	1 plot	Estate extension land available	Large plot remaining	None	None	Limited	Limited	None	Limited
<b>Marketing</b>	good	good	average	good	average	Average	good	good	average	good
<b>Internal Environment</b>	average/good	good	average/good	average	average	Average	average	good	average/poor	average
<b>External Environment</b>	average/good	good	average	average	good	Poor	average	good	average/poor	average
<b>Site Development Constraints</b>	good	good	good	good	good	Good	good	good	good	good
<b>Public Transport</b>	good	good	poor	good	good	Good	good	good	good	good
<b>Road Access</b>	average/good	good	average/good	good	good	Good	good	good	good	good
<b>Local Market Conditions</b>	good	good	average	good	average	Average	average	good	average	good
<b>Overall Assessment</b>	good	good	Average /good	Good/average	Good/average	Average/good	Good/ average	Good	Average	Good/average
<b>Comments</b>	Single owner, managed environment. Access indirect. Might be possibility of flooding (no recent)	Good access, landscaping. Business Park units, occupiers include Government Departments and major Manx businesses.	Poor visibility. At end of cul-de-sac. Adjacent to Energy from Waste plant.	Drainage constraint over remainder of the site with potential to affect neighbouring site. Design solution can mitigate. Not considered a major obstacle to development	Proliferation of retail and related businesses. Car parking issues in parts. Good landscaping	High density development, poor car parking , multiple ownership		Single developer, multiple ownerships. Office development being constructed on balance of site.	Main estate (northern) of average quality, southern sections poorer standard. Older property, restricted parking	Generally industrial nature, some informal parking



Table 5-3 Site Assessments

**Douglas & the East**

Site/Area	South Quay Industrial Estate	School Road/Second Avenue Onchan	Douglas Head	Hills Meadows	Kirby Farm
ha	4.56	4.52	1.38	8	3.24
Undeveloped Land Availability	none	1 plot	none	none	1 plot
Marketing	good	poor	good	good	average
Internal Environment	poor	average	poor	poor	average
External Environment	poor	average	poor	poor	average
Site Development Constraints	average	poor	average	average	good
Public Transport	good	good	average	good	good
Road Access	good	poor	average	good	good
Local Market Conditions	good	poor	good	average	average
Overall Assessment	Average	Poor/average	Average/poor	Average/poor	Average/good
Comments	High density development located below cliffs, restricted parking. Popular due to location close to harbour, town centre. V difficult internal circulation , limited parking	Highway issues, presence in a residential area, lack of surrounding occupiers constrain interest. Planners have previously recommended change of use.	Multiple ownerships. Located below cliffs, retail showroom uses restricted parking, circulation poor	Multiple ownership, Some poor quality property, poor estate roads and circulation, restricted parking, history of flooding before mitigation in place.	Good external landscaping. Well screened from access road

**Ramsey & the North**

Jurby	Ramsey Shipyard	Gladstone Park	Riverside Industrial Estate
16.01	4.53	2.83	5.78
several sites available within the estate	large areas of land available		
average	average		
average	average		
average	average		
good	average		
average	good		
good	average		
poor/ average	average		
Poor/ average			
Active marketing by Government and agents. Few enquiries attracted. Location perceived to be isolated from main population and business centres. Finance assessments are often based on market performance relative to other sites. Would be considered poor under these criteria. Prospects considered unlikely to change without major Government incentives. . Potential for major uses including data centres (preference for large floorplates, high energy capacity infrastructure)			

Table 5-4 Site Assessments

**Peel & the West**

Site/Area	Clock Tower	Mill Road Peel	Fish Yard
ha	2.9	9.2	1.4
Undeveloped Land Availability	none	Land available	0.3ha
Marketing	average	Average	
Internal Environment	average	Poor	
External Environment	poor	Poor	
Site Development Constraints	average	Good	
Public Transport	poor	Good	
Road Access	poor	Average	
Local Market Conditions	average	Good	
Overall Assessment	Average/Poor	Average	
Comments	Small, modern industrial units suitable for local occupiers. Adjoining land contaminated	Some poor quality property at Mill Rd where access is poor.	

**The South**

Ronaldsway Industrial Estate	Balthane Industrial Estate	Freeport
18.36	55.92	9.62
Estate extension land available	Land available within the estate	Estate extension land available
Average	Good	Average
Average	Average	Good
Average	Poor	Good
Average	Average	Good
Good	Good	Good
Good	Good	Good
Average	Average	Good
Good/Average	Average/Good	Good
Close to Airport. Some poor quality property (generally vacant), poor internal estate roads. Multiple ownerships.	Some poor quality property restricted parking, poor estate roads. Waste transfer site adjoins, adjacent to airport. 3 to 4 main ownerships cover majority of estate. Smaller land ownerships cover remainder	Adjacent to airport. High quality landscaping & buildings, good road access, well serviced for power and communications infrastructure

## 6 CONSULTATIONS

Key interests have been involved at various points in the Employment Land Review, including: Government departments; utilities, developers, estate owners, key sector businesses and Chamber of Commerce representatives. A business survey (issued by DED) was also sent to a wide range of non-retail businesses. Comments and observations fell into several key areas:

*Spatial Distribution:* While Douglas & the East is acknowledged as the main employment focus, the importance of other areas for future growth needs is also recognised. These include Freeport/ Ronaldsway/ Ballasalla as well as Port Erin, Castletown, Peel and Ramsey. While more active promotion of the employment role of these locations is sought, it was generally accepted that many businesses were unlikely to locate outside the East and South without significant incentives;

*Business Environments:* The value of an attractive Douglas town centre environment and other quality of life elements – retail, leisure and other facilities - is significant in attracting investment to all sectors. A combined approach involving adaptation of traditional property, major high quality office development, and potentially, redevelopment of surplus Government-owned buildings may be successful. Broad support for the Central Douglas Masterplan was identified, while noting that some larger inward investors may require an out of town location.

Elsewhere, while most are considered reasonable, few industrial/business areas enjoy high quality environments, and/or coordinated maintenance and management. Inquiries from emerging sectors and inward investors are often frustrated by lack of choice and quality. General support emerged for a high quality business park/technology park, although qualified by the need for skills development strategies to ensure the employment needs of existing and new businesses can be met in a tight labour market. In an environment where other jurisdictions are developing similar offers, the potential value of a packaged offer to attract investment was recognised. The most appropriate sites were thought to be in the East and South, with proximity to the A5, accessibility to Douglas, and the airport.

*Infrastructure:* Few major infrastructure constraints were observed, although the cost (and programming) of electricity connections, road access and capacity constraints were noted in some areas. Robust and high capacity fibre optic infrastructure will be needed for the economy's future development. Most stakeholders were of the view that this is generally in place, although issues surrounding capacity were noted in the area around the airport. Car parking is a critical issue for many businesses and particularly critical in town centre locations.

*Government's role:* Government has a lead role ensuring development to promote employment, including use of its assets and potentially CPO powers, but a strategic rather than incremental approach to employment areas and addressing their issues is needed. Some thought allocations should be concentrated to build value, and there was a general view that increased flexibility over permitted employment uses would encourage investment and expansion in existing areas. Several stakeholders noted that Government would require to play an enabling role in developing any technology park or similar offer, wherever it were located and whether or not it was on Government-owned land.

- 6.1 Key interests in the future development of employment land on the Isle of Man have been involved at various points in the Employment Land Review. These have included: Government departments (Infrastructure (Planning and Transport), Economic Development); utilities (MEA, Manx Telecom), developers, estate owners, key sector businesses and Chamber of Commerce representatives. In addition, the Department of Economic Development issued a business survey to a comprehensive range of non-retail businesses on the island.

### Issues from Stakeholder Discussions

- 6.2 The research has sought quantitative and qualitative views from businesses, developers and sector representatives. Individual discussions with key interests highlighted a range of issues:

#### *Spatial Distribution*

- While Douglas and the East is recognised as the main focus for employment activity, the importance of the Freeport/Ronaldsway/Ballasalla is also recognised;
- The employment role of Port Erin, Castletown, Peel and Ramsey as service centres could be more actively promoted;
- Existing allocations fail to provide choice in the market;
- Potential for Central Douglas location for major high quality office development to attract inward investors, supported by target marketing overseas; and
- Existing Douglas stock is not sufficient to attract major requirements of 1,858 sq.m or more. There is a potential role for redevelopment of Government-owned buildings in addressing this.

#### *Business Environments*

- Importance of the town centre and broader elements which contribute to quality of life – retail, retail services, leisure and entertainment facilities etc;
- Much purpose built office stock is dated, having been developed in the 1980s and 1990s. Traditional property in Central Douglas has been successfully adapted to meet modern requirements, and this process needs to be given further encouragement;
- While there are exceptions, few industrial/business areas are considered to benefit from a high quality environment and/or coordinated maintenance and management arrangements. This potentially restricts opportunities for hi-tech businesses or firms projecting a high quality image;
- Control over tenant profile is an important consideration for such businesses, pointing to a need to improve control and site management;
- Problems attracting potential investors/ occupiers to poorer quality industrial areas such as Balthane;
- Inquiries from emerging sectors and inward investors being frustrated by lack of choice and quality; and

- There is general support for a high quality business park/technology product but differing views as to its specification. There is general agreement that inward investors/ occupiers would be the main market. However, several consultees cautioned against an overemphasis on attracting inward investment. Labour availability is tight in many areas with competition for skilled labour pronounced in some areas e.g. aerospace manufacturing. In bringing forward particular development concepts, potential wider labour market implications need to be considered, and skills development strategies put in place where needed.

6.3 The summary above indicates that the supply of employment land and premises will be subject to various pressures:

- Reduction in demand from sectors which have traditionally occupied office and town centre premises: financial services and related sectors;
- Increased requirements from emerging sectors with requirements for flexible premises to accommodate high capacity IT and other infrastructure e.g. e-gaming, ICT etc;
- Despite the large stock of available floorspace in Central Douglas (and the likelihood of this being supplemented further by Government releases), developer interest in bringing forward specific office business park concepts is likely to continue;
- Growth in manufacturing and related sectors will continue to generate requirements for traditional premises, although higher quality, more modern accommodation will be required to meet the expectations of businesses in what is increasingly an advanced manufacturing sector;
- Occupier's requirements for high quality premises and high quality business environments are becoming more commonplace, particularly in advanced manufacture and in office-based sectors. This would indicate that qualitative improvements to the stock of available floorspace need to be accompanied by increased attention to business environments, whether in town centres, business parks or industrial estates; and
- Many businesses involved in providing services, staff or equipment to manufacturing, construction and other sectors are based in workshop or similar accommodation, often located in industrial estates. Future provision, whether of premises or supporting infrastructure, should include such locations.

### Employment Land Review Workshop

- 6.4 Following completion of the majority of the quantitative and qualitative analysis, key stakeholders were invited to attend an Employment Land Review Workshop, held on 12 August 2014.
- 6.5 After an introductory presentation of the main research findings to date, discussion took place in four groups and centred on a number of topics:

- *The existing concentration of employment land in the East and South may need to be supplemented if growth targets are to be met. What are the implications for balanced growth?*

6.6 There was general agreement that the concentration of employment activity in the East and South will continue and that provision of attractive premises and sites in preferred business location would encourage investment consistent with Vision 2020 objectives. With population, staff, business customers and suppliers, and access to the main ports, businesses are already heavily concentrated in the East and South. As a result it is also the preferred location for expansion/ relocation. With the exception of clusters of activity which are already established e.g. food businesses in Peel, it was accepted that other businesses were unlikely to locate outside the East and South without significant incentives. The evidence from the Business Survey indicates a high proportion of manufacturing interests would need to relocate to realise their business development plans and that most are seeking premises in Douglas and the East (68%) or the South (20%). Relocation requirements for Peel and Ramsey are restricted to businesses already operating there.

- *With limited net growth in office-based sectors, availability of premises and sites in Central Douglas and the Central Douglas Masterplan in preparation, what are the prospects for further office growth outside town centres?*

6.7 Discussion attracted a balance of views. All participants recognised the benefit that a vibrant Douglas brings to the Isle of Man generally, as a place to establish and grow business and in attracting investment to the island. The role of office and other uses in generating a critical mass of footfall to help support other retail and leisure functions was also recognised. Most acknowledged the increasing availability of office floorspace in the town centre and the prospects of this increasing as parts of the Government portfolio are released. There is clear support for the town centre strategy, the development of the Central Douglas Masterplan and the need to influence values to support its delivery. The role of access and car parking provision was noted as an important actor which needs to be addressed to encourage take up of town centre floorspace. However, a number of participants also observed that some larger occupiers and/ or inward investors require out of town premises, whether in Business Park or other environments, and that a town centre focus needs to be accompanied by flexibility to accommodate out of centre opportunities.

- *The Vision 2020 process identified demand for a Technology Park offer to maintain competitiveness and develop clustered key sector activity. Were it to be considered, what would its profile be and how could it be delivered?*

6.8 The potential benefits of a clustered approach were acknowledged, particularly for businesses engaged in manufacturing and production, with many participants of the view that were a Technology Park developed it would attract interest and occupiers from the UK and overseas, as well as enabling the development of indigenous companies (building in the experience of companies based at the Freeport and others). It was noted that in the UK and elsewhere, Technology Parks have typically been associated with nearby Universities and related research and development facilities. It was considered difficult for

such an offer to be as credible in the Isle of Man context. There is an appreciation that competing locations, whether in the UK or elsewhere, have brought forward packaged products in developing the attraction of particular areas and sites, ensuring a broad range of facilities are co-ordinated to meet the needs of specific types of occupier. As the Isle of Man aims to compete in increasingly high value manufacturing and finance sectors, it may need a comparable offer to attract investment.

- 6.9 However, it was considered that a broader definition would be more appropriate in the Isle of Man, focussing on high quality premises and environments, specified types of uses and dedicated management. Effectively, this would be a step on from present Business Park designations. The most appropriate sites were thought to be in the East and South, again with proximity to the A5, accessibility to Douglas, and the airport. Several also noted that Government would require to play an enabling role, wherever it were located and whether or not it was on Government-owned land.

- *Improving the environment in the Island's main business locations*

- 6.10 It was recognised that there were issues in a number of employment areas in the Isle of Man relating to the profile of users, parking and access arrangements, the quality of landscaping and other factors. Where ownership is retained, the prospects of a co-ordinated approach to site management are improved. Conversely, where an area is in fragmented control, the establishment of common standards, procedures and maintenance arrangements becomes more difficult. Business Improvement District approaches are being applied to some industrial areas in the UK and this was raised in discussion in one of the groups.
- 6.11 While recognising that the quality of the environment has a role in attracting occupiers and encouraging investment, some also observed that relative to other areas the quality of many of the Island's industrial and employment areas is reasonable (a finding reinforced by the effectiveness analysis).

## 7 FUTURE REQUIREMENTS

The Vision 2020 process brought together industry and Government to outline the direction of change expected across various sectors of the economy. Pessimistic, realistic and optimistic scenarios were developed to forecast future employment. Future requirements have been identified using: Vision 2020 scenarios for the key growth sectors: finance; ICT/gaming; manufacturing (including food and drink processing); and tourism; estimating the floorspace needed to accommodate growth; and then calculating the land needed to develop this floorspace.

The 'realistic scenario' underpins the employment forecast in all sectors except manufacturing. In manufacturing, the short term 'realistic scenario' has been surpassed, and growth to 2020 is likely to be closer to the 'optimistic scenario'. In other sectors - finance, banking, fiduciary, professional services – any growth may be modest reflecting restructuring in the wake of the global financial crisis. It is estimated that the key sectors will add a further 3,834 jobs to the Isle of Man to 2029, accounting for up to nearly 80% of Vision 2020's growth target.

A Business Survey carried out to establish future requirements for land and premises. attracted a large response from manufacturers, but across all business types, 72% of responding businesses expect they will require additional property before 2019, and just under half between 2019-2024. The findings were broadly consistent with Vision 2020, although manufacturers identified a greater requirement. As the survey targeted Isle of Man businesses, no provision was made for inward investment. Once factored into the assessment the following requirements emerge to 2029:

▪ Manufacturing	16.47 ha
▪ Office	0.34 ha to 1.34 ha
▪ Warehousing/distribution	2.16 ha
	<b>19.0 – 19.7ha</b>

While in the medium to long term it may be possible to build levels of effective demand outside the Douglas/Ronaldsway axis, in the next 5 years it is important to ensure enough effective employment land is available to capture the expansion-related investment of manufacturing businesses already based here, as well as those who may wish to invest from abroad.

From previous trends, 17 ha would be expected to be developed in the East and South. While there is an ample supply of employment land in the South, effective availability in the East is much more restricted and the majority of evidenced demand targets locations in the East. With effective employment land estimated to be 2ha, were the proportion of employment-related development in the East consistent with the pattern of recent years, a further 15ha would need to be allocated in the East Plan area to 2029. This would reduce to between 6.5ha and 10.8ha were it decided to limit growth in the East to promote higher rates of employment development elsewhere. While further allocations may not be required, it is likely that other incentives or higher capacity infrastructure may be required to encourage market take up in other plan areas.



- 7.1 Typically, establishing future requirements combines an understanding of future needs in the economy with an appreciation of how change has been accommodated historically. This chapter examines Government employment projections, how key businesses expect their employment and floorspace requirements to change and the implications for employment land on the Isle of Man.

### **Vision 2020 and the Isle of Man's Key Sectors**

- 7.2 Government and other reports have highlighted developing economic trends which will influence the need for business land, floorspace and labour in the future. The Vision 2020 process brought together industry and Government to outline the direction of change expected across various sectors of the economy.
- 7.3 Isle of Man employment rose from 31,829 in 1991 to 43,134 in 2011, recording annual increases of between 1% and 3%. Vision 2020 anticipates employment growth across all sectors of the economy of 0.7% to 1% to 2020. Employment in 2014 is estimated at 44,440<sup>14</sup>. Assuming continuation of the Vision 2020 growth rates to 2029, a further 4,900 – 7,150 jobs would be created in the economy (an increase of 11% - 16%). In 2011, the Isle of Man's economically active population was recorded as 44,609, with 1,475 unemployed. Unemployment has since fallen to 890 (2.4%). Despite expected increases in the working age population, this suggests that key sector and other businesses will need to attract staff to the Isle of Man to meet anticipated rates of growth.
- 7.4 Vision 2020 participants outlined prospects for their respective industry sectors in the context of realistic, optimistic and pessimistic scenarios. The realistic scenario suggests cautious growth compared with that experienced in the last 20 years. The reductions in employment associated with the pessimistic scenario would result in declining economic activity year on year over the next 15 years were they to be realised. For all but the manufacturing sectors, the realistic scenarios have been used as the basis for the assessment of future employment land and premises requirements.
- 7.5 In the last 5 years, the manufacturing sector (including food and drink manufacture) has seen considerable growth. In the last 6 to 12 months this has become more pronounced, through a combination of expansion by some of the Isle of Man's largest manufacturers, and continuing inward investment by manufacturers in higher value added sectors. The scale and direction of recent growth in employment, as well as interest in occupying premises in the Isle of Man, is wholly consistent with the direction set in Vision 2020. Short term projections under the 'realistic scenario' have been surpassed, and there is considerable confidence that growth to 2020 is likely to be more closely aligned to the 'optimistic scenario'. Establishment of a critical mass in advanced manufacturing will also generate opportunities for locally-based suppliers. Future requirements for the manufacturing sectors are therefore based on the Vision 2020 optimistic scenario.

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<sup>14</sup> assuming 1% annual growth from 2011

7.6 Extrapolations to 2029 are shown below, based on the Vision 2020 analysis and industry discussions in each sector. Sector employment change between 2001 and 2011 is indicated to set these figures in context.

**Table 7-1 Key sector employment projections**

<b>MANUFACTURING</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Growth linked to development of aerospace and other high value clusters. Expansion followed by consolidation at lower rates of growth	1,054	4%	280	4%	565	1,898
<b>FOOD &amp; DRINK</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
Growth linked to quality product and continued investment and marketing support from Government. Stable growth rates assumed to 2020 and beyond		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
	554	4%	162	4.5%	348	1,063
<b>Combined</b>	1,608					2,962 (84%)
Employment change Manufacturing sector 2001-2011	-890	-28%				

<b>E-GAMING</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Growth linked to established transparent regulatory regime & fiscal differentiation. Expansion to 2020 then consolidation with regulatory adjustment in other jurisdictions	854	7%	437	3.6%	479	1,770 (107%)

<b>ICT</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Growth linked to high quality infrastructure, expansion of services to e-gaming sector and fiscal regime. Expansion to 2020 followed by lower rates of growth due to labour availability	1,379	6%	621	4.5%	972	2,972 (115%)
Employment change ICT sector 2001-2011	248	69%				

<b>TOURISM</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Growth linked to investment in marketing and product (public & private) to 2020. Consolidation of offer thereafter	1,500	2%	207	1%	160	1,867 (24%)
Employment change Tourist sector 2001-2011	-64	-9%				

<b>BANKING</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Continuing rationalisation and restructuring linked to overseas HQ activity to 2020. Continued reduction before stabilising	2,500	-4%	-570	0% to 1%	-307	2,009 (-20%)
Employment change Banking sector 2001-2011	-203	-6%				

<b>INSURANCE</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Return to long term average annual growth rates post 2015	1,800	2%	225	2%	390	2,415 (34%)
Employment change Insurance sector 2001-2011	-172	-8%				

<b>FIDUCIARY</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
Slight reduction in short term employment, consolidation in long term as other jurisdictions relax administrative requirements	1,559	-1%	-121	0% to 1%	33	1,470 (-6%)
<b>PROFESSIONAL SERVICES</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
Short term contraction followed by consolidation and limited growth linked to developments in financial services, increased attraction of foreign business & contraction of offshore services		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
	4,937	-2%	-563	0% to 0.5%	133	4,507 (-9%)
Employment change Professional & other finance sectors <sup>15</sup> 2001-2011	1,862	35%				

<b>ALL KEY SECTORS</b>	<b>Jobs 2014</b>	<b>Change</b>				<b>Jobs 2029</b>
		<b>to 2020</b>		<b>2021-2029</b>		
		<b>%</b>	<b>jobs</b>	<b>%</b>	<b>jobs</b>	
	16,137		676		3,158	19,971 (24%)
Employment change Key Sectors to 2029	3,834	24%				
All sectors 2001-2011	4,084	10%				

<sup>15</sup> Includes: Other financial institutions; other business services; property owning and management; legal services; accountancy services; other professional and technical services

- 7.2 The key sectors will account for between 54% and 78% of the employment growth associated with the Vision 2020 aims, offsetting reductions in public administration and other parts of the economy. Demand for further floorspace will emerge where this growth exceeds existing capacity. At the same time, it is expected that established sectors such as construction and retail distribution will see increased employment as the economy continues to restructure and residential and commercial development continues to respond to the needs of a growing resident and working population.
- 7.7 Employment in distribution and warehousing has reduced marginally from 851 in 1991 to 821 in 2011, reflecting increased use of technology in the logistics sectors in storing, despatching and tracking consignments. At the same time, general employment across the economy grew by over 36% from 31,800 to 43,100. While requirements for goods may increase as a result of economic growth and increased employment in the economy generally, jobs growth in the distribution sectors does not automatically follow. As a sector, wholesale distribution now accounts for 1.9% of those in employment, compared with 2.7% in 1991. As it is likely that this trend will continue, a growth rate of 0.25% per annum has been assumed between 2014 and 2029, restoring sector employment to just above 1991 levels and equivalent to between 1.7% and 1.8% of the anticipated workforce.
- 7.8 Innovation in workplace technology has had different effects on requirements for office, manufacturing, and employment floorspace, tending to increase employment densities for office uses while lowering them for manufacturing and warehousing uses (implications for the Isle of Man are discussed in more detail below).

## Business Survey Findings

- 7.9 A business survey was carried out by the Department for Economic Development (DED) during March and April 2014. It was open to all Isle of Man businesses and sought views on the suitability of existing business accommodation and likely future requirements. While few office based businesses completed it, it attracted 43 responses, with the manufacturing sector heavily represented (accounting for 29 responses).

### Survey Headlines

- Altogether responding firms occupy c.102,220 sq.m (1.1 million sq.ft)<sup>16</sup>, some 17.5 % of the Isle of Man's employment floorspace. Participating firms employ 1,800 staff;
- Responding manufacturers occupy premises totalling some 85,355 sq.m (922,000 sq.ft), some 55% of manufacturing floorspace on the Isle of Man. They employ 1,387 people, 60% of sector employment<sup>17</sup>;
- 58% of responding businesses require additional floorspace to 2024. A further 14% would relocate were suitable premises available;

<sup>16</sup> Responses are assumed to reflect the Gross Internal Area (GIA)

<sup>17</sup> Based on Census 2011 Census employment figures

- Nearly 80% of those in the manufacturing sector are likely to require additional floorspace in the next 5-10 years, the estimated requirement totalling 20,995 sq.m– 13,080 sq.m (226,000 sq.ft – 140,815 sq.ft) to 2019, and 7,950 sq.m (85,565 sq.ft) from 2019 – 2024;
- 55% wish to expand in their present location, while a further 20% would be seeking premises (relocation or additional) in Douglas and the surrounding area;
- 86% of the identified expansion needs of manufacturing businesses (15,885 sq.m) and 96% of responding food and drink manufacturers (2,415 sq.m) are expected to be met through relocation to alternative sites/premises. While a number of businesses are able to expand onto adjacent sites, most of those seeking to relocate face capacity constraints on their existing premises; and
- The scale of the average future premises requirement varies from 410 sq.m (4,400 sq.ft) to 2019, and 250 sq.m (2,690 sq.ft) from 2020 – 2024. However, nearly 1 in 4 of requirements in manufacturing and distribution will be for 929 sq.m (10,000 sq.ft) or more.

- 7.10 The findings of the business survey are consistent with the trend projected through the Vision 2020 process. Both sources indicate a substantial requirement emerging from the indigenous manufacturing sector. It is clear from the business survey that a majority of businesses will require to relocate responding more opportunistically as suitable premises become available: some will be attracted to new premises while others will use the existing stock. While the needs of smaller workshop occupiers and small-scale manufacturers can generally be accommodated by the existing stock, this is less likely to be the case with the larger and more specific requirements of growth sector businesses.
- 7.11 As indicated at paragraph 3.17, the level of availability of industrial premises appears considerably lower than in 2012.
- 7.12 New, potentially high quality and larger premises may therefore be required to enable anticipated levels of growth.
- 7.13 It is important to note that neither the Vision 2020 employment forecasts nor the findings of the business survey make any provision for inward investment requirements.

### ***Employment Densities***

- 7.14 Employment density is a ratio reflecting the area of employment floorspace typically occupied by employees. In the UK, information has been gathered to establish average densities for different types of employment-related development. This can be a valuable tool in establishing the potential employment effects of development, as well as forecasting future requirements for employment land and floorspace. However, care needs to be taken in applying generalised average figures to specific environments. While requirements in office-based sectors may be relatively similar, different sector profiles in manufacturing can have a major influence on the amount of floorspace required. Capital-intensive sectors typically require larger floorplates to accommodate plant and machinery. In such sectors, innovation in technology and process development can reduce the number of employees involved in the production process. Low employment densities are generated as a result.

- 7.15 Recognising the potential for differences between the UK and the Isle of Man, the business survey sought information on levels of employment and the current scale of occupied floorspace. Response rates in non-manufacturing sectors were too low to provide Isle of Man –specific densities to be developed. However, the level of response from the manufacturing sector allows specific density to be developed. Isle of Man and UK densities are shown in the table below.

**Table 7-2 Employment Densities: Isle of Man & UK<sup>18</sup>**

Floorspace per employee: sq.m (sq.ft)					
Isle of Man			UK		
Manufacturing	42	(450)	General Industry	36	(388)
Food manufacturing*	98	(1061)	Light Industry	52	(562)
Warehousing/Distribution*	60	(615)	Warehousing/Distribution	74	(793)
General Office*	33	(354)	General Office	14	(152)

- Low response limits use of this figure

- 7.16 Slightly lower manufacturing densities on the Isle of Man can be explained in large part by the concentration of advanced manufacturing/ aeronautic sector businesses on the island. As it reflects local conditions this figure has been employed in projecting future requirements.
- 7.17 Food manufacturing sector densities are distorted by the low sample size and the presence of two major producers (one dairy, one meat related) in it. As the responses may include related storage facilities, it is worth noting UK guidance<sup>19</sup> which assumes that long term and large scale storage facilities for perishable food warehousing have significantly higher employment densities than non-perishable food facilities. In projecting future requirements it is therefore appropriate to use a lower figure, reflecting the relatively high employment densities of fish and other food producers on the Isle of Man. A density two thirds of the general manufacturing density has therefore been employed. For other sectors UK densities have been applied.

### ***Future Floorspace Requirements***

- 7.18 Respondents to the business survey also detailed their likely requirements for additional business space, first to 2019, and then to 2024. Across all business types, 72% expected an additional property requirement to 2019, while 47% anticipated a premises requirement between 2019-2024.

<sup>18</sup> OffPAT, Homes & Communities Agency, Employment Densities Guide 2<sup>nd</sup> Edition 2010

<sup>19</sup> Ibid

**Table 7-3 Floorspace Requirements (sq.m): Businesses Responding to the Survey**

	2014-2019		2019-2024		2014-2024	
	All	% relocation	All	% relocation	All	% relocation
Manufacturing	11,924	82%	6,605	93%	18,529	86%
Food & Drink Manufacturing	1,158	92%	1,344	100%	2,502	96%
Distribution	8,593	89%	929	0%	9,522	80%
Office	1,394	100%	1,022	100%	2,415	100%
ALL	23,068	70%	9,900	86%	32,968	86%

- 7.19 The high rates of potential relocation revealed by the survey do not necessarily translate into a requirement for new premises and sites as part of the anticipated requirement will be met by premises available on the market when expansion is planned. The Market Commentary highlighted the shift towards advanced manufacturing provision and with it a desire for higher quality, more highly specified premises. There is clearly a 'lack of fit' between business expectations and what the market is presently providing in terms of the age, quality and size of property available.
- 7.20 The 30 responding manufacturing businesses span different sizes: 43% employ fewer than 10<sup>20</sup> people; a further 30% have between 10 and 50<sup>21</sup> staff, and 27% employ between 50 and 250 people<sup>22</sup>. All of the responding manufacturers would be considered Small or Medium sized enterprises under the EU definition i.e. employing less than 250 people. The survey findings have been extrapolated to the manufacturing sector as a whole on the basis of the responding sample's share of floorspace<sup>23</sup> and employment<sup>24</sup>.
- 7.21 By applying the employment densities<sup>25</sup> indicated at Table 7-2 for different types of development a broad estimate of the gross floorspace requirement associated with the scale of jobs growth related to Vision 2020 and general economic growth has been developed. The Business Survey derived estimate for the manufacturing sector is included, as is a mid-point between the Vision 2020 estimate. This yields the following:

<sup>20</sup> EU definition of micro businesses

<sup>21</sup> EU definition of small business

<sup>22</sup> EU definition of medium sized business

<sup>23</sup> Responding businesses accounted for 55% of manufacturing floorspace

<sup>24</sup> Responding businesses accounted for 60% of manufacturing employment (as indicated in 2011 Census)

<sup>25</sup> Employment Densities Guide 2010

**Table 7-4 Floorspace Requirements (sq.m): Vision 2020 & Business Survey-based**

Period	2014-2020	2020-2024	2020-2029	2014-2024	2014-2029
SECTORS					
MANUFACTURING					
Vision 2020	18,440	15,227	38,136	33,667	56,577
Business Survey	21,832	13,285	-	35,116	
	23,782	14,400	-	38,182	
Midpoint	20,136	14,256	-	34,392	
OFFICE	- 5,893	9,169	24,660	3,276	18,766
WAREHOUSING/ DISTRIBUTION	5,072	4,873	5,725	9,945	10,797

- 7.22 The Business Survey-based estimates of additional floorspace requirements to 2029 are consistent with those based on Vision 2020. However, and indicative of the optimistic outlook of manufacturing sector businesses, the requirement to 2020 is 65% greater. While the Vision 2020-based forecast extends to 2029, the Business Survey responses sought information on intentions to 2024. The difference between the Vision 2020-based estimates for 2020-2029 and 2020-2024 has therefore been applied in calculating associated land requirements. Floorspace requirements are summarised below.

**Table 7-5 Floorspace Requirements (sq.m): 2014 - 2029**

Period	2014-2020	2020-2024	2024-2029	2014-2029
SECTORS				
MANUFACTURING	20,136	14,256	22,910	<b>57,301</b>
OFFICE		9,169	15,491	<b>18,766</b>
WAREHOUSING/ DISTRIBUTION	5,072	4,873	852	<b>10,797</b>

- 7.23 As stated at paragraph 7.13, these estimates make no provision for any requirement associated with new inward investment to the Isle of Man.

- 7.24 A series of assumptions have been made in translating this to an employment land requirement. It is assumed that: 95% of growth in manufacturing and distribution will be accommodated in expanded or new premises; 25% of growth in office sectors will be accommodated in business parks or similar provision out of town; and noting the requirements are generated on the basis of indigenous demand, uplifts of 15% for manufacturing and 10% for office uses have been applied to accommodate inward investment.



- 7.25 Standard plot ratios (of gross floorspace to site area) have been applied<sup>26</sup> in generating the following requirements.

**Table 7-6 Employment Land requirements (ha) 2014 – 2029**

Period	2014-2020	2020-2024	2024-2029	2014-2029
SECTORS				
MANUFACTURING	5.79	4.10	6.59	<b>16.47</b>
OFFICE		0.17 to 0.5	0.28 to 0.85	<b>0.34<sup>27</sup> – 1.03<sup>28</sup></b>
WAREHOUSING/ DISTRIBUTION	1.01	0.97	0.17	<b>2.16</b>

- 7.26 In addition, the evidence underpinning the direction set in Vision 2020 shows a distinct shift in economic activity towards industrial and related uses. As this should increase demand for, and take up of available employment land in the next 5 to 10 years, take up rates are likely to exceed previous levels.
- 7.27 In the South, higher quality floorspace of scale tends to be limited to Ronaldsway Industrial Estate (including the Strategic Reserve), the Freeport and parts of Balthane Industrial Estate. While there are substantial areas of undeveloped land at Balthane, its quality is variable (with parking and access issues), and the area is affected by fragmented ownerships.
- 7.28 The employment land supply in those areas where activity is concentrated i.e. in the East and South is constrained. In the East, the shortage of employment land is particularly acute.
- 7.29 On the basis of previous trends, over 90% of distribution space and 95% of the islands office space has located in the East, or the South. 84% of the islands manufacturing floorspace is in these two areas (74% and 18% respectively). Were these ratios applied to the identified requirement, demand for development of 5.78 ha would be evident in the East and South to 2020, a further 4.8 ha to 2024 and an additional 6.5 ha. to 2029.
- 7.30 **Some 17.07 ha would therefore expected to be brought forward to 2029 in the East and South.** This contrasts with availability of 2.0 ha and 50.66 ha respectively. In aggregate, this suggests sufficient availability to meet current and future needs. However, this does not fully take account of the existing balance of employment and office activity, and a clear market preference for sites in and around Douglas. The findings of the consultation stage of the review identify the absence of suitable sites and premises in appropriate locations as a factor constraining business growth. Conversely, their availability in Douglas and the East as well as the area surrounding Ronaldsway Airport

<sup>26</sup> Manufacturing – 0.4; office: town centre – 1.5; business park – 0.35; warehousing – 0.5

<sup>27</sup> Town centre requirement

<sup>28</sup> Business Park requirement

would stimulate investment at levels consistent with Vision 2020 objectives. While in the medium to long term it may be possible to build levels of effective demand outside the Douglas/Ronaldsway axis, in the next 5 years it is important to ensure sufficient availability of effective employment land to capture the expansion-related investment of manufacturing businesses already based here, as well as those who may wish to invest from abroad.

- 7.31 While this is considered unlikely in the absence of additional allocations in the Douglas area, in the longer term it may be prudent to plan on the basis of a lower concentration in this area. Three additional scenarios have been developed:

The first assumes that 75% of trend take up (East and South) is absorbed in the East Plan area. From 2014-2029, this implies take up of 12.80 ha in the East and 4.27 ha elsewhere.

- The second envisages a tapered demand profile for Douglas and the surrounding area, starting at 75% of trend take up (East and South<sup>29</sup>) to 2020 before reducing to 50% in the medium to long term, the balance being met by other areas;

From 2014-2029, this produces take up of 9.98 ha in the East and 7.09 ha elsewhere.

- The third assumes that the proportion of growth accommodated in the East should be restricted to stimulate investment elsewhere, and assumes that 50% of trend take up (East and South) will be absorbed in the East.

From 2014-2029, this generates take up of 8.54 ha in the East and 8.54 ha elsewhere.

- 7.32 The availability assessment suggests that anticipated growth in the North, West and South can be accommodated by existing allocations. In the East, where demand is concentrated, the availability of effective employment land may be restricted to 2ha. On the basis of trend take up, the requirement for additional land in the East would be 15.07ha. Under the 'lower concentration' scenarios above, the requirement for additional allocation in the East would be between 6.54 ha and 10.80 ha.

### **Monitoring**

- 7.33 Employment and office land availability reports have been maintained annually until 2011, and this, married with specific assessments linked to consideration of planning applications has informed historical assessments. As shown in Appendices 1 &2, data gathering for the Employment Land Review has supplemented the evidence base considerably (Annex A details the information gathering process). As various data gaps remain however, the establishment of an employment premises framework is recommended. The Isle of Man's main commercial agents have agreed in principle to participate and this is an important forward step. The framework's coordination should rest jointly with the Departments of Economic Development and Infrastructure. A broad outline for the monitoring framework is provided at Annex A.

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<sup>29</sup> i.e. 17.07ha (see paragraph 7.30)



## 8 CONCLUSIONS & RECOMMENDATIONS

Vision 2020 aims to continue the Isle of Man's impressive record of continuous economic growth, targeting annual growth of 0.7%-1%, implying up to 7,170 jobs by 2029. Forecasts indicate key sectors (manufacturing; food & drink; e-gaming; ICT; tourism; banking; insurance; fiduciary and professional services) will account for up to 80% of employment growth. Comparison with 2001—2011 experience suggests the targets are practical. The availability of suitable and appropriately located employment land and premises will be one of the critical factors determining whether they will be achieved.

### *Effectiveness & Availability*

Outside of office uses and Douglas town centre, availability of undeveloped land is the main differentiator between Plan areas: with relatively high availability and fewer constraints in existing allocations in the North, West, and South and becoming critical in the East, where 6 of 15 sites have no land available, and others face constraints including: covenanted uses; isolation from other employment uses; approval for other or higher uses; bad neighbour uses; conflicts with other uses; and parking issues.

The Business Survey results and their projection suggest that Isle of Man manufacturers are seeking to accelerate growth more quickly than suggested in Vision 2020. Where business are seeking to expand, most— between 86% and 96% - are likely to relocate to new premises to enable it. Most will also be seeking premises in the East or South.

### *Future needs*

Up to 19.7 ha take up is needed to support economic growth targets to 2029. The Employment Land Workshop broadly supported an initial focus on improving availability particularly in the East. With availability heavily restricted, there is an urgent need for additional employment land in the area. This would remain the case were a strategic position adopted to encourage higher levels of employment development elsewhere. While existing allocations around Ronaldsway, the Freeport and Balthane may accommodate some demand, constraints including site ownership and the quality of the external environment are likely to limit their capacity to provide choice in the range of business environments sought by potential occupiers. Depending on the position taken by Government, the requirement for the East ranges from 6.65 ha – 10.8ha to 2029 assuming 50%-75% of take up is encouraged elsewhere, to 15.07ha should the take up distribution continue in its current pattern.

### *Central Douglas*

Future office requirements will continue to be met largely in Central Douglas. Contraction financial service sectors is expected to continue to 2017-2018 and the net floorspace requirements of growth in ICT, e-gaming and other sectors is expected to be low, potentially increasing office availability in Central Douglas at a time when it is moving forward with the Central Douglas Masterplan. While not precluding limited out of centre development, care therefore needs to be taken to retain values at levels which encourage redevelopment.

### *Technology Park provision on the Isle of Man*

Consultations with sector leads, commercial agents and workshop discussions identified wide support for a Technology Park or high quality Business Park allocation: to more effectively compete with jurisdictions where Technology Parks have been developed; to provide a recognised high-quality, managed business environment; and to encourage clustering and business synergies between businesses operating in the same field.

It is recommended that the preparation of a Development Brief be co-ordinated by the Department of Infrastructure, involving the Department of Economic Development and key participants in the development of Vision 2020. This would form the basis for supporting submissions to the preparation of the Area Plan for the East. It should contain guidance on: proposed scale and combination of principal and support uses; the range of units proposed (e.g. start-up, incubator, development and production units), the balance between them; and generic design principles (landscaping, access circulation, and parking etc.). Proposals will be required to consider management and marketing arrangements to maintain the Park's quality and profile.

As ownership (in part or whole) is the most effective way of ensuring the integrity of the concept. As economic growth is the driver for the proposed hybrid, it may be appropriate for Government to have a controlling role, whether through land ownership or through other mechanisms.

- 8.1 Despite a deep and lengthy contraction in the UK, Europe and other markets, the Isle of Man's economy has consistently recorded economic growth on an annual basis. Employment increased by 10% between 2001 and 2011, fuelled by expansion in ICT-related sectors, professional services and related financial services activity. Other contributors were the island's construction, agricultural and educational, medical sectors.
- 8.2 The Government's Vision 2020 process aims to continue this growth, identifying the key sectors which drive the economy and developing strategies to encourage their sustainable growth. Projections have been developed based on discussions with lead companies in each of the key sectors and an understanding of sector trends. Over the next 15 years, the pattern of industry growth is expected to show a significant shift: banking and financial service sectors are expected to contract further before stabilising (although certain areas such as insurance should continue to grow); having contracted by over 35% since 1996, manufacturing employment is anticipated to grow strongly building on developing Isle of Man expertise in aero engineering and other high value added sectors; ICT is expected to continue to grow, with employment in e-gaming anticipated to continue increasing in the short term before stabilising.
- 8.3 Vision 2020 targets annual increases of between 0.7% and 1% per annum. By 2029, this implies between 4,910 and 7,170 additional jobs relative to 2014 levels. It is worth noting that this rate of growth is slightly below that witnessed between 1991 and 2011 when employment rose between 1% and 3% on average annually. While this demonstrates the targets can be achieved, the availability of suitable premises and land to accommodate the anticipated additional employment is critical. Securing appropriate labour to enable sector

growth is a second, but related challenge. With unemployment at 2.4% (just over a third of that in the UK<sup>30</sup>), this rate of growth is dependent on the continued ability of the island to attract people and companies alike. While the availability of housing, schools, services and other elements of the living environment are important to individuals in making their locational choices, so the availability of suitable premises and business environments of an appropriate quality will be a significant factor in the company decision-making process.

### ***Effectiveness and Availability***

- 8.4 The effectiveness of employment land allocations has been gauged against criteria including: local market conditions, the scale of supporting marketing activity; the availability or otherwise of areas of undeveloped land, the quality of the business environment, access and parking characteristics; and the presence or otherwise of site development constraints. Most of the islands employment allocations are considered average or good when examined against most criteria. Outside of office uses and Douglas town centre, availability of undeveloped land is the critical differentiator between Plan areas: with relatively high levels of availability in the existing allocations in the North, West and South and becoming critical in the East, where 6 of 15 sites have no land available, and others face constraints including: covenanted uses; isolation from other employment uses; approval for other or higher uses; bad neighbour uses; conflicts with other uses; and parking issues.
- 8.5 Analysis of premises availability in 2014 reinforces this pattern. Availability has risen markedly in Central Douglas to c. 30,660 sq.m, some 84% of office availability island-wide. Conversely, industrial floorspace availability island-wide has fallen to 23,600 sq.m, with the shift particularly pronounced in the South and East. These trends are indicative of the economic directions identified in Vision 2020, reflecting contraction in established financial services sectors and growth in the developing advanced manufacturing and supporting sectors. It also suggests broader economic growth and demand for premises from businesses in industrial services and other supply companies.
- 8.6 The available data indicates an increasingly constrained supply of employment premises and land, focussed in the East but also affecting the South. The available land supply in the East is now 2ha sufficient to accommodate 2 – 2.5 years supply. Given reduced premises availability and forecast employment increases in manufacturing and support sectors, it is reasonable to assume that annual take up rates in this part of the island may increase sharply over the next 5 years.

### ***Land requirements***

- 8.7 Vision 2020 identifies the Isle of Man's key sectors as: manufacturing (including food and drink production); banking, finance, fiduciary and professional services; ICT and e-gaming; and tourism insurance. These sectors are forecast to provide a net additional 3,834 jobs, 54% -78% of the employment growth associated with achievement of Vision 2020 objectives. Employment growth of this scale is equivalent to 7% of the total forecast

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<sup>30</sup> 6.2% July 2014

workforce in 2029 and would generate additional demand through purchasing of supplies and its income and expenditure effects across the economy.

- 8.8 While the findings of the Business Survey and their extrapolation over a 15-year period are generally consistent with the research underpinning Vision 2020, its results suggest that Isle of Man manufacturers are seeking to accelerate growth more quickly. Where business are seeking to expand, the large majority – between 86% and 96% - are likely to relocate to new premises to enable it. Most will also be seeking premises in the East or South.
- 8.9 Given their relative effectiveness, availability and levels of existing demand, there is at present little requirement for additional land allocations in the North and West. The Area Plan for the South identifies nearly 96 ha of employment land, 53% of which is available. Office and service-based requirements can be accommodated in the town centres of Peel, Ramsey, Port Erin and, to a lesser extent, Castletown.
- 8.10 However, it is anticipated that much of the 19.7ha take up required to 2029 will be focussed primarily on the East, and also in the South. This emphasis attracted broad support at the Employment Land Workshop held to discuss strategy direction and emphasis in August 2014. On the basis of the existing pattern of floorspace provision, the employment land taken up in the East and South would be 17.1ha, as follows:
- 5.8ha to 2020
  - 4.8ha from 2020- 2024; and
  - 6.5ha from 2024- 2029
- 8.11 With 2ha effectively available in the East, there is an urgent need for further allocations of employment land in the area and this would remain the case were a strategic position adopted to encourage higher levels of employment development elsewhere. While existing allocations around Ronaldsway, the Freeport and Balthane may be able to accommodate some of this demand, constraints including site ownership and the quality of the external environment are likely to affect their capacity to provide choice in the range of business environments sought by potential occupiers. Depending on the position taken by Government, the requirement for the East ranges from 6.65 ha to 2029 assuming 50% of take up is encouraged elsewhere, to 10.8ha should the take up distribution continue in its current pattern.

### ***Central Douglas***

- 8.12 It is anticipated that future office requirements will in large part continue to be met in Central Douglas (as well as the centres of Ramsey, Peel and Castletown). The contraction in hand in financial service sectors is expected to continue to 2017-2018, potentially increasing office availability in Central Douglas at a time when it is moving forward with the Central Douglas Masterplan. Care therefore needs to be taken to retain values at levels which encourage redevelopment while also recognising other abnormal costs which may be involved due to site assembly, service diversion and other issues. While continued investment in ICT and e-gaming will help offset employment reductions, the net floorspace requirements associated with the shift to these sectors is expected to be low.

### ***Technology Park provision in the Isle of Man***

- 8.13 In a number of the Vision 2020 sector discussions, there was clear support for development of a Technology Park or similar product. This was identified: to more effectively compete with jurisdictions where Technology Parks have been developed; to provide a high-quality, managed business environment; and to encourage clustering and business synergies between businesses operating in the same field. This was also raised and discussed at the Employment Land workshop.
- 8.14 Technology Parks typically build on established academic and technical strengths, sometimes incorporating research and development facilities. They have clear guidelines influencing the type and size of buildings, the uses which can be accommodated in them, and the management of the internal and external environment. While there are no obvious higher education and R&D linkages, a wider concept may have more relevance to the Isle of Man.
- 8.15 The workshop identified general support for a hybrid technology/ business park, and also a measure of consensus as to where it may be located i.e. along the A5 corridor between Ronaldsway and Douglas. Arguably, outside Douglas town centre, the island lacks a distinct and identifiable high quality business offer which is readily recognised outside the Isle of Man. There are few if any examples (with the possible exception of the Freeport) where sector clusters have developed in the same location.
- 8.16 While no specific focus was identified, it is clear that given the relative size of the Isle of Man and the diversity of its manufacturing and financial services sectors, any supporting allocation brought forward should have a relatively broad base. This should combine high quality manufacturing and office space as well as supporting facilities. While there is a clear requirement for additional employment land allocations for industrial and manufacturing purposes in the East and South, the projections suggest that requirements for office floorspace (outside town centres) may become more pressing from 2019-2020 onwards.
- 8.17 As a starting point, it is recommended preparation of a Development Brief be co-ordinated by the Department of Infrastructure, involving the Department of Economic Development and key participants in the development of Vision 2020. This would form the basis for supporting submissions to the review of the Strategic Plan, the Area Plan for the East, or other allocations. This should contain guidance on: proposed scale and combination of principal and support uses; the range of units proposed (e.g. start-up, incubator, development and production units) and the balance between them; and generic design principles (landscaping, access circulation, and parking etc.).
- 8.18 Experience on the Isle of Man has shown that despite initial intentions to develop specific property products targeting particular types of occupier e.g. high quality light industrial buildings for particular manufacturing uses, it is difficult to maintain such concepts once constructed. The Development Brief should also require proposals to include detail of park management arrangements, including: the profile of tenants/occupiers and how this is maintained; maintenance of landscaped areas and common facilities; and park marketing arrangements. It should also require proposals to include phasing plans and an assessment of their potential economic contribution.



- 8.19 Ultimately, ownership (whether in part or whole) is the most effective way of ensuring the integrity of the concept. As economic growth is the driver for the proposed hybrid, it may be appropriate for Government to have a controlling role, whether through land ownership or through other mechanisms.



## Annex A: Monitoring future employment land & premises requirements

The Isle of Man's economy is in the process of restructuring. The work underpinning the Government's Vision 2020 indicates a shift in the balance of economic activity towards manufacturing, production and related storage uses. While manufacturing employment has declined since 1991, the Isle of Man's advanced manufacturing sector is now well positioned in UK and international markets. Sector forecasts for the next 5 years and beyond indicate increasing confidence and requirements for new or expanded premises and skilled labour. The banking, finance and fiduciary sectors anticipate continued contraction in the short to medium term as the repercussions from the global financial crisis continue to be felt and regulatory change in the UK, Europe and elsewhere potentially narrows their differentials with the Isle of Man. While this has an effect in reducing demand for office floorspace, the continued growth in ICT, e-gaming and related activity is expected to offset a large proportion.

In this changing environment, awareness of the nature and speed of changing requirements for property and land can play an important role in developing appropriate policy and programme responses. Supplementing the existing Employment Land Availability reports, data gathering has therefore formed a central element of this review. This has included:

- Development of the first island-wide employment floorspace database: combining bespoke reviews of current and historic rating information for Douglas town centre (identifying addresses, occupiers and floorspace); current rating information for properties outside Douglas town centre (which indicates address, type of property and occupiers, but not floorspace) - both from the Valuation Office; quantitative analysis of GIS mapping maintained by the Department of Infrastructure, which indicates address and block size (gross external area of single floor) ; agents records; and validation with landowners (where provided).
- Assembling quantitative and qualitative information on the future intentions of businesses with regard to: employment (increasing, stable or contracting); premises (expanding, downsizing, relocating) and constraints they face in realising growth aspirations.
- Assessing premises availability across the Isle of Man, through review of the property listings of the main commercial agents: agents were asked to validate the schedules and provide detail (where possible) of any premises or sites which may not be being marketed through their publications or web portals.

Some data gaps remain, including, for example, take up rates for different types of employment premises at planning area or Isle of Man level. This information would be valuable both in supporting forward planning and economic development activity, but also in increasing levels of confidence in the development sector. As a time series of information is developed, developers can have more confidence that a certain level of floorspace is justified based on past take-up and the forward prospects of the economy.

The information presented with this report reflects the position at a certain point in time. It needs to be updated to maintain its currency and value, and to address outstanding deficits. The main commercial agents have collaborated in developing the information which informs this report and there is in principle agreement for this to continue.

Coordination will involve: development of common and easy-to-use data gathering and reporting templates, establishment and maintenance of databases, and ensuring the information is collected when required. Where monitoring frameworks have been established in the UK they have either been developed and progressed in house where staffing resources allow, or been commissioned externally. The framework would have the following elements:

**Table A-1 Employment Land & Premises: Monitoring Framework**

<b>Task</b>	<b>Who</b>	<b>Frequency</b>
1. Review employment premises availability: noting location, scale and type of floorspace. Compare with previous analyses and note changes	DED	6 monthly
2. Review property transactions to a common template highlighting: address, scale & type of floorspace, occupier & sector of activity, and whether indigenous/ inward investor, relocation/ expansion/ downsizing	Agents	6 monthly
3. Review planning approvals for employment floorspace: noting type of use, site area and floorspace proposed. Review present status i.e under construction, completed etc.	DoI, DEFA	6 monthly
4. Monitor inquiries for sites & premises; noting location of inquiry (Isle of Man, UK, elsewhere) scale and sector of activity, and outcome	DED Agents	6 monthly

Aggregated information would be made available to the agents on a six-monthly basis. A summary report would be prepared collaboratively by DoI/DED at least annually with a consistent set of tables and commentary (as appropriate) reporting at island-wide, Plan area and sector level. This would be made available as a matter of course to each agent.