Gateshead Council

Newcastle City Council

Office Bridging Paper

September 2013

1.0 INTRODUCTION

The Office Needs Assessment (July 2012) and Gateshead Updated Employment Land Review (July 2012) and Newcastle Employment Land Review (July 2013) were updated to reflect the changes to the long term employment growth projections that have been prepared by St Chad's (February 2012), national planning policy and economic outlook/property market.

This Office Bridging Paper seeks to consider the updated evidence bases and subsequent policy decisions and identify the joint office portfolio for Gateshead and Newcastle. This paper forms part of the evidence base for the Core Strategy and Urban Core Local Plan. The paper seeks to identify a balanced mix of sites for a range of business needs to ensure NewcastleGateshead has a competitive offer.

Collectively, Gateshead and Newcastle has 35% more office floorspace capacity within the identified office sites than is forecast to be required. The oversupply is being addressed by a policy direction deterring office developments in our neighbourhoods and concentrating development in our Urban Core, Our mixed portfolio will ensure there are sufficient office sites to provide market choice and respond to changes in market circumstances.

2.0 CONTEXT

Gateshead and Newcastle cannot stand still. The world around it continues to change at an ever-accelerating rate, and the competition from other cities for investment continually increases. It is the places that can most successfully evolve and adapt that will be able to protect and enhance their position and the quality of life of their residents.

Gateshead and Newcastle is determined to maintain economic momentum and to make it a working city. This will be achieved by being open for business and creating the conditions for private sector growth by investing in key economic infrastructure; growing our leading marine, offshore and low carbon sectors; finding innovative ways to meet our housing ambitions; improving connectivity into the city; and by strengthening our presence in global markets through enhanced international transport links.

The Core Strategy and Urban Core Plan is committed to delivering economic growth for Gateshead and Newcastle and creating new jobs. The Plan's role is to objectively identify and then meet the needs of business in the area by allocating sufficient land for development, and respond positively to wider opportunities for growth.

Following the last stage of consultation the Council has reviewed the contents of the representations received, ongoing updates to the evidence base and the Government's changes to the planning system.

UPDATED EVIDENCE

National Planning Policy Framework (March 2012)

The National Planning Policy Framework (NPPF) sets out the Government's economic, environmental and social planning policies for England and replaces the suite of national Planning Policy Statements, Planning Policy Guidance notes and some Circulars with a single document.

The NPPF states that the purpose of the planning system is to contribute to the achievement of sustainable development, which should be seen as a 'golden thread' running though both plan-making and decision taking. The document states that there are three dimensions to sustainable development: economic, social and environmental. The economic role that the planning system must perform involves contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and co-ordinating development requirements, including the provision of infrastructure [7].

Within the overarching 'presumption in favour' of sustainable development, the NPPF identifies 12 core land use planning principles that should underpin both plan-making and decision taking. These 12 principles are that planning should (inter alia):

- be genuinely plan-led; based on joint working and co-operation to address larger than local issues;
- proactively drive and support sustainable economic development identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth;
- promote the vitality of our main urban areas, protecting the Green Belts around them, recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it;
- encourage the reuse of existing resources, including conversion of existing buildings;
- prefer development land of lesser environmental value;
- encourage the effective use of land by reusing previously developed land;
- promote mixed use developments; and
- actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable [17].

The NPPF states that 'significant weight' should be placed on the need to support economic growth through the planning system. To help achieve economic growth, Local Plans should:

- set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

- support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- facilitate flexible working practices such as the integration of residential and commercial uses within the same unit [21].

The NPPF also highlights that allocated employment sites for which there is no reasonable prospect of development should not be protected in the long term. Proposals for alternative uses on such sites should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities [22].

The NPPF confirms that offices are a ‘main town centre use’, and as such, LPAs must allocate a range of office sites that meet identified needs in full. LPAs should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan:

> ‘They should require applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered. When considering edge of centre and out of centre proposals, preference should be given to accessible sites that are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale. [24]’

This sequential approach should not be applied to applications for small scale rural offices or other small scale rural development. Furthermore, LPAs should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate [51].

UPDATED LOCAL EVIDENCE BASE

The update is required to reflect the changes to the long term employment growth projections that have been prepared by St Chad’s, national planning policy and economic outlook/property market.

Gateshead and Newcastle Council’s have undertaken a review of assessments of Gateshead and Newcastle’s economy and the local property market, taking into account the implications of the recession and continued economic certainty. Gateshead and Newcastle Long Term Employment and Demographic Projections were commissioned, together with reviews of the Newcastle and Gateshead Employment Land Reviews and Gateshead and Newcastle Office Needs Study to provide robust evidence to demonstrate the need for and deliverability of employment allocations across the City.

Long Term Employment and Demographic Projections (February 2012 – July 2013)

The Long Term Employment and Demographic Projections Reports present the outcome of work on long term employment and demographic (population) projections for Gateshead and Newcastle. Independent employment projections (obtained from Cambridge Econometrics), and demographic projections (provided by Office for National Statistics), for Newcastle, Gateshead and the North East covering the period 2010-2030 were assessed using a variety of analytical and modelling techniques. Each projection included a comparative analysis of historic and projected values and an analysis of the underlying factors which cause values to change from one year to the next. Analysis suggests it is appropriate to make a small adjustment to the employment projections affecting the balance of growth between Newcastle and Gateshead. As a result, the additional employment growth of around 22,000 over the plan period jobs will be spilt in proportion to its current levels of employment, i.e. Gateshead is projected to receive an additional 8,000 jobs, while Newcastle receives 14,000 jobs (Feb 2012).

Employment Land Reviews

Newcastle's and Gateshead's Employment Land Reviews provide evidence to demonstrate the scale, type and broad location and deliverability of new employment floorspace and land needed across the City. The ELRs have been prepared in accordance with the three-stage process outlined by Government which includes: (1) Taking stock of the existing situation; (2) Creating a picture of future requirements, and (3) Identifying a 'new' portfolio of employment sites. The Councils commissioned property services consultants (DTZ, Storeys SSP) to provide a local market commentary and on-going guidance to ensure the studies' methodology and findings were grounded in 'market reality'.

These reports update the original ELRs, published in June 2010, to accommodate new econometric job forecasts produced by St Chad's College, that better reflect the implications of the sustained economic downturn. The reports have also been redrafted to take into account the NPPF. Contextual information and site assessments in the earlier report have also been updated where appropriate to reflect changing circumstances.

The findings are summarised below:

Newcastle:

The Newcastle Employment Land Review (July 2013) recommends that the emerging plan should enable the future delivery of employment land in Newcastle to 2030 of between 82ha and 120ha. Following a detailed review of all the economic development sites in Newcastle, and the existing, committed and potential employment sites therein, the ELR recommends that the City's portfolio should comprise 35 employment sites totalling 106.84 ha. Newcastle therefore has an adequate supply over the plan period.

Gateshead:

The Gateshead Employment Land Review (July 2013) recommends that the emerging plan should enable the future delivery of employment land in Gateshead to 2030 of between 70.5ha and 120.5ha. Following a detailed review of all the economic development sites in Gateshead, and the existing, committed and potential employment sites therein, the ELR recommends that the borough's portfolio totalling 88.9ha. This was updated in 2013 and the borough's portfolio comprises of 53 employment sites totalling 81ha. Gateshead therefore has an adequate supply over the plan period.

Gateshead and Newcastle Office Needs Study

The review of the Gateshead and Newcastle Office Needs Study was published in July 2012. The report provides an update to the June 2010 version to incorporate new econometric job forecasts that better reflect the implications of the sustained economic downturn. Broad findings are set out below:

- Current market over-supply will correct itself and less dramatic peaks and troughs will prevail over the next ten to fifteen years.
- NewcastleGateshead portfolio exceeds the need for the next 25 years.
- A comprehensive review of office allocations is required as there is scope within both Newcastle and Gateshead to reduce the scale of employment land allocations for office development.
- Gateshead and Newcastle should clearly prioritise their own office development proposals to ensure public sector investment is focussed appropriately, de-allocate surplus employment land and work with other neighbouring authorities to ensure the efficient use of resources. Development activity will be relatively muted over the next decade.
- Short term office development is likely to be restricted to bespoke accommodation for specific occupiers, or offices that are wholly or substantially pre-let.
- Over the plan period we would expect consolidation within the city centre rather than further expansion.
- Take up in city centre is expected to return to around 10,000 sq m per annum.
- Prospect of a major requirement from a regionally based business such as another Sage or Northern Rock cannot be ruled out, provision should be made for this.
- Recommends adopting a five-year supply of readily available sites
- Need a flexible portfolio of allocated sites to meet requirements of different market segments.
- Total office space in Newcastle city centre currently stands at circa. 1,200,000 sq.m of which just 19% comprises grade A specification. This equates to 2.75 years supply based on 10-year average take-up. (Q1, 2013)
- Gateshead and Newcastle have a combined vacancy rates of 20%. Vacancy rates for Gateshead and Newcastle have been derived from the Newcastle and Gateshead Employment Land Reviews (ELRs) and FOCUS. The FOCUS data has been adjusted to exclude development where construction has not started.

Supply based on Office Needs Study 2012

As part of the ELRs the net developable site area for the office component and floorspace has been estimated for each site. The gross:net adjustment reflects a) the developable area of the site and b) the office component where a site is mixed use. Net developable site areas are summarised below in Table 1.

Table 1: Supply of Office Sites across Gateshead and Newcastle (2012)

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	Net Developable Area of Office Component (ha)		
	With Detailed Consent	Without Detailed Consent	Total
Newcastle	2.09	73.31	75.40
Gateshead	4.903.22	35.28	40.18
Total	**6.995.27**	**108.59**	**115.5898.73**

Source: storeys:ssp,2012

Within the Urban Core of Newcastle and Gateshead the pipeline is also substantial. Table 2 summarises proposals for new office development within Newcastle City Centre, Gateshead Quays, Baltic Business and Gateshead Town Centre. Refurbishments and conversions are excluded.

Table 2: Office Development Pipeline in Gateshead and Newcastle (2012)

	Size (sq m GIA)			
	Under Construction	With Detailed Consent	Without Detailed Consent	Total
Newcastle	0	53,583	686,453	740,036
Gateshead	4,487	24,84631,079	341,353	370,686258,206
Total	**4,487**	**78,429**	**1,027,806**	**1,110,722**

Source: **storeys:ssp, 2012**

Table 3: Office Development Pipeline in Urban Core (2012)

	Size (sq m GIA)			
	Under Construction	With Detailed Consent	Without Detailed Consent	Total
Newcastle	0	49,122	335,980	385,102
Gateshead	4,487	13,486	277,671	295,644
Total	**4,487**	**62,608**	**613,651**	**680,746**

Source: **storeys:ssp, 2012**

Current availability and development under construction could meet the first five years in Gateshead and Newcastle without any further development in the key sites.

The Employment Land Reviews employed a multi-stranded approach to forecasting future land requirements. This is in recognition of the limitations associated with each method and aims to provide a well rounded analysis and understanding of future requirements across Gateshead and Newcastle.

Econometric forecasts can provide a useful starting point as to the likely future requirements for employment space, however some degree of caution needs to be applied due to the unpredictability of market circumstances and the considerable influence of external forecasts on the local economy. The starting point for this assessment represents a time when productivity in the economy had reached its lowest point, and hence the forecasts have had to factor in the impact of the recession.

Against the need to reduce the level of allocations, the Office Needs Study (ONS) assessed the quality of sites against a range of market attractiveness and sustainability criteria. ONS evidence based approach would suggest that we should be planning for 512,000 sq m to 2030 (410,000 sq m in Newcastle, 102,000 in Gateshead to 2030 and 740,000 sq m to 2038 and 592,000 to 2038 (592,000 sq m in Newcastle and 148,000 in Gateshead)

Expressed in ha, for the period to 2030 there is an estimated requirement for 45ha (69ha to 2038) of office development sites, 9ha (14ha to 2038) should be in Gateshead and 36 (55ha to 2038) in Newcastle.

PORTFOLIO OF SITES

Following on from the Updated Office Needs Assessment (July 2012) and Gateshead Updated Employment Land Review (July 2012) and Newcastle Employment Land Review (July 2013); Newcastle and Gateshead Councils have reviewed the potential portfolio of office sites. The NPPF (para 21) acknowledges that the identification of an appropriate range of sites should be based on business needs and it is crucial that this is reflected within the portfolio.

Taking account of the ONS qualitative appraisal, including sustainability and market criteria, we have considered the selection of portfolio of sites which office development will be viable and meet the needs of different market segments. This balances the requirement to reduce the potential oversupply of sites, with ensuring competitive, sustainable portfolio accommodating a range of market types (Table 6). Our recommended portfolio of office sites could accommodate 692,378 sq m of office floorspace across 60ha (490,431 sq m in Newcastle, 201,947 sq m in Gateshead). The majority of the sites have good or moderate viability, with the exception of key regeneration sites, which are likely to be subject to cross subsidised or subject to public sector funding within the ADZ or CIL contributions.

Table 4: The Portfolio to 2030

	Recommended portfolio by location								
Site Ref	Sites	Urban Core Floorspace sqm	%	Ha	%	Outside Urban Core Floorspace	%	Ha	%
	Newcastle								
1400	Stephenson Quarter	40,000		1					
1412	Main former brewery site/ Science Central	81,950		2.25					
3077	Heber Street and brewery offices	11,700		0.39					
1313	East Pilgrim Street Masterplan Area	75,000		3					
1328	Strawberry Place	13,230		0.63					
1331	St James Metro Station	13500		0.45					
1076	Plot 12	8700		0.29					
1374	Forth Goods Yard	41400		1.35					
1384	Safestore (former Heron's)	10,200		0.34					
1398	South of Pottery Lane	45,000		1.5					
4709	Newcastle City Heliport	23,100		0.77					
5290	Lower Steenbergs Yard	2040		0.1					
4329 & 4330	NCC Coach Park & WH Smith Depot	5250		0.39					
3064	Maling Street	2,032		0.15					
		373,102	**76%**	**12.61**	**32%**				
3025	General Hospital Site					19549		3	
4359	South of Freight Village Airport					17500		4.02	
5322	Kingfisher Boulevard South, Newburn Riverside					22680		5.67	
5146	Southside Expansion site					57,600		14.40	
						117329	**24%**	**27.29**	**68%**
	Newcastle Total Supply	**490,431**		**39.90**					
	Gateshead								
G486	Baltic Place	7200		0.24					
G463	Mill Road, East Gateshead	1970		0.1					
G419a	East of Encore Hotel, Hawks Road	4960		0.18					
G420a	One Millenium Quay, South Shore	7442		0.29					
G361a	MU8 Hillgate Quays	4879		0.27					
G362	MU9 Hawks Rd/South Shore Rd	22,133		1.48					
G414	Old Town Hall Square	900		0.05					
G460	The Point	18245		0.84					

G334	Tyne Bridge	4803		0.12					
G363	MU19 Pipewellgate	3911		0.13					
G191a	Baltic Business Quarter	81,200		7.00					
		157,643	**78%**	**10.70**	**52%**				
G49	Former Huwoods, Kingsway North, TVTE					21663		4.38	
G170b	Riverside (coach park) - Metrogreen					15200		3.8	
G170a	Metrogeeen - Riverside West					5281		1.32	
G171b	Metrogreen - Land west of Costco					2160		0.54	
						44,304	**22%**	**10.04**	**48%**
	Gateshead Total Supply	**201,947**		**20.74**					
Total Gateshead and Newcastle Supply		**692,378**		**60.64**					

Notably, this portfolio has moved on significantly from the Office Needs Study 2012, this is principally in response to the demonstrable lack of deliverable housing land, particularly for family houses and also as a result of viability work.

The supply of land available for development relative to the identified requirement is more challenging for housing than employment, this has resulted in a review of allocated employment land where housing would be achievable and where the land owners are willing to progress housing development. This has also meant considering alternative options to supply employment sites at suitable locations for example Newcastle International Airport.

Cell C and Cell A at the Great Park:

Newcastle Great Park is a mixed-use development, the northern part of which was originally envisaged as a premium business park, which could accommodate the larger headquarters requirements and organisations requiring an office park environment of the highest quality. The Office Needs Study, prepared to inform the Local Plan, concluded that the Great Park is unlikely to materialise as a commercial destination until Enterprise Zone incentives finish at Cobalt and Quorum business parks. Office development at Cell A is not viable under current market conditions, without intervention and would be unlikely to come forward until long / ultra-long term.

Newburn Riverside

Newburn Riverside is on the north bank of the River Tyne. The 92ha site has undergone a major reclamation programme and has benefited from £46 million investment in reclamation and infrastructure. Housing and employment surround the site. Whilst Newburn Riverside remains suitable as an employment site, the deliverability and availability of the remainder of the site for employment is uncertain and the land owner is exploring options for the site to come forward for housing. For the reasons outlined above, Newburn has been allocated in the Plan for new homes and is required to be comprehensively planned. .

As a result of losing employment land to housing at Newcastle Great Park and Newburn Riverside, there is a need to identify additional employment land (most obviously at the Airport where there is potential for employment growth at a strategic location) to meet longer term employment development needs. This is in line with the NPPF which supports Airports as areas for growth.

Newcastle International Airport

Newcastle International Airport is considered to be an important employment location which should be protected and has potential for growth. The allocation of an employment site at the Airport will ensure a balanced portfolio of town centre and out of town office sites. This site will also help to maintain an adequate future supply and range of employment land.

Gateshead Urban Core

Within Gateshead's Urban Core, office development will be focussed on the most viable sites and predominantly within the Accelerated Development Zone which will facilitate the delivery of office development. The Quays will provide the prime focus for Gateshead's Grade A city centre market and city fringe market within mixed use development. The Baltic Business

Quarter provides a strategic site with potential to accommodate large office floorplates for single users that could attract major inward investment. To ensure the Baltic Business Quarter is flexible and responsive to market signals and to support office delivery through cross-subsidisation within mixed use schemes, a range of town centre uses and an element of housing which complements the Quays development will be supported. Consequently, the Baltic Business Quarter's office space capacity has been reduced to 81,000 sq m to reflect the potential for alternative mixed uses on peripheral areas of the quarter and take account of the land take for the energy centre. Within Gateshead Central given the limited range of viable sites, the focus of the portfolio will be at the Old Town Hall as part of the regeneration of this area.

Team Valley

Office development will be focused within the established office cluster of Kingsway North (G49 Former Huwoods) building upon the success of Maingate. This area has potential to establish itself as an office quarter for businesses that serve industrial sectors on the estate and provide business park accommodation. This area has regular bus services and will benefit from the Lobley Hill Kingsway North Bus Corridor Improvement scheme. Fifth Avenue Business Park is not performing as well as an office location and available sites will be promoted for industrial and warehouse uses.

Metrogreen

The focus for office development will be the northern part of Metrogreen within close proximity to the bus and rail interchange. These sites provide the most sustainable and viable sites for office development to support the regeneration of this area, over the next 40 years.

Quantity of office sites

There remains an oversupply of office sites to 2030, of circa. 180,000 sq m and 16ha. In accordance with NPPF, NewcastleGateshead's portfolio of economic land needs to provide a range and quantity of sites flexible enough to accommodate changing economic circumstances and respond to market demands, whilst supporting emerging sectors. Therefore, in the longer term to 2038, Newcastle could have a potential shortfall of 15ha and therefore there would be no joint oversupply to 2038. Within Newcastle's Urban Core the supply of land for office is in accordance with the Office Needs Study forecasts. It is anticipated that Gateshead's Urban Core will accommodate any under provision should it arise. The Urban Core office capacity is based on the best available information about the proposed mix of uses, proportion of office floorspace, plot densities and where available elements of masterplans. Given that the office floorspace capacity is based on assumptions, it is important to accommodate a decent supply margin to allow for variation between final built development and our floorspace assumptions.

Table 5: Market Balance - Total Office Demand v Supply across Gateshead and Newcastle

Minimum Office Requirement					Portfolio		Oversupply -2030		Oversupply -2038	
	2010-2030		2010-2038							
	floorspace sqm	ha	floorspace sqm	ha	floorspace sqm	ha	floorspace sqm	ha	floorspace sqm	ha
Newcastle	410,000	36	592,000	55	490,431	39.9	80,431	3.9	-101,569	-15.1
Gateshead	102,000	9	148,000	14	201,947	20.7	99,947	11.74	53,947	6.74
	512,000	**45**	**740,000**	**69**	**692,378**	**60.6**	**180,378**	**15.64**	**-47,622**	**-8.36**

MARKET TYPES AND LOCATIONS

- The recommended portfolio accommodates a range of market types to accommodate a range of business needs. Over half the provision will meet the City Centre market (Grade A, high density, up to 50,000 sq m with good public transport accessibility), contributed by substantial provision in Newcastle at Stephenson Quarter, Science Central, Forth Yard and some further consolidation of Gateshead Quays.
- There will be limited suburban/town centre provision at the General Hospital, West Road and the Old Town Hall, Gateshead Town Centre.
- Some provision will be made within the City Fringe for cheaper, freehold, medium specification, within more peripheral parts of the urban core in the Ouseburn and western edges of Gateshead Quays.
- Some business park provision is also made urban core within at Freight Village at the airport, MetroGreen and the Team Valley, restricted to established office locations.
- The Portfolio identifies opportunities for a single user (Solus sites) for major inward investment opportunities at the airport and potentially the Baltic Business Quarter.

Table 6: Market Segmentation

Recommended Portfolio by Market Type												
	City Centre		City Fringe		Suburban/Town Centre		Industrial/ Business Park		Solus		Total	
	floorspace sqm	Ha	floorspace sqm	Ha	floorspace sqm	Ha	Floorspace sqm	Ha	Floorspace sqm	Ha	Floorspace sqm	Ha
Newcastle	363,780	11.97	9,322	0.64	19549	3.2	40,180	9.69	57,600	14.40	**490,431**	**39.90**
Gateshead	48,584	2.56	26,959	1.09	900	0.05	44,304	10.04	81,200	7.00	**201,947**	**20.74**
Newcastle/Gateshead	**412,364**	**14.53**	**36,281**	**1.73**	**20,449**	**3.25**	**84,484**	**19.73**	**138,800**	**21.40**	**692,378**	**60.64**

Sequential Approach to office development

The NPPF confirms that offices area a ‘main town centre use’ (para 23). LPAs must allocate a range of office sites that meet identified needs in full, including setting policies for consideration of proposal for main centre uses which cannot be accommodated in or adjacent to town centre uses. The Sequential Approach to site selection must however be considered in the context of business needs (para 21) and business needs should not be compromised by limited site availability (para 23).

Reflecting (NPPF para 23) the ONS provides some justification for expanding the current town centre of Gateshead and City Centre boundary of Newcastle to the urban core, including Baltic Business Quarter, Quays, Ouseburn, to ensure a sufficient supply of viable and suitable sites.

Table 7 sets out office locations which require sequential justification for locating outside of the urban core and which will be subject to an additional office policy.

Table 7: Sequential Justification

					NPPF Sequential Justification				
Office area	**Site Ref**	**Total Area**	**Market Types**	**Sequential Location**	**Sequential justification required**	**Business needs not able to be accommodated by in centre and edge of centre sites**	**Alternative sites in centre/edge of centre locations considered in terms of availability, suitability and viability.**	**Accessibility of location - connections to the urban core**	**Additional office policy to be applied**
Baltic Business Quarter	G191a	81,200 sqm / 7ha	Office Park/ Solus	Within urban core - in centre	No				No
Gateshead Quays	G486, G463, G419a, G420a, G361a, G362, G460, G334, G363	75,543 sqm / 3.65 ha	City Centre/ City Fringe	Within urban core - in centre	No				No
Old Town Hall	G414	900 sqm/ 0.05ha	Local Centre	Within urban core - in centre	No				No

MetroGreen	G170b, G170a, G171b	22,641 sqm / 5.66 ha	Industrial/Business Park	Edge of centre - within 500m of MetroCentre public transport interchange.	Yes	Potential to provide medium specification, low density, freehold/small office units suitable for existing and new SMEs. Expands critical mass of business accommodation at Metro Riverside Park and Watermark, strengthening an established business cluster. Provides access to A1 providing access to wider labour pool. Potential for cross subsidising between mix of uses at MetroGreen.	1. Blaydon Centre/Edge of Centre (G71b) does not suitable insufficient capacity/size. 2.Baltic Business Quarter- provides potential suitable/available alternative location for business park accommodation. However, BBQ would not not support the continued expansion of established business clusters witin Dunston employment area and would not facilitate long term MetroGreen regeneration, including beyond the plan period post 2030.	Sites are very accessible by public transport within 500m of rail and bus interchange. 436,765 households within 60 min public transport travel time. Benefits from Keelmans Way cycle route. Access to strategic network- A1 and A69/A695. Connects to urban core Gateshead Town Centre/Newcastle City Centre with regular MetroCentre shuttle service.	Yes (Metrogreen Area Action Plan)
Team Valley	G49	21,663 sqm / 4.38ha	Industrial/Business Park	Out of centre	Yes	Potential to provide medium specification low density offices. Principle foci of infill sites around Maingate an established office location. Office occupiers have potential to serve over 700 businesses, supporting established industrial sectors on a regionally significant employment area. Provides direct access to A1 providing access to wide labour pool. Supports continued renewal of TVTE. Potential to provide hybrid B class use units providing flexible formats of business space. Under normal market conditions	No alternative business park sites that could establish links and provide office accommodation that serve existing businesses on this regionally significant industrial estate.	Huwood site has potential to benefit from Kingsway North Bus Corridor. Maingate cluster 518,108 households within 60 min public transport travel time. Cycle route improvements proposed. Site benefits from bus stops within 500m. Regular bus services connects with Gateshead Town Centre and Newcastle City Centre.	Yes (Site allocations local plan document Making Spaces for Growing Places)

						private sector development is viable.			
Science Central			City Centre	Within urban core - in centre	No				No
Pilgrim Street			City Centre	Within urban core - in centre	No				No
St James			City Centre	Within urban core - in centre	No				No
Stephenson Quarter			City Centre	Within urban core - in centre	No				No
Ouseburn			City Fringe	Within urban core - in centre	No				No
South of Freight Village, Newcastle International Airport	4359	17,500 sq.m / Approximately 4 ha (net)	Business Park	Out of town	Yes	In accordance with the NPPF, NewcastleGateshead's portfolio of economic land needs to provide a range and quantity of sites flexible enough to accommodate changing economic circumstances and respond to market demands, whilst supporting emerging sectors. Newcastle International Airport is considered to be an important employment location particularly for businesses and organisations with a national and international customer base. Site provides direct access to the airport and to the strategic road network A1 Trunk Road via A696. Airport and A1	Sites within the Urban Core would not provide the direct benefit of clustering around the airport. The allocation of employment land at the Airport will ensure a balanced portfolio of town centre and out of town office sites.	Site is capable of being accessible. Airport access via A696 to A1 Trunk Road. Airport connects to Metro line.	No

Southside, Newcastle International Airport	1713	163,000 sq m / Approximately 32 ha (net)	Industrial Park	Out of town	Yes	provides access to a wide labour pool. Airport connects to Metro line and is accessible by public transport. Site has the potential to attract global companies locating close to the Airport and to the trunk road network. In accordance with the NPPF, NewcastleGateshead's portfolio of economic land needs to provide a range and quantity of sites flexible enough to accommodate changing economic circumstances and respond to market demands, whilst supporting emerging sectors. Newcastle International Airport is considered to be an important employment location particularly for businesses and organisations with a national and international customer base. Site provides access to the airport and has the potential to be made accessible to the strategic road network A1 Trunk Road via A696. Airport and A1 provides access to a wide labour pool. Airport connects to Metro line and is accessible by public transport. Site has the potential to attract global companies locating close to the Airport and to the trunk road network.	Sites within the Urban Core could not meet all longer term needs for industrial employment land The NPPF supports Airports as areas for growth.	Site is capable of being accessible. Accessed via new link road between A696 and A1 which provides access to wide labour pool. Site very accessible to the airport	No

Southside Expansion Site (5146)	57,600 sq m. / Approximately 14 ha (net)	B1/B2/B8 Large single user (Solus site)	Out of town	Yes	The demonstrable lack of deliverable housing land, particularly for family houses represents a very important material consideration in favour of the de-allocation of Great Park. Southside Expansion site is the only location which could accommodate a major requirement for a solus site. Such requirements typically range from 8 to 12 ha in size	No alternative location within the Urban Core that could establish strategic links and cater for HQ office function that requires proximity to a regionally significant airport.. Solus sites are typically low density and requirement would be too large to be sited in other locations	Site is capable of being accessible. Accessed via new link road between A696 and A1 which provides access to wide labour pool. Site very accessible to the airport	No
General Hospital (3025)		B1(b) 19, 549 sq m. Approximately 3.20 ha (net) Suburban/town centre	Edge of centre	Yes	Use for offices (Centre for Ageing campus) restricted to use class B1(b). Office development at the General Hospital site forms part of a knowledge driven, cluster development for science and technology linked with Newcastle University and Science Central	No alternative location within the Urban Core that could establish cluster development as part of the Centre for Ageing campus	General Hospital site located on the A186 one of the main radial routes into the city centre. The site is very accessible by public transport.	Yes

3.0 DELIVERY AND VIABILITY

Delivery will be secured by collaboration with economic partners; the Combined Authority, North East LEP, Local Planning Authorities, businesses, investors, infrastructure providers, landowners, universities, education providers, developers and community organisations.

The creation of the North East LEP has brought a greater focus to economic development and potential for significant funding sources such as the Regional Growth Fund and Growing Places Fund. Newcastle City Deal will secure significant investment in infrastructure in the Urban Core through the Accelerated Development Zone. Following the North East Independent Economic Review, a Combined Authority (CA) has formed that will ensure appropriate resources to address the region's underlying economic challenges.

With the exception of the former Enterprise Zones, market conditions in the region currently only support office development that is wholly pre-let or has been sold. It is difficult to predict when conditions might improve. However, the Gateshead and Newcastle Accelerated Development Zone offers the opportunity to ignite the next phase of economic growth.

Newcastle and Gateshead have agreed:

- to create a Gateshead and Newcastle Accelerated Development Zone (ADZ), unlocking city centre growth;

- that Newcastle and Gateshead should benefit from new Tax Increment Financing powers, with all growth in business rate income generated within the four key development sites, covering 80 hectares, ring fenced by government and retained by the two Councils for 25 years; and

- that, backed by the revenue streams created by localised business rates, Newcastle and Gateshead Councils will immediately initiate a £92 million investment programme, creating 600 construction jobs and leading to 1,500 permanent jobs within five years, and 13,000 over the next 25 years.

The aim of the Gateshead and Newcastle ADZ is to unlock growth across the urban core, returning the area to its pre-recession economic trajectory, which had seen more rapid employment growth in Newcastle than any of the other core cities. The ADZ is aligned with our economic strategy, which concludes that to reach our full economic potential we must grow the knowledge economy, develop and retain a skilled workforce, promote regeneration that is sustainable and stimulate growth in the urban core of Gateshead and Newcastle where we are at our most competitive.

The ADZ covers three of the city's key sites which offer significant growth potential over the next 25 years, where we can accelerate growth in the short and medium term:

- Science Central, offering opportunities for businesses to co-locate with Newcastle University.
- Stephenson Quarter and Central Station area, primed to become a major new office district in the next decade.
- East Pilgrim Street, an under-utilised area adjacent to the city centre's main business and retail district, set to become a substantial mixed-use development.

These sites currently face a number of obstacles which inhibit development: viability gaps, constraints in public and private sector finance and the requirement for significant up-front enabling infrastructure investment – including site preparation, demolitions, energy and utilities infrastructure, and highways improvements.

A coherent programme of infrastructure investment – to be financed through TIF – has been identified totalling £92m. This will lever in £800m of private sector investment and unlock significant development. It is expected to generate incremental annual business rates of up to £21m (and £320m in total) by 2038, enabling borrowing to be paid back by 2031.

The ADZ will be overseen by the Gateshead and Newcastle Partnership, which will be strengthened to provide greater transparency and accountability.

The viability of office development is highly sensitive rents, yields and pre-construction costs. When market conditions improve, modest levels of private rented sector development would be expected to resume in locations such as Newcastle City Centre.

4.0 CONCLUSIONS

Following the introduction of NPPF, an update of the evidence and further viability work, Gateshead and Newcastle's office portfolio is more aligned with the projected Office Needs Study forecasts. The allocation of employment sites at the Airport will ensure a balanced portfolio of town centre and out of town centre sites. This will help to maintain an adequate supply and range of employment land.

Within Gateshead's Urban Core, office development will be focussed in the Accelerated Development Zone and on most viable sites, recognising the need for a flexible approach at the Baltic Business Quarter. To provide a balanced, mixed portfolio, some provision outside of the Urban Core will be made focused within Team Valley Trading Estate's Kingsway North Office Quarter and around the transport interchange at Metrogreen.