

BACKGROUND INFORMATION

This section provides a review of key background documents relating to the region's employment land and property market. They set a context for the rest of the study.

The East Midlands in 2006: Evidence Base for the East Midlands Regional Economic Strategy (EMDA)

With regards to the economy of the region, the report highlights the following points:

- In terms of productivity, the East Midlands is ranked fourth among the English regions, behind London, the South East and East of England
- Levels of investment by companies in the East Midlands are lower than average and are focused on manufacturing
- Investment in the service sector is low, which is a concern given the sector's predicted growth during the next decade.

With regards to land and property:

- There has been an increase in the demand for smaller factories
- The total number of offices has increased, as well as the floorspace occupied
- Rental values for industrial units have increased since 2001
- In 2004, the rateable value per sqm for factories in the East Midlands was four percent below that for England; for offices just over one half of that for England.

It provides the following forecasts for the next ten years:

- There will be a decline in industrial floorspace (by 65,000 sqm/year), and a significant increase in offices (of 75,000 sqm/year)
- For the region as a whole, land in employment use will increase by just 2.8 ha/year net
- The Three Cities Sub-area is one of three sub-areas where net land take-up is forecast to be positive
- Sectors that are expected to grow include communications, business services, electrical & optical equipment, transport equipment and food & drink.

Quality of Employment Land Study (2002)

The Quality of the Employment Land Study (QUELS) assessed the quantity and quality of employment land throughout the East Midlands. It considered both supply and demand issues (the main trend being a loss of manufacturing employment and growth of office based jobs) before drawing its conclusions.

The report divided the East Midlands into seven sub-regions. The Three Cities Derby sub-region comprises Derby City, South Derbyshire and Erewash. A number of findings related to the wider sub-region are worth reiterating to provide context to this analysis of Derby HMA. Amber Valley falls into the Northern Coalfields sub-region.

In terms of providing an appropriate supply of land, it recommends having at least enough gross supply, based on a multiple of the historic take-up rate (for the planning period in question). However in order to provide range and choice a further 50 percent on top of this is recommended.

Three Cities Derby

The report states that greenbelt policies restrict and constrain the sub-region between 1991 and 2001, the Greater Derby area lost over 10,000 jobs, of which, approximately 20 percent was in the manufacturing sector. Unlike Nottingham and Leicester, Three Cities Derby was unable to compensate this with high office growth. In the same period, Greater Derby only gained 1400 office-based jobs compared to Nottingham and Leicester (16,000 and 13,500

respectively). However, the report suggests that Pride Park may redress the balance in time.

Offices

The report states that historically, office take-up has been predominantly by local businesses with the strongest demand coming from 'computer' and 'research and development' orientated companies. Historically, demand has been greatest for units between 186 sqm and 697 sqm. The report predicts continued strong growth from the ICT and research and development sectors and potential further demand from the aerospace sector.

With regards to market supply in Derby, B1 office use is restricted to Pride Park, Stores Road and Wyvern Business Park. The report states that these sites should meet short to medium term need but longer term supply is more problematic.

Possible office locations in the city centre it identified included the Bus Station, Riverside and Magistrates Court areas; Derbyshire Royal Infirmary; Friar Gate Station and Manor/Kingsway Hospital (since then City Gate House and Cathedral Quarter amongst others have emerged). However, the latter may have limited appeal due to its isolation from the main office area which is in the centre and east of the city. The report concludes that city centre office availability is complex and needs more detailed consideration.

Industrial and Distribution

The manufacturing sector in the sub-region has been dominated by a number of very large companies (Acordis, Rolls Royce, Bombardier and Toyota) and this is set to continue. With the exception of Toyota, there has been considerable rationalisation in their industries resulting in large job losses over the last decade.

Aside from Dove Valley, the sub-region has not attracted significant large B8 developments, which is due to the limited land supply and its relatively high cost.

The report states that there is also very limited availability of land appropriate for B1 and B2 uses. Current options include Pride Park, Longbridge Lane, former Adtranz Land and Osmaston Park Road (although the last three are more suited to local businesses). However, there is also substantial land available at Sinfin Moor, Sinfin Moor Lane and Acordis.

The Northern Coalfields

There are many similarities between the Northern Coalfields sub-region and the Three Cities Derby sub-region. Both have experienced a loss of employment and both are highly dependant upon manufacturing.

The Northern Coalfield sub-region lost eight percent of its employment between 1991 and 2001; and at 2001 had the highest rate of unemployment (4.6 percent). Between 2001 and 2011, the sub-region is expected to see a continued loss of employment in primary industry, wholesaling and manufacturing. However, the office-based sectors are expected to compensate for most of these losses.

Offices

The report states that historically, there has been small-scale demand for offices both in terms of quantity and size from local professional and business service firms. The report predicts that indigenous demand is likely to show limited growth and will be met by existing supply. In addition, the sub-region is unlikely to attract businesses out of Derby, Nottingham or Sheffield despite offering competitive prices in terms of land and labour.

No office sites in Amber Valley are identified in the report's quality assessment.

Industrial and Distribution

There has been recent strong demand for B8 distribution development around the M1 junctions 27/28 and 29. The report states that sites in Amber Valley tend to meet the needs of local markets but a combination of limited demand/low value and physical constraint impede deliverability. These include Cotes Park Industrial Estate, Heanor Gate Industrial Estate and Bullsmoor.

The report states that in the sub-region there is extensive and projected supply of industrial and distribution sites that are sufficient in quantitative terms for over the next 20 years on the basis of historic take-up rates.

The report provides an assessment of (existing and potential) employment sites of 5 ha and over. The following are identified as being of average quality and constrained:

- Bullsmoor, Belper
- Taylor Lane, Loscoe
- Heanor Gate Industrial Estate, Heanor
- Cotes Park East, Somercotes
- Denby Hall, Denby
- Cinderhill, Denby.

Regional Employment Land Priorities Study (EMDA, 2003)

The study considered the regional property market with a view to identifying areas requiring public sector intervention to achieve the RES's policy objectives. The report provides analysis on the Derby and Derbyshire Sub-regional Strategic Partnership area, which comprises Amber Valley, Derby City, Derbyshire Dales, Erewash, High Peak and South Derbyshire.

The report reiterates that since 1991, office employment has grown strongly whilst jobs in manufacturing and wholesaling have declined. In addition, Derby can claim to be an international centre of excellence in terms of aerospace and rail manufacturing.

Offices

With regards to the Derby office market, Pride Park provides the main supply. Together with Stores Road and Wyvern Business Park, they should meet short-to medium-term demand. Other potential sites include Manor/Kingsway Hospital and Chaddesden Sidings. However, Derby city centre is lacking offices as to 2003 there had been no new major office development for 14 years.

Industrial

The report states that current supply is restricted and there is a risk that good quality stock will have been exhausted prior to the availability of replacement sites. This is compounded by the fact that these replacement sites are also constrained. In South Derbyshire, both Willington and Drakelow Power Stations have the potential to provide substantial industrial/distribution land, however, both are severely constrained.

The report drew out a number of employment land implications from the Regional Economic Strategy and those that are relevant are reproduced in Table A10 below. They hold true now in 2007, as they did in 2003.

Table A10 – Regional Economic Strategy Employment Land Implications

Priorities (General)	Rationale And Linkage To Regional Economic Strategy
<p>1P Ensure that there is adequate supply of land of the right quantity and quality for employment development (B1, B2 and B8) in sustainable locations.</p>	<p>Adequate land and property provision is a necessary condition for economic competitiveness. Well functioning and responsive markets for land will facilitate economic progress.</p>
<p>2P Enhance the provision of incubator space in order to:</p> <p>provide accommodation for start-up companies</p> <p>assist regeneration by supporting enterprise in areas of need (especially in relation to micro businesses and social enterprises)</p> <p>foster growth in science and technology start-ups, especially in locations close to universities and research institutions</p>	<p>75 percent of all new employment between 1995 and 1999 was created through new business starts and it is anticipated that much of the employment in the region in 2010 will be in businesses that do not exist in 2003.</p> <p>Growth of enterprise in areas of need is also an important contributor to regeneration in these areas.</p> <p>Incubators for science and technology will assist technology transfer.</p>
<p>3P Enhance the provision of expansion space to support businesses graduating from incubator accommodation.</p>	<p>As above.</p>
<p>4P Create network of international recognised innovation centres capable of attracting new research funding, new business and new knowledge to the region.</p>	<p>Innovative companies, (defined as companies that successfully exploit new ideas enabling profitable change), grow faster, are more profitable and sustain higher performance than their non-innovative counterparts. The region's economy is skewed towards low skilled sectors with poor record of innovation.</p>
<p>5P Enhance provision of science and technology parks.</p>	<p>As above.</p>
<p>6P Provide high specification ICT locations.</p>	<p>ICT is now widely regarded as a critical component of regional competitiveness. High quality ICT provision is fundamentally important to a wide range of high growth, high knowledge, high productivity activities of the sort the region needs to attract to improve competitiveness.</p>

Priorities (General)	Rationale And Linkage To Regional Economic Strategy
7P Ensure there is an adequate range of high quality employment land to attract new inward investment.	This priority is virtually a subset of priority 1P in so far as the site requirements of inward investors are generally not so different from the requirements of the more discerning indigenous sector. That said, given the wider choice of competing locations open to them, 'mobile' investors typically have less reason to accept sub-optimal conditions than indigenous business which might be 'tied' to a particular location. It follows that success in this sector is more critically dependent on quality.
8P Enhance the supply of sites that will facilitate modal shift of freight transport from road to rail.	Need to reduce predicted growth in road traffic and enhance sustainability of freight industry.

Source: EMDA Regional Employment Land Priorities Study (2003)

The report went on to identify locational requirements for each of the different types of property, and again these apply in 2007 as they did in 2003. These requirements are used as the basis against which the supply and demand for accommodation in the study area is assessed.

Table A11 – Offices (B1) – Summary of Location Requirements

Market Segment	Location Requirements
Incubators to support enterprise and innovation	Within urban centres (or rural equivalent) on the edge but not within the central core. Particular priorities include areas with high deprivation.
Follow on accommodation	As above.
Incubators to support R&D activities	Primarily in areas where there is established R&D capacity (Note: These are specialist units to be distinguished from general incubator provision).
Mainstream provision: (i) City / town centre sites (ii) Out of town business park sites	Within City/town centres on sites well supported by public transport and ICT infrastructure, with good quality internal and external environment and ready accessibility to facilities. On edge of settlement locations adjacent or very close to the primary road network with high quality internal and external environments and good ICT infrastructure.
Science and technology parks	Only where there is a sufficient capacity in the locality (in terms of research activity / skills / entrepreneurial depth / existing R&D firms, etc) to justify dedicated provision.

Source: EMDA Regional Employment Land Priorities Study (2003)

Table A12 – Manufacturing (B1/B2) and Wholesale (small B8) – Summary of Location Requirements

Market Segment	Location Requirements
Small workspace incubators	Within or on the edge of urban centres.
Second stage provision	As above.
Mainstream provision	Within or on the edge of urban centres close to labour (but not within residential areas) and with good access to the primary road network primarily.
Large scale manufacturing units.	Needs are variable but usually require very large sites close to labour and primary road networks. Special requirements could include proximity to airports, component suppliers, availability of grants, robust utility providers.

Source: EMDA Regional Employment Land Priorities Study (2003)

Table A13 – Distribution and Warehouse (B8) – Summary of Location Requirements

Market Segment	Location Requirements
Small units to provide warehouse / distribution depots to serve a local market	Within or on the edge of urban centres.
Medium sized units serving a local and sub-regional need	Within or on the edge or urban centres, preferably with good access to national road network.
Large regional distribution centres serving a wide region (for example South East and Midlands)	Strategic locations that maximise operational efficiency (usually defined by locations that minimise distance between centre and markets served). Good accessibility to national road network critical and near availability of labour important. Does not need to locate close to urban centres but preferable for labour requirement
National distribution centres serving the entirety of the UK.	As above.

Source: EMDA Regional Employment Land Priorities Study (2003)

A number of key recommendations were made, those particularly applicable to the study area are outlined below:

- Enhance the supply of incubator space and follow-on accommodation
- Support new enterprise in regeneration areas and cluster strengths, especially in the field of aerospace and rail
- Support the development Sinfin Moor focused on the needs of the aerospace industry
- Assess the merits of developing an innovation centre of aerospace excellence
- Assess the feasibility of a rail centre of excellence
- Enhance the supply of city centre office sites
- Respond to the growth potential of East Midlands Airport
- Review and enhance the supply of industrial sites
- Review land supply issues in South Derbyshire.

Economic Planning and Infrastructure Context Study (2003)

This study assessed the implications of a number of transport planning studies in the East Midlands. This included multi-modal studies for the M1, A543, west to east Midlands, as well as examinations of the A38, air transport, freight distribution and employment land issues.

The effects of the various improvements will be felt strongest around Leicester and Nottingham. In the Derby HMA, Derby city centre and Alfreton will see the most benefit whilst the modelling is expected to have no impact on South Derbyshire at all.

Derby and Derbyshire 'State of the Sub-Region' Economic Assessment (Derby and Derbyshire Economic Partnership 2004)

The report assesses of the county's economy based on five audit models including: economic scale: dynamism, sector structure, enterprise and labour market. The broad conclusions are shown in Table A14.

Table A14 – Economic Assessment Audit Models

Economic Scale	As expected, Derby provides the largest economy in the county and accounts for 30 percent of the county's total business property rateable value and 40 percent of employment
Dynamism	Area is under-performing in terms of dynamism due to poor employment performance, it lost over 10,000 jobs between 1998 and 2002
Sector Structure	Not highly rated for the industrial structure of its economy, has a small knowledge based economy, although high technology manufacturing is strong in Derby
Enterprise	Entrepreneurial culture remains under-developed, rates of new business formation and self-employment are lower than national average This may be due to Derby's reliance upon large employers and/or manufacturing industry, however, there is evidence that the city's economy is starting to diversify
Labour Market	Overall performance of the sub-region is relatively strong in terms of competitiveness, the workforce profile and performance is comparable with that of national and regional levels.

Source: DDEP State of the Sub-Region, 2004

With regards to employment land, the report highlights the following:

- Derby accounts for the largest proportion of employment floorspace in the County
- Office development in Derby is constrained by a combination of weak demand and a lack of readily available high quality sites
- Future take-up of industrial and distribution space in Derby and South Derbyshire is likely to be strong given improving economic conditions.

Derby Cityscape Masterplan (2005, Revised 2007)

The urban regeneration company, Derby Cityscape will oversee a coordinated approach to achieving the physical, environmental, economic and social regeneration of Derby city centre.

The Cityscape area extends from the Friar Gate Goods Yard site in the northwest to the Inner Ring Road in the east, and to the Railway Station in the south. The western boundary is defined by the route of the proposed section of the inner ring road from Osmaston Road to Stafford Street.

Office Market

Their masterplan states that the office market has suffered due to the city centre having no clearly defined central business district. In addition to this, the success of Pride Park has also contributed to the decline of the city centre's office market.

There has been little recent development; and what there has, has been of generally low quality. There are fairly large amounts of vacant space and hence static rental values. These have all contributed to hindering the viability of new investment. In addition to this, the city centre's office accommodation broadly consists of two main types: large, purpose-built offices and smaller, older units located above retail premises or converted former residential space. The large, purpose-built offices are located throughout the city centre and occupiers are generally public sector. The smaller, older stock is generally on Friar Gate and occupied by the professions, e.g. solicitors.

With regards to economic development, the aims of the masterplan are to:

- Strengthen Derby as a location for business and enterprise
- Provide new employment opportunities including attracting major inward investment
- Create business space to support the needs of SMEs
- Foster the creative industries.

City Commercial

One of the masterplan's key themes is to ensure that the city centre provides a wide range of sites and premises to attract new investment. Over 170,000 sqm of commercial space will be provided. Although mainly offices, it will include some small-to-medium sized business accommodation. Key proposals include:

- Castleward – includes a major development site capable of attracting a single large inward investor, supported by smaller commercial units
- North Riverside – several riverside locations for a range of commercial developments
- Friar Gate Goods Yard – residential-led mixed-use scheme including creative industrial workspace
- Becket Well.

Derby Office Market Review & Need and Demand Analysis (Derby Cityscape, 2007)

There has been very little office development in the city centre over the last 16 years and hence it is dominated by dated buildings. However there has been development in fringe and out-of-town locations, to the detriment of the city centre. These areas have benefited from new, quality stock with plentiful car parking. Although many regional cities have experienced this phenomenon, there are few where the effect on the city centre has been as pronounced as in Derby.

There is increasing demand for offices in Derby, take-up in 2005 (17,651 sqm) and 2006 (15,793 sqm) was considerably above the long term average of 11,427 sqm (since 1996). However the lack of good quality accommodation is constraining take-up in the city centre. Approximately 90 percent of the take-up has been outside the city centre. It could be argued that many of these occupiers would have remained in the city centre had offices been available.

The most successful location recently has been Pride Park, although it is beginning to suffer from its own success, as congestion is becoming a concern. However this scheme illustrates the importance of quality accommodation, environmental infrastructure and car parking. Occupiers have also had the option to buy their premises, which is needed at the moment with such strong demand for freeholds.

The city centre has also struggled because it has no clearly defined office core. Another factor is the depressed rental market with minimal rental growth, high vacancy levels leading to little developer interest. Consequently prime rents in the city centre are £130/sqm, compared to £150/sqm at Pride Park. These are slightly more cost effective than competing cities such as Leicester, Nottingham and Sheffield; and much lower than Birmingham (£330/sqm).

Business services has been the main sector generating the demand, accounting for 52 percent of take-up since 2001. Although over the last two years distribution and utilities has contributed substantially.

Due to its central location and excellent transport links, Derby has the potential to accommodate headquarter and regional office functions. Although it faces stiff competition from Nottingham and Leicester for these. However the lack of speculative developments has left many firms with few options other than to build their own premises if Derby is their choice.

Since 2001, there have only been six office transactions taking space of over 2322 sqm.

In terms of inward investment, Derby attracted only 29 projects between 2000 and 2004 – the key sectors being ICT, tourism, call centres, financial services and food. It predicts that Derby is in a strong position based on its competitive advantages to attract further investment from the food manufacturing industry, printing, distribution, tourism and retail activities.

At the time of the study almost ten percent of the office stock was vacant, however this high level is caused by some very large, functionally obsolete offices in the city centre, which are considered unlettable.

There was also (at the time) no offices under construction, however there was 269,417 sqm potentially programmed, only 9848 sqm of which was in the city centre. (The main contributors to this are Rosemound Developments' 139,353 sqm proposal for New Raynesway; and Woodford Cedar's 72,464 sqm Locomotive Way scheme at Pride Park.) If all are completed, it would take almost 23 years to be absorbed based on the long term historic average annual take-up rate.

The report identifies a number of office types where there is a lack of supply – city centre offices with above average levels of car parking; top quality city centre space; small freehold premises; and offices for the creative industries (since rectified by Friar Gate Studios).

South Derbyshire Employment Land Review (South Derbyshire District Council, 2007)

The report states that South Derbyshire benefits from excellent transport links with access to the A38, A50, M1 and M42. This has helped to attract large companies including Nestle, Toyota, JCB and Bison Concrete.

Swadlincote is the District capital with a population of 33,000. However, the close proximity to Ashby, Burton and Derby has limited Swadlincote's ability to grow.

Office Market

South Derbyshire's office market is small and offers no good quality office employment sites. In addition, the District is overshadowed by Derby. Because of this, the office market in Swadlincote will continue to be driven by small, local companies requiring freehold units of up to 500 sqm.

South Derbyshire has very limited office supply in the pipeline, which reflects the weak market. Oaktree Business Park is under construction (now completed and mostly let) and will provide accommodation for small businesses in Swadlincote. Larger office space could be developed at Dove Valley, Tetron Point and Hilton Business Park if demand emerged. However, this demand relies on Derby failing to provide sites, which would lead to South Derbyshire becoming the natural alternative.

Industrial/Warehouse Market

The industrial/warehouse market in South Derbyshire is more dynamic than the office market. The industrial stock is focused on business parks and industrial estates, including Cadley Hill Industrial Estate, Astron Business Park, Lilypool Industrial Estate and Bretby Business Park. Some of these are former coalmines and are occupied by engineering firms that grew from the coal-mining heritage.

The report states that there are three types of demand in South Derbyshire: firstly, demand related to Toyota; secondly, demand for small freehold units; and lastly, 'large shed' demand for regional and national distribution centres. However, the report concludes that South Derbyshire has failed to fully capitalise on Toyota's presence due to the lack of available development sites adjacent to the company.

The demand for small units has been fuelled by the freehold market, which has been very strong in the past 2-3 years and is likely to remain so. As with the office market, low interest rates and strong investor demand have helped to make freeholds an attractive option for self-invested pension plans.

Distribution

Large regional and national distribution centre operators fuel the demand for large warehouse units. This is a national demand driven mainly by retailers seeking to rationalise their operations in one large centre and by third party logistics operators who serve these retailers.

Nottinghamshire and Derbyshire have historically been considered a little too far north to attract such large warehousing requirements, but that is now changing. Rising land prices and tight labour markets in the South East, south Midlands and the Midlands' 'Golden Triangle' are encouraging occupiers to consider other locations, where land values are lower. Land values in South Derbyshire are approximately £495,000/ha compared with £740,000/ha in Derby and £1.2 million/ha in Northampton.

As strategic distribution operations are pushed out of first-choice locations by either lack of sites or rising costs, South Derbyshire is well located to attract this demand being well-served by rail, road and air. East Midlands Airport is the second largest cargo airport in the UK and the M1 corridor will continue to attract distribution operators. This particularly applies to the north of the District, along the A50 e.g. Dove Valley Park. The south of the District is less attractive, because it lacks strategic road access. While there has been take-up of large units in the south, for example Tetron Point, this has been fuelled by the low land values and a lack of suitable sites elsewhere.

Employment Land Need

The South Derbyshire Employment Land Review states that South Derbyshire has enough employment land to meet forecast market requirements.

However, if as part of HMA-wide planning, South Derbyshire agrees to provide space for footloose demand, then new sites will be needed. To be attractive to the market, such additional sites should be in the north of the District, in the A50/A38 corridors, and ideally, close to the A38, Derby City and the M1.

Swadlincote suffers serious economic disadvantage. It is a largely self-contained local economy, poorly linked to the rest of South Derbyshire. Local residents have limited access to jobs, especially better-paid ones. Due to its poor accessibility, the area is less attractive as a business location than some of its neighbours and it is vulnerable to competition from adjacent areas, which are better served by the strategic road network.

The report states that in quantitative terms, there is no need to allocate additional employment land. However, South Derbyshire District Council could work to improve the quality of Swadlincote's offer, both development sites and existing employment areas. Depending on individual circumstances, sites classed as being low quality could be either upgraded through local environmental and access improvements, or reallocated to other uses and replaced by better sites. Depending on future market conditions, which in turn will depend on land releases in neighbouring areas, there may be a need for proactive intervention to support the development of employment sites, which would not otherwise be viable.

East Midlands Logistics Cluster Mapping & Development Study (EMDA, 2002)

Logistics is the management of the storage and movement of goods and information. Good logistics cuts costs, speeds work and improves customer service. It is important to recognise that whilst the physical transportation of goods is an important core activity of the logistics industry, there is significant activity before and after this stage that are equally important.

Logistics firms are generally quite small, especially so in the East Midlands. 84.5 percent employ up to ten people (compared to a Great Britain average of 82.1 percent). Although the greatest proportion of employees, 34.5 percent, are actually employed in large firms of over 200 workers.

The East Midlands has an over representation of land transport activities, over 40 percent of employees in the sector are involved in this activity, which compares to 33.3 percent in Great Britain as a whole.

Of the 2153 firms estimated to be active in the core logistics sector, 1424 are road hauliers; the next largest category, with 290, is couriers, messengers and delivery services.

The East Midlands has 12.6 percent of Great Britain's logistics companies and 10.1 percent of those in road haulage. This is reflected in employment figures, there are 49,084 people working in the core logistics sector, 7.6 percent of the British total. This makes it the fourth most important region after London, the South East and North West for the industry.

Road haulage and logistics companies are the industry sector segments that have grown most between 1998 and 2002; a 10.2 and 82.3 percent increase respectively.

In conclusion the industry is extremely important to the East Midlands economy, and this is only likely to increase in the future. This is based on its locational strengths and the predicted continuing migration of logistics operations up the M1. Logistics is an industry interwoven with almost all others, and plays an important enabling role. East Midlands Airport is another important factor, being the third busiest freight airport in the country. Furthermore there is a close correlation between freight traffic growth and general economic growth; in fact freight traffic growth is expected to exceed economic growth.

East Midlands International Airport Economic Development Strategy (EMDA, 2003)

This study is concerned with producing an economic development strategy for the (then named) East Midlands Airport (EMA) that is aligned to an integrated transport strategy.

EMA is a medium-sized UK regional airport in terms of passenger numbers, although these have increased rapidly over the past 18 months as a result of the growth of 'no frills' services by Bmibaby and Easyjet.

In addition, the airport is a major freight hub. The third largest in the UK in terms of the volume of freight traffic, and is the largest in terms of the volume handled on dedicated freight aircraft. Most of the traffic at EMA is express freight handled and the airport is likely to be designated as the UK's express freight hub in the forthcoming Aviation White Paper.

In the Department for Transport's most likely future growth scenario, passenger traffic at EMA is forecast to rise from 3.2 million in 2002 to 15.3 million in 2030, whilst freight traffic will rise from 219,252 tonnes to 2.6 million tonnes over the same period.

The report estimates that EMA supported around 9100 full-time equivalent (fte) jobs and generated around £198 million of income in the East Midlands in 2001. Of this, Derbyshire was the largest beneficiary with 47 percent of regional employment and 50 percent of regional income.

On the basis of these forecasts (comparing 2030 with 2001), the report estimates that employment in the East Midlands would rise by around 26,800 fte jobs, an increase of 295 percent, and that annual regional income would rise by 583 percent.

South Derbyshire is one of the three areas that have been identified as potential locations for airport-related development to support the expansion of EMA. However no further employment land is needed next to EMA. The Midlands Aerospace Alliance is also seeking to develop an aerospace cluster in south Derby linked to Rolls Royce. There may be opportunities to develop a joint aerospace and aviation park, which would help link EMA with priority areas for regeneration in Alvaston, Babington, Litchurch, Normanton, Osmaston and Sinfyn.

Summary

In this sub-section the findings of the preceding research are drawn together into a number of conclusions.

In the HMA as a whole, the shift in the service sector is widely recognised. It is anticipated that there will be a rise in the office market through increased demand from business services. However, there will also be an increase in demand from the 'distribution and utilities' sector due to the region's good road network and available land.

The various reports agree that Derby requires more, good quality offices in the city centre especially as edge-of-centre locations are almost fully developed. This is now the focus for public sector intervention.

There is limited B8 demand in the city (relative to other parts of the study area, and other uses) due to the lack of available land and its relatively high cost. There is also limited land available for B1 and B2 development.

Amber Valley should concentrate on meeting the needs of the local market, as the Borough is unlikely to persuade businesses to relocate out of Derby and Nottingham. Despite strong demand for industrial units in Alfreton, much of the employment land in the Borough is of average quality and constrained, limiting development.

Demand in South Derbyshire is predominately for industrial units. There is increasing demand from the distribution sector due to the lower land values in the District compared to other parts of the region.