

Crawley Town Centre Outline Business Space Growth Plan

Final report

November 2018

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1. Introduction: Aims and ambitions

Introducing the study

- 1.1 Crawley has significant growth potential, driven by its good transport connectivity, proximity to London Gatwick Airport and by the presence of one of the South East's largest mixed activity business districts at Manor Royal. The town centre is itself an important employment location, benefiting from a resilient retail core, a concentration of office-based activity (particularly in the professional services sector) and planned residential growth.
- 1.2 However, despite its apparent success and future potential, the town centre contains a number of under-utilised sites, several of which are in public ownership. Policy EC6 of the Crawley Borough Local Plan identified a number of town centre sites for redevelopment to "support and diversify Crawley's role as a sub-regional centre"¹, and the *Town Centre Regeneration Programme* sets out an integrated approach to the development of these opportunity sites alongside improvements to the town's public realm and transport infrastructure².
- 1.3 To support these plans, Crawley Borough Council (working with West Sussex County Council and Crawley College as part of the One Public Estate (OPE) Partnership) commissioned Oxford Innovation, BBP Regeneration and SQW to prepare an **Outline Business Space Growth Plan**, considering the potential for commercial development on six key sites in the town centre and setting out how these could be progressed over the short to medium term. The report is structured in four sections:
 - the remainder of this chapter sets out the **strategic context for growth** and regeneration in the town centre, and introduces the six key sites
 - Chapter 2 considers **potential demand for B1 (office) space** in the town centre, drawing on employment, business stock and property market data and consultation with occupiers and agents
 - Chapter 3 then **assesses each of the six sites**, considering optimal uses in the light of potential overall demand and the constraints and challenges associated with each
 - finally, Chapter 4 outlines an **operational 'route map'** to take the six sites forward, outlining potential capital costs and funding sources.

The strategic context for growth

- 1.4 Crawley is an important sub-regional centre at the core of the 'Gatwick Diamond' economic area, with a generally well-performing and growing economy. In 2016, the Borough's GVA per

¹ Crawley Borough Council (2015), *Crawley 2030: Crawley Borough Local Plan*, p.62
(http://crawley.gov.uk/pw/Planning_and_Development/Planning_Policy/Crawley2029/index.htm)

² Crawley Borough Council (2018 update), *Town Centre Regeneration Programme*
(<http://www.regeneratingcrawley.org.uk/sites/default/files/documents/FINAL%20r%20Crawley%20Town%20Centre%20Regeneration%20Programme%20april.pdf>)

capita was around £44,700, the sixth highest of any local authority district in the UK outside London, and there is significant inbound commuting across a wide hinterland.

- 1.5 Crawley itself is quite tightly bounded, essentially encompassing the Crawley urban area plus Gatwick Airport. In terms of economic activity, the Borough contains three important (and distinct) areas: Manor Royal (an extensive business park accounting for around 30,000 jobs in a diverse range of sectors); London Gatwick Airport; and the town centre.
- 1.6 The *Crawley Borough Local Plan* recognises the complementarity of these three economic areas. In this context, it seeks to build on the town centre's "*established function [as a sub-regional town centre and main employment area] to promote regeneration and deliver a vibrant and competitive town centre, as a location for main town centre uses and as a sustainable location for living*"³. Recent years have seen good progress towards this objective: despite the widespread challenges facing the retail sector, the town centre's retail offer has been resilient, and increasing residential development (and associated changing demographics) are helping to drive improvements in the quality of the retail and leisure offer.
- 1.7 However, it will be critical to balance demand for commercial and housing development in the context of constrained land supply, both within the town centre and across the Borough). While the conversion of commercial properties to residential use under permitted development rights is making an important contribution to increased town centre housing, there is a concern that a lack of commercial space suitable to meet modern demand is a risk to economic activity in the town centre.
- 1.8 Consequently, the *Crawley Growth Programme*, adopted in 2016 by Crawley Borough Council, West Sussex County Council, Coast to Capital LEP and private sector partners, aims to deliver infrastructure improvements and invest in key sites to (*inter alia*) "deliver significant new Grade A commercial space in the town centre", along with additional jobs, homes and environmental and transport enhancements. To support the Growth Programme, a £31 million funding package has been assembled, mostly focused on the town centre and Manor Royal.

The Town Centre Regeneration Programme: Introducing the key sites

- 1.9 The Crawley Growth Programme is developed in the context of the *Town Centre Regeneration Programme*, which sets out an ambition for Crawley town centre to become "*a dynamic business growth hub with a bold and vibrant heart for Crawley and the Gatwick Diamond*"⁴. The Regeneration Programme identifies a series of six under-utilised sites around the eastern side of the inner ring road (known as the 'Eastern Gateway'), which could form the basis for a new business quarter. Identified in Table 1-1 below, the six sites are:

Table 1-1: Key sites

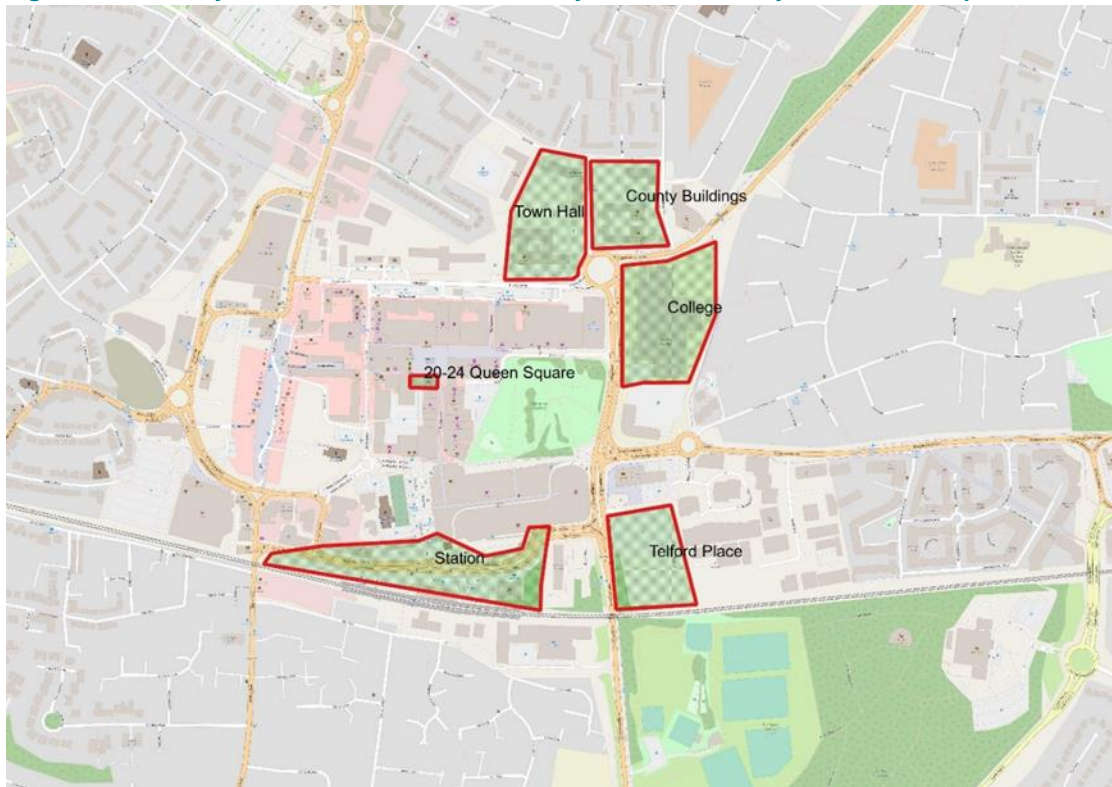
Site	Description
Station Gateway	<ul style="list-style-type: none"> Privately owned by the Arora Group

³ Crawley Borough Council (2015), *Crawley 2030: Crawley Borough Local Plan 2015-30*, p.62

⁴ Crawley Borough Council (2018), *Town Centre Regeneration Programme* (<http://www.regeneratingcrawley.org.uk/sites/default/files/documents/FINAL%20r%20Crawley%20Town%20Centre%20Regeneration%20Programme%20april.pdf>)

Site	Description
	<ul style="list-style-type: none"> Includes Crawley station and 1960s Overline House office block Outline planning permission for residential, multi storey car park and business space
Telford Place	<ul style="list-style-type: none"> Owned by Crawley Borough Council Vacant site currently used as car park Development partner procured to deliver residential-led development with an element of commercial use
Crawley College (northern part)	<ul style="list-style-type: none"> Owned by Crawley College Currently used by College, which is seeking to consolidate its activities on the southern part of the site Currently being considered for primarily residential use
County Buildings	<ul style="list-style-type: none"> Mostly owned by West Sussex County Council (with some buildings in other public ownership) Mostly vacant, although some buildings in public service use Currently being considered for mixed residential/commercial use
Town Hall (and adjacent car park)	<ul style="list-style-type: none"> Owned by Crawley Borough Council Currently used for town hall Plans well advanced to bring forward mixed use scheme, including residential, new civic offices and Grade A commercial (as well as a district energy centre to serve the wider town)
20-24 Queens Square	<ul style="list-style-type: none"> In private ownership Ground and first floors in retail use; second and third floors vacant Potential to bring upper floors into use as community/ co-working space

Figure 1-1: Crawley Town Centre: Eastern Gateway, Station Gateway and Queens Square sites



Source: BBP Regeneration

- 1.10 Some of the sites (the Town Hall, Telford Place, Station Gateway and Queens Square) are quite well advanced in terms of their potential use, although the College site and County Buildings are at an earlier stage of development. This study considers the options for each and outlines how they could be taken forward.

2. Office space: Assessing potential demand

Introduction

- 2.1 The six sites within the Eastern Gateway could bring forward a significant addition to the stock of business space within Crawley town centre. This chapter considers the potential to deliver this in the light of current (and future) supply and demand. It looks first at potential sources of demand in the local economy, and then reviews the supply of business space coming forward and the extent to which additional stock could be absorbed by the market.
- 2.2 At the outset, it is important to note that the six sites could be suitable for a range of uses. To help guide our supply and demand analysis, we have identified three broad use types that may be suitable for a town centre location given the aspirations of the Growth Programme, and which will be considered in Chapter 3 in relation to the specific potential of each site. These broad use types are:

Table 2-1: Typology of potential commercial uses within the Eastern Gateway sites

Broad use	Description
Grade A office space	There is no formal definition of 'Grade A' office space. However, the term generally refers to high quality, high specification offices, generally appealing to the corporate market
Managed workspace	Business premises offered on flexible/ shorter lease terms to start up and small firms. Typically, managed workspace will offer 'easy in/ easy out' terms, with utilities, security, reception and potentially other services offered by the provider. The definition of managed workspace is in practice quite broad, ranging from 'informal' hotdesking space through to larger scale flexible office accommodation (including 'grow on' space). Managed workspace is often delivered with public sector (often local authority) support, although is also provided commercially
Innovation centre	A variety of managed workspace geared to small enterprises with the capacity for innovation and growth, particularly in technology-intensive activities. Innovation centres generally incorporate an extensive business support offer and will usually expect tenants to 'graduate' to other premises once they have reached a certain level of maturity. Typically, innovation centres are delivered with public support, often via universities or similar institutions, and sometimes include labs and workshops, as well as office, meeting and informal space

Potential sources of demand

General growth...

- 2.3 The potential for additional business space in Crawley town centre should be seen in the context of a local economy that is growing quite strongly in terms of jobs and business stock. In particular:
- Crawley is an established employment centre supporting a wider sub-regional hinterland. It currently accommodates around 95,000 jobs (with a jobs density of

1.46), and since the recession of 2009/10, jobs growth has been consistently faster than the national average

- Looking to the future, the forecasts by Experian for the Crawley Economic Growth Assessment Update anticipated between 15,000 and 21,000 additional jobs in Crawley between 2015 and 2021 (of which between 3,700 and 8,300 are likely to be 'B class' (or office-based) jobs. While these forecasts are somewhat dated, they do reflect the recent growth experience
- Growth in the business stock has also been strong. Between 2012 and 2017, the Borough saw a 24% increase in the number of businesses (to 4,650). This is higher than the national average and higher than business stock growth rates in a number of comparator locations considered as part of this study. Business start-up rates are also higher than the national average (although survival rates are marginally weaker)

... and opportunities for expansion in key sectors

- 2.4 Of relevance to potential demand in the town centre is the substantial presence of the **professional services** sector. **Legal and accountancy firms form the core of Crawley's professional services offer**, with a number of national firms using the town as a regional centre to serve the 'south of the M25' market, generally branding their presence as a 'Gatwick' office. Of the major national and international firms, Deloitte is based at Manor Royal, with KPMG based at the Forest Business Centre to the south of the town. Grant Thornton, PwC and RSM all maintain offices in the town centre (with Grant Thornton and PwC having recently relocated to the town centre from Manor Royal and Gatwick). In the legal sector, Irwin Mitchell has a large presence in central Crawley, alongside a number of regional firms.
- 2.5 Within Crawley, the differentiation between the offer at Manor Royal and that in Crawley town centre seems to be fairly marginal as a driver of location decisions within the professional services sector. For example, Grant Thornton's decision to relocate to the town centre from Manor Royal was mainly linked with its need for reconfigured office accommodation and the availability of supply within the context of a need to remain based in the vicinity. That said, the additional amenities provided by a town centre location offer an additional benefit, and a general lack of quality Grade A supply (at Manor Royal and in the town centre) has been cited as a challenge in meeting demand, both by agents and by occupiers.
- 2.6 Beyond legal and accountancy, Crawley's professional services sector is more modest, and it should be noted that floorspace requirements are changing (and generally reducing) as working practices change. Nevertheless, given recent moves within the accountancy sector locally, the continued growth of the 'south of the M25' market and the good connectivity enjoyed by Crawley, further demand from the professional services sector is plausible and is likely to be geared to Grade A space (as well as potentially generating demand for flexible working and 'touchdown' space).
- 2.7 Beyond the professional services sector, the new Coast to Capital *Strategic Economic Plan* identifies a number of other sectors with potential for growth in Crawley. In addition to visitor

economy and support services and air transport, which are unlikely to be relevant to business space demand in the town centre⁵, these are:

- **Medical technologies:** despite rapid national growth, this remains a small sector in employment terms. However, Crawley contains some important firms (such as Elekta and Varian Medical), and the wider Coast to Capital area has been identified as having a significant concentration of medtech firms.

Most of Crawley's medtech businesses are based at Manor Royal, although there is small existing presence in the town centre. Potentially, an innovation centre product could be attractive to the sector, particularly in the absence of any similar existing facility

- **Digital** (defined in the SEP as computer software programming and publishing, and data processing and hosting). In practice, this covers a wide variety of activities associated with the development and exploitation of new digital technologies. Using the definition of the digital sector adopted by TechNation, the sector accounted for around 2,250 employee jobs in Crawley in 2017. However, given the nature of Crawley's business base (in particular the concentration of advanced manufacturing businesses with high levels of demand for sophisticated digital technologies), there is likely to be a larger 'advanced digital' talent pool than the employment numbers within the sector definition suggest. Given the rapid growth of the sector nationally and the buoyant nature of the local economy, there are likely to be opportunities to develop Crawley's stock of SMEs.

Typically, city centre locations are attractive to the sector, given proximity to a wider range of amenities. Analysis elsewhere suggests potential demand for a range of accommodation types, from flexible shared workspace to larger 'grow on' spaces.

- **Advanced manufacturing** (with a particular focus in the SEP on communications and navigation equipment manufacturing and electric power generation and transmission). Crawley has a substantial manufacturing sector, accounting for 6,000 employee jobs. While the town centre sites are unlikely to be appropriate for significant manufacturing facilities (and Manor Royal provides a better location), there could be potential in the context of an innovation centre facility to accommodate small scale advanced manufacturing research and development activity. Within the town centre, Crawley College's recent investment in the Advanced Technology Centre (ATC) could be relevant to this offer.

⁵ Unsurprisingly, Crawley has a very high concentration of employment in transport-related activities, mainly associated with Gatwick Airport. This does generate demand for office uses, although these have tended to be located outside the town centre (e.g. Virgin Atlantic's presence at Manor Royal)

Supply

General and Grade A office accommodation

- 2.8 Across the Borough as a whole, there is (in September 2018) around 805,000 sq ft of available office space. Of this, the majority is Grade A (particularly in large units of 10,000 sq ft or more). The town centre accounts for only around 11% of stock, with the majority of available office accommodation located at Manor Royal:

Table 2-2: Office market availability

	Crawley (all sites)		Crawley town centre	
	No. of units	Size (sq ft)	No. of units	Size (sq ft)
Grade A	39	497,792	2	14,997
Secondary	36	307,211	7	73,981
Total	75	805,003	9	88,978

Source: EGi (September 2018), BBP

- 2.9 **Manor Royal has seen the great majority of new office development in recent years.** Some of these have been highly successful, such the Cornerstone building let to Elekta on a 20 year lease (in Q4 2015) and the Leonardo building let to Virgin Atlantic on a 16.5 year lease (in Q2 2015). However, other developments are reported to have been less successful, with (for example) Churchill Court (prior to its partial redevelopment by Regus for managed workspace) struggling with high vacancy rates, partly due to a lack of local amenities and distance from public transport.
- 2.10 **In Crawley town centre, Grade A office availability is very constrained:** at September 2018, there were only two units available (in Origin One and the Portland Building on the High Street). However, where new supply has come forward, it has been successful: for example, St John's House, the first speculative office development in the town centre for ten years, was completed in 2012, currently accommodates BroadSoft (now Cisco, at a quoting rent of £24.50 psf) and Grant Thornton, and is now fully let.
- 2.11 In consultation, agents and occupiers indicated that **with the right offer, the town centre could attract new occupiers, particularly due to the wider amenities offered in the town centre.** Over the past three years, annual take up of Grade A offices averaged 8,000 sq ft in Crawley town centre, compared with annual take up of 53,000 sq ft across the Borough as a whole (given the offer at Manor Royal and other out-of-town locations). Given the success of the (limited) new stock that has come forward, there should be an opportunity to increase supply.
- 2.12 However, **other developments within the sub-region could have a significant impact on office availability.** In particular, current plans for **Horley Business Park**, just to the north of Gatwick Airport, anticipate over 2 million sq ft of office development, intended to be "best in class in the South East region"⁶. From the perspective of those seeking accommodation at 'Gatwick', Horley is just as accessible as Crawley, and this should be borne in mind in considering future B1(a) supply. The current draft masterplan for **Gatwick Airport** also

⁶ Reigate and Banstead Borough Council, *Horley Business Park: Frequently asked questions*

references the likelihood of additional office demand at the airport over the next 5-15 years, with the potential for the future intensification of airport parking sites⁷. Slightly further afield, plans were also recently announced for around 270,000 sq ft of employment space, including Grade A offices, on the former **Novartis site** at Horsham⁸, while the **North Horsham** scheme will deliver around 500,000 sq ft over 15 years, accompanied by new transport investment. More locally, additional office space will be delivered as part of other mixed-use schemes within Crawley (such as the Forge Wood development to the northeast of the town).

Managed workspace

- 2.13 Most existing office availability is accounted for by larger units. Across the whole Borough, only 6,000 sq ft (in eight units) is available in units of 999 sq ft or less. None of this available supply is located in the town centre. In consultation, **the shortage of smaller, flexible units was widely cited**: historically, such schemes have not proved commercially viable, although consultees highlighted the changing market for office accommodation and growing demand for more flexible space.
- 2.14 Currently, there are 11 managed workspace schemes in Crawley. Most of these (including the large Basepoint, Orega and Flexspace) facilities are located at Manor Royal, with only two located in the town centre (Regus, near the station, and the International Business Centre (IBC) Crawley⁹). These have also been recently supplemented by Regus' new 35,000 sq ft workspace facility at Churchill Court at Manor Royal (an office building which had been hard to let in its previous configuration).
- 2.15 Occupancy levels at the 11 established facilities appear to be high, and there is likely to be demand for additional provision. However, Crawley's existing managed workspace facilities appear to be fairly 'generic': most are serviced offices (rather than offering a combination of office and workshop space), and none have a particular sectoral appeal. Given relatively high business start-up rates and Crawley's relatively young demographic, there ought to be an opportunity to provide wider range of more 'creative' spaces to cater for a wider range of occupiers.

Innovation centres

- 2.16 **There is currently no innovation centre provision in Crawley**, although there have been several attempts to bring this forward: the Basepoint managed workspace facility at Manor Royal was originally conceived as an innovation centre (with funding from the former Regional Development Agency)¹⁰, and discussions have taken place between the Borough Council and potential occupiers over the years.
- 2.17 This lack of provision is somewhat surprising, given the high levels of economic activity in the town and the concentration of innovative businesses (particularly linked with the engineering

⁷ Gatwick Airport (2018), *Gatwick Airport Draft Masterplan 2018*, p.85

(<https://www.gatwickairport.com/globalassets/business--community/growing-gatwick/gatwick-draft-master-plan-final.pdf>)

⁸ 'New plans for Horsham Novartis site unveiled', *West Sussex County Times*, 27 September 2018

⁹ Technically, IBC is outside the designated town centre boundary, although is in close proximity to central Crawley

¹⁰ However, the Basepoint facility was not established with a strong innovation support offer, and the focus has mainly been on a managed workspace offer (with high levels of occupancy)

sector). In part, the lack of supply may reflect an absence of institutions likely to bring it forward: for example, there is no university presence in (or even reasonably near) Crawley¹¹, and despite the stock of innovative businesses at Manor Royal, there is no 'research park' providing an obvious innovation centre location. Given the nature of Crawley's business base, there is likely to be potential in a workspace facility specifically geared to driving innovation and growth, perhaps associated with the 'growth sectors' identified earlier in this chapter.

Conclusions: Linking supply and demand

- 2.18 Crawley has a growing economy and, in that general context, a well-performing and resilient town centre. With that in mind, a number of observations can be made on the likely future supply and demand for 'workspace' within the town centre.
- 2.19 First, **there is some evidence of a 'market failure' in the supply of new office accommodation** in the town centre, relative to availability elsewhere. Demand signals – such as levels of take-up – are limited, but this is in the context of very constrained supply. Agents perceive that there is likely to be demand should additional capacity come forward, and rents are rising, but the market is not yet 'proven' to the extent that it is commercially attractive. This conclusion would appear to support the Council's strategy of bringing forward new, higher quality, stock to demonstrate demand to the private sector. However, the 'untested' nature of town centre demand and potentially significant developments in Crawley's hinterland – including Manor Royal, which is in very close proximity - should be noted (and are reflected in the individual site analysis in the next chapter).
- 2.20 Second, **the changing nature of workspace demand is having a significant impact on the market**. This is evidenced by the trend for firms to have smaller office space requirements as staff increasingly work remotely, and for demand for different configurations to allow for more meeting and collaboration space. Evidence from occupiers suggests that this is leading to a *qualitative* gap in the supply of space that businesses need, despite evidence of quite high aggregate availability.
- 2.21 Linked with this, the **absence of managed and flexible workspace provision** is striking, given the dynamism of the local economy and the nature of the 'growth sectors' that the Strategic Economic Plan wishes to promote and which have a presence in Crawley. Managed office space of the type offered by Regus is reasonably well provided for, and the stock of this has grown recently. But good quality workshop/ office space is limited, and there appears to be little supply geared to (for instance) the needs of 'digital' and creative businesses.
- 2.22 As referenced above, the lack of **innovation centre** provision is perhaps linked with the absence of a university or similar partner that would be willing to fund the significant upfront costs that such facilities generally require and develop a pipeline of occupiers. However, the general nature of the local business stock would suggest that there is potentially demand: there may be a case for further action (beyond the provision of workspace) to develop and animate this further.
- 2.23 Finally, **demand and supply in the town centre needs to be seen in the context of Manor Royal** (and potentially the major developments planned at Horley and other neighbouring

¹¹ Although the College has plans to offer degree-level courses in collaboration with local universities, this is unlikely to result in a significant HE presence.

centres). Manor Royal and the town centre are in close proximity and some of the issues highlighted above (for example, the changing nature of office demand) will apply to both. In consultation, agents and occupiers raised the question of **where future supply might come from as the town centre sites that the Council has occupied come forward**. Manor Royal (and other business park locations in Crawley) will probably provide some of the answers to this.

3. Key sites: Potential uses

Introduction

- 3.1 In the light of good indications of potential demand for office-based uses in Crawley town centre, this chapter considers the opportunities and challenges associated with each of the six key sites in the 'Eastern Gateway'.

Potential uses and opportunities on each site

Table 3-1: Site uses and opportunities

Summary	Conclusions
Town Hall	
<ul style="list-style-type: none"> Plans for the site are well advanced, and the Borough Council has appointed a preferred developer (Westrock) to bring forward a mixed use scheme, including residential, new civic offices and Grade A commercial space. The commercial element of the scheme will involve c83,000 sq ft across five floors. It is envisaged that this will combine a mixture of larger office spaces for 'anchor' corporates and high quality 'grow on' space for smaller businesses 	<ul style="list-style-type: none"> There is likely to be demand for Grade A office space, given the very limited supply in the town centre. This site could offer a good opportunity to provide high quality space and to drive additional economic activity in the town centre. While agents report that rents of up to £30 psf could be achieved with the right specification, net effective rents of c£25 psf on a 10 year lease (reflecting a six-month rent free period) appear realistic. Ensuring provision to cater for a diversity of demand is likely to be important According to historic take up figures and projected demand profile, we expect that it will take 3-4 years for the site to be fully let. This rate can be accelerated by implementing a marketing campaign to secure a level of pre-lettings on site.
County Buildings	
<ul style="list-style-type: none"> Currently, plans are less well advanced as the Town Hall site. An options study commissioned by WSCC assessed the potential for c50,000 sq ft Grade A with residential It is expected that the commercial space will be an income generating asset for the County Council, with the housing providing a capital receipt 	<ul style="list-style-type: none"> Consultation with agents suggests that there may be sufficient market demand for Grade A space to absorb new supply in both County Buildings and the Town Hall (and it is likely that the scheme will be 12-24 months behind the Town Hall) Our viability work suggests that the most profitable scheme includes residential and Grade A space (net effective rents of c£25 psf on a 10 year lease reflecting a six-month rent-free period) However, a mix of commercial uses (including non-Grade A grow-on space and managed workspace) could help to diversify the offer and reduce letting uncertainty (and could help with the wider mix of uses in the town centre overall). Our viability work shows that the site remains viable if a mix of uses is developed on site albeit there is an impact is on the land value receipts, which the County Council will need to consider
College site	
<ul style="list-style-type: none"> Chichester College (the owner of Crawley College) has recently carried out a review to 	<ul style="list-style-type: none"> Similarly to County Buildings, this site has the capacity to provide a mixed use scheme including commercial uses, such as flexible workspace accommodation, which

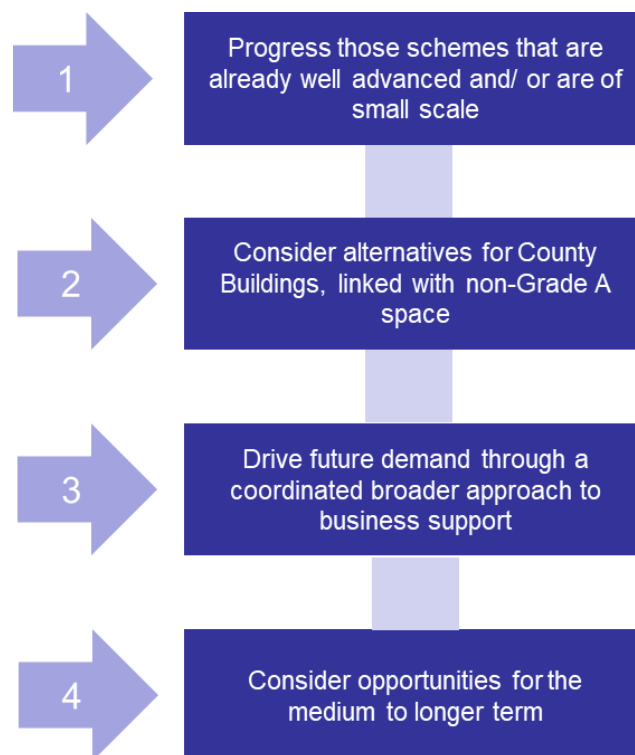
Summary	Conclusions
<p>establish the extent of surplus land on its estate, and wishes to consolidate its activities</p> <ul style="list-style-type: none"> Part of the site has already been sold for an affordable housing scheme and the College has been approached by residential developers. However, the College is interested in considering additional potential uses to align with the wider regeneration of the town centre 	<p>potentially could fit well with the other college activities on site</p> <ul style="list-style-type: none"> Our viability work shows that workspace or innovation centre type space can be delivered on site as part of a residential-led scheme without turning the site viability negative. However, a mixed use scheme will provide lower land receipts compared with a 100% residential scheme and decision for the site depends upon the College's Corporate Strategy and land receipt expectations.
Queens Square	
<ul style="list-style-type: none"> Queens Square is owned by a private investor. Discussions have taken place with the Borough Council and WSCC with a view to local authority acquisition, repurposing the second and third floors (c.20,000 sq ft) for commercial use Discussions are underway with prospective operators 	<ul style="list-style-type: none"> Queens Square is a prime town centre site with good demand for workspace uses within close proximity to train station and retail amenities. We are aware that there are a number of operators interested in running the site - showing positive market expectations. There is also a developer/ investor on board, who is looking to provide funding for the refurbishment works. The finished scheme could provide c.10,000 sq ft of workspace accommodation for start-ups and small companies. The scale of likely provision will be fairly small in terms of impact or growth within the town centre. Developing a wider network of commercial space within the town centre to allow for a churn of occupiers is likely to be important
Telford Place	
<ul style="list-style-type: none"> Plans are well advanced for a residential-led scheme, and Crawley BC recently procured a development partner to bring forward 313 homes, with a planning application expected to be submitted in December 2018 There is a planning requirement for active commercial frontage 	<ul style="list-style-type: none"> Proposals for the site include a small element of flexible commercial space, although the location is not likely to be very attractive for retail use. It could however have potential for flexible/ managed workspace to animate the ground floors of this residential-led scheme and contribute to the wider offer in the town It is important that this site becomes part of a network of commercial spaces within the town centre in order to support the management of the range of schemes and ensure churn of businesses; in particular, it will be important that the offer at Telford Place does not detract from the potential offer at Queens Square
Station Gateway	
<ul style="list-style-type: none"> An outline application was approved in 2016 for the residential-led redevelopment of the station, Overline House and surrounding area This includes 1,650 sq ft of start-up/drop in space 	<ul style="list-style-type: none"> The business space component of the scheme is very modest. However, it would provide a useful addition to the town centre offer

3.2 In summary, and linking this site analysis back to the use types described in Chapter 2:

- There is evidence of likely demand for **Grade A office accommodation**, and the proposed scheme at the **Town Hall** is well advanced. There is a strong case for bringing this forward, although ensuring a range of different office sizes would help to diversify its offer and respond to likely demand
- While there is some evidence that there may be sufficient demand to absorb additional Grade A supply at **County Buildings**, the town centre market is currently untested (due to the lack of existing supply), and it will be important to ensure that any new supply on the County Buildings site is phased to avoid competition with the Town Hall. **There is also a case for a more diverse range of provision at County Buildings**, although this will need to be considered in the context of the reduced return that this is likely to deliver
- In this context, County Buildings could provide a potential location for an **innovation centre**, as could the **College site**. However, in the light of the College's need to achieve a return to reinvest in its campus, the same commercial considerations will apply
- The remaining three sites are likely to be appropriate to **smaller-scale managed workspace**. Of these, proposals at the **Queens Square** site are reasonably well advanced: competing operator interest suggests widespread perceptions of demand and the site is in a good location in the town's retail core. **Telford Place** is a less prominent location, albeit convenient for the station and town centre: it will be important to consider the likely offer to ensure complementarity with that coming forward at Queens Square. The facility proposed at **Station Gateway** appears to be a small, and distinct offer, which could add value to Crawley's good rail connectivity.

4. Moving forward: An operational route map

- 4.1 Some of the sites within the Eastern Gateway are quite close to being brought forward, while others are somewhat further away, and are likely to be impacted by the nature and scale of commercial space delivered on the earlier sites. At the same time, taking forward some of the potential opportunities identified in this study is likely to involve further, more detailed, analysis.
- 4.2 With this in mind, we propose four strands of activity linked with the commercial space strategy for the sites:



1: Progress those schemes that are already well advanced and/ or are of relatively small scale

- 4.3 Substantial progress has already been made in developing proposals for the **Town Hall** site. The analysis within this report supports the Borough Council's view that there is likely to be market demand for additional Grade A office space within the town centre, and that the Town Hall site is likely to be an attractive location for this. While consideration should be given to the mix of unit sizes within the new building, there is no reason from a 'demand and supply' perspective why the scheme should not proceed.
- 4.4 Given that the Town Hall site is well advanced and well located, it should be considered the 'first best' option for new Grade A space in the short term. While we note agents' views that there may be sufficient demand to absorb additional Grade A supply at the County Buildings site, the town centre Grade A market is 'unproven', and we are conscious that there is a reasonable stock of Grade A supply at Manor Royal (and potentially more in the pipeline at

Horley). For that reason, it will be important that in the first instance, competition with the Town Hall supply is prevented, bearing in mind our expectation that it will take 3-4 years for the commercial part of the Town Hall site to be fully let.

- 4.5 At **Queens Square**, there is interest from both the commercial and third sectors in bringing forward new workspace. The co-working element of this is likely to be relatively modest, at around 100 work stations, and would, in our view, probably be taken up quickly, particularly given the attractive location. Subject to the viability of the operator's business plan (and potentially further market testing), new workspace at Queens Square should be progressed in the short term.
- 4.6 Similarly, there is likely to be demand for small-scale managed workspace at **Telford Place** in activities that are compatible with what will be a mainly residential area, and this could come forward in the short term. To progress this, it would be helpful to explore interest from existing operators (such a CoTribe at Horley, which has expressed interest in the town centre).
- 4.7 We envisage that there could be a good degree of compatibility between the offer at Queens Square and that at Telford Place (start-up/ co-working space at Queens Square and slightly larger office space at Telford Place), and it will be important to 'coordinate' the provision across the operators. This could be achieved by procuring the same operator across all schemes, or by specifying in operating contracts a requirement for operators to work collaboratively and establish a protocol for maintaining a complementary offer and effective referral system, as well as by more informal liaison managed through the Borough Council's economic development team. Combined, Queens Square and Telford Place (plus the small-scale provision planned for **Station Gateway**, which is unlikely to need any public sector intervention) could be a positive 'first move' in the direction of new town centre workspace.

2: Consider alternatives to County Buildings, focused on non-Grade A uses

- 4.8 As set out earlier, a cautious approach to the development of additional Grade A space at **County Buildings** would be advisable, at least until the Town Hall site has become firmly established. In parallel with the development of the Town Hall and efforts to bring forward the Queens Square, Telford Place and Station Gateway sites, it would be useful to carry out further analysis of the potential mix of uses at County Buildings, with a view to addressing some of the demand/ supply imbalances in flexible workspace outlined earlier.
- 4.9 This will however present a strategic issue for the County Council, given that the potential receipt from a mixture of business uses will lower than the maximum potential receipt that could be secured from Grade A commercial, although our analysis demonstrates that a mix of uses remains viable.
- 4.10 Similar issues apply in relation to the **College site**, although there is unlikely to be potential to bring forward any commercial opportunities on the site until Chichester College has determined its comprehensive estates strategy, in the light of the capital receipt that it will wish to attain.

3: Drive future demand through a coordinated broader approach to innovation and business support

- 4.11 This report has highlighted the scale of growth within the Crawley economy, and its considerable potential. However, despite (or perhaps because of) the scale of activity that is driven by the market, the support offer to innovative and growing businesses is relatively limited. In the short term, we consider that developing a physical 'innovation centre' in the town centre is challenging: both County Buildings and the College site offer suitable locations in principle, but would likely command a higher return from other uses, and public sector finances are constrained.
- 4.12 However, consideration could be given to a wider programme of innovation and business support, which could help to support businesses within the existing range of businesses across the Borough. It could also help to drive demand for new types of workspace – and potentially new support products – in the longer term. An example of how a support programme might operate (based on experience elsewhere) is set out in the box below:

'One Crawley': Animating a dynamic innovation community

There are 2 linked strategies to animating the various business spaces in Crawley:

- Internal business support delivered within an innovation centre or managed workspace that identifies and nurtures exciting high technology entrepreneurs in growth sectors
- External outreach to engage local residents and businesses, placing business workspaces as 'hubs' of exciting innovations and developments

A number of specific activities could be created to 'animate' local business growth:

- A series of **accelerator and incubator programmes** tailored to support early stage and growth SMEs as they develop – all drawn from existing strengths in these sectors but also as part of the development of the suite of spaces in the town. These programmes could be 'industry challenge' driven, bringing into the community partners such as Boeing, Varian, Philips, Siemens and others, unearthing solutions in their supply chains. Crawley Borough Council could seek to have these programmes sponsored or part funded by industry primes or through public funding.
- **Business Growth support** covering all elements of business growth; diagnostic, coaching, mentoring, innovation catalyst, coordinating knowledge transfer and exchange between academia, research and business and expert matching – identifying barriers to growth in the business and curating a wider network of technologists, 'evangelists', providers of finance and other partners to realise the potential for the ideas/technologies. This could be delivered by a Business Growth expert employed (or contracted) by the Council to deliver support in a range of spaces.
- Active **business events programme** for local high growth businesses to engage, share and collaborate. These could be informal and social in their basis, but with a particular challenge/problem to solve, curating different ideas and expertise bringing to life an environment of open innovation and collaboration. Examples of events include hackathons, investment showcases and developer weekenders. These could run alongside a programme of more traditional workshop and knowledge exchange forums on specific barriers to business growth such as finance, marketing, leadership and management to ensure all businesses supported by an Innovation Centre have a sustainable base to grow on.

Sponsorship can be sought from industry primes with footprints in the Borough or the surrounding area. Typically, this support can be in either financial or in-kind, such as through the provision of expertise and equipment. While public sector funding opportunities are often challenging, there may be potential through Coast to Capital LEP, as well as through national sources.

Due to the wide range of workspaces that currently exist, and could be created within the town, it will be important that the Growth Programme is widely publicised and is 'embedded' within each location – bringing together a range of communities into a connected community across Crawley.

Source: Oxford Innovation

- 4.13 In thinking about a broader programme of business support, it would make sense to look beyond Crawley town centre itself, embracing Manor Royal and the Borough's other business parks. The Manor Royal BID might provide a framework for early business engagement.

Considering opportunities for the medium to long term

We anticipate that the new space delivered at Queens Square and Telford Place will be taken up fairly quickly, and that this may itself lead to greater demand for 'grow-on' space. This could be delivered as part of a mix of uses at County Buildings, but beyond that, consultees raised concern about the future supply pipeline. Looking beyond the key Eastern Gateway sites, it will be important to consider the longer-term stock of business space, across the town centre, Manor Royal and the rest of the Borough, within the context of the development of the wider Gatwick Diamond.