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Executive Summary

Introduction

This document sets out the Welsh Assembly Government (WAG) and Welsh Development Agency's (WDA) strategy for employment sites and buildings across Wales for the next four years. It covers existing employment sites and buildings in both public and private sector ownership and also considers potential new employment sites for the future.

In line with the Assembly's strategic agenda set out in *Wales: A Better Country* and *A Winning Wales*, the objective is to increase and spread economic prosperity across Wales. The strategy aims to provide a framework which will ensure that Wales can provide high quality employment sites and premises in the right locations for inward investors and indigenous businesses. The framework therefore identifies different products to meet different market requirements and takes account of existing business needs, trends in growth industries and predicted future demand from high value added businesses in the modern economic sectors.

The strategy has been developed by the WDA for, and in close collaboration with WAG. It is fully aligned with the emerging Wales Spatial Plan and wider policies. Local Authorities and the Regional Economic Fora are being engaged to ensure the framework is consistent with the developing regional economic strategies and local regeneration strategies. It is a dynamic document that will be reviewed and evaluated annually to ensure that it develops over the next four years in parallel with market demands and policy objectives.

The employment sites and buildings strategy is the first in a series of property

strategies being developed by the WDA for WAG. In time it will be complemented by a regeneration strategy for urban and rural Wales and a housing strategy including both executive and affordable housing.

Preparation of the Strategy

The following approach was taken in the preparation of the document.

1. The known and potential occupier market was analysed with market segments identified for existing, growing, new and emerging businesses in WAG priority sectors;
2. For each identified market segment the types of property requirements were assessed along with the quantum and scale of demand.
3. For each market segment, key location factors were evaluated to identify any special property requirements and implications.
4. The sites and buildings requirements were then categorised to reflect the priority sectors and market needs. For site requirements, this included Premier Business Parks, Business Parks, Strategic Sites, Strategic Mixed Use Sites, Special Category, City/Town Centre Office Sites, and Local Sites/Industrial Estates. For building requirements this included offices, high tech units, traditional industrial units, innovation/incubation centres, multi-occupancy units and bespoke properties.
5. Established, emerging and potential public and private sector employment sites were assessed to establish the potential location and quantum of employment and property available against current and forecast demand. Using this framework the WDA has

identified a list of sites which could be developed to respond to market needs. It is essential that there is not an oversupply of property in the market and a phased approach to delivering this strategy is therefore required.

6. In assessing current and potential market demand for property in Wales, it was recognised that there would be some sites that were no longer a priority for development, the 'surplus employment sites'. As part of the WDA strategic economic development and regeneration objectives these sites will be identified and alternative uses considered to ensure the right sites are allocated in Unitary Development Plans for employment uses to meet the market needs of today and the future.

Delivery of the Strategy

WAG and the WDA have a long term commitment to sustained and sustainable economic development in Wales.

The identification and evaluation of "contender" sites and buildings is being progressed through a WDA cross-regional, cross-functional Steering Group with private sector consultants, Price Waterhouse Coopers and King Sturge. The detailed property programme will be drawn up by this Group in close collaboration with WAG.

The network of locations and 'contenders' list is being prioritised by using various criteria including:

- market analysis/risk assessment on deliverability;
- sustainability assessment including Working Differently criteria;
- phasing over the next 2/3 years where appropriate;
- funding mechanisms.

Sustainable Development

The Property Strategy and framework is being assessed as a whole and a sustainability appraisal is being undertaken. This will use existing procedures and 'Working Differently' criteria.

All the individual 'contenders' sites will also have a sustainability/environmental appraisal. This will need to be robust and the Steering Group will check these assessments. For consistency, for each category all 'contenders' will be evaluated to consider alternatives, as per the Strategic Environment Assessment requirement, before agreeing which schemes to take to the next stage. It is important to recognise that the emphasis here is on different locations. The product categories are largely taken as given and derived from the analysis described above.

Property Programme

A list of contender sites will be progressed into a prioritised programme over the next 2 years which will be submitted to WAG for approval. This project programme will include new and expansion sites in public and private sector ownership. The projects will be phased to include, feasibility studies, environmental issues, transport issues etc, and infrastructure, including broadband, and finally, developing buildings. On existing infrastructured sites, a programme of buildings is being identified. In order for some early wins, a number of these are proposed for local sites. In addition to strategic sites which are ready for development, existing strategic and business parks needing environmental improvements have also been assessed to improve the existing stock of property. This would be through the existing Business Environments Programme.

Other sites will take more time – a premier business park could take as much as 15-20 years to be developed.

Funding Mechanisms

The delivery of this programme will be through using existing and new funding mechanisms designed to maximise private sector investment. In developing a suite of funding mechanisms it is possible to fit the most appropriate and efficient public support to each project, ensuring value for money is maximised.

Collaborative Approach

The property projects contained in the first property programme would be promoted and delivered through the WDA's 'Property/Area Development/Environmental Teams' in the Regions and Land and Legal Services. This will be with the support of the Property and Strategy Teams. In developing these employment opportunities close collaboration with Business Support and International is imperative to assess and meet business needs.

Conclusion

The 'Property Strategy' will provide a focused framework to prioritise development of employment sites and premises and WDA's resources.

The Strategy will be subject to an annual review in light of changing markets, emerging WAG policies, including the Wales Spatial Plan, and the impact of the Strategy in helping to enhance and spread the economic prosperity across Wales.

1. Introduction

- 1.1 In response to the continuing changes in property market demand and investor requirements, the increasing competition for new business investments, and WAG economic development objectives, the WDA has developed a new property strategy for all employment land and premises in Wales.
- 1.2 It is intended to be the first of series of property strategies covering WAG and WDA's interventions in the property markets in Wales. The preparation of the property strategy for employment marks the beginning of a new process for co-ordinating and articulating property interventions by WAG. The eventual aim is to produce an overarching strategy covering the key areas of property interventions including employment, regeneration and housing. The consistent philosophy will be to maximise economic impact by making most effective use of private and public sector resources to deliver policy objectives and market demand.
- 1.3 The strategy emphasis is on property action needed to support employment generation in Wales. Consequently, only sites and buildings, which are focused heavily on employment uses, are covered by the strategy. This means that, for the main part, sites involved in community regeneration initiatives are not embraced by the strategy.
- 1.4 The WDA will further seek to regenerate declining urban areas to secure the provision of vibrant town centres offering enhanced retail, commercial, leisure and associated uses to address the needs of local communities and concentrating on those areas which support and underpin the preferred employment locations. A separate property strategy for regeneration is being prepared currently by WAG and the WDA.
- 1.5 Clearly the employment generation that this strategy seeks to deliver will also necessitate a parallel and underlying strategy that will provide the quality, range and choice of housing (including both affordable and executive housing), built in accordance with Local Authority aspirations, and meeting fully the requirements of sustainability and the Spatial Plan.
- 1.6 This strategy is aimed at building on the objectives and policies of WAG by providing a clear focus for property developments and investments impacting on employment in Wales so that both public and private sector resources can be more effectively targeted and channelled to foster the growth and regeneration of the Welsh economy. For the WDA itself, this focus will apply to both direct property action and indirect action where the WDA is supporting a private sector property scheme through grant aid and other support mechanisms.
- 1.7 The property strategy for employment is focused on the period 2004-2008, recognising that regular reviews and adjustments will be needed to ensure that the framework which it provides continues to reflect market demand requirements and WAG's economic objectives and policies for Wales.
- 1.8 In preparing the strategy, the emphasis has been placed on the market demand perspective of the property market and the justification for intervention to enhance economic prosperity in Wales.

However, in line with the declared economic objectives for Wales, the strategy represents a combination of:

- (a) Responding to recent and existing trends in property demand in Wales; and
- (b) Trying to stimulate demand opportunities in Wales in market areas which are growing both internationally and nationally but, as yet, there is a relatively weak and limited track-record in Wales itself, and those which involve the nurturing of new indigenous businesses. This would include property action to stimulate demand in the more disadvantaged areas where a strong business case for intervention can be made.

1.9 Therefore the strategy is intended essentially to provide an intervention framework for both increasing and spreading prosperity in Wales. As has been proved so often in the past by the WDA and its predecessors, focused and targeted property action by the public sector can bring about substantial success in helping to stimulate and attract investment and employment opportunities throughout Wales, especially for those parts given high priority by the government.

1.10 This property strategy for employment builds on that well-established approach. It also recognises that the globalisation of business, the fundamental changes in market requirements over the past decade or so, and the economic development objectives and policies of WAG necessitate a new, comprehensive

approach to property interventions. This involves an understanding of what needs to be done in property terms to make Wales a more attractive and competitive location for existing and potential new inward investors and of how economic prosperity can be nurtured throughout Wales by appropriate property interventions. The combination of market constraints, limited public sector resources for interventions, and the need to encourage more private sector property investments in Wales means that the demand/supply balance must be carefully maintained if the strategy is to make economic impact.

1.11 The degree of ambition and risk in the strategy varies considerably from one market area to another. However, the fundamental aim is to enhance the prospects for securing high value added investments and jobs from both indigenous and inward investors, whilst also encouraging economic prosperity throughout Wales, subject to demand considerations. All key types of employment are covered by the strategy – with the notable exception of retailing. The intention is to achieve a range and network of sites and buildings that provides a property ‘solution’ to facilitate the business development and growth process of start-up organisations, indigenous companies and inward investors.

1.12 WAG has a statutory duty to ensure that its policies and practices are based on the principles of sustainable development. Therefore, whilst the property strategy is based essentially on a market-led, demand approach,

there is also a need to develop and implement the strategy against the sustainable development policy background and the new directive on strategic environmental assessment. Economic vitality is at the heart of sustainable development and the strategy is founded on this consideration.

- 1.13 The strategy has been prepared initially on the basis of a zero supply base – ie. no existing provision of sites and buildings. This enables an independent, objective view to be taken of market requirements and opportunities. In practice, there is a legacy property programme and it will inevitably take several years to implement the strategy, especially where the creation of new employment sites is concerned. It is proposed therefore that the strategy should involve a period of transition, to ensure continuing property market momentum, to recognise resource limitations and to allow time for the new strategy to be implemented.
- 1.14 Whilst seeking to develop a range of quality property offerings the strategy is also mindful of the need for such offerings to be devised and developed as part of a comprehensive proposition. This recognises the need to respond to specific market demands with bespoke solutions. Property is often a key aspect of such solutions, together with issues such as skills, training, supply chains, links to universities, and housing availability.

- 1.15 To gain maximum effectiveness and impact from the strategy, it is vital that co-ordinated action is also taken to strengthen Wales' competitive position on the other key factors such as skills development, training, broadband, and transportation infrastructure. This approach has been used to great effect in both Ireland and Scotland with the development agencies working in close harmony with the government and sister organisations involved in economic development and related fields.
- 1.16 PricewaterhouseCoopers LLP (PwC) and King Sturge were retained by the WDA to provide independent and professional advice for the preparation of the strategy under the leadership of the WDA's own Steering Group (see Appendix 1). In addition to the WDA representation through the Steering Group, there was extensive consultation with the WDA's International Division, the Land and Legal Services Division, the Regional Offices, and the Transport Directorate and the Spatial Planning Group of WAG in the development of the strategy.

2. Policy Context and Approach to Strategy

2.1 The policy context for the new property strategy for Wales, is derived from:

- (a) Wales: A Better Country;
- (b) A Winning Wales;
- (c) Planning Policy Wales;
- (d) People, Places, Futures – The Wales Spatial Plan (consultation draft);
- (e) The WDA Corporate Plan 2004-07 (consultation document);
- (f) The West Wales and the Valleys Objective 1 Programme 2000-2006; and
- (g) Learning to Work Differently.

Policies

2.2 Wales: A Better Country, the strategic agenda of WAG, published in 2003, sets out its economic policy vision as “promoting a diverse competitive, high added value economy, with high quality skills and education, that minimises demands on the environment”.

2.3 “A Winning Wales”, launched in 2002, the national economic development strategy stated that:
 “The way forward is clear, we need to increase the number of new and growing businesses in modern economic sectors ... we need to modernise the industrial structure of the Welsh economy to ensure that Wales has a higher share of employment in high growth, high skill and high value added industries and occupations, and moves up from the assembly line branch factory economy”.

2.4 This policy ambition is qualified by the need to reflect the increasing accent on sustainable development in Wales and by current capacity constraints that influence which sites should and could be developed. Above all, in developing the strategy, the emphasis has been on trying to get the best reconciliation of the requirements of investors and occupiers and the needs of the workforce and the communities throughout Wales. This also implies the ‘trading-up’ of property standards in Wales.

2.5 “Planning Policy Wales” states that:
 “Developing the new economy of Wales to boost economic performance, and in so doing to raise Welsh GDP per capita, will have a strong spatial dimension. Wealth creation and environmental quality are increasingly interconnected. Recent developments in the economy of Wales highlight the need for employment strategies with the capacity to accommodate rapid change whilst maintaining and enhancing environmental quality”.

2.6 The Wales Spatial Plan emphasises that “increasing and spreading prosperity is about establishing a long term economic base in Wales”.
 It also recognises that:
 “Different places have different economic potentials – we need to reflect and understand this if we are to spread and increase prosperity and improve the quality of life. For some parts of Wales, their future may lie in competing in the global economic arena whilst for other areas economic activity may be more locally based, derived from available skills, adding value to local products or utilising the

economic potential of the environment. Understanding the differing economic needs and supporting the potential of localities will help to achieve a more even spread of economic prosperity throughout Wales. We also need to recognise that economic realities may require some activities to be located in specific places”.

- 2.7 Against this policy background, the approach to the formulation of the strategy is summarised in Figure 1. Essentially, it involves the identification of the main market areas of

employment land and premises, defining a property response and the most suitable locations in Wales for that response, and then consolidating the market areas into a collective framework for property intervention in Wales. Only Stages 1 and 2 have been completed. Stage 3 will involve the consideration of specific locations and sites and their detailed assessment against a range of criteria, including market appeal and sustainable development.

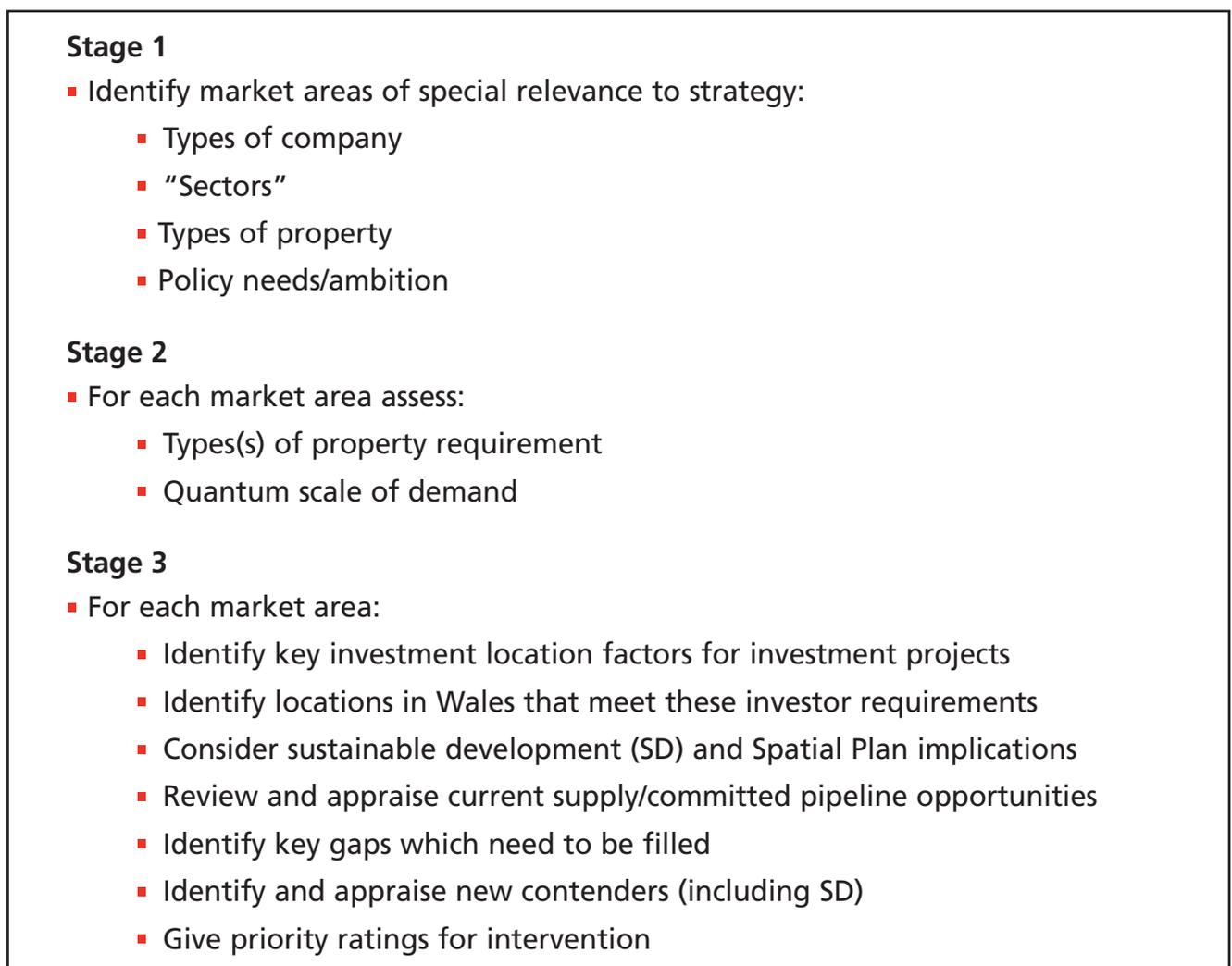


Figure 1

2.8 To provide a practical focus for the strategy, an early consideration was to identify the market areas of special relevance in terms of types of company, "sectors", and types of property – consistent with WAG policy coverage – and to identify any special property requirements and implications.

Types of company

2.9 Based on a review of the international, national, regional, sub-regional, and local markets in which Wales and its settlements compete, it was agreed at the outset that the strategy must embrace a wide spectrum of "companies", notably:

- (a) Small business start-ups (general)
- (b) Small business start-ups (technology)
- (c) Expansion of companies already established in the area
- (d) Relocation of companies already established in the area
- (e) New indigenous investors (from one part of Wales to another, based on the WDA's network of regional offices)
- (f) New inward investors from other parts of the UK
- (g) New overseas investors.

2.10 In this way, the strategy recognises that the property demand from many different types of 'company' must be accommodated – and that a dynamic approach is needed to enable different and relevant property 'offers' to be made at critical phases of a 'company's life cycle and evolution in Wales. However, the strategy must acknowledge the varying strength and requirements

of these different 'customers' – and the degree of competition which Wales faces to achieve success in the various markets.

2.11 The strategy is not just narrowly focused on new inward investment. Indeed, for the large part, the core demand is likely to come from either new start-up businesses or from the expansion of companies already based in Wales. It is essential therefore that, first and foremost, the strategy must make provision for supporting both the creation of new, indigenous businesses and the expansion of existing indigenous and inward investors in Wales. Therefore the settlement pattern of these businesses is a key consideration in shaping the new strategy. If expansion opportunities are not available to existing investors, current as well as potential future operations could be under threat. Furthermore, if Wales wishes to compete more effectively in the highly competitive inward investment market, it must have a good choice of high quality sites and buildings for prospective investors. This means a significant uplift in quality compared to the current portfolio.

"Sectors"

2.12 The 'sectors' analysis was based on the central principle of using market experience to identify and link groups which share common locational requirements (see Table 2). Eight main groupings were defined. They fall into two broad (albeit not exclusive) categories of value added activities:

High value added 'sectors'	Low value added 'sectors'
Emerging Industries (eg biotechnology)	Mainstream manufacturing (eg plastics)
High tech manufacturing (eg semiconductors)	Office services (eg call centres)
High level services (eg HQ functions, R&D)	General services (eg distribution)
	Leisure and tourism (eg hotels)
	Processing industries (eg oils processing)

Table 1 Source: PwC

2.13 The key location factors identified for each group have been used to reveal what needs to be done to meet and satisfy investor demand – rather than just a narrow property provision. This will be an important consideration in identifying potential locations and sites for the various market areas embraced by the strategy.

2.14 Although the strategy gives priority to the high value added 'sectors', the property demand and requirements of the other 'sectors' must not be forgotten, especially where existing companies are playing a significant role in providing local jobs.

2.15 However, for all market areas included in the strategy, the endeavour is to take property action which will foster better quality sites and premises and will help to raise Wales' position in the economic value chain in both the manufacturing and service sectors. In this way, the WDA's property action and resources can be focused on market areas which are critical to WAG's policy ambitions.

Groupings of Economic Activities	Key Common Requirements
1. "Emerging Industries" <ul style="list-style-type: none"> ▪ Media/Multi-media ▪ Biotechnology ▪ Nanotechnology 	<ul style="list-style-type: none"> ▪ High propensity to cluster ▪ Access to leading technologies and an innovative environment ▪ Presence of Universities, researchers and skilled labour
2. "High Tech Manufacturing" <ul style="list-style-type: none"> ▪ Semiconductors ▪ Telecoms Equipment ▪ Pharmaceuticals & Fine Chemicals ▪ Advanced Materials ▪ Aerospace 	<ul style="list-style-type: none"> ▪ Existing skill base vital ▪ Access to large and growing markets and key customers ▪ Track record in attracting high tech manufacturing ▪ Sensitive to differences in operating costs and tax / incentives
3. "High Level Services" <ul style="list-style-type: none"> ▪ IT Services & Software ▪ HQ Functions ▪ R & D ▪ Financial & Business Services ▪ Publishing 	<ul style="list-style-type: none"> ▪ Appropriate skills availability ▪ Rapid market access ▪ Propensity to cluster in IT & Software, HQ and R&D ▪ Low operating costs becoming increasingly important
4. "Mainstream Manufacturing" <ul style="list-style-type: none"> ▪ Electronics & Office Machines ▪ Plastics & Rubber ▪ Automotive Assembly & Components ▪ Medical Devices ▪ Textiles & Food Processing ▪ Wood & Paper Products/Packaging ▪ Mechanical Engineering 	<ul style="list-style-type: none"> ▪ Quality market, labour & supplier access ▪ Operational cost sensitivity ▪ Increasing requirements for an educated and skilled workforce ▪ High quality infrastructure and logistics is essential ▪ Prefer high quality locations with a good track record in industry
5. "Office Services" <ul style="list-style-type: none"> ▪ Call Centres & Shared Service Centres ▪ Back Office ▪ Government Agencies 	<ul style="list-style-type: none"> ▪ Appropriate labour availability vital ▪ Increasingly cost sensitive ▪ Multilingual language skills often critical ▪ Access to customer (internal as well as external) can be important

Table 2 Source: PwC

<ul style="list-style-type: none"> ▪ Susceptible to catalyst initiatives and Government support ▪ Prestige locations in a quality environment ▪ Excellent infrastructure and accessibility to customers/markets 	<p>UK USA Germany India Singapore China</p>	<p>USA Germany UK Japan France Canada</p>
<ul style="list-style-type: none"> ▪ High quality communications ▪ Fast track, purpose-built premises with full Government support 	<p>China USA UK Canada Singapore Germany</p>	<p>USA Japan Germany UK France Netherlands</p>
<ul style="list-style-type: none"> ▪ Access to advanced technologies & University research for R&D ▪ High quality facilities in a prestige location for HQ functions ▪ Wide variety of countries, but concentration within countries 	<p>UK China India USA Canada Germany France</p>	<p>USA UK Germany France Japan Netherlands India</p>
<ul style="list-style-type: none"> ▪ Favourable regulations governing labour laws, operating etc ▪ Can be sensitive to grants and other incentives ▪ Shift to high quality emerging markets with large markets activities 	<p>China USA UK Russia Canada Hungary Brazil Czech Republic</p>	<p>USA Japan Germany France UK South Korea Sweden Netherlands</p>
<ul style="list-style-type: none"> ▪ Good quality ICT and physical infrastructure is also a requirement ▪ Prestige locations not essential; can be grants sensitive ▪ Can be influenced by IPA initiatives to support the sector 	<p>Canada UK India Ireland Spain Germany USA</p>	<p>USA Germany UK Benelux France Switzerland India</p>

Groupings of Economic Activities	Key Common Requirements
<p>6. "General Services"</p> <ul style="list-style-type: none"> ▪ Transport, Logistics & Distribution ▪ Printing ▪ Healthcare Support Services ▪ Trade centres/Building Services etc 	<ul style="list-style-type: none"> ▪ Market (Customer) access critical ▪ Infrastructure and logistics also critical for distribution activities ▪ Skilled labour availability is important
<p>7. "Leisure & Tourism"</p> <ul style="list-style-type: none"> ▪ Hotels ▪ Attractions 	<ul style="list-style-type: none"> ▪ Market (customer) access and growth potential is critical ▪ Labour availability is also a consideration, including language skills ▪ Regulations governing construction and operation
<p>8. "Processing Industries"</p> <ul style="list-style-type: none"> ▪ Paper & Pulp ▪ Mineral Products (Building Materials) etc ▪ Forestry Products ▪ Major Foodstuffs ▪ Oils Processing ▪ Extractive Industries ▪ Steel & Aluminium 	<ul style="list-style-type: none"> ▪ Accessibility to large growth markets and key customers ▪ Adjacent to natural resources ▪ Good quality road, rail and port infrastructure and logistics ▪ Low operating costs

Table 2 Source: PwC

<ul style="list-style-type: none"> ▪ Cost sensitive ▪ Purpose built facilities and large sites is also important 	<p>China USA Netherlands UK France</p>	<p>USA Germany UK Japan Netherlands</p>
<ul style="list-style-type: none"> ▪ Infrastructure quality and logistics ▪ Quality and attractiveness of the environment (rural or urban) 	<p>China UK India Brazil Russia</p>	<p>USA UK Spain France Italy</p>
<ul style="list-style-type: none"> ▪ Appropriate labour force ▪ Presence of related and supporting industries ▪ Pro-business regulations ▪ Substantial and reliable water and power requirements 	<p>China USA Canada Russia Mexico brazil Australia UK</p>	<p>USA Canada UK Australia Russia Netherlands Germany Japan</p>

Types of property

2.16 Consistent with WDA's current and evolving property policies and practice and the established and developing property market opportunities, the following core set of types of property was identified as providing comprehensive coverage of the target market areas and was then used as the main basis for shaping the strategy:

both new and existing sites; indeed, the focus is on using the existing sites portfolio to its full advantage and potential before new sites are suggested and brought forward for development.

2.19 The market coverage shown for each type of site/building is intended to provide an illustration of the main types of business activities which could

Sites	Buildings
Premier business parks	Offices
Business parks	High tech units
Strategic sites	Traditional industrial/manufacturing units
Strategic mixed use developments	Distribution units
Special category sites	Innovation/incubator centres
City/town centre sites	Multi-occupancy units
Industrial estates/local sites	Bespoke units

Table 3

2.17 These types of property were determined by the Steering Group in association with PwC and King Sturge to reflect the main areas of WDA property activity in employment sites and buildings, together with market experience of the other regional development agencies in the UK.

be attracted. Thus, for example, the premier business park is expected to attract quality investments and jobs across the service sector – with a particular emphasis on emerging industries and high level services. Of course, this is not meant to be an exclusive arrangement and there may well be scope for locating the defined economic activities/market areas on other types of sites and buildings. But the broad thrust of the proposed market coverage is based on different types of sites/buildings covering particular market requirements to enhance the relevance of the Wales property portfolio to both internal and external demand.

Market coverage

2.18 Collectively, these sites and buildings are designed to cover particular target markets as illustrated in Tables 4 and 5. The aim is to ensure good coverage of the new economy target markets, whilst also ensuring that the more traditional employment and local market areas in Wales are also addressed. The coverage embraces

	Premier bus. parks	Other bus. parks	Strategic sites	Ind. estates/ local sites	Strategic mixed use	City centre/ town centre offices
Emerging industries	*	*	*		*	
High tech manufacturing		*	*			
High level services	*	*			*	*
Mainstream manufacturing			*	*		
Office services	*	*	*	*	*	*
General services				*		
Leisure & tourism	*	*			*	
Processing industries			*	*		

Table 4 NB: * Major market area focus for the range of sites

	Offices up to 5k	Offices 5 - 50k	High tech up to 5k	High tech 5 - 50k	Traditional Ind. 10-50k	Innovation (incl. Technium centres)	Incubator centres	Be-spoke
Emerging industries	*	*	*	*		*	*	*
High tech manufacturing			*	*	*		*	*
High level services	*	*	*	*		*	*	*
Mainstream manufacturing				*	*		*	*
Office services	*	*	*	*			*	
General services					*			
Leisure & tourism								
Processing industries					*			

Table 5 NB: * Major market focus for the range of buildings

2.20 It also illustrates the relationship between the scope of market coverage and the implied degree of risk – for example, a site/building ‘dedicated’ for a relatively narrow range of potential uses will inevitably carry a much higher risk than a property being promoted for a relatively wide spectrum of requirements. The risk is compounded when specialist properties are built away from the main centres of population and transport infrastructure, as ‘fall-back’ options may be very limited.

A The Sites

Business Parks

2.21 **Premier business parks** – This is a very competitive market area in the UK with many established players. It is widely recognised that a premier business park which could match comparable parks of the international class provided by Stockley Business Park and Birmingham Business Park would make a significant contribution to delivering WAG’s economic policy objectives. Market experience elsewhere in the UK (including areas like the North West and the South East regions which are leading competitors to Wales) suggests that premier business parks can provide substantial benefits to the economy and environment. They should have the following characteristics:

- (a) Ideal location – close to existing markets and most probably a centre of regional importance.
- (b) Accessibility – accessibility to major local routes and proximity to national trunk roads is vital. Good access to public transport is

also essential and management companies will have a defined role for ensuring good public transport. Airports – links to well connected scheduled flights.

- (c) Site – to provide the overall facilities including infrastructure, landscaping and amenities – this is only achieved through a large site (probably in excess of 100 acres/40 hectares).
- (d) Master planning and management – must be masterplanned with procedures for its enforcement as part of the value equation.
- (e) Deliverability – the ability to complete the aspirations of the masterplan as a single entity through a company of international/national status.

2.22 The market evidence suggests that Wales is losing a substantial number of high quality, mobile investments in sectors like software and financial services as it does not have an international class site with the ‘wow’ factor to encourage investors of the calibre of Microsoft to invest in major projects in Wales.

Other business parks - at the lower end of the scale – both in terms of size and role – are the ‘other’ business parks. Sites are likely to be a minimum of 30 acres (12 hectares) with a lower threshold in Mid Wales and western areas of Wales. Quality standards are equally important as with the premier business parks. The size and role of the parks (as will market evidence and risk) will vary from one part of Wales to another, recognising that an area like Mid Wales and North West Wales

is fundamentally different in character to South East Wales. However, the common thread should be a hallmark of quality that enables the selected sites to be “badged” as business parks and which have a separate identity in the marketplace to industrial estates and the like. Prestige sites (essentially single user sites of high environmental quality) would also be included in this market area.

Strategic sites

- 2.23 A strategic site is commonly defined (by the regional development agencies in the UK) as:
 “A site of substantial scale, often in excess of 50 acres (20 hectares), offering a powerful combination of strategic access to the nation’s principal road network, good local access and a wide range of serviced plots to accommodate the needs of both indigenous and inward investors to be able to act as an important focal point for industry and commerce in the sub-region/region”.
- 2.24 Again, as with business parks, designated strategic sites must be capable of demonstrating their suitability in meeting the core selection criteria and providing market coverage as part of the overall network in Wales. The concept of strategic sites has been well practised in Wales – with sites like Treforest Industrial Estate, Bridgend Industrial Estate, and Wrexham Industrial Estate well established as focal points for employment in their respective areas.

Strategic mixed use sites

- 2.25 Strategic mixed use developments are of growing importance in the Wales property market. Developments associated with waterfronts – for example, Cardiff Bay and the former Swansea Docklands – are of particular significance. The need for such developments is often dictated by special types of property opportunities (notably leisure and residential) and wider regeneration objectives. Only developments with a relatively high employment content are of relevance to the strategy.
- 2.26 This market area is of special relevance to the inward investment market, especially where the projects involve highly-skilled people and the ‘lifestyle’ factor is important in the choice of location for a project. However, there are also opportunities more closely related to indigenous markets – such as the proposed redevelopment of the former Corus site at Ebbw Vale. Funding for such sites could come from a variety of sources. They provide the potential to offer a different type of investor proposition to business parks and strategic sites. They could well be linked to education, leisure and tourism proposals. Sites in this category are likely to be a minimum size of some 20 acres (8 hectares).

City/town centre office sites

2.27 Throughout Wales – especially in the major settlements – there are opportunities to create new quality office space for both indigenous and inward investors. This is a growing demand area with a strong role for private investment. Sites should have the capacity to accommodate an office scheme of at least 15,000 - 20,000 sq ft (1,394-1,858 sq m) gross development.

Special category sites

2.28 The strategy needs to make provision for specialist uses where the property requirements are unlikely to be met on the other types of sites being provided by the strategy. This could include especially the aerospace, automotive, food and drink, media and biomanufacturing industries. Market practice throughout the UK varies widely but, generally, sites which have been designated for the sole use of particular business sectors and activities have met with very limited success – but have involved considerable expenditure.

Industrial estates/local sites

2.29 Industrial estates/local sites are intended to serve primarily local markets. Each individual estate/site is likely to be of the order of 15-20 acres (6-8 hectares) – but with some exceptions, especially in mid Wales. This market area has been a traditional focus in Wales for the WDA, the local authorities and others. Generally, for Wales as a whole, supply outstrips demand but there are some market gaps/“hotspots” to be filled.

There is now a need to finetune and rationalise the network of industrial estates/local sites to provide a stronger basis for future investment and public sector intervention.

Branding and development of sites

2.30 For all these types of sites it is important to establish a clear branding and identity in the market and to avoid dilution. The new strategy provides an opportunity to bring more clarity into the roles of the various types of sites and buildings and to promote these roles more effectively.

2.31 Within the branding and identity framework, it will be important to ensure that, where practical, viable and consistent with market considerations, the scope for redeveloping, upgrading and extending existing sites should be given special attention. However, where this is not possible nor practical, a “greenfield” option or the change of use of a site to employment activities may be the only way forward to meet a specific market requirement in Wales.

B The Buildings

Buildings

2.32 Seven major types of buildings have been identified based on market experience in the UK/Wales and current or anticipated market demand (see Appendix 2):

Offices

2.33 Provision is proposed for two main size ranges – up to 5,000 sq ft (465 sq m) and 5,000-50,000 sq ft (465-4,645 sq m). For the smaller offices, demand is likely to be concentrated on urban centres and the edge of towns/cities. There is sustained demand throughout most centres in Wales, often associated with schemes of the order of 15,000-20,000 sq ft (1,394 – 1,858 sq m). The primary justification for intervention is to safeguard/create employment and to enhance quality standards. This market area is dominated by private sector activity.

2.34 For the larger offices, the demand is more uncertain, reflecting Wales' position in the wider national and international marketplace. However, this is a critical area for policy ambition and hence intervention by the WDA in association with the private sector. Size requirements are likely to focus on 20,000-50,000 sq ft units (1,858-4,645 sq m) and there is a need to offer a variety of locations to potential occupiers. A highly selective, progressive and phased approach is recommended, concentrated on a relatively small number of high quality locations (especially the designated business parks and strategic mixed use sites). The maintenance of high quality

standards – a key driver in this market area – will be of vital importance. This is rarely evident in Wales currently.

2.35 The role of Cardiff as the flagship for Wales in developing and promoting high quality offices – and attracting institutional investment – will be critical. Competitor success has emphasised the crucial importance of using capital cities to establish new market identity and success in the rapidly growing service sector and then to roll out opportunities to other locations once success is achieved.

2.36 The following initial annual targets are suggested:

- 0 – 5k sq ft (0-465 sq m)
- 5/10 schemes (rolling programme)
- 20 – 50 k sq ft (1,858-4,645 sq m)
- 3/5 schemes (rolling programme)

High tech units

2.37 This market area is of growing importance in Wales. Again there is an important distinction between providing units of up to 5,000 sq ft (465 sq m) and the larger units up to 50,000 sq ft (4,645 sq m). The smaller units provide an ideal expansion step for tenants of innovation centres. Dedicated high quality provision is needed to meet a range of manufacturing and service activities (B1 and B2 primarily). Demand is currently quite limited but is a key area for policy ambition. This is a high risk area and supply will need to be carefully controlled, focused on quality sites in the strong market areas in Wales. For the larger units, again dedicated provision is needed for current, quite limited demand.

Provision is likely to be centred on 10,000 sq ft (929 sq m) and 25,000 sq ft units (2,323 sq m), including expansion capability, with the larger units being dealt with on a bespoke basis.

2.38 The following initial annual targets are suggested:

- 0 – 5k sq ft (0 - 465 sq.m)
- 3/5 schemes (rolling programme)
- 10 – 25 k sq ft (929 - 2,323 sq m)
- 2/3 schemes (rolling programme)

Traditional industrial/manufacturing units

2.39 This market area is less important than in previous decades but the WDA is continuing to drive up quality standards and specification. There are differing priorities for each size range across Wales and the emphasis is likely to be on provision in two main categories:

- (a) 10,000 – 20,000 sq ft (929 - 1,858 sq m); and
- (b) 20,000 – 50,000 sq ft (1858 - 4,645 sq m) respectively.

2.40 Provision should be centred on the network of strategic sites (especially for the larger units), together with some selected industrial estates and local sites. A sustained programme is needed to ensure good market coverage across Wales, but supply must be kept under firm control to reflect demand requirements. "Flexible" design is needed to provide buildings capable of meeting a wide range of potential requirements.

2.41 Indicative annual requirements are:

- 10,000 – 20,000 sq ft (929 - 1,858 sq m) - 10 - 15 units
- 25,000 sq ft (2,323 sq m) - 3 - 5 units
- 50,000 sq ft (4,645 sq m) - 2 - 4 units

Distribution units

2.42 Highly selective provision is required, centred on the M4 and A55 corridors. The larger building requirements often imply bespoke solutions but many other requirements can often be satisfied by standard stock. Market demand is generally limited due to Wales' fringe location for the national distribution market but there are growing requirements for nodal distribution points to serve regional markets. This market area can be mainly left to the private sector.

Innovation (including techniums) /incubator centres

2.43 There is an important distinction between innovation centres where a close tie with a university is often a pre-requisite and incubator centres where more general business advice is necessary. For the innovation centres, this is a high policy ambition not yet matched by demand trends. A tightly controlled programme is advocated with the emphasis on a high specification module of some 20,000 – 30,000 sq ft (1,858-2,787 sq m) with scope for expansion.

2.44 The primary emphasis should be on the major centres of population and higher education in Wales – namely Cardiff and Swansea. The second tier locations would include Newport, Wrexham, Aberystwyth and Bangor.

Great care will be needed in extending the programme to locations with relatively small populations, away from the main road corridors, and with no critical mass of business, especially in key sectors targeted by the innovation centres.

- 2.45 Generally, the site locations should focus on business parks and the strategic mixed use sites. Demand justification for the second and third locations is potentially a major issue, especially in relation to future deal flows. For the more general incubator centres, a much wider choice of location is relevant.
- 2.46 It is proposed that the innovation centre annual programme should comprise 1-2 schemes, but based on robust demand assessments and concern for deal flow in the future. The conversion of existing buildings should be considered as well as the construction of new centres. For incubator centres, a somewhat larger programme should be pursued, but linked closely to demand and to current supply.

Multi-occupancy units

- 2.47 Demand in this market area features throughout Wales, mainly to satisfy new company start-ups and relocations of existing businesses. Provision is made primarily by local authorities, enterprise agencies and the private sector. Modules tend to be in the range 10,000 – 25,000 sq ft (929-2,323 sq m). A wide variety of locations is involved – including in-fill plots in urban areas, often associated with regeneration programmes and industrial estates/local sites.

Bespoke units

- 2.48 This is a key area of demand throughout many parts of Wales, linked to the existing patterns of industry with limited relocation from one part of Wales to another. Readily available sites are essential as fast-track projects are often needed. Requirements are mainly in the range of 25,000 – 100,000 sq ft (2,323-9,290 sq m), funded by the private sector but often with grant aid by the WDA. Demand is especially strong in the automotive, aerospace, food and drink and electronics sectors. Projects of a bespoke nature are likely to be of the order of 10-15 per annum for Wales as a whole. WDA involvement will be governed mainly by the business justification of proposed projects. There is potential for early “wins” in this market area.

3. Property Demand in Wales

3.1 The foundation for the new property strategy is the likely scale and nature of demand for employment land and premises in Wales. This does not imply just extrapolating past and recent trends nor trying to make very detailed forecasts for future market conditions and characteristics. Rather the concern is with trying to establish:

- (a) A likely quantum/range of demand for the main types of employment land and premises relevant to WAG/WDA economic development policies;
- (b) The sectors/business activities likely to be of special relevance to the property market in Wales and their related property requirements; and
- (c) The realistic prospects for attracting new investment and job opportunities in high value added market areas where Wales' performance needs to improve if WAG's core economic development objectives for Wales are to be met.

3.2 A comprehensive review of market demand (embracing both foreign direct investment and indigenous investment) was undertaken to ensure that there was a robust basis for developing the new strategy – see Appendix 2. The review was intended to highlight:

- (a) Historic take-up;
- (b) Level of enquiries;
- (c) Opportunities missed; and
- (d) Policy ambitions.

3.3 Key summary features identified by the review were:

- (a) The overall need to take a realistic view of the likely employment demand prospects for Wales, and

the implications for the property strategy.

- (b) The varying degrees of risk in the different market areas covered by the strategy.
- (c) Some 70% of projects in the UK foreign direct investment market are in the service sector – with London and the South East having a dominant market share.
- (d) There were only 6 new “greenfield” FDI manufacturing projects (involving more than 50 jobs) in the UK in 2002/03 – the bulk (some 78%) of FDI manufacturing projects (excluding mergers and acquisitions) in the UK took the form of expansions.
- (e) Wales has a relatively small share of the UK's IT/software, telecoms, and financial services FDI markets (less than 5% in each sector) but a much higher share (over 10%) in the food and drink, automotive and electronics sectors.

3.4 More specifically the main demand characteristics can be summarised:

Volume of global investment

- Global FDI demand is now rising following a major drop from \$1,300 billion in 2001 to \$600 billion in 2002 (Appendix 2 - slide 4). The global market is anticipated to rise to just under \$1,200 billion in 2007. Within these global trends the UK is expected to be the fourth largest recipient of annual FDI inflows between 2003 and 2007, although competition will remain intense, particularly for value added projects and mobile manufacturing investment with the prospects of high job creation. Current global FDI activity suggests there are circa 1,000 contestable FDI projects per month.

Sector focus

- Leading sectoral investors on a global basis include electronics, automotive, software, ICT, food and drink, leisure and tourism, and financial services (Appendix 2 – slides 8 – 11). These sectors have consistently been among the most active global investors in terms of value and volume of FDI.
- New economy sectors investing globally include life sciences, creative industries, and environmental technologies, although volumes are considerably less than in the leading sectors. For example the food sector generated nearly 1,000 projects from October 2002 – October 2003, created 65,000 jobs and invested \$20 billion. The environmental technologies sector has, over the same period, generated circa 200 projects and created 5,000 jobs with investment of \$5.8 billion. This demonstrates that, while some of the new economy sectors are a high priority, a combination of the lower volume of activity, smaller project size and intense global competition means they are more difficult to secure.

Europe trends

- Key sectoral sources of projects for 2002 were as follows:
 - **Software**
15% - 292 projects
 - **Automotive**
8% - 153 projects
 - **Business & Financial Services**
7% - 127 projects
 - **Electronic**
7% - 127 projects
 - **Pharma**
6% - 113 projects

- Locations in Western Europe are beginning to specialise in higher value activities/projects such as financial services, business services and ICT, while the Eastern European nations are capturing an ever increasing share of manufacturing (electronics, pharmaceuticals, chemicals, consumer goods, engineering, automotive) and lower value added activities. This trend will continue as the region remains competitive on cost grounds for sectors which remain sensitive to high labour costs.
- India and The Philippines are continuing to attract a high level of call centre investment from Western Europe and North America. Growth in call centre investment is likely to continue, although changes in volume of projects, project size and value added are occurring.

UK Trends

- The UK remains the leading FDI location in Europe, attracting some 19% of projects. 709 projects were attracted in 2002/03. This represented a 7% decline in projects and 6% decline in new jobs from 2001/02 (Appendix 2 – slide 17).
- The service sector is dominant as a source of new projects, although project size is declining as companies move up the value chain.
- London and South East of England continue to be the leading investor locations in the UK - particularly for new service economy sectors such as software, biotech and e-business. Locations outside of London which are attracting new economy businesses include Manchester, Central Lowlands of Scotland, and Cambridge.

Wales

- Between 1989/90 and 2000/01, Wales' FDI project performance was relatively static whilst UK performance almost doubled. The gap is starting to close (Appendix 2 – slide 20).
- FDI market performance varies widely from sector to sector as the following table shows:
 - Investment locations in Wales, which through grant awards are creating the highest number of new jobs include Cardiff, Bridgend, Swansea, Pembrokeshire, Blaenau Gwent, Rhondda Cynon Taf and Conwy. SME grant supported investment was concentrated in Cardiff, Flintshire, Vale of Glamorgan, Newport, Rhondda Cynon Taf, Neath/Porth Talbot, and Caerphilly.

Good Wales Performance	Weak Wales Performance
Call Centres	Finance
Food & drink	IT, internet, & e-commerce
Electronics	Telecoms
Automotive	Software

Table 6

- Wales' performance is weak in the service sector which is now dominating the UK FDI market, whilst 9 out of 10 projects in electronics and automotive were expansions from existing investors.
- This position is supported by recent grant award statistics in Wales which suggest that investment is dominated (69%) by existing business, which also created 48% of all new jobs. This emphasises the importance of reinvestment by existing businesses.
- In line with the grant and FDI statistics, WDA Regional Offices indicate that property demand is dominated by expansions/modernisations/ relocations of companies already based in Wales, with a trend towards the automotive and electronics sector. New demand from outside Wales is focused on the service sector, with the quality and availability of new buildings (10,000-50,000 sq ft) (929-4,645 sq m) particularly important in influencing the investment.

- Consistent with FDI trends, projects influenced by RSA grant offers are dominated by manufacturing companies, circa 63% compared to 33% of projects in the service sector. On an all Wales basis, investment influenced by Assembly Investment Grants to SMEs shows a much higher proportion of service sector projects, 48% compared to 49% in manufacturing (Appendix 2 – slides 24 – 27).

Current property demand

- WDA current enquiries are dominated by the industrial/warehouse sectors, with 64% of enquiries looking for property of between 0-10,000 sq ft (0-929 sq m) and 22% of enquiries looking for property between 15-50,000 sq ft (1,394-4,645 sq m) (Appendix 2 – slide 30).
- Office enquiries are dominated by units of 0-5,000 sq ft (0-465 sq m), comprising 74% of enquiries (Appendix 2 – slide 31).

Opportunities lost

- Considerable opportunities are being lost to Wales in its target sectors. A survey of 'lost' projects carried out in 2002 with WDA International Division and local property agencies identified 12,000 "lost" jobs and an associated property requirement of 2.68 million sq ft (248,972 sq m) in sectors such as financial services, ICT, shared services, contact and e-business centres. The absence of an immediately available, quality building on a high quality site (especially business parks) was seen as a major factor behind the decision to invest elsewhere.

Future demand

- For the UK as a whole, the fastest growing sectors from an employment perspective between 2005 and 2010 are expected to be financial and other services, while the fastest declining sectors are expected to be agriculture, mining and manufacturing. The primary sources of new jobs in the service sector are anticipated to be financial and business services, other private sector services and government (Appendix 2 – slide 45).
 - In assessing future demand, rapidly growing sectors/activities include:
 - ICT
 - Financial, management and business services
 - Contact/shared services
 - Biotechnology
 - Leisure/tourism
 - Publishing, media
 - Advanced materials/fine chemicals.
 - However, sectors which are currently "in decline" may also produce project opportunities through rationalisation, relocation or modernisation trends. Examples of sectors include:
 - Semiconductor
 - Electronics
 - Automotive
 - Distribution
 - Pharma.
- 3.5 The main property strategy implications of the market demand review are:
- (a) Much of the present demand in Wales (as is the case in the UK as a whole) is for ready-made, modern buildings
 - (b) Wales is not performing well in some of the key growth sectors (especially on the service side) and this may be due (at least in part) to lack of relevant property products
 - (c) The quality of the property product is an increasingly important consideration from a demand perspective
 - (d) The new strategy must address areas of current high demand and introduce new types of property opportunities to take advantage of growing private and public sector opportunities
 - (e) A key element of the market in Wales is to enable the 'trading up' and expansion of companies in established sectors like automotive and electronics.
- 3.6 During the 1970s, 1980s and early parts of the 1990s, Wales established a leading international reputation as a manufacturing base. With some exceptions, its competitive advantage for manufacturing activities has now declined significantly – especially in relation to countries in Central and

Eastern Europe. At the same time Wales has, as yet, not been able to become a leading international (and indeed national) contender for service sector investments, which are increasingly the dominant source of new business and investment opportunities in the new knowledge economy.

- 3.7 This demand context is of fundamental importance to the strategy. Essentially, it means that, in sharp contrast to the often supply-based approach of land and buildings provision, the demand analysis informs the type, scale and nature of property intervention which is needed both to respond to known and well-defined market areas in Wales and to establish a stronger market presence in market areas where the Welsh property offer is currently relatively weak.

4. Property Gaps in Wales and Competitor Offer

- 4.1 The original Employment Land and Premises Appraisal (completed in 2002) highlighted the need to address market failure and to respond to market demand in Wales by:
- (a) "the introduction of a small number of 'flagship' business parks, and prestige sites to meet the requirements of high value added activities;
 - (b) the choice of a small network of competitively-placed, strategic sites throughout Wales;
 - (c) the provision of advance buildings both to respond to the new and traditional economy requirements and to stimulate demand, especially in the disadvantaged parts of Wales;
 - (d) the upgrading of sites or finding other uses for sites which are now out of favour with the new market conditions;
 - (e) the rethinking of current planning attitudes towards the release of development land, given that whilst understanding the rationale for pushing "brownfield" sites, it is the case that, to meet market requirements, "greenfield" land close to motorway junctions may well be needed as part of an overall portfolio approach".
- 4.2 Whilst some good progress has made, the overall situation remains broadly unchanged (as evidenced by the latest update of the employment land and premises appraisal – see Appendix 3).
- 4.3 A crucial role for the new property strategy for employment is therefore to establish a clear framework for making new property interventions aimed at reducing and filling these distinct gaps in the current property portfolio in Wales – subject, of course, to demand considerations.
- 4.4 It is important to consider these gaps from the viewpoint of the competitor offer – especially for the high value added activities where there is often international and national competition for new investment projects. A major finding of the original employment land and premises appraisal was the need to upgrade the quality of the investor offer in terms of both sites and buildings. This suggests that the new strategy must give particular priority to the anticipated demand from investors where the availability of a quality site or building is one of the major factors influencing the decision on location.
- 4.5 In planning new property initiatives in Wales, the strength of the competitive offer – especially for the key high value added activities – must be borne firmly in mind. Typical examples of the strength of the competition in the premier business park category would include:
- (a) Citywest Business Park, Dublin
 - (b) Birmingham Business Park
 - (c) Cheadle Royal Business Park, Manchester
- 4.6 Such sites share the following characteristics:
- (a) They are substantial in scale with international-class infrastructure;
 - (b) They all have the hallmark of quality, especially in relation to landscaping and the architecture of the buildings;
 - (c) They have a proven track record of attracting high quality and

substantial investment projects from international heavyweight companies; and

- (d) They are particularly focused on meeting the requirements of the new economy activities.
- (e) They are associated with regional/national capitals.
- (f) They are in "single" ownership and there is a long term strategy for development, including the maintenance of standards of building design and landscaping.

4.7 Wales must aim to provide property product of a comparable nature to sites like Birmingham Business Park through the new strategy.

4.8 The latest appraisal suggests a total provision throughout Wales of some 6,226 acres (2,519 hectares) of employment land and some 11.8 million sq ft (1.1 million sq m) of buildings for employment uses. In practice, only a relatively small proportion of the land is both currently available for development and relevant to the 'new' property market requirements. Similarly, in relation to the buildings, a large proportion of the stock is neither new nor modern.

4.9 This suggests that a relatively large number of employment site and buildings are potentially surplus to requirements and their future use should be considered and appraised in relation to their fit with the new strategy.

5. Proposed Strategy

- 5.1 This strategy is based on six main principles:
- (a) Team playing by the WDA with public and private sector partners across regional, sub-regional and local property markets;
 - (b) The focusing of public sector resources by the WDA on property market areas where the greatest impact on the Welsh economy can be made;
 - (c) The targeting of key "sectors"/business activities in line with WAG/WDA economic development objectives and policies;
 - (d) The critical role of a relatively small number of business parks, strategic sites, and strategic mixed use sites in acting as focal points for attracting new investments and jobs to Wales;
 - (e) The careful control of the phased supply of sites and buildings in line with expected demand; and
 - (f) The maximum use of existing property assets in Wales (including redevelopment, upgrading and extension of both sites and buildings) consistent with market requirements and economic and financial viability.
- 5.2 It is essentially a market-led approach with key products, target markets and catalyst initiatives at the heart of a new approach to foster and enhance economic prosperity throughout Wales. It is aimed especially at filling key gaps in the current property portfolio in Wales – consistent with reasonable demand prospects for the market areas associated with those gaps. However, such market-making implies inevitably the need for a cautious and progressive approach with a carefully-controlled programme of new property developments and recognition of the risk involved, especially in the early stages of the strategy.
- 5.3 It is of course equally important that the 'traditional', well-established property market areas in Wales are not ignored in the new strategy. However, given the inevitable resource constraints, a sharper focusing and concentration of resources will be needed than in the past as market conditions and factors continue to change and the Welsh economy goes through a period of substantial transition towards service sector and high value manufacturing activities.
- 5.4 There is a close relationship between the quality of a building/site and the nature of industry it is likely to attract, as is the case between the nature of industry and the skills needed by the workforce of that industry. A lower quality building/site may attract a lower value added activity, but is unlikely to succeed in attracting a higher value activity. Conversely, a higher quality building/site can attract a higher value added activity, but can also accommodate a lower value activity. Thus, the quality of a building/site will dictate the type of activity that will take place – provided the other key location factors are also in place.

The sites

5.5 As a result of the demand review and consideration of the forecast 'quantum' of demand likely to be evident in each of the key market areas, the following key assumptions are suggested for the proposed initial network of employment sites:

(a) **Premier business parks.**

One park is needed for Wales as a whole, with a land requirement of some 100-300 acres (40-121 hectares). The current lack of such a premier business park is a major weakness in Wales' current property armoury and investor offer. The international and national standards are high – and rising. If Wales is to enter this key market area, only a site of exceptional quality will fit the bill. The offer needs to be the best – providing a balance mix of all-round quality in potential staff, lifestyle, financial incentives, technological back-up, location, buildings and environment.

To be able to compete effectively with the other well-established and developing business parks at the top end of the market, Wales must be able to satisfy the very stringent criteria demanded by prospective property investors and occupiers and to match the business parks available from Wales' competitors elsewhere in the UK.

Only the "Greater Cardiff" area can in principle meet the criteria set out in page 15. In practice, the choice of potential sites for a new premier business park in Wales is very limited indeed. This is a very

competitive market area in the UK with many established players. A long gestation period of (15-20) years is likely to be involved in the development of such a park in Wales and the risk will be relatively high.

(b) **Business parks.**

A small number (2-3 on the M4 corridor, 2-3 on the A55 corridor, and 1 other) of business parks are needed to serve Wales but with an evolving programme as markets develop. In considering the locations of these business parks, the linkages to the premier business park, the strategic mixed sites and the strategic sites need to be taken into account.

(c) **Strategic sites.**

A network of some 15-20 sites is likely to be needed with a concentration on sites with large population catchments and close to the primary road network.

(d) **City/town centre offices.**

An extensive network of sites is needed. The network would be based on the main centres of population and existing critical mass, supplemented by smaller-scale opportunities often associated with regeneration. Through the strategy, targets are set to establish performance milestones for the WDA which can then be reviewed and modified in line with market feedback and resource availability.

The following areas are recommended for early consideration:

- major settlements
 - Cardiff/Cardiff Bay
 - Swansea
 - Newport
 - Wrexham
- other settlements
 - Caerphilly
 - Cwmbran
 - Merthyr Tydfil
 - Carmarthen
 - Newtown
 - Bangor
 - Colwyn Bay

(e) **Strategic mixed used sites.**

This is a relatively new market area for Wales. Initially, a relatively small network of some 5-10 sites is proposed, with priority being given to these sites that fit well with the high value added business sectors and which broaden the appeal and choice of the property offer in Wales in this key market area.

(f) **Special category sites.**

There has been very limited success in the UK in designating sites for special uses, such as a business sector like aerospace or automotive. Generally, it is proposed that, only as a major exception, should a site in Wales under public sector control or influence be given special category branding. However, in practice, a number of sites in Wales – for example, St Athan, Parc Aberporth and Hawarden Business Park – have or are likely to specialise to a greater or lesser extent in certain sectors.

The suggested approach is to focus on the different types of sites and buildings required by particular sectors and then aim to ensure that suitable provision is made in Wales through property interventions which can cover both 'generic' market areas and special requirements, especially on the sites side. The track record in Wales in key sectors like automotive and electronics demonstrates the merit of such an approach, with the use of bespoke buildings when required to complement the available property portfolio. However, it is vital that an all-Wales approach is adopted when planning sector intervention.

Office projects linked to WAG and the UK Government (through the Lyons Review) provide a potentially important source of new investment projects. The intention is to respond to these investment opportunities through the designated business parks, strategic mixed use sites, and city/town centre sites.

(i) **Industrial estates/local sites.**

An extensive network (50-70 sites) is likely to be required to serve essentially sub-regional and local markets. Again, the selection of these estates and sites needs to be made in relation to the linkages to the business parks and strategic sites and their market coverage. Re-investment and refurbishment may well have important roles to play in this element of the strategy. The presumption is that the existing market provision in Wales is generally good so new interventions must be on a very selective basis and identified in consultation with local

partners. Demand/provision in this market area is difficult to pin down given the geographical spread and range of business activities.

Collective provision

- 5.6 A summary of the proposed network (by capacity) is given in Figure 2. The proposed network involves a total of some 110 sites throughout Wales. Given the current sites' portfolio in Wales and the stated economic development objectives and policies of WAG, it is proposed that the business parks and strategic mixed use sites should receive high priority in resource allocation by the WDA and its public sector partners.
- 5.7 A salient feature of the strategy is to ensure that the buildings programme is concentrated on the most suitable sites for the intended uses and market audience. An outline of the suggested

buildings and sites 'match' is shown in Table 7. A notable exception would be WDA's involvement in providing bespoke buildings – here, the emphasis would be on the business justification of the proposed project rather than the location of a particular site.

- 5.8 This is not intended to be a definitive or an exhaustive list but rather to provide an initial assessment of how a network of both existing and new sites could be used to provide good market coverage in Wales in relation to anticipated demand.

Premier Business Park	(1) - focused on M4/capital of Wales
Business Parks	(6) - 2/3 on M4 Corridor, 2/3 on A55 Corridor and 1 other (Mid Wales)
Strategic Sites	(15/20) – concentrated on large centres of population with proximity to the primary road network
Strategic Mixed Use Sites	(5-10) – to complement the business parks and strategic sites network
Special Category Sites	(1) – but with other sites having 'key' sector roles
City/Town Centre Office Sites	Extensive network based on the main centres of population and existing critical mass, supplemented by smaller scale opportunities
Industrial Estates/Local Sites	50-70 – to serve essentially sub-regional and local markets.

Figure 2

	Offices up to 5k	Offices 5 - 50k	High tech up to 5k	High tech 5 - 50k	Traditional Ind. 10-50k	Innovation (incl. Tech-nium)	Incubator centres	Be-spoke
Premier bus. parks		*		*				*
Other bus. parks		*	*	*		*	*	*
Strategic sites				*	*	*		*
Strategic mixed use	*	*	*	*		*	*	*
Special cat. sites				*	*	*	*	*
City centre/town centre office sites	*	*	*			*	*	
Ind. estates/local sites					✓		✓	

Table 7 NB: * Major focus

The buildings

5.9 The ready or early availability of a new or modern building is becoming increasingly critical in investors’ requirements as time to time market pressures in both the service and manufacturing sectors often rule out the scope for the planning and construction of new buildings – although purpose-built facilities may follow at a later stage if the initial investment project performs well.

5.10 The need to strengthen Wales’ competitive position in this often key market requirement is therefore a fundamental ingredient of the new strategy. Indeed, whilst recognising the need for quality improvements in the Wales sites’ portfolio, it will take time for new sites to be planned and brought forward for development. In the meantime, there is an urgent need to press ahead quickly with a major ramping-up of the buildings programme.

6. Delivery and Funding of Proposed Strategy

- 6.1 The delivery of the strategy will be heavily dependent on:
- (a) The range of property intervention mechanisms available to the WDA;
 - (b) The ability to attract private investment;
 - (c) The speed at which new sites can be acquired and developed; and
 - (d) The strength of demand from the various market areas identified in the strategy.
- 6.2 It is an ambitious strategy and, as the strategy is translated into property programmes and property development projects, risks will have to be assessed carefully.
- 6.3 The strategy provides a framework for determining how the WDA, together with other 'sister' organisations like the local authorities and WEFO, should deploy its scarce property resources to help bring maximum economic benefit both to Wales as a whole, its main settlements, and - where consistent with demand considerations – local communities. The programme for broadband provision needs to be closely integrated with the new strategy.
- 6.4 There is an urgent need to translate the strategy into an action plan as follows:
- (a) Short-term property development which can be focused on obtaining 'early-wins' consistent with the strategy framework and the practical reality on the ground. There are particular opportunities for investing in buildings of both an advanced and bespoke nature.
 - (b) Detailed evaluation of the location and site "contenders" for each of the selected market areas, especially from the viewpoint of market appeal and sustainable development.
 - (c) Creating new mechanisms for procuring development which will provide more muscle for leveraging private sector investment, whilst also providing more flexibility to respond to the increasing occupier demand for short term leasing arrangements.
 - (d) Ensuring that any new property proposals being considered by the WDA are reviewed and not implemented unless they are consistent with the strategy; and
 - (e) Ensuring that any new WDA property resources (whether in assets, money, or other types of support) are only deployed on projects compatible with the strategy.
 - (f) Preparing the programme of schemes and projects and prioritising their fit with the property strategy for employment and the available budgets and finance (from both public and private sector sources).
 - (g) Reviewing the phenomenon of sites which compete with each other (particularly WDA – owned sites in the first instance).
- 6.5 A rolling 3 year property programme (reviewed annually) should now be prepared by the WDA. This should include an appraisal of all current and planned property projects to test their fit with the strategy.
- 6.6 The availability of funding will represent a major influence on how quickly and how comprehensively the strategy can be delivered. It is already

clear that the WDA must essentially take on a partnering and facilitating role in site and building developments rather than be a direct, exclusive development in its own right.

At the same time, the WDA must focus its scarce financial (and professional) resources on ensuring that, unless there is an overriding reason, it only becomes involved in supporting schemes and projects that add value to the Welsh economy, consistent with the property strategy for employment.

All employment related schemes and projects proposed for property funding by the WDA must therefore be justified from both a market demand perspective and conformity with the framework of the strategy.

- 6.7 In using its scarce resources, special priority needs to be given to budget allocation for interventions in providing quality buildings on quality sites – as evidenced by current market demand and the assessment of the current Wales portfolio for employment land and premises. There is a particular need to ensure that there is not an undue emphasis on funding sites and buildings in the local sites category as they can be implemented quickly and easily.
- 6.8 The role of the private sector in developing commercial property in Wales has always been constrained by relatively low values, which has meant that the cost of development often exceeds the value created. To overcome this market failure the traditional approach to WDA intervention has predominantly been direct public sector development. Over the last five/ten years there has however been a steady increase in the use of property development grant to bridge this economic gap in projects and this has levered a significant increase in private sector investment. Even with the provision of grant support the private sector is extremely cautious of speculative development of buildings in advance of an identified occupier. It is in this type of advance provision of floor space that the property strategy is expected to highlight a shortage of supply and high level of demand.
- 6.9 Implementation of the property programme through the established mechanisms would require a level of capital resource that is not currently available to the WDA. Whilst grant and subsidising joint ventures has achieved ever improving rates of leverage, there is a clear need to identify mechanisms which, through apportionment of risk, will create an opportunity for significant improvement in value for money. In addition to facilitating a substantive increase in the volume of property supported by the public sector.
- 6.10 The new funding mechanisms will supplement the existing, not be a substitute. It remains a policy objective to encourage delivery of the property needs of Welsh businesses by the private sector, with the new and established mechanisms for public sector support only being employed when unaided, private sector delivery is not achievable.

Funding Mechanisms

6.11 The following is a brief outline of each of the new funding mechanisms for supporting the delivery of buildings.

Major Projects Fund

6.12 The WDA will lease new business premises under a strategic partnering agreement, with a single competitively selected development/finance company.

6.13 Under this partnering agreement the initial WDA commitment will be for properties having an aggregate development cost of approximately £50m in the first 2 years with options for a further £100m over the next 3-5 years. The WDA lease will be for an initial 20-year term but will allow flexibility in the terms of our sub-letting to occupiers.

Technium Finance Initiative

6.14 The WDA will enter into a, competitively procured, strategic partnering agreement for the private financing of capital investment into future Technium buildings and Technium "roll-on" accommodation. Five existing Techniums in WDA ownership (Technium Swansea buildings One and Two; Technium OpTIC; Technium CAST; and Technium Aberystwyth) and @Wales are to be transferred to the partner at current value and leased back under a 25-year Service Contract, which will include provision of lifetime maintenance of the building structures. The transferred value of existing Techniums will be utilised to offset future development cost. It is estimated that the initial

transfer value will be £20m and the strategic partner will be required to commit to investment of a further £20m/£40m.

Direct Development Fund

6.15 The WDA to enter into a formal, 50:50 partnership with an experienced property developer/investor for the purpose of undertaking small unit, speculative office development within the Objective 1 area of Wales. The partner is to be competitively procured and each party will invest partners' equity of £1m each (the WDA's investment being in the form of an income producing asset). It is intended that European Structural Funds of £7.5m will be invested as a subordinated equity. The partnership will also seek bank financing of £18m, thereby creating a total financing package of £27.5m. The application for Objective 1 funding has, however, not been successful and therefore alternative funding mechanisms will have to be investigated as this is a key tool in delivery of smaller property for large enterprises.

Property Development Grant Funds

6.16 The WDA has applied for a series of property development grant funds enabling us to make awards of PDG to both owner-occupiers and speculative developers.

6.17 For each fund the match-funding of the European monies will be entirely through the Private Sector investment into the supported projects and will make no call on WDA funding. To accord with the priorities and measures of the single programme document, separate funds have been

applied for as follows:

(a) **Properties for SME's in all Objective 1 areas:**

An application is being progressed by WEFO for a total PDG fund of £8m, under Priority 1, Measure 5 of the SPD. It is estimated that this fund will lever Private Sector investment of £17m, creating total investment of £25m. This is estimated to create some 250,000 sq ft of mixed office and industrial floor space which will be limited for occupation by SME businesses.

(b) **Strategic Sites:**

An application not being progressed by WEFO was for a fund of £3.0m to support PDG for the provision of buildings on the nine sites identified under Priority 6, Measure 3 of the SPD as strategic sites. It is estimated that this fund could have levered Private Sector investment of approximately £6.5m, creating a total investment of £9.5m. Demand for this fund remain high.

(c) **Objective 2:**

A PDG fund is to be created to support owner occupation across Powys. This fund is being managed separately by the property team in Newtown and is understood to comprise European Grant of £600k, from Priority 1, Measure 2, which will lever Private Sector investment of £1.4m.

6.18 A key role of the WDA will be to promote the availability of high quality, serviced land on which buildings can be developed.

6.19 Investment into new sites may be achievable through Joint Ventures, where the WDA already owns the land, or utilising the Land Development "ring fence".

6.20 The WDA, either alone, or with private/public partners will seek to maximise opportunities for match funding, through European Structural Funds, particularly in meeting site development and infrastructure costs.

7. Conclusions and Recommendations

- 7.1 The property strategy for employment in Wales should be seen as the beginning of a new, integrated process to property interventions by the WDA. The property strategy for employment is intended to be one of a series of related strategies with regeneration and housing following soon to create an overarching property strategy for the WDA and its stakeholders.
- 7.2 The WDA's property role must be viewed in the context of the strategic policies set down by WAG for the development and planning of the economy and environment of Wales. This property strategy for employment has been prepared in the context of the current and evolving policies of WAG but, inevitably as they change – and market conditions also change – the strategy will need to be reviewed and refreshed.
- 7.3 Market demand appraisals have revealed the need for some fundamental changes in the nature and quality of the Wales property portfolio and “offer” for employment land and buildings. The policy ambitions of WAG – especially in relation to the nurturing and attraction of high value added activities – will be undermined unless these property changes are implemented.
- 7.4 The new property strategy for employment land and buildings provides an important framework – founded on market demand trends, experience and prospects – for the WDA and its public and private sector partners to take a fresh and objective look at property intervention in Wales. It is relevant both to the use of public sector resources and to private investment, which is expected to contribute the lion's share of the required expenditure.
- 7.5 The strategy represents an initial attempt to define a framework for property intervention and investment in employment land and buildings, based on what potential occupiers are likely to require and on what Wales (in relation to both internal and external demand) can reasonably expect in terms of demand prospects and potential for employment land and buildings.
- 7.6 The strategy involves combinations of:
- (a) Established and developing markets;
 - (b) Indigenous and inward investment demand; and
 - (c) Existing and new sites.
- 7.7 The degree of risk and uncertainty reflects these combinations. This means that some elements of the strategy can be implemented quickly, whilst other elements need further refinement and evaluation.
- 7.8 Nevertheless the strategy provides the opportunity to define a ‘watershed’ in WDA's intervention in the property market in Wales, based on the principles enshrined in the strategy and taking property actions (whether direct or indirect) consistent with the strategy.
- 7.9 Against this background, it is recommended that:
- (a) The strategy (as amended following further consultations and feedback) should be adopted as the primary basis for the deployment of WDA's property resources.

- (b) Discussions should be held with WAG and other prominent public sector players to consider the relevance and ramifications of the strategy to the wider planning policies of Wales influencing the provision of employment land and buildings and related factors affecting investor decisions and investment performance.
- (c) All WDA 'pipeline' property proposals and schemes should be reviewed in relation to the new strategy.
- (d) Any property resources, including property development grant, used by the WDA should be deployed within the framework of the strategy – with proposals for support from private and public sector organisations being resisted if they do not conform with the strategy. In any event property development grant will be a last resort and there will be strict criteria for its deployment. This would include both traditional gap funding and specification enhancement.
- (e) There should be an urgent review of the future role of all 'employment' sites owned by the WDA (or in which they have a financial interest) to check their relevance to the strategy and, where appropriate, consider alternative future uses. A similar exercise should follow with sites outside the WDA's ownership and influence.
- (f) Bespoke developments which require WDA funding will need to be prioritised on a value for money basis.
- (g) The strategy should be subject to an annual review in the light of both changing markets, emerging policies, and the impact of the strategy in helping to enhance the economic prosperity of Wales.

Appendix 1- WDA Strategy Group

1. The WDA Steering Group, under the leadership of Nic Neal, Executive Director, comprised:
 - Karen Hirst (Chair), North Wales
 - Ed Bampton, South East Wales
 - Ron Slater, South West Wales
 - Mark Stephens, Mid Wales
 - Mike Hnyda, International
 - Stan Edwards, Land & Legal Services
 - Chris Munday, Finance
 - David Swallow, Strategy.

2. Professional inputs and advice were also provided by:
 - Robin Shaw (WAG), Highways
 - Robert Cone (WAG), Highways
 - Grant Duncan (WAG) Spatial Planning
 - Tom Bourne (WDA) Sustainable Development
 - Amanda Jex-Green (WDA) International Division
 - David Green-Morgan (WDA) International Division
 - Mike Cuddy (WDA), Land Division
 - David Jones (WDA), Marketing
 - Glyn Pittendreigh (WDA) North Wales
 - Gareth Beer (WDA) South East Wales.

3. In preparing the strategy a number of workshops/meetings were also held with representatives of the WDA's International Division and the Regional Offices.

Appendix 2

Market Demand Review

Structure

- Review of markets.
- Market areas of relevance to strategy.
- Assessing future demand.
- Market forces and disadvantaged areas.
- Implications of market demand for strategy.
- Suggested approach to strategy.

1. Review of markets

- FDI global and sectoral markets.
- UK FDI markets.
- UK indigenous investment markets.
- Government relocation and new growth opportunities.
- Wales/sub-regional markets.

1. Review of markets

Global trends (cont.)

- Global FDI inflows still sharply down on 2000 peak figure, but gradual recovery forecast up to 2007.
- UK expected to be fourth largest recipient of average annual FDI inflows between 2003 and 2007.
- Globally there are currently some 900 FDI projects per month.

1. Review of markets

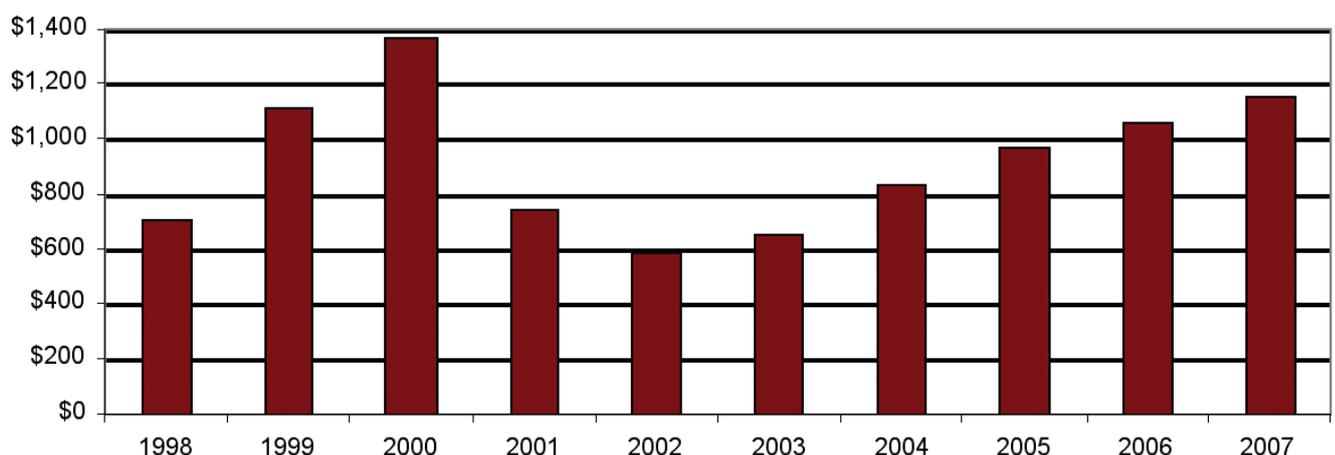
European market trends.

- Europe remains a globally significant destination for FDI projects.
- Key sectoral breakdown for 2002:
 - Software – 15% (292 projects).
 - Automotive – 8% (153 projects).
 - Business Services – 7% (127 projects).

1. Review of markets

Global Trends

World FDI outflows (US £bn)



Source: EiU/PwC

- Electronics – 7% (127 projects).
- Pharmaceuticals – 6% (113 projects).
- Largest decline from 2001.
 - Telecoms.
- Largest growth from 2001.
 - Automotive.

1. Review of markets

European market trends (cont.)

- Eastern Europe is capturing an ever increasing share of manufacturing and lower value added activities.
- Major manufacturing locations in 2002 included the Czech Republic and Hungary.
- Western Europe is focusing on higher value added activities such as financial services, business services and ICT.
- Major contact centre locations in 2002 included the UK, Sweden and France.

1. Review of markets

Aerospace.

- One of the smaller sectors for international investment, with the majority of investment undertaken in the home market of the major companies.
- 90 companies have invested overseas since 2002.
- Average size of investment is between \$10 m and \$59 m.
- 4 main types of FDI activity:
 - Manufacturing plants.
 - Testing/training centres.
 - Customer/technical support clusters.
 - MRO.
- Main source markets are USA and France.

- Key success factors for securing FDI are skilled workforce availability, domestic market growth potential and proximity to markets or customers.
- Recent investors in the UK include Ryanair, Microturbo, Nordam Europe and Goodrich.

1. Review of markets

Automotive.

- A saturated market and high costs have limited the development of new vehicle assembly plants in Western Europe - centre of gravity has now shifted to Eastern Europe (especially the Czech Republic) and developing countries such as India and China.
- Main source markets are Japan, Germany and the U.S. An average of 3 or 4 automotive projects per month in the UK, but number is in sharp decline after a period of relative stability. UK projects create an average of 62 new jobs each with main regions including the West Midlands, Wales and the South West.
- Recent investors in the UK include Visteon, Continental Teves, Schroder Electronics and Toyota.

1. Review of markets

ICT.

- The largest sector for FDI in terms of number of investment projects.
- Sector has rebounded in the second half of 2003. There were 19 FDI projects in the UK in October 2003.
- The IT and software industry accounts for 75% of ICT investment into the UK. Other sectors include telecoms and internet.
- Activities are diverse, including customer services, HQs and R&D.

- Key success factors for securing FDI are domestic market growth potential, skilled workforce availability and proximity to markets.
- Recent investors in the UK include Absolute Quality, Wolfson Microelectronics and Allan Systems Group.

1. Review of markets

Food and drink.

- Increasing globalisation caused 440 companies to invest overseas since 2002.
- An average of 2 food and drink FDI projects per month in the UK.
- Manufacturing is the major activity in international investment whilst R&D and customer services are limited.
- Major source markets are the USA (20% of all projects), Germany, UK, France.
- Key success factor is domestic market growth potential. Other key factors include proximity to markets, lower costs and quality infrastructure and logistics.
- Recent investors in the UK include Soleco, Lasco, Nestle and United Biscuits.

1. Review of markets

Creative industries.

- Mostly a national sector, but 220 companies have invested abroad since 2002.
- UK wins some 2 projects per month, some 11% of the global market.
- Key sub-sectors are advertising, marketing, PR, market research, publishing and news, games software etc.
- USA accounts for 40% of all projects.
- Key success factors include access to markets and skilled workforce availability. Quality of life is an important secondary factor.

- Recent investors into the UK include Media 100, Borders and Publicis.

1. Review of markets

Life sciences.

- 537 overseas investment projects since 2002.
- UK likely to attract 1 or 2 projects per month.
- Key sectors include Pharma (half of all projects) and healthcare. Biotechnology accounts for less than 25% of all projects.
- USA accounts for over a third of all FDI with Germany, UK, Japan, Switzerland and France also important.
- The key success factor is skilled workforce availability, but existing industry presence also important.
- Recent investors into the UK include Kiel Laboratories, Abbot Laboratories, Norgine and Eli Lilly.

1. Review of markets

Semi-conductors.

- One of the major global industries for international investment with \$36 billion of overseas investment since 2002.
- A highly cyclical industry, currently moving into an upturn.
- FDI activity includes manufacturing, R&D, HQ, sales and marketing and testing activities.
- 50% of all FDI originates from the US with Japan, Germany and Taiwan also major players.
- Major locations are the USA, China and Taiwan.
- UK projects (1 per month at best) tend to be R&D based, as opposed to manufacturing. Recent investors include X-FAB.

- Key success factors include proximity to markets, skilled workforce availability and lower costs. Financial incentives are particularly important for manufacturing projects, which can cost \$1 billion + for a new FAB.

1. Review of markets

Call and shared service centres.

- Over 200 companies have invested in this sector since 2002.
- Average levels of job creation are very high with the number of projects globally increasing in 2003, especially in shared services.
- The UK's position remains strong, especially for higher value added activities but its global market share is declining – in part due to the rise of locations such as India and the Philippines.
- Key success factors include skilled workforce availability, lower costs and language skills.
- Recent investors in the UK include MGt, Orange, TRX Europe and Bosch.

1. Review of markets

Government relocation and new business opportunities.

- Lyons report due to be published in March 2004.
- 20,000 jobs to be relocated from London/South East.
- 3 – 5 year programme.
- 25 top locations in UK identified by King Sturge.
- Wales' bid for at least 5% of jobs?
- Also, growing opportunities with Assembly functions, health and education.

1. Review of markets

UK market trends.

- The UK retained its leading FDI share in Europe during 2002 – 19% of projects.
- Invest UK recorded 709 projects in 2002/03 - down from 764 (7% decline).
- A 6% decline in new jobs from 2001/02.

1. Review of markets

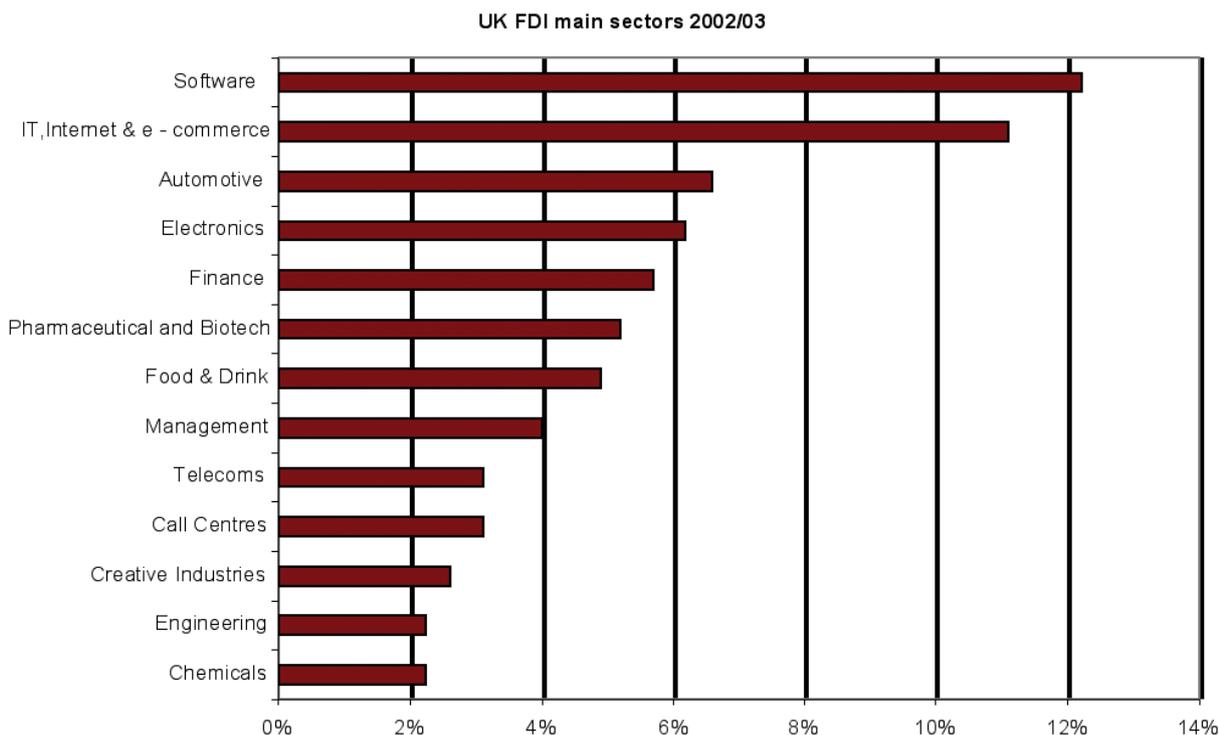
- Four main market trends:

- Relatively small size of projects – average number of new jobs per new FDI project in 2002/03 was 35.
- Increasing market share gained by London and the South East – 39% of all FDI projects in 2002/03.
- Continuing importance of the service sector – some 70% of the FDI market in 2002/03.
- Rising importance of M&A – some 22% of the FDI market.

1. Review of markets

UK market trends (cont.)

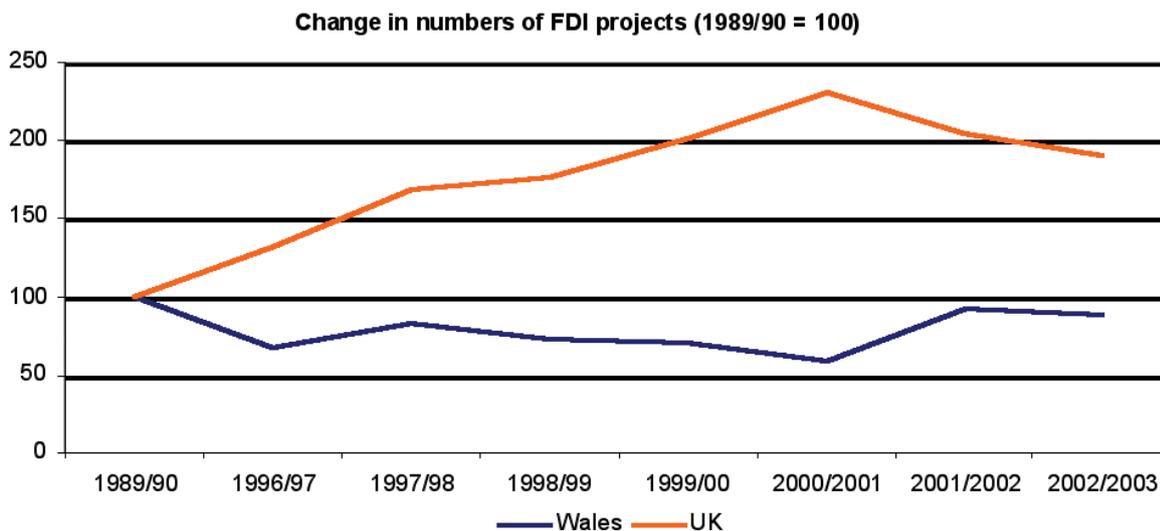
- Largest sectors – software, IT, automotive, electronics, finance.



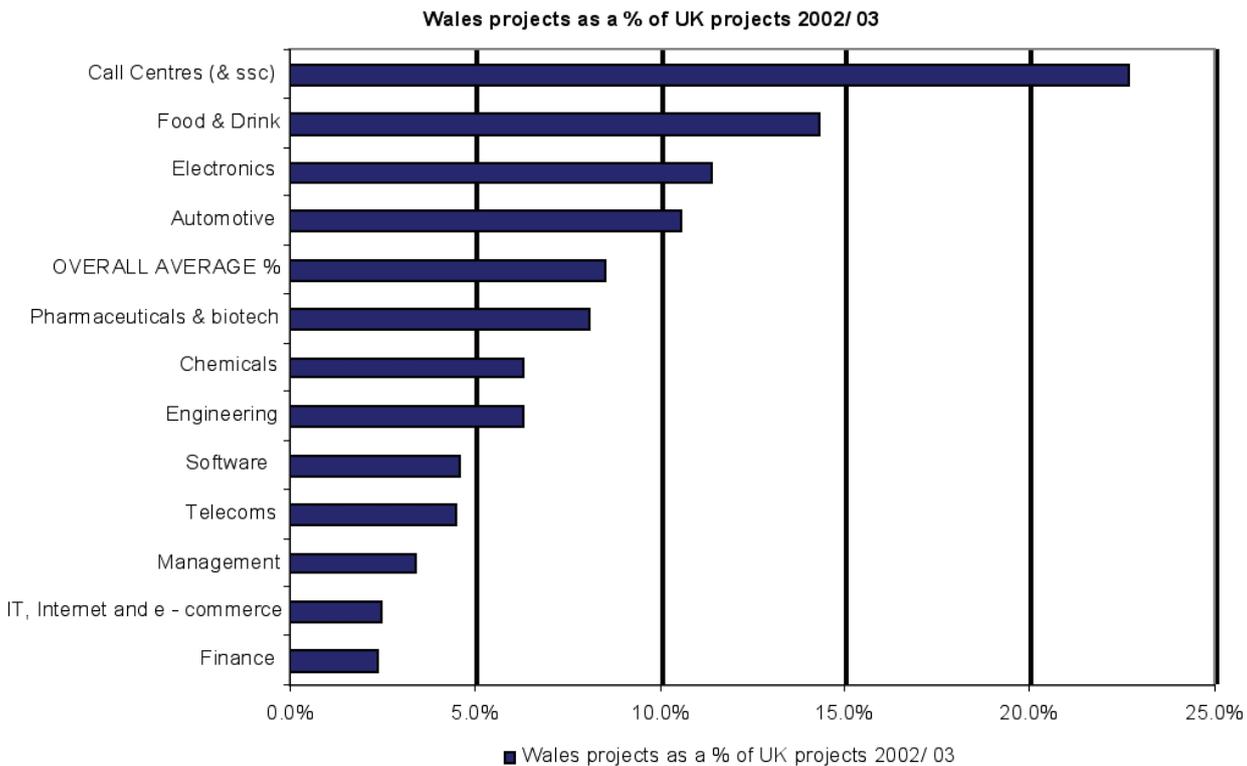
1. Review of markets

Market trends – Wales.

- Between 1989/90 and 2000/01, Wales' FDI project performance was relatively static whilst UK performance almost doubled.
- The gap is now starting to close.



1. Review of markets



1. Review of markets

Market trends – Wales

- FDI market performance varies widely from sector to sector.

- Wales is weaker in the service sector now dominating the UK FDI market, whilst 9 out of the 10 projects in electronics and automotive were expansions.

Good Wales Performance

Call centres
Food & Drink
Electronics
Automotive

Weak Wales Performance

Finance
IT, internet, and e-commerce
Telecoms
Software

1. Review of markets

- In August 2002, PwC, WDA's International Division and selected commercial property agents identified companies that considered Wales but decided to locate elsewhere.
- These companies planned to create some 12,000 jobs and had a total property requirement of 2.68 million sq ft.
- Companies included:
 - Whilst lack of suitable property was not the only factor preventing investment in Wales, the absence of an immediately available quality site/building was a major factor.

Nat West Bank
 Ticketmaster
 IBM
 Latens Systems
 RBS/Tesco
 Capital One
 Google
 E-bay

Cap Gemini
 QVC
 Hertz
 Chartered Trust
 Orange
 MBNA
 Merchant Group

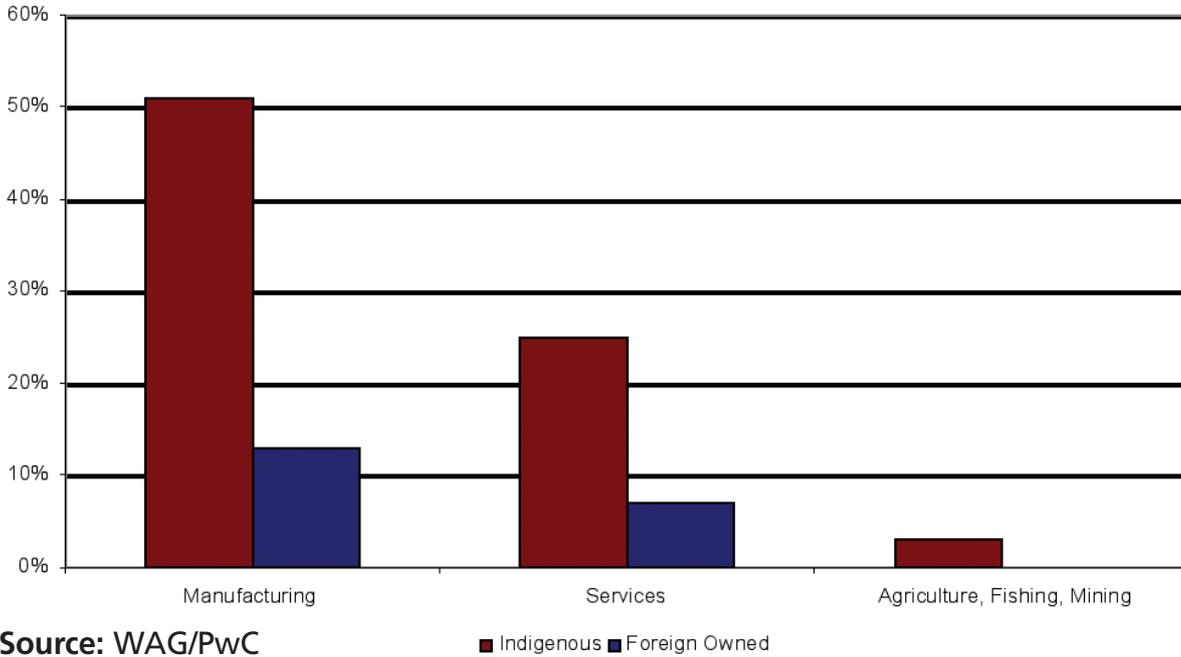
1. Review of markets

- Importance of expansions confirmed by RSA offer details for April – December 2002.
- Existing plants accounted for 69% of all projects and 48% of all new jobs created with the support of RSA.

	Number of projects	New jobs	Safeguarded jobs
Start-ups/new plants	55	3,430	0
New expansions at existing site	23	504	110
Transfer to new site	31	927	125
Modernisation/expansion	63	1,357	1,571
Management buy-out	4	267	0

1. Review of markets

RSA offers 1 April - 30 November 2003 (by numbers of projects)



Source: WAG/PwC

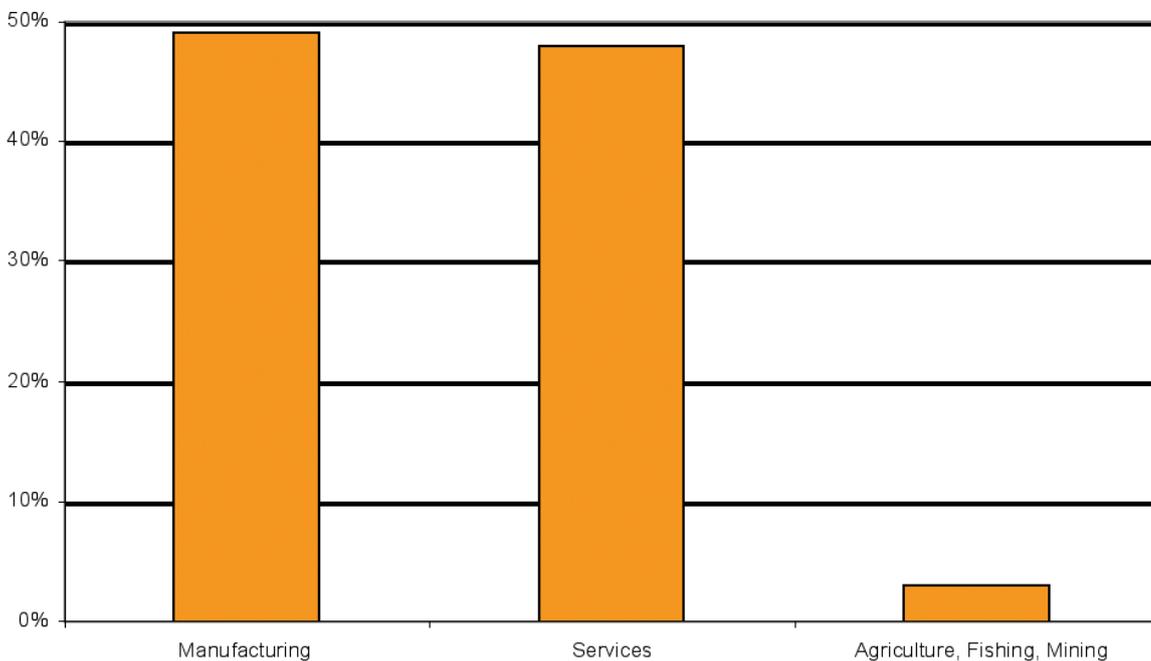
1. Review of markets

- SME based grants.
- Assembly Investment Grant (AIG).

- 245 offers made in 2002, totalling £7,800,000.
- Projects involved the creation of 405 new jobs and the safeguarding of 1,307 jobs.

1. Review of markets

AIG awards 1 April - 30 November 2003 (by number of projects)



Source: WAG/PwC

1. Review of markets

Demand indicators – Wales (cont.).

- In terms of new jobs created by RSA supported projects, the most significant areas are:
 - Cardiff (12% of all new jobs)
 - Bridgend (11%)
 - Swansea (10%)
 - Blaenau Gwent (9%)
 - Pembrokeshire (9%)
 - RCT (8.5%)
 - Conwy (4%)
- Whilst for AIG, the most significant areas are:
 - Cardiff (27% of all new jobs)
 - Flintshire (12%)
 - Vale of Glamorgan (11%)
 - Newport (9%)
 - Neath Port Talbot (9%)
 - RCT (9%)
 - Caerphilly (5%)

1. Review of markets

- Summary of feedback on Wales and the regions:
 - General importance of expansions / modernisations/relocations of companies already based in Wales (but especially evident in automotive and electronics).
 - Limited impact of new investors to Wales but demand focused on the service sector.
 - New / modern buildings are doing well in the marketplace (and demand may well be constrained by availability), especially in strategic locations.
 - The **quality** factor is increasingly evident in market demand.

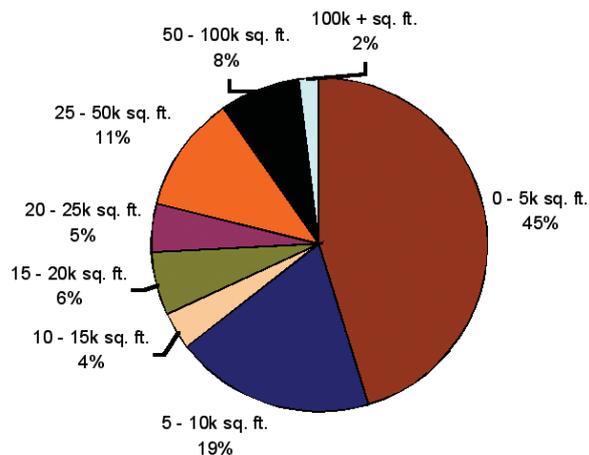
- Importance of readily available buildings to meet demand requirements.

1. Review of markets

Demand indicators – Wales.

- WDA received 1,077 industrial/warehouse enquiries in April/September 2003.

All Wales - WDA industrial/warehouse enquiries (by number of enquiries)

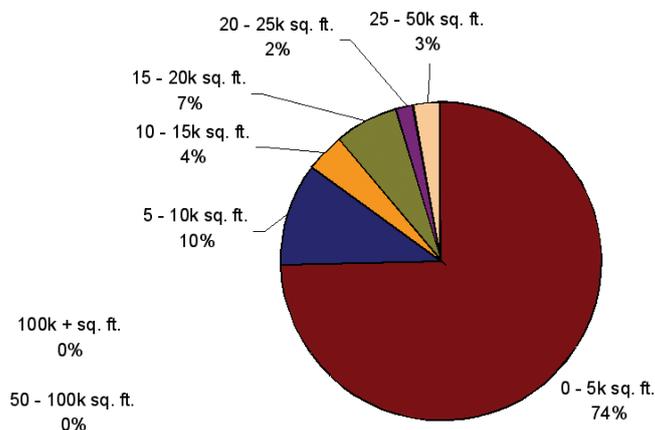


1. Review of markets

Demand indicators – Wales (cont.).

- WDA received 456 office enquiries during April/September 2003.

All Wales - WDA office enquiries (by number of enquiries)



1. Review of markets

Role of Cardiff (as major service centre).

- "It must be recognised therefore that despite the quantity of available space, much of this accommodation will not (due to quality issues) meet the requirements of modern office occupiers. In particular, the demands of the higher order hi-technology and knowledge-based sectors require a high quality modern environment".

Jones Lang Lasalle
July 2003

1. Review of markets

Mid Wales.

- Good quality modern buildings in demand across the area – but especially close to the border.
- Bulk of demand is from companies already established in area.
- Some 'niche' opportunities for inward investors linked to quality of environment/lifestyle of area.
- Demand in the 5k-10k sq ft range is of special importance.

1. Review of markets

North Wales.

- Generally increasing demand for office space (especially the smaller units), focused on St Asaph – Bangor A55 corridor.
- Demand for larger sheds is steady.
- Deeside is still popular and vibrant.
- Technology-based enquiries are limited but traditional (e.g. food) sectors are performing well.
- Overall quality standards of investors are rising and this is not being matched by supply.

1. Review of markets

South East Wales.

- Where good quality products are available – 'sheds' or offices – demand is relatively good. This also applies in the weaker market areas.
- Demand for individual ready-made units can be as high as 100k sq ft (especially for 'sectors' like defence).
- There are very few 'stickers and stayers' but redevelopment of older, larger estates is an increasing issue.
- Incubation strategy is being rolled out progressively across the region.

1. Review of markets

South West Wales.

- Indigenous companies expanding on existing sites are primary source of demand.
- General problem of trying to accommodate trading-up companies to larger, modern buildings.
- Specialist manufacturing companies are finding it difficult to identify suitable property.
- Property (even in weaker locations) will find customers.
- Demand is especially strong at the sites close to motorway junctions.

1. Review of markets

Property strategy implications of the property demand.

- Much of the present demand in Wales is for ready-made, modern buildings.
- Wales is not performing well in some of the key growth sectors (especially on the service side) and this may be due (at least in part) to lack of relevant products.

- The **quality** of the property product is an increasingly important consideration from a demand perspective.
- The new strategy must address areas of current high demand **and** introduce new types of property opportunities to take advantage of growing private and public sector opportunities.
- A key element of the market is enabling the 'trading up' and expansion of companies in established sectors like automotive and electronics.

2. Market areas of relevance to strategy

- Emphasis on three key areas:
 - Nature of companies.
 - 'Sector'.
 - Types of property.

2. Market areas of relevance to strategy

- Sources (by nature of company)
 - Small business start-ups (general).
 - Small business start-ups (technology).
 - Expansion of companies already established in the area.
 - Relocation of companies already established in the area.
 - New indigenous investors (from one sub-region to another).
 - New indigenous investors (from other parts of the UK).
 - New overseas investors.

2. Market areas of relevance to strategy

- Sources (by sector)
 - Emerging industries.
 - High tech manufacturing.
 - High level services.

- Mainstream manufacturing.
- Office services.
- General services.
- Leisure and tourism.
- Processing industries.

2. Market areas of relevance to strategy

- 'Dedicated' property initiatives for WDA sectors:
 - Aerospace?
 - Automotive?
 - Electronics?
 - Agri-food?
 - Creative Industries?
 - Financial/business services etc?
 - Biotechnology?
 - Others?
- Make combined provision for several sectors?

2. Market areas of relevance to strategy

- Types of property

Land

- Premier business parks – eg Stockley.
- Other business parks – eg Chester.
- Strategic sites (primary and secondary) – eg primary, – Deeside, secondary, – Baglan.
- Industrial estates/local sites.
- City/town centre office sites.
- Strategic mixed use developments – eg SA1 Waterfront & Roath Basin.
- Prestige employment sites – eg Single User-Bosch.
- Dedicated 'sectors' – eg St Athan.

Buildings

- Offices.
- High tec units.
- Traditional 'sheds'.
- Distribution units.
- Innovation centres.
- Multi-occupancy units.
- Bespoke requirements.

3. Market forces and disadvantaged areas

- Balance between responding to market forces and promoting disadvantaged areas.
- Creating markets with 'new' products in both strong and weaker market areas in Wales, not just trends reliance.
- Emphasis on ensuring that Wales' best opportunities are fully exploited, especially in tough market areas involving UK/international competition.
- Need to focus on strategic locations in Wales?
- Importance of WAG/WDA economic policy and objectives – implications for strategy?

4. Assessing future demand

- For Wales, growth will also be generated by the service sector.

4. Assessing future demand

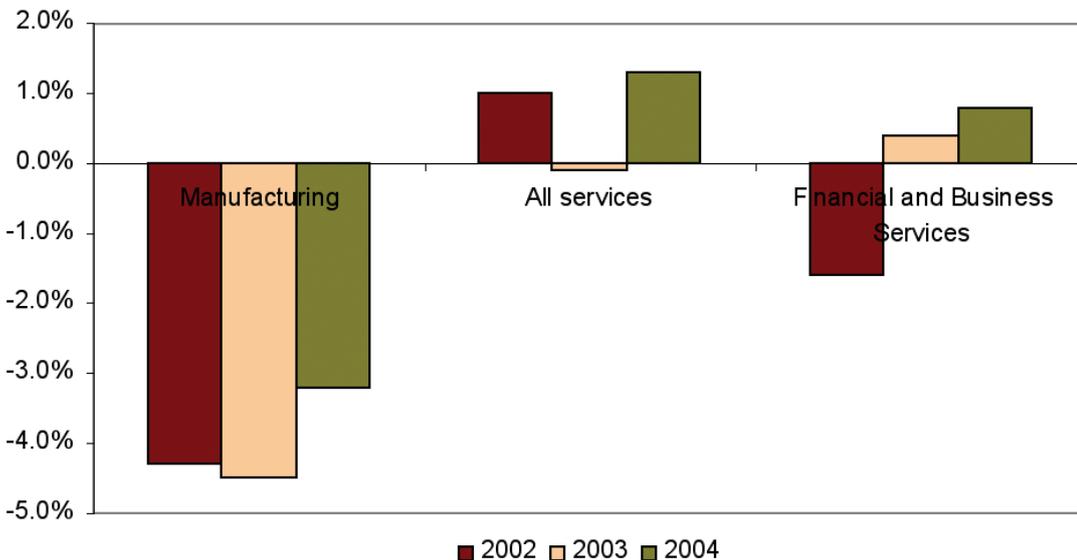
- Focus on 5 year period.
- Key sources and types of property demand.
- Competitive positioning of Wales.
- 'Quantum' direction of future demand.
- Policy ambition!

4. Assessing future demand

Employment

- For the UK as a whole, the fastest growing sectors (according to leading specialists) between 2005 and 2010 are expected to be:
 - Financial and business services (+1.9% per year).
 - Other services (+1.6% per year).
 - Distribution, hotels and catering (+0.7% per year).
 - Education and health (+0.5% per year).
- The fastest declining sectors are expected to be:
 - Agriculture (- 4.2% per year)
 - Mining (- 1.9% per year)
 - Manufacturing (- 1.8% per year).

Short term changes in Welsh employment by sector

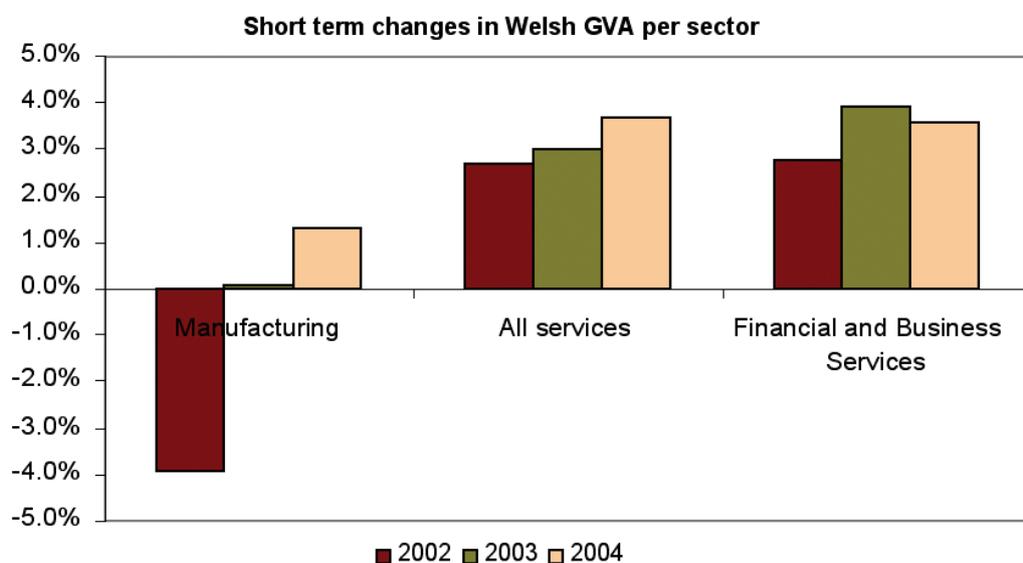


4. Assessing future demand

- Forecast trends – Cambridge Econometrics.

GVA

- 2% GVA growth in Wales in 2003, underpinned by strong performances in construction, financial and business services, education and health.



4. Assessing future demand

- In the long term (up to 2010), employment growth in Wales is forecast to be 0.25% per annum.
- Primary sources of new jobs will be the services sector, especially:
 - Financial and business services
 - Retailing
 - Other private sectors
 - Government services

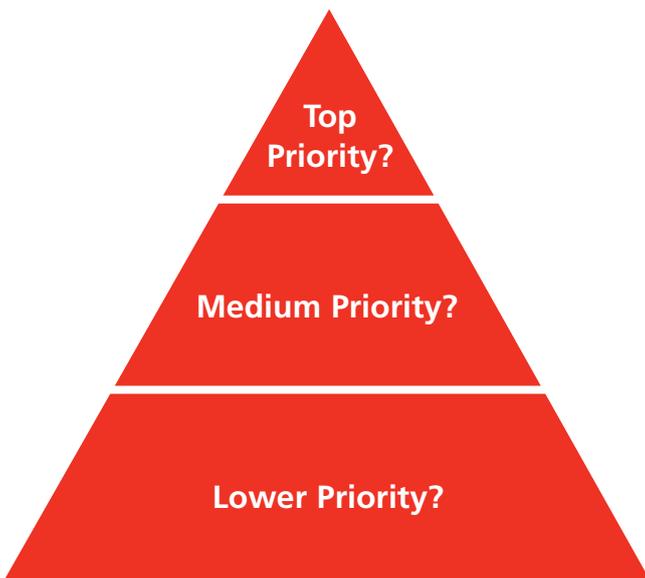
4. Assessing future demand

Rapidly growing sectors/activities	Stable sectors/activities	Declining sectors/activities
<ul style="list-style-type: none"> ▪ Information technology & telecoms ▪ Finance, management & business services ▪ Contact centres/shared services ▪ Biotechnology ▪ Leisure/tourism ▪ Publishing/media ▪ Advanced materials/fine chemicals 	<ul style="list-style-type: none"> ▪ Electronics ▪ Semiconductors ▪ Automotive ▪ Distribution ▪ Pharmaceuticals ▪ Aerospace 	<ul style="list-style-type: none"> ▪ Metal products ▪ Energy ▪ Transport ▪ Clothing ▪ Furniture ▪ Consumer electronics ▪ Steel ▪ Engineering

Source: PwC

5. Implications of market demand for strategy

- Key 'gaps'/opportunities to be addressed?



- How price sensitive are these 'gaps'/opportunities?

6. Suggested approach to strategy

- Review demand trends / patterns / opportunities.
- Identify the main types of sites/buildings to be covered.
- Agree distinction between responding to market forces and promoting disadvantaged areas.
- Assess demand situation for each main category of site/building.
- Review adequacy and relevance of current and 'pipeline' supply:
 - Make choices about the network / contenders to serve the market.

6. Suggested approach to strategy

- Identify gaps on priority basis for each category and across the categories.
- Identify priorities and related funding requirements on a zero-based budget approach.
- Identify potential disposals/alternative development options for 'surplus' sites and buildings.
- Quantify funding issues with Chris Munday's group.
- Refine strategy/spending programme.

6. Suggested approach to strategy

Key questions for strategy:

1. What should be the balance between the advantaged and the disadvantaged areas?
2. What are the priority sectors?
3. What should be the property policy for the priority sectors?
4. How do we deal with the impact of outstanding legacy programmes?
5. What should be the policy for the old established estates?
6. How do we develop priorities on a zero-based budget?
7. Should we plan for 3 options of strategy – low, medium & high (but with demand justification linked to resource)?

Appendix 3

Supply of Employment Land & Premises in Wales

South East Wales

County	Land Acres	Buildings Sq.ft.
Blaenau Gwent	136.10	743,255
Bridgend	327.95	337,530
Cardiff	417.45	1,548,642
Caerphilly	268.83	1,233,330
Merthyr Tydfil	87.82	210,432
Monmouthshire	196.10	277,826
Newport	300.80	1,547,099
Rhondda Cynon Taff	313.42	661,506
Torfaen	82.00	956,328
Vale of Glamorgan	823.92	144,241
Total	2954.39	7,660,189

North Wales

County	Land Acres	Buildings Sq.ft.
Anglesey	169.00	25,294
Conwy	100.00	13,000
Denbighshire	106.00	56,000
Flintshire	563.65	906,024
Gwynedd (North)	164.10	154,890
Wrexham	304.19	1,248,014
Total	1,406.94	403,222

Mid Wales

County	Land Acres	Buildings Sq.ft.
Ceredigion	56.00	10,765
Gwynedd (Mid)	21.50	-
Powys	40.00	227,554
Total	117.5	227,554

South West Wales

County	Land Acres	Buildings Sq.ft.
Carmarthenshire	330.45	376,364
Pembrokeshire	715.00	120,370
Neath & Port Talbot	456.81	587,909
Swansea	462.70	433,838
Total	1,964.96	1,518,481

North Wales

Site summary

Anglesey

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Mona Airfield Industrial Park	Llangefni	25	4,6	C	B
Phase 2, Bryn Cefni Industrial Estate	Llangefni	14	4,6	B	B
Afon Menai	Menai Straits	30	1,2,3,5	A/B	C
Tŷ Mawr	Holyhead	100	4,6,8	B	C
Total		169			

Conwy

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
North Wales Business Park	Abergele	37	1,2,4,5	A	B
Former Hotpoint Site, Conwy Road, Llandudno Junction	Llandudno	18	1,2,3,5,7	B	B
Tir Llwyd Enterprise Park, St Asaph Avenue, Towyn, Kinmel Bay	Conwy	45	4,6	B	B
Total		100			

Denbighshire

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
St Asaph Business Park	St Asaph	10	1,2,3,4,5	A	A
Local Authority Land, St Asaph Business Park	St Asaph	36	1,2,3,4,5	A	C
Glasdir	Ruthin	50	4,6	B	C
Cilmedw	Llangollen	10	4,6	C	C
Total		106			

Flintshire

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Area A6, Deeside Industrial Park	Shotton	44	4,6,8	C	C
Brandon Park, Sandycroft Industrial Estate	Sandycroft	7.4	4,6	C	C
Connah's Quay Power Station	Shotton	137	4,6,8	B	C
Hawarden Park	Hawarden	41	2,3,4,5	A	B
Laser Point, Prince William Ave	Sandycroft	5	4,6	C	B
Mold Business Park	Mold	12	1,2,3,4,5,6	B	A
Port of Mostyn	Holywell	20	4,6,8	C	B
Flintshire Steel Supplies	Ewloe	13	4,6	C	C
Warren Hall Park	Broughton	100	1,2,3,5	A	C

Flintshire cont./

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
St David's Park	Ewloe	10	1,5	A	A
Former Deeside Titanium Land	Deeside	20	4,6,8	B	C
Link 56, Deeside Industrial Park	Deeside	30	4,6,8	B	B
Site 2, Kelsterton Rd	Connah's Quay	60	4,6,8	C	C
Site 1, Kelsterton Rd	Connah's Quay	20	4,6,8	C	C
Point of Ayr	Holywell	11	6,8	B	B
Interling, Chester Road East	15	24.50	2,4,6	B	A/B
Site 2A, Deeside Industrial Park	Deeside	8.75	4,6,8	B	B/C
Total		563.65			

Gwynedd - Land

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Cibyn Industrial Estate	Cibyn	20	4,6	B	B
Parc Bryn Cegin, (formerly known as Parc Penrhyn)	Llandegai	60	2,3,4,5,6	B	B
Parc Menai	Bangor	5	1,2,3,5	A	A
Phase 3, Parc Menai	Bangor	14	1,2,3,5	A	A
Porthmadog Business Park	Porthmadog	10	2,4,6	B	B
Site 3, Glyn Rhonwy	Llanberis	50	1,2,7	C	B
Llandegai Industrial Estate	Llandegai	5.10	2,4,5,6	B	A
Total		164.10			

Wrexham - Land

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Ruabon	Ruabon	57	1,4,5,6	B	C
Site 4000, Wrexham Industrial Estate	Wrexham	13.52	2,4,6	B	A
Firestone Site, Wrexham Industrial Estate	Wrexham	100	2,4,6,8	B	B
Bridge Road, Wrexham Industrial Estate	Wrexham	6	2,4,6	B	B
Ash Road, Wrexham Industrial Estate	Wrexham	10	2,4,6	B	A
Wrexham Technology Park	Wrexham	13	1,2,3,5	A/B	A
Chirk Park, Wrexham	Wrexham	20	1,2,3,5	B	B
Site, Wrexham Industrial Estate	Wrexham	6.25	2,4,6	B	B
Former Owens Corning Premises	Bryn Lane	78.42	4,5,6	C	B
Total		304.19			

South West Wales

Site summary

Carmarthenshire

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Sites 1 & 2, Bynea Road, Bynea	Llanelli	5	4,6	C	B
Carmarthen Mart Site	Carmarthen	11.5	5	B	A
Cillefwr Industrial Estate	Johnstown	8	4,8	C	A
Crosshands Business Park	Crosshands	27	4,6,8	B	B
Delta Lakes, Millennium Coastal Park	Llanelli	30	4,6,8	B	B
North Dock, Millennium Coastal Park	Llanelli	25	1,2,5,7	B	A
Roadside Site, Llanelli Gate, Dafen	Llanelli	6.48	4,6	B	A
Parc Hendre	Ammanford	5	4,6	C	A
Pembrey Airfield	Kidwelly	98	4,6,8	C	B
Pibwrlwyd, Pensarn,	Kidwelly	57	4,6,8	C	B
Plots 1 - 3 Dafen Park	Llanelli	30	4,6	B	A
Plots 4 - 8 Dafen Park	Llanelli	5.47	4,5	B	A
Rhydygalte, Pontwelly	Carmarthen	7	4,5,6	C	C
Trostre Industrial Park	Llanelli	10	4	C	A
Tŷ Mawr, Llanybydder	Carmarthen	5	4,6	C	B
Total		330.45			

Neath & Port Talbot

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Baglan Bay Business Park (Adjacent to Rutherglen Centre)	Baglan	18	4,6	B	B
Phase 1 Baglan Energy Park, Seaway Parade (Plot 3)	Port Talbot	13	4,5,7	B	B
Phase 2 Baglan Energy Park, Seaway Parade (Plots 5 - 8)	Port Talbot	116	4,5,6,8	B	C
Plot 4 Baglan Industrial Park	Baglan	29	4,6	B	B
Plot 6 Baglan Industrial Park	Baglan	8	4,6	B	A
Delta Crompton	Port Talbot	74	4,6	C	B
Llandarcy Urban Village	Llandarcy	30	1,2,5	B	C
Visteon "Supplier Park, Jersey Marine	Jersey Marine	30	4,6	B/C	C
Former Blaenant Colliery, Crynant	Neath	8	4,6,8	C	C
Glynneath Business Park	Aberpergwym	16	4,6	C	B
Gurnos Industrial Estate	Ystalyfera	6.67	4,6	C	B
Junction 38 – M4 Motorway, Margam	Port Talbot	35	Not classified		

Neath & Port Talbot Cont./

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Old Cardonnel Works, The Courtyard	Llandarcy	7.7	4	C	C
Port Talbot Industrial Estate	Port Talbot	38.18	4,6	C	B
Port Talbot Docks (Sites 7 & 9)	Port Talbot	19.6	6	B	B
Nant-y-Cafn Business Park, Seven Sisters	Neath Valley	7.66	4,6	C	B
Total		456.81			

Pembrokeshire

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Celtic Link Business Park, Manorowen	Fishguard	19	5	C	B
Cleddau Bridge Business Park	Pembroke	7	4,5	A	A
Lodge Park, Withybush Industrial Estate, Withybush	Haverfordwest	20	4,6	B	A
Kingswood Industrial Estate, London Road	Pembroke Dock	15	4	C	A
Former Brickwork Site, Main Road	Johnston	7	4,6,8	C	C
Former Esso Refining Site	Milford Haven	520	Not classified		
Port of Pembroke	Pembroke	8	4,6	C	B
Honey-borough Industrial Estate,	Neyland	7	4,6	B	A
Trecwn, RNAD,	Trecwn	100	4,6,8	C	C
Withybush Industrial Estate, Withybush	Haverfordwest	12	4,6,8	B	A
Total		715			

Swansea

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Swansea Vale, Junction 44 M4 Motorway	Swansea	100	1,2,4,5,7	A	A
Felinfach, Swansea Industrial Estate	Swansea	15.30	4,6	C	B/C
Felindre	Swansea	200	2,4,6,8	B	B
Morfa Road	Swansea	5.4	4,6	B	B
Site No 3, Port of Swansea	Swansea	10	1,3,5,7	A/B	B
Site No 5, Port of Swansea	Swansea	25	1,3,5,7	A/B	B
Site No 9, Port of Swansea	Swansea	7	1,3,5,7	A	B
SA1, Swansea Waterfront	Swansea	100	1,2,3,5	A	B
Total		462.7			

Mid Wales

Site summary

Ceredigion

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Parc Teifi Business Park	Cardigan	6	1,2,4,5	B	A
Parc Aberporth	Aberporth	50	1,2,4,5	B	A/B
Total		56			

Gwynedd

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Bala Enterprise Park	Bala	5.7	4,6	C	A
Pendre Enterprise Park	Tywyn	5.8	4,8	B	A
Snowdonia Business Park	Penrhyndeudraeth	10	1,2,4	B	A
Total		21.5			

Powys

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Abermule Business Park	Abermule	5.7	1,2,4,5	B	A
Broadaxe Business Park	Presteigne	7.6	1,2,4,5	B	A
Brynberth Enterprise Park	Rhayader	5.7	4,6	C	A
Heart of Wales	Llandrindod Wells	7	4,6	B	A
Offa's Dyke Business Park	Welshpool	7	1,2,4,5	B	A
Woodlands Business Park	Ystradgynlais	7	4,6	C	A
Total		40			

South East Wales

Site summary

Blaenau Gwent

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Bottom Plateau, Rassau Industrial Estate, Rassau	Ebbw Vale	10	4,6,8	B	B
Cwmcrachen, Lower Brynmawr	Brynmawr	5.7	4	C	B
Former Enron Site, Rassau Industrial Estate	Ebbw Vale	28	4,6,8	B	B
Former Corus Site, Ebbw Vale	Ebbw Vale	30	1,2,5	B/C	C
Marine Colliery	Ebbw Vale	10	4,6,8	C	B
Platform G Crown Business Park	Ebbw Vale	5.4	4,6	B	B
Rhyd-y-Blew	Ebbw Vale	32	4	B	B
Tredegar Business Park	Tredegar	15	4,5,6	B	A
Total		136.1			

Bridgend

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Island Farm	Bridgend	54	1,2,3,5	A	C
Brocastle, Bridgend Industrial Estate, Extension site	Bridgend	118	2,4,5,8	A	C
Coegnant	Maesteg	18	4,8	C	C
Abergarw Industrial Estate, Brynmenyn	Bridgend	6	4,6,8	B	B
Junction 36, Sarn Park	Bridgend	80	1,2,3,4,5,6,7,8	A	C
Plot G11, North Road, Bridgend Industrial Estate	Bridgend	5.97	4,6	B	A
Plots G5 & G6 North Road, Bridgend Industrial Estate	Bridgend	5.98	4,6,8	B	A
Waterton Industrial Estate, Waterton	Bridgend	19	4,6	B	A
Bocam Park, Pencoed	Pencoed	16	1,2,3,4,5	A	A
Expansion Land, Brynmenyn Industrial Estate	Brynmenyn	5	4,6	B	A
Total		327.95			

Caerphilly

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Hawtin Park	Blackwood	20	4,6	B	A
Castlegate, Penrhos	Caerphilly	10	1,3,5	A	B
Development land, Trecenydd Industrial Estate	Caerphilly	7	4,6	B	A
Heads of the Valleys Industrial Estate	Rhymney	12.5	4,6,8	B	B
Plateau 1 - 4 Oakdale Business Park	Croespenmaen	170	4,6,8	B	A
Site A Duffryn Commercial Park	Ystrad Mynach	8.25	4,5,6	B	B
Tredomen Business Park, Nelson Road	Ystrad Mynach	9.08	4,5,6	B	A
Tŷ Du	Nelson	32	4,5,6	B	B
Total		268.83			

Cardiff

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Capel Llaniltern	Junction 33	100	1,2,3,5,7	A	C
Cardiff Gate Business Park	North Pentwyn	35	1,2,3,5,7	A	A
City Springs	St Mellons	120	1,2,3,4,5,6	A	C
Capital Business Park	Wentloog	45	2,4,5,6	B	A
Land adjoining Freight Terminal	Wentloog	31.45	4,6	B	A
Port of Cardiff	Cardiff Bay	60	4,6,8	B	B
Roath Basin	Cardiff Bay	20	1,2,3,5,7	A	B/C
Wentloog Corporate Park	Wentloog	6	2,4,6,8	B	A
Total		417.45			

Merthyr

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
East Merthyr, Whitelands,	Merthyr Tydfil	28.91	4,6,8	C	B
Rhyd-y-Car West	Merthyr Tydfil	39.54	5,7	B	B
Rhyd-y-Car Business Park	Merthyr Tydfil	10.40	2,4,5,6	B	B
Upper and Lower, Plateau	Merthyr Tydfil Georgetown	8.97	4,6	C	A
Total		87.82			

Monmouthshire

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Gilwern Park, Gilwern	Abergavenny	25	1,4,5	B	B
LOC8 (Gwent Europark)	Magor	50	6	A	A
Gwent Europark, Former Union Bridges Site	Magor	22	6	A	A
Wales One Business Park	Magor	17.5	4,6	B	B
Phase 2 Newhouse Distribution Park	M48 / Chepstow	25.28	6	A	B
Site A Thornwell, Junction 2 (M48)	Chepstow	8.32	1,5,7	B	B
Quay Point (Former Whitbread site) Magor	Magor	48	2,4,6	B	B
Total		196.10			

Newport

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Celtic Springs	Junction 28	30	1,2,3,5,7	A	A
Cleppa 4, Cleppa Park	Junction 28	6	1,2,3,5,7	A	A
Langstone Business Park	Malpas	6	1,2,5,7	A	A
Queensway Meadows Industrial Estate	Newport	120	4,6,8	B	A
Site NV5 Port of Newport	Newport	19.5	4,6,8	B	B
Site NV6 Port of Newport,	Newport	17.5	4,6,8	B	B
Site NV7 Port of Newport	Newport	18.5	4,6,8	B	B
Site NV8, Port of Newport	Newport	23.3	4,6,8	B	B
Land to South of Hynix, Imperial Park	Junction 28	60	1,2,3,5,7	A	B
Total		300.8			

Rhondda Cynon Taff

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Celtic Energy Site	Llanilid	120	4,5,6,8	B	C
Coed-Ely	Llantrisant	47	4,6,8	C	C
Former Mayhew Foods Factory Site	Aberdare	7	4,6	C	C
Former Goods Yard Site, Robertstown	Aberdare	8.52	4,6	C	B
Garth Park	Pontyclun	15	4,6	B	B
Hirwaun Industrial Estate	Hirwaun	44	4,6	C	C
Navigation Park	Cynon Valley	11	1,5,7	B	A
Parc Eirin, Tonyrefail	Gilfach Goch	40	4,6,8	A	B
Hepworth Site, Coed Cae Lane	Pontyclun	20.9	4,6	B	B
Total		313.42			

Torfaen

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Cottage Farm, Tŷ Coch Lane, Llantarnam Park	Cwmbran	23.9	1,2,4,5	B	B
Kays & Kears Industrial Estate	Blaenavon	13	4	C	B
North of Malthouse Lane, Llantarnam	Cwmbran	23	1,2,4,5	B	B
Pontyfelin Avenue	Pontypool	8	4,6,7	B	A
Usk Vale Park, Mamhilad	Pontypool	14.1	1,2,4,5	B	A
Total		82			

Vale of Glamorgan

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Aerospace Wales	St Athan	320	1,2,4	B	B
Eastbrook Rd, Llandough	Llandough	111	Not classified		
Gelli Wen, Junction 34, M4 Motorway	Miskin	125	Not classified		
Llandow Trading Estate	Llandow	18	4,6	C	B
Plot 1F, Wimbourne Road	Barry	10	4,6	C	C
Plot 19A, Vale Business Park	Llandow	25.9	2,6	C	B
Plot 5A, Cardiff International Airport Business Park	Rhoose	53.1	2,4,6	B	B
Plot 5B Cardiff International Airport Business Park	Rhoose	14.2	2,4,6	B	A
Plot 5C Cardiff International Airport Business Park	Rhoose	19.1	2,4,6	B	A
Plot 5D Cardiff International Airport Business Park	Rhoose	25.8	2,4,6	B	B

Vale of Glamorgan Cont./

Name	Location	Area (acres)	Economic Activities	Quality Ranking	Site Readiness
Plot 5E Cardiff International Airport Business Park	Rhoose	14.3	2,4,6	B	B
Plot 5F Cardiff International Airport Business Park	Rhoose	15.5	2,5,6	B	B
Plot 8B Hayes Wood, Sully	Barry	10.62	4,6	C	B
Site No 12, Port of Barry	Barry	22	4,6	B	B
Site No 3 Port of Barry	Barry	6.3	4,6	B	B
Site No 5 Port of Barry	Barry	10	4,6	B	B
Site No 9 Port of Barry	Barry	12.6	4,6	B	B
The Waterfront	Barry	10.5	5,7	B	A
Total		823.92			

Appendix 4

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