



Specialist Property Strategy for Science & Technology Businesses in the City of York

Final Report

Science City York

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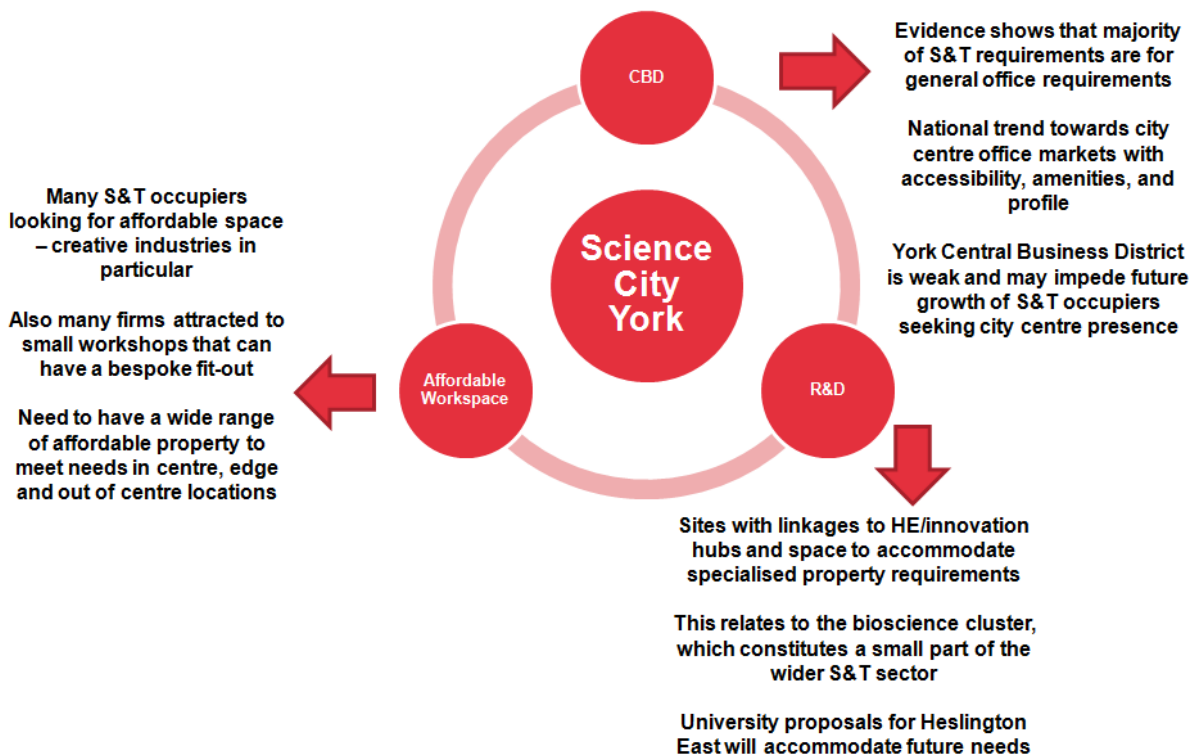
Executive Summary

The Science and Technology sectors account for more than 8,000 of the 101,000 people working in York. This figure excludes the self-employed, many of whom work in the Creative sector, and the public sector, who are a major employer in the Bioscience sector through organisations such as FERA and the two universities. Creative is the largest sector, with more than 50% of employees, followed by IT / Digital then Bioscience. This succinctly highlights one of the key messages - that Science and Technology is not just “people in white coats” and therefore the property strategy must not only focus on delivering more laboratory space. The Creative and IT / Digital clusters comprise substantially more employees than Biosciences and each sector has distinct property needs.

The evidence contained in our report highlights a clear mismatch between the needs of fledgling businesses and the supply of property. Science and technology occupiers are, understandably, seeking flexible and cheap accommodation to meet their needs while landlords, equally understandably, are seeking security of income and market rents in order to make development viable. Finding a model of delivery that meets both needs is a key challenge, and private and public sector must work together to address this aim.

It is clear from our research that there is no shortage of sites or premises to meet the future occupier requirements. There is a considerable quantity of office accommodation on the market and a number of strategic sites which present an even greater pipeline of stock. However, whilst the quantity of floor space that is available is significant, it is not necessarily of the right type and in the right location to meet requirements and there are question marks over the deliverability of much of the forward supply.

Our analysis indicates that the property strategy must focus on three key segments of the market to stimulate the science and technology sectors:



This property strategy recommends several key steps which Science City York and its partners should support to help deliver its property-based objectives. These are:

- **Strengthen the city centre office market** - many occupiers in the target sectors require general office space, with a preference for city centre to out of town locations;
- **Support the development of Heslington East** - the proximity of the existing science park, university campus and other facilities make Heslington East a natural choice as the focus for future R&D activity;
- **Utilisation of surplus public sector assets for creative work space** - there is a gap in the market for a hub for creative businesses and the potential to use a surplus public sector asset, such as the Guildhall, to deliver this;
- **Small business accommodation** - the property strategy should define ways of delivering small office space on flexible terms in a commercial manner that does not depend on ongoing public sector subsidy;
- **Grow on space** – the need to provide an adequate ladder of accommodation remains an important concept that should be embodied by the property strategy to ensure an adequate range of property to meet requirements;
- **Deliver affordable workshop space** – light industrial space can meet the needs of many of the clusters, providing a cheap structure that can be fitted out to meeting bespoke requirements;
- **Demand** – the public sector should consider ways of utilising its own occupational requirements to stimulate the market;
- **Communication and promotion** - there is a need to communicate to businesses what the potential benefits of high quality business space and clustering might be.

This document represents an evidence base to commence the implementations of these action areas by Science City York, City of York Council and other parties.

1.0 Introduction

1.1 DTZ has been commissioned by Science City York to develop a Specialist Property Strategy for science and technology businesses in the City of York. Focusing on the clusters of biosciences, IT/digital and creative industries, this interim report sets out the evidence base from which the Strategy will be developed. As such the report comprises:

- An economic baseline of the sector and its prospects within the local, regional and national context
- Views of stakeholders
- A review of existing property stock, sites and proposed developments
- Results of a survey of 200 science and technology businesses to understand sector needs, growth prospects, future requirements and barriers to growth
- Issues to be taken forward in a stakeholder workshop in January 2011

1.2 The remainder of the report is structured as follows:

- Section 2 describes the York economy and trends in the three main clusters in the science and technology sector
- Section 3 reviews local economic development and regeneration strategies and identifies the main points relevant to a Property Strategy for the science and technology sector in York
- Section 4 assesses the property market in York
- Section 5 summarises the key findings from the business survey
- Section 6 presents the main points from a consultation event held with stakeholders from the public and private sector to disseminate the findings from the research
- Section 7 provides overall conclusions and identifies the implications for developing the property strategy
- Section 8 presents the resulting property strategy for the science and technology sector in York.

2.0 The York Economy and the Science & Technology Sector

Introduction

- 2.1 This section provides an overview of the York economy, population, skill levels and employment/business base. Further detail is provided on the bioscience, IT/digital and creative clusters. Unless otherwise stated, data are sourced from the Annual Business Inquiry¹. The section also provides some insight from stakeholders at the University of York and York St John University.

Population Trends and Skill Levels in York

- 2.2 Based on data published by the Office for National Statistics, there were around 199,000 people living in York in 2009, up from 185,000 in 2003. This growth of 7.8% (+14,300) is well above the City Region² (+5.3%), Yorkshire & Humber (+4.6%) and national levels (+3.7%).
- 2.3 Analysis of the Annual Population Survey for January-December 2009 shows that York has a highly skilled working age population with over 40% (54,900) qualified to university level (NVQ4), higher than regional benchmarks and the Great Britain average of 30%. Just under 8% (10,600) of the working age population of York have no qualifications, lower than the benchmark areas.

Overall Employment and Business Numbers

- 2.4 In 2008 around 101,000 people - excluding the self employed - worked in York in more than 7,500 businesses (see Table 2.1). York accounts for around 7% of jobs in the Leeds City Region and 5% of regional employment.

Table 2.1: Employment and Business Numbers, 2008

Area	Employment	Businesses
York	101,200	7,500
Leeds City Region	1,403,400	117,200
Yorkshire & Humber	2,232,300	182,400
Great Britain	26,677,200	2,446,000

Source: Annual Business Inquiry

- 2.5 In addition to employment trends from the ABI, the number of self-employed people in York stood at around 10,000 for July 2009-June 2010. This represents an increase of approximately 1,000 since 2003.

Trends in the Science & Technology Sector

- 2.6 In total, the three clusters of bioscience, IT/digital and creative account for around 8% (just over 8,000) of the 101,000 jobs in York, excluding the self-employed.
- 2.7 Trends in each of the clusters are set out in detail below³. It should be noted that the clusters are defined using Standard Industrial Classifications and the resulting job figures do not take into employment in the public sector which is science and technology related because the classifications do not go down to this level of detail. The public sector is a key employer in York and many of the

¹ An employer survey of the number of jobs held by employees broken down by sex, full/part-time and detailed industry.

² Leeds City Region is comprised of the following areas: Barnsley, Bradford, Calderdale, Craven, Hambleton, Harrogate, Kirklees, Leeds, Richmondshire, Ryedale, Scarborough, Selby, Wakefield and York.

³ 2003 Standard Industrial Classification (SIC) codes for the bioscience, IT/digital creative clusters were used with definitions provided in Appendix A

activities are likely to fall within the science and technology sector. For example, of the 101,000 jobs in York more than 5,000 people are working in Higher Education, while more than 15,000 are employed by the health sector.

Bioscience Cluster

- Employment within the bioscience cluster in York was just under 500 in 2008, while the number of businesses stood at 30. This excludes the number of public sector employees working in bioscience whom are classified under a different SIC code.
- York saw an sharp increase in the number of bioscience businesses from 2003-2008 (50%, or 10 additional companies) but they are much smaller in employment terms than they were
- Reflecting the trend outlined above, the average size of bioscience companies in York is now 16, compared to 24 in 2003
- In 2003, just over 50% of York's bioscience businesses employed ten or less people, which has increased to 72% in 2008
- York has a higher proportion of businesses employing between 11 and 49 employees than the other benchmark regions (22%).

Area	Employment, 2008	Businesses, 2008	Average Size
York	470	30	16
Leeds City Region	6,000	300	20
Yorkshire & Humber	11,000	490	22
Great Britain	192,200	7,000	27

Region	Number of Businesses	Number of Employees			
		1-10	11-49	50-199	200+
York	30	71.9%	21.9%	6.3%	0.0%
Leeds City Region	300	76.1%	15.6%	7.0%	1.3%
Yorkshire & Humber	490	73.8%	18.4%	5.8%	2.1%
Great Britain	7,000	75.5%	15.2%	6.0%	3.0%

2.8 Gross Value Added (GVA) in the sector has grown strongly from £17.2 billion in 2003 to £23.4 billion in 2007 at a UK level. Therefore, bioscience businesses in York are likely to be much more valuable in terms of GVA per head than they were. In the medium term, SEMTA⁴ has forecast that jobs will increase by 1.3% per year nationally up to 2016.

2.9 The types of bioscience company being created over the past few years at a national level have been driven by two key trends:

- **Finance:** Investment in the sector in the UK has declined substantially since the peak of 1999-2000 and the impact of this reduction in capital has been compounded for early stage companies by a general move towards later stage investments by the venture capital industry⁵. Capital has become scarcer for start-ups and the average size of investment has fallen

⁴ The Sector Skills Council for science, engineering and manufacturing technologies

⁵ Shifting Sands - NESTA - September 2008

- The cash-constrained, risk averse financing environment has also increased the attractiveness to investors of medical technology and diagnostics companies. These were previously regarded as unexciting, but the fact that they can achieve revenues relatively quickly with low levels of investment mean they are more attractive to investors. An added benefit is that the businesses tend to be less technically complex and so are more accessible to the business angel community, which has become increasingly involved in funding early stage companies
- **Outsourcing:** The reduction in available capital has driven new biotech companies developing therapeutic products towards an outsourcing model, reducing fixed overhead costs and enabling them to be more flexible if cash becomes constrained. This may help to explain the reduction in jobs at the same time as increases in the number of businesses. The outsourcing trend can also be seen in large pharmaceutical companies as downsizing results in the outsourcing of research services previously provided in-house. The UK Life Science Start-up Report 2010⁶ noted that almost half of all the companies formed between 2005 and 2009 were service-based businesses

IT/Digital and Creative Clusters

IT/Digital Cluster						
▪	Employment within the IT/Digital cluster in York in 2008 was approximately 3,000 and business numbers stood at around 400					
▪	The business band size profile of IT & Digital businesses is similar across all of the benchmark regions and little has changed since 2003. Almost 90% of York's IT & Digital businesses (circa 360 companies) employ ten or less people					
▪	The average size of companies in York is eight, compared to nine in 2003. The same trend is evident for the Leeds City Region and Yorkshire and Humber, while the average business size in GB is smaller at seven employees.					
	Area	Employment, 2008	Businesses, 2008	Average Size		
	York	3,000	400	8		
	Leeds City Region	49,700	6,400	8		
	Yorkshire & Humber	71,100	9,300	8		
	Great Britain	1,266,900	170,600	7		
	Region	Number of Businesses	Number of Employees			
			1-10	11-49	50-199	200+
	York	400	89.7%	6.1%	3.7%	0.5%
	Leeds City Region	6,400	90.0%	7.4%	2.0%	0.6%
	Yorkshire & Humber	9,300	90.0%	7.5%	2.0%	0.6%
	Great Britain	170,600	91.0%	6.7%	1.8%	0.5%

Creative Cluster	

⁶ UK Life Science Start-up Report 2010 - Mobius Life Sciences

- Employment within the creative cluster in York was approximately 4,700 in 2008 and business numbers were around 800
- Creative businesses in York tend to be small, with almost 90% employing ten or less people (around 720 companies). Average business size is six, compared to eight in 2003. At a GB level, average size is five
- The employment profile of York's creative businesses is similar to the other benchmark regions, with slightly more creative businesses in York employing 11-49 and 50-199 people. The business band size profile of creative businesses in York and the other benchmark regions has not changed between 2003 and 2008

Area	Employment, 2008	Businesses, 2008	Average Size
York	4,700	800	6
Leeds City Region	75,000	11,400	7
Yorkshire & Humber	104,400	17,800	6
Great Britain	1,464,000	305,900	5

Region	Number of Businesses	Number of Employees			
		1-10	11-49	50-199	200+
York	800	89.7%	7.8%	2.4%	0.1%
Leeds City Region	11,400	91.3%	6.9%	1.5%	0.3%
Yorkshire & Humber	17,800	92.1%	6.4%	1.3%	0.2%
Great Britain	305,900	93.4%	5.4%	1.0%	0.2%

- 2.10 The IT/Digital and Creative clusters form part of the more widely defined creative and cultural industries which have been hit by the recession, in particular employment relating to: design & designer fashion; publishing; and radio & TV. Businesses have been hit by both falling consumer expenditure and a shortage of credit available to small businesses. The creative sector in York is represented by a large number of small businesses, employing ten or less people.
- 2.11 At a time when job numbers have declined in many parts of the country, productivity has actually increased in the creative industries. For example, between 2003 and 2007 GVA rose from £44.9 billion to £59.9 billion. In 2007 the creative industries contributed 6.2% of the UK's GVA in 2007 with exports of services totalling £16.6 billion, or 4.5% of all goods and services exported. Software, computer games and electronic publishing make the biggest contribution to GVA of the creative industries, representing just under half of the total creative sector GVA⁷.
- 2.12 Given their diversity it cannot be assumed that all the various subsectors have fared the same throughout the recession. For example, the Department for Culture, Media and Sport (DCMS) reported that between 2007 and 2008, employment in architecture grew by 8% across the UK⁸ - an industry that employs around 1,500 people in York.
- 2.13 In the short to medium term, the National Endowment for Science, Technology and Arts (NESTA) has produced forecasts for change in the creative media sub-sector, estimating that between 2009 and 2013 jobs will increase by 4% year on year. The main reason for the optimistic growth figures is

⁷ DCMS - Creative Industries Economic Estimates, February 2010

⁸ DCMS - Creative Industries Economic Estimates, February 2010

the opening up of new markets globally as a result of digital communications and global supply networks⁹.

Higher Education Institutions in York and their Role in the Sector

The University of York

- 2.14 In 2008/09 the University of York had 13,945 students. Looking specifically at the science and technology sector, there were around 4,000 students studying subjects which align with the three clusters focused on by Science City York in 2008/2009 (see Appendix D for a list of subjects included in the definition). In the 2008 Research Assessment Exercise (RAE) research strengths were identified in Biological Sciences and Computer Sciences and Informatics.
- 2.15 At a national level, York performs well in terms of its league table placings and the most recent university rankings for 2011 published by the Times Good University Guide rank it 9th out of 113 institutions. The Independent University guide ranked it 10th in the UK out of 114 institutions for 2011. The latest Guardian University Guide place the University 9th out of 118 institutions. Globally, York has been identified as one of the top 100 HE institutions in the world by the 2010 Times Higher Education world university rankings¹⁰.
- 2.16 The 2009/2010 academic year saw the opening of the new Heslington East campus, which represents a major expansion of the University and will ultimately more than double the size of the original campus by providing 266,000 sq m of additional space and supporting the creation of new academic departments such as the department of Theatre, Film and Television and the School of Law.

⁹ Forecasts sourced from: Strategic Skills for the Creative Media Industry. Skillset, December 2009

¹⁰ <http://www.timeshighereducation.co.uk/world-university-rankings/2010-2011/top-200.html>

- 2.17 The University's 21 acre science park is a joint venture with P&O developments. The science park offers IT, bioscience and innovation centres on one site, with more than 100 businesses. The Heslington East campus aims to grow spin out and spin in businesses within "The Ron Cooke Hub" building bringing together students, researchers, staff, knowledge transfer companies and members of the wider community. Amongst the groups located in the Hub building will be the Higher York Creative Technologies Centre, the York Centre for Complex Systems Analysis and the Centre for Excellence in Teaching and Learning - Enterprise.
- 2.18 Consultation with the University of York revealed strong support for the Science and Technology sector. Knowledge transfer space is already embedded in existing academic buildings, while the Ron Cooke Hub includes "Springboard Space" which is targeted at companies in knowledge intensive/innovation industries and operated by York Science Park. In addition, a new "Catalyst" building has been developed as part of the new campus. Further information on these developments is provided in section four.
- 2.19 The role of spin out and spin in businesses is an important consideration for the Property Strategy. For example, in relation to the bioscience cluster, a recent report¹¹ identified a total of 27 life science start-ups in Yorkshire between 2005-2009, four from the University of York, seven from the University of Leeds and six from the University of Sheffield. Overall, approximately two thirds of the start-ups were university spin-outs, which is substantially greater than the national average of one third. This may reflect a smaller corporate base in the area from which non-university spin-outs can be formed and the greater dependency on university spin-outs therefore needs to be considered when assessing demand.
- 2.20 There is a good correlation between the level of life science research activity in a region and the number of life sciences start ups. The university research base appears to strongly influence the total level of business activity surrounding it regardless of whether there is a direct commercial connection between the two.
- 2.21 Consequently a significant change in the academic research base in a region will impact on the level of corporate activity and consequently the level of demand for property. Countering this is a move towards more targeted research investments in centres of excellence across the UK which could result in some regions seeing a net increase in funding while others experience a much greater reduction.
- 2.22 The M1 corridor from Nottingham to the Leeds/York area has recently been identified as one of four main clusters in the UK that between them account for 80% of both life science research and life science start-up activity. This may result in higher levels of activity in the sector locally compared to the national average as government resources are increasingly focused on national "hot-spots".

York St John University

- 2.23 York St John University achieved university status in 2006 and in 2010 the University had a student population of around 5,600, with just under 1,000 postgraduate students. It has four faculties: Arts; Health & Life Sciences; Education & Theology; and York St John Business School.
- 2.24 The University has invested around £75 million over the last ten years to redevelop the campus. Consultation with York St John revealed a number of other important findings for the sector:

¹¹ UK Life Science Start-up Report 2010 - Mobius Life Sciences

- The University also operates DesignWorks, an incubation space for start up businesses working in product design. The facility provides: office space; business mentoring; and expert advice from academics within York St John
- In partnership with Bar Lane Studios, York St John has developed graduate internship opportunities to provide five new graduates with studio space, professional mentoring, training and experience
- The development of the new Department of TV, Film and Media on the Heslington East campus at the University of York presents the opportunity for York and York St John to develop a relationship in the creative sector
- The City of York is currently in the process of finalising a bid to UNESCO to become a Creative City in Media Arts. The bid will be submitted in July 2011 and if successful, is likely to help raise the profile of York's creative sector at a global level

Food and Environment Research Agency (Fera)

- 2.25 The Food and Environment Research Agency (Fera) was launched as an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra) on 1 April 2009 at the well established state of the art facilities at Sand Hutton, York. Fera brought together the Central Science Laboratory (CSL), the UK Government Decontamination Service (GDS), the Plant Health and Seeds Inspectorate (PHSI), Plant Varieties and Seeds Division (PVS) and Plant Health Division (PHD). Fera employs some 900 staff, of whom 550 are scientists, at Sand Hutton
- 2.26 Fera's headquarters at Sand Hutton are at a secure purpose built facility with continuing investment in state-of-the art infrastructure and in equipment such as "next generation" DNA pyro-sequencing, NMR and Mass Spectroscopy and a full 250 seat theatre and conference suite.
- 2.27 Fera is a highly effective bridge between public and private, local and national/international, research and real world implementation. It also works up and down supply chains from field to fork, from technical equipment, method development and raw materials through processing and distribution to retail and final waste.
- 2.28 New laboratories, completed in March 2011, have been constructed at Sand Hutton targeting companies at a young growth stage. Two companies are already located elsewhere on site and there are many collaborative projects and positions on site, working in partnerships with suppliers and Universities sharing specialist equipment, supervision of PhDs and staff roles.

3.0 Strategic Policy Context

Introduction

- 3.1 This section reviews local economic development and regeneration strategies and identifies the main points relevant to a Property Strategy for the Science and Technology Sector in York. The review assesses: the Vision and Sustainable Community Strategy for 2008-2025; the Economic Vision developed for York in 2010; and the Core Strategy and City Centre Area Action Plan.

Vision and Sustainable Community Strategy 2008-2025

- 3.2 York's Vision and Sustainable Community Strategy 2008-2025 is an update of the 2004 document, which outlines overarching policy objectives with the aim of improving life for its inhabitants. Both studies were prepared by Without Walls (the working name of York's Local Strategic Partnership).

- 3.3 The vision identified by Without Walls is for York to:

- Build confident, creative and inclusive communities
- Be a leading environmentally-friendly city
- Be at the forefront of innovation and change with a prosperous and thriving economy
- Be a world class centre for education and learning for all
- Celebrate its historic past whilst creating a successful and thriving future

- 3.4 Based on the vision above, a number of key priorities are identified and these are set out under seven themes:

1. The Sustainable City
2. The Thriving City
3. The Learning City
4. The City of Culture
5. The Safer City
6. The Healthy City
7. The Inclusive City

- 3.5 While each of the seven themes contain a number of measurable targets, the themes of the Thriving City and City of Culture are most relevant to the Property Strategy. In particular, the Thriving City section of the Strategy identifies that one of York's major challenges is to secure and maintain its position as a market-leader in the development of knowledge and science based employment by increasing the levels of start-ups, spin-outs and growing businesses through Science City York business development and skills development programmes.

- 3.6 In order to meet this objective the Strategy states that it will also be necessary for Science City York to help the University of York maintain its top global position acting as a key local and regional economic generator in addition to increasing the scale and impact of all Further and Higher education institutions in the city.

- 3.7 The City of Culture section of the Strategy aims for the cultural sector to work more closely with

Science City York. This is particularly relevant to the creative/digital sectors and key to breaking down the misconception held by some businesses that Science City York is there only to support bioscience.

York Economic Vision

- 3.8 Published in 2010, this document sets out an economic vision for York to grow its economy from £3.35 billion in 2010 to £4.5 billion in 2035. This will be achieved by enhancing the city's cultural, social and physical assets, working with businesses, the universities and colleges, the voluntary sector and communities. The Vision identifies key areas of intervention that will be required to deliver the stated aims.
- 3.9 Focussing specifically on interventions relevant to Science City York, the Economic Vision states that York must continue to support the high quality small business community linked to the science and knowledge sectors, and to the creative industries, improving the city's levels of business density and self-employment.
- 3.10 It is also recognised that Science City York has supported the growth of knowledge intensive industries since its launch in 1998 and jobs in these industries are identified as being critical to the city's continued economic development. Significantly, the Vision highlights the importance of collaboration between the universities and public and private sector in order to maintain existing strengths within the knowledge-based economy.
- 3.11 A central component of the Vision is the need to enhance the "physical fabric" of York. A range of development opportunities are identified to facilitate private sector investment across a number of sectors, including the strategically important regional economic development sites at Heslington East and York Central. The Vision goes on to state that the Heslington East development not only provides the opportunity for the University of York to expand its campus, but it also support the growth of science/knowledge-based businesses.
- 3.12 Other sites identified as having the potential to support the growth of science/knowledge-based industries include: the British Sugar Site; the Terry's site; and the Barbican. Further information on the British Sugar and Terry's sites is provided in section four, which gives an overview of the property market in York - both current and future.
- 3.13 The Vision was developed in line with the aims and objectives of the Local Development Framework, which is discussed in further detail below.

Core Strategy and City Centre AAP

- 3.14 The Local Development Framework (LDF) is the physical planning strategy for York for the next 20-25 years. A key component of the LDF is the Core Strategy that sets the spatial vision, strategy and priorities for the city. The Core Strategy considers a wide range of strategic planning issues including levels of future housing growth, distribution of future housing growth, housing density, employment growth and location of employment land. It also focuses on the strategic themes of design and construction, housing mix and type, role of tourism, leisure and retail, open space and sports facilities, education facilities, health facilities, historic environment, natural environment and countryside, transport and accessibility, waste and minerals and energy.
- 3.15 The key strategic objective within the Core Strategy to secure Future Economic Growth (Section 11/ Policy CS9) is as follows:
- To deliver the appropriate number, type and size of sites for existing and future employment-related uses in York, to ensure that York fulfils its role at the centre of the York Sub Area and as part of Leeds City Region, including the delivery of a new York Central office quarter within the York Northwest area, enhancing the success of Science City and promoting York's tourism and evening economy.*
- 3.16 Specifically for Science City York, the Core Strategy states that Science City York will contribute to significant growth in B1 (a), (b) and (c) property use types.
- 3.17 Another key document within the LDF is the City Centre Area Action Plan (CCAAP). This document delivers an overall planning framework for the City Centre and, once adopted, will be used for determining planning applications for developments within the City Centre. The CCAAP reaffirms the objective set within the Vision and Sustainable Community Strategy, stating the necessity for York "to maintain its position as market leader in the development of its knowledge and science base" for continued economic viability.
- 3.18 The CCAAP also recognises that many occupiers are forced into out of town premises due to the lack of suitable office premises within the City Centre.

Implications

- 3.19 Taking into account the strategic context and the views of the Council, the Science and Technology sector is a high priority for York. The potential for a flagship building for digital and creative industries may exist. This could be along the lines of the Custard Factory in Birmingham, Chocolate Factory in North London, Sheffield Digital Campus or Round Foundry in Leeds, for example. This aspiration could provide a focus for the Property Strategy.
- 3.20 There may be surplus Council-owned facilities which are either earmarked for development or surplus to operational requirements. Properties such as the Guildhall in the City Centre, or even St Leonards Place, may offer opportunities for the sector. In addition, other public sector bodies such as the universities, museums and hospitals and Yorkshire Forward will have assets within York which may be appropriate for the sectors. City of York Council is currently preparing a database of all public sector assets within York in conjunction with other major public sector bodies.

4.0 Market Assessment

Introduction

- 4.1 York's office market is geographically dispersed with a mix of city centre and out of town premises. The main office locations are Rougier Street in the city centre which is the location of Aviva (formerly Norwich Union) among others, Monks Cross (to the north east of the city), York Science Park (close to the University, Heslington), York Business Park (to the north west along the ring road), Northminster Business Park (in close proximity to York Business Park) and Clifton Moor to the north of the city.
- 4.2 York is a relatively small office centre, and has an estimated office stock of 3.7 million sq ft for end-2009. This ranks the centre 49th in terms of floorspace of the Office PROMIS¹² centres. The nearest large office centre is Leeds.
- 4.3 The office market in York has performed well since the mid 1990s, as healthy demand together with a steady supply of attractive new space has moved prime rents forward. Headline rent for city centre office stock currently stands at £170 per sq m (£16.00 per sq ft). This was achieved in February 2007 at Saxby House, Parliament Street, where Westinghouse Brake & Signal Holdings took 1,860 sq m (20,000 sq ft) of space. Other quality stock in the centre, such as that located in Rougier Street, is still achieving rents in the region of £160 per sq m (£15.00 per sq ft), although the majority of this stock has been occupied by a few key business for a long time and getting slightly dated.
- 4.4 One of the key characteristics of the York market is the physical constraints on development within the city walls. The historic city core makes development time consuming and expensive, with land values and planning constraints both impacting on development viability. As such, development within the city walls tends to have been for higher value uses such as retail and residential rather than commercial offices. As a consequence, most new office development has primarily taken place in out of town locations.
- 4.5 The affect of this has been twofold. Firstly, it has created a buoyant out of town office market. York has a number of successful and high profile out of town or edge of town office locations which have the critical mass of space to continually attract tenants. Secondly, it has suppressed city centre rents to out of town levels, affecting the viability of new commercial office space in the city centre.
- 4.6 The remainder of this section summarises existing provision for each of the Science and Technology sectors and goes on to look at future trends in the property market.

Existing Property Provision in York

- 4.7 Bioscience is almost entirely catered for at the Bio Centre in York Science Park due to the specific nature of property requirements. Current occupiers include Alliance Medical, Yorkshire Bioscience, Tissue Regenix Limited and the National Non-Food Crops Centre among others.

¹² PROMIS stands for The Property Market Information Service and provides market reports on a wide range of geographies across the UK

- 4.8 Creative businesses are located across the city. Depending on size it appears many creative businesses prefer city centre sites in close proximity to the main civic attractions (museums, universities, theatre and art gallery) or home working. A lot of the demand for city centre space relates to the need to be part of the art and cultural “scene”. Creative businesses occupy a wide range of premises types from commercial office space, converted retail units, workshops to residential premises (home working).
- 4.9 There are purpose built facilities for the creative sector within York St John University, which provide support, services and facilities for university-linked businesses in the region. This includes the Science City York Phoenix Centre which was opened in April 2009 as part of a two year funding programme that ends in June 2011. The facility is independently housed within the University’s main campus and provides affordable space (circa. 135 sq m/1,450 sq ft) for new creative and IT-based ventures. Businesses are currently able to occupy space for up to 12 months and a key part of the offer to tenants is the ability to utilise the expertise of staff and specialist equipment within the University itself.
- 4.10 IT / Digital sectors are more spread across the city than Biosciences, yet slightly more focused than the Creative sector. There are purpose built facilities in the IT Centre at York Science Park, which has proved popular and led to a cluster of businesses choosing to locate within it.
- 4.11 One of the largest existing science and technology occupiers in York is the Food and Environmental Research Agency (FERA), located at Sand Hutton to the north east of York just off the A64. The Sand Hutton site is a mix of modern office, workshop and laboratory space. Block 16, a partially serviced laboratory and office unit, is currently surplus to requirements and being marketed by DTZ.
- 4.12 Existing office locations include:
- York Science Park**
- 4.13 York Science Park is located close to the University of York Campus, approximately 1.5 miles to the south east of York City Centre with relatively good access to the A64 dual carriageway.
- 4.14 The final phase of development on the science park was completed in late 2006, with two units extending to approximately 930 sq m each (10,000 sq ft). One of the units has been purchased by the University itself for its own occupation, with the other unit now let on a new full repairing and insuring lease at a rent of £15.00 per sq ft to two occupiers on 10 year leases with 5 year breaks at £15.50 per sq ft. Enterprise House, previously owned and occupied by the NHS, was acquired by York Science Park in 2008. Science City York leased space in this building from April 2008.
- 4.15 The University of York is currently undertaking the next phase of development, to be known as Heslington East. The Heslington East Outline Planning Application identified a total development for commercial office accommodation of 50,000 sq m. Consultation with the University of York suggests that the next 5 years may see no more than 5,000 sq m of B1 development completed.

- 4.16 As with the earlier phases the emphasis will be on Research and Development/Science related occupiers and this includes the Springboard space discussed earlier, in addition to the Catalyst building designed to support the growth and development of early stage companies in the creative, IT, digital and media sectors. Both Springboard and the Catalyst building are managed by York Science Park.

Clifton Moor

- 4.17 Clifton Moor is an established business location situated approximately two miles to the north of York City Centre and accessed via the A1237 outer ring road. The development itself was York's first out of town business and Retail Park, offering a range of retail and leisure facilities, office accommodation and industrial accommodation alongside the successful Eco-Centre.
- 4.18 There are currently no proposals to speculatively develop further office accommodation in this location. However, there currently are, and will be over time, a number of second hand office buildings available. There is currently approximately 3,700 sq m (40,000 sq ft) of vacant office space ranging in size from 140 sq m up to 560 sq m (1,500 sq ft - 6,000 sq ft).
- 4.19 It is envisaged that vacancy rates at Clifton Moor will stay at a similar level or even increase as organisations are attracted to newer and better quality office locations in and around York. Clifton Moor is now seen by many as an unattractive office location due to transport problems and dated buildings. Whilst Clifton Moor will offer an element of competition this will always be a cost effective option for an occupier. Rental profiles tend to range from £6.00 sq ft to £12.50 sq ft.

York Business Park

- 4.20 York Business Park is located to the North West of the City Centre on the A1237 outer ring road in Nether Poppleton. It is a mixed use scheme home to a mix of industrial, office, retail and leisure occupiers including Orange, York Reprographics, Gear4Music and Bannatyne's Health Club.
- 4.21 Recent developments include 'The Forum' - seven modern industrial units ranging from 305 sq m - 520 sq m (3,295 sq ft - 5,585 sq ft) and flexible workspace 28 sq m - 195 sq m (300 sq ft to 2,100 sq ft).
- 4.22 York Business Park suffers similar transport problems to Clifton Moor and, while the space is of a high quality, its attractiveness is reduced by these constraints.

Monks Cross North

- 4.23 Located approximately 2 miles to the north east of York City Centre, Monks Cross North is situated in a highly accessible location, close to the A64 dual carriageway and benefits from being adjacent to Monks Cross retail park, leisure centre and swimming pool and park and ride facility, allowing easy access to York City Centre.

- 4.24 Monks Cross North is seen by many as a desirable and prestigious office location. The latest two phases, known as Alpha and Omega have been relatively successful. Omega, the newest phase is a terrace of small office units ranging in size from 110 sq m to 280 sq m (1,200 sq ft to 3,000 sq ft). These were all sold off plan.
- 4.25 Alpha, a larger speculative development totals approximately 4,600 sq m (50,000 sq ft) in seven buildings. Units 1, 2, 3 and 4 offering units from 460 sq m up to 930 sq m (5,000 sq ft to 10,000 sq ft) were all sold or let within 6/9 months after practical completion.
- 4.26 The next phase at Monks Cross North will be Sigma and will total 3,500 sq m (38,000 sq ft), which will comprise a courtyard development with self contained units ranging in size from 120 sq m to 1,200 sq m (1,300 sq ft to 13,000 sq ft). Quoting rents and freehold prices for this phase are in the region of £16.00 per sq ft rental and £200.00 per sq ft freehold.
- 4.27 In terms of any further phases of development, Plot 5 at Monks Cross North is capable of accommodating up to 9,300 sq m (100,000 sq ft) and this is currently being kept back for any large occupiers. The Monks Cross Partnership also own a further 26 acres for future expansion, however this is unlikely to come forward for at least another 5/10 years.

Vangarde, Monks Cross South

- 4.28 Located approximately two miles to the north east of York City Centre, in the vicinity of Monks Cross, Vangarde is situated in a highly accessible location, close to the A64 dual carriageway and benefits from being adjacent to Monks Cross shopping park, leisure club and swimming pool and park and ride facility allowing easy access to York City Centre and railway station.
- 4.29 At Vangarde planning permission has been secured for 46,500 sq m (500,000 sq ft) of premier office accommodation with a restriction on use in science or IT related, research or design orientated, connected with heritage or the arts or head quarter buildings. Unless the owners secure any pre-lets or pre-sales, then it is highly unlikely that they would speculatively develop anything greater than approximately 930 sq m (10,000 sq ft).
- 4.30 Whilst this site does offer competition in the York market, it will not be able to provide buildings for an occupier who needs to re-locate in a short timescale. Its planning restrictions mean that this site will be unable to accommodate a large proportion of enquiries.

Heworth Green

- 4.31 Heworth Green, located on the old Apollo gasworks site to the north eastern fringe of York City Centre, accessed from Heworth Green itself. The Helmsley Group speculatively developed a building of approximately 60,000 sq ft. Building number one, totalling 20,000 sq ft was let to Hunters Estate Agents on a 10 year lease at a rental of £15.75 per sq ft with the benefit of six month's rent free. The top two floors of building number 2, which extend to approximately 20,000 sq ft have been let to Prospect Business Centres on relatively flexible terms and a discounted rate.

- 4.32 This leaves the ground and first floor remaining, of approximately 1,800 sq m (19,000 sq ft) and available on a new full repairing and insuring lease for a term of at least 10 years at a quoting rental of £16.00 per sq ft per annum exclusive. That said, we are aware of occupiers being offered a stepped rental deal from £10.00 per sq ft.

Northminster Business Park

- 4.33 Northminster Business Park is located off the A59 York to Harrogate Road, close to its junction with the A1237 York outer ring road, approximately two miles to the west of York City Centre. The latest phases of development have been completed with all office accommodation taken up. However, Northminster Properties are now starting to investigate whether a further 4 acre plot could be brought forward out of the green belt.
- 4.34 This will no doubt take some time and should this site come forward then Northminster will concentrate on speculatively developing this site in a similar style to that already existing at the park, namely units ranging in size from 90-230 sq m (1,000-2,500 sq ft). They will keep part of the site aside for a larger occupier, however given the lack of amenities on site we believe that a large occupier of 930 sq m (10,000 sq ft) plus is unlikely to relocate to this site.

Demand

Recent Trends

- 4.35 PROMIS estimate that the total level of take up for commercial office space in York local authority in the five years between 2005-2009 was 33,000 sq m (357,500 sq ft) equating to 6,500 sq m (71,500 sq ft) per annum. These figures were reduced by an uncharacteristically low level of take up in 2009. Take up to date in 2010 looks much more healthy at approximately 5,000 sq m (55,000 sq ft) as at Q2 2010.
- 4.36 The SQW Employment Land Stage 1 report provides a more optimistic assessment of long term demand. While noting that take up of office accommodation has fluctuated between 9,000-18,000 sq m (97,000-194,000 sq ft), it estimates aggregate annualised demand to be between 12,500-15,000 sq m (135,000-161,000 sq ft).
- 4.37 The above provides a useful indicator as to the average quantity of office floor space requirements on an annual basis in the future, however the impact of prevailing economic conditions may undermine the levels being achieved in the short term.
- 4.38 Demand has been sustained by, amongst other things, the relocation and expansion of activity by major employers from other sectors. Examples of this include the growth of Aviva's activities in the city and the continued activity of rail related businesses. Recent transactions above 930 sq m (10,000 sq ft) in York are highlighted in Table 4.1.

Table 4.1: York Office Deals above 10,000 sq ft

Scheme	Taken By	Size (sq ft)	Date
Clifton Park	NFU Mutual	45,000	2010
Albion Court	National Express	22,000	2008
Heworth Green	Holiday Break Plc	20,000	2007
Heworth Green	Hunters	20,000	2006
Northern House	Northern Rail	23,000	2006
Piccadilly One	Westinghouse Signals	20,000	2006

Scheme	Taken By	Size (sq ft)	Date
Athena House	CPS	20,000	2005
Jarvis House ¹³	Network Rail	70,000	2005
York Science Park	ILT	17,600	2005

Speculative Office Development

- 4.39 Over the last 10 years York has seen a number of speculatively developed office buildings capable of providing accommodation in excess of 10,000 sq ft. Table 4.2 shows all of these schemes and their size and date of completion.

Table 4.2: Developments in York above 10,000 sq ft and completed in the last 10 years

Scheme	Size (sq ft)	Completion Date
Quartz Point, York	10,000	2009
The Edge, Hospital Fields Road, York	15,000	2008
Sigma, Monks Cross North, York	38,000	2008
Heworth Green, York	60,000	2008
Northern House, Rougier Street, York	60,000	2006
Phase 5, York Science Park, York	20,000	2006
Alpha and Monks Cross, York	50,000	2004

- 4.40 As can be seen from Table 4.2, there has been 23,250 sq m (250,000 sq ft) of good quality, modern office accommodation successfully delivered in York since 2004, including one scheme specifically aimed at the Science and Technology Sector (Phase 5, York Science Park).

Future Outlook

Outlook for Occupier Demand

- 4.41 Nationally, the RICS UK Commercial Market Survey (Q2 2010) indicates that UK market confidence is wavering, with occupier demand down for the first time in four quarters, rental expectations down and the availability of space up. The survey shows that enquiries for occupation have declined across all sectors and regions, except in the North, where enquiries across all sectors remained positive.
- 4.42 DTZ research has indicated that regional office availability essentially peaked in Q2 2010 as corporate occupiers continued to take advantage of the current market to upgrade to better quality space. This kind of demand has however been mainly attributable to lease events (e.g. a break clause that allows a tenant to terminate and move to new premises) and therefore is likely to represent churn in the market rather than net increase in requirements.

¹³ Since renamed George Stephenson House

- 4.43 Active requirements in regional markets fell back in Q2 which reflects current market uncertainties. Aggregate take-up for 2010 is expected to fall back and will only be supported by a small number of large transactions unlikely to be repeated in 2011.
- 4.44 Prevailing economic uncertainty, the recent Government comprehensive spending review and a lending sector still recovering from the 2007/2008 global financial crisis, have continued to depress both the occupier market and developer activity in the commercial property sector. This pattern is consistent throughout the country with some notable exceptions mainly prime locations in Central London and around the M25, where there have been pockets of improvement in occupier take up.
- 4.45 IPD rental growth statistics bear out the sluggish occupier activity with average reductions in rental values recorded at 3.8% and 13.7% for 2008 and 2009 respectively, and whilst the position improved, rental growth was at -0.8% as at December 2010 (DTZ Property Times Research January 2011).
- 4.46 Investor sentiment towards the office sector has similarly been subdued, albeit there has been an improvement in demand for prime, well let, stock over the past 12 months. Yields sought by investors increased in 2008 and 2009 which, combined with falls in rental values, resulted in a corresponding year on year decline in all office capital values of 26.6% and 5.9%. Capital growth is expected to be positive for 2010 with IPD forecasting and average improvement in values of 8.7% although the forecasted improvement for 2011 and 2012 is less than 1% in each year.
- 4.47 The combination of these factors has stifled developer activity, compounded by an almost universal and complete reluctance amongst lenders to make debt available for speculative schemes. In the few cases where finance has been provided this is typically at punitive interest/finance costs, where the developer is required to inject significant equity and/or provide additional collateral, and where the scheme financial appraisal is very robust.
- 4.48 DTZ, CBRE and De Montfort University have all published research highlighting a shortage in debt for the refinancing of loans on commercial property. DTZ Research estimates that the debt funding gap, defined as the difference between the existing debt balance secured by commercial property as it matures and the debt available to replace it, is likely to be the major problem facing the sector in 2012. A recent report from CBRE suggests that 107 lenders (banks or other financial institutions) have a commercial real estate loan book in the UK but, of these, only 69 are still actively lending. De Montfort University recently suggested that more than a quarter of all commercial property loans, worth around £57 billion, were either in default or in breach of banking covenants last year and this could go some way to explain the reluctance of some firms to lend to those still active in the sector.
- 4.49 In the absence of a sustained recovery in the economy and occupier/lender confidence (unlikely for the foreseeable future), the outlook for an improvement in market conditions to support an increase in the level of speculative development over the short to medium term is poor.
- 4.50 DTZ expects prime headline rents to remain flat for almost all regional markets into 2011. As the availability of Grade A accommodation becomes more limited, landlords are expected to reduce incentives on prime space and increase the lease lengths required. With regard to current levels of demand, DTZ is aware of the following requirements in the market:
- York University - 1,115 sq m (12,000 sq ft)
 - CPP 4,650 - sq m (50,000 sq ft)
 - Siemens - 1,850 sq m (20,000 sq ft)

- DTZ for clients - 1,400 sq m (15,000 sq ft)
- Harrowells LLP - 1,850 sq m + (20,000 sq ft+)
- Langleys - 2,800 sq m (30,000 sq ft)
- Local Ombudsman Office - 1,400 sq m (15,000 sq ft)
- Bio Analytical¹⁴ - 1,400 sq m (15,000 sq ft)
- Elmwood Design - 1,400 sq m (15,000 sq ft)
- Xceleron - 1,115 sq m (12,000 sq ft)
- Great Rail Journeys - 940 sq m (10,000 sq ft)
- Yorkshire Ambulance Service - 940 sq m (10,000 sq ft)

4.51 In total there are over 18,500 sq m (200,000 sq ft) of named enquiries, plus a number of additional agent lead requirements, which are looking for new offices in York city centre and surrounds, with limited choice at present.

4.52 It is interesting to note that many of the above fit into the three Science and Technology clusters: Bio Analytical (Bio); Elmwood Design (Creative); Siemens (IT/Digital); and Xceleron (Bio) account for 30% of the named requirements - at 5,800 sq m (62,000 sq ft).

4.53 The Employment Land Stage 1 Report outlines demand forecasts for the Science and Technology Sector. Annualised demand for employment land for Science and Technology is 1.8 hectares across all use types. This figure is expanded by use type and location in Table 4.3.

Table 4.3: Annualised Demand for Employment Land for Science & Technology

Type	Location	Demand, 2006-2021 (Ha)
B1a, High Quality	City Centre	3.8
B1a, High Quality	Out of Town	8.8
B1a, Standard Quality	City Centre	3.5
B1a, Standard Quality	Out of Town	8.5
B1c, B2, B8	Out of Town	1.7
Total		26.3

Source: SQW, June 2002

¹⁴ Unilabs York Bioanalytical Solutions, currently based in Northminster Business Park, are a specialist provider of bioanalytical and biomarker analysis to pharmaceutical and biotech companies

Quantitative Property Forecasts for the Science and Technology Sector

4.54 DTZ has used Oxford Economics data to forecast expected quantitative floorspace requirements for the Science and Technology sector based on employment estimates. Our methodology and results are below:

Summary of Method

4.55 Total employment estimates for bioscience, IT/digital and creative industries have been sourced for 2008 from the Annual Business Inquiry. Forecasts for York produced by Oxford Economics in December 2010 have been applied to the 2008 data to provide employment estimates for 2010. Two employment scenarios for the period 2010-2020 have then been developed:

- **Scenario 1** - assumes that jobs in the science and technology sector in York grow in line with total employment in York up to 2020. Oxford Economics forecast total growth of 6.1% from 2010-2020, or 0.6% per year. These forecasts represent a “baseline” position (i.e. without intervention) of anticipated patterns of employment change within York based on the existing employment structure. However, it needs to be acknowledged that future patterns of change may diverge from those observed in the past, especially as a result of changes in the economy due to the global downturn. In addition, the baseline forecasts do not take account of the contribution that particular interventions such as a property strategy could have in terms of attracting new employers to the area
- **Scenario 2** - uses sector specific forecasts for York. For biosciences, an annual growth rate of 1.3% is used, taken from a June 2010 factsheet¹⁵ produced by SEMTA, the Sector Skills Council for science, engineering and manufacturing technologies. For the IT/digital and creative industries, a 4% annual growth rate is used - based on research undertaken by NESTA in 2009¹⁶. The forecasts for bioscience only cover the period up to 2016 and for the IT/digital and creative industries they run until 2013

4.56 As noted by Skillset¹⁷, the Sector Skills Council for the Creative Industries, given the economic climate it is difficult to source reliable estimates of industry spend and employment forecasts. In the absence of longer term forecasts it is therefore assumed that similar trends for the IT/Digital and Creative clusters will continue up to 2020. The same assumption is also used for the Bioscience cluster. It should be noted that while the forecasts provide an indicative view as to what could happen in the science and technology sector, future patterns of employment change are likely to differ, especially as a result of changes occurring within the economy as a result of the global economic downturn.

4.57 Table 4.4 shows the employment forecasts for each of the two scenarios and Table 4.5 shows the estimated change.

¹⁵ <http://www.semta.org.uk/pdf/UK%20Science%20Ind%20Factsheet%20.pdf>

¹⁶ http://www.skillset.org/uploads/pdf/asset_14582.pdf?1

¹⁷ Skillset, December 2009 - Strategic Skills Assessment for the Creative Media Industry

Table 4.4: Employment Forecasts for the Science & Technology Sector in York, 2010-2020

Total Employment	2010	2015	2020
Scenario 1	8,040	8,280	8,527
Scenario 2	8,040	9,572	11,573

Table 4.5: Forecast Employment Change in the York Science & Technology Sector, 2010-2020

Employment Change	2010-2015	2015-2020	Total
Scenario 1	240	247	488
Scenario 2	1,673	2,030	3,703

- 4.58 Building on the employment change forecasts, Table 4.6 translates this information into estimated floorspace requirements for the science & technology in York. For the purposes of the analysis, it is assumed that the most common requirement will be for office space. Taking official guidance published by the Homes and Communities Agency¹⁸, an employment density of 12 sq m per employee has been used.

Table 4.6: Floorspace Requirements in the York Science & Technology Sector, 2010-2020

Total Floorspace Change (sq m)	2010-2015	2015-2020	Total
Scenario 1	2,883	2,970	5,853
Scenario 2	20,072	24,365	44,437

Qualitative Property Forecasts for the Science and Technology Sector

Bioscience

- 4.59 Like businesses in most knowledge-intensive industries, companies in the life science industry tend to be “location-sticky”, i.e. they rarely move far from the place they were founded. This is because of their high reliance on the people within the business who tend to be lost if the company moves far.
- 4.60 The membership of the UK Bioincubator Forum¹⁹ report that almost all bioincubator tenants tend to come from an area no more than 30 miles radius from the incubator. In York’s case, this obviously includes the York conurbation, but also stretches to Leeds.
- 4.61 Across most of the UK there has been a significant shift in bioincubator demand over the past 12-18 months; away from laboratory towards office space. It is too early to say whether this is a permanent shift, but it is consistent with the trends highlighted in section two towards more virtual research businesses, along with the rise in in-silico based bioscience businesses and medical technology businesses, each of which need little or no laboratory space. The fact that the Yorkshire region is reported as the leading employer in medical technologies further increases the importance of this observation.
- 4.62 Overall these trends suggest demand for laboratory facilities is unlikely to grow in parallel with any forecast growth in the local life science sector, suggesting that the ratio of office to laboratory space should be increased and the possibility of building centres for life science companies with no laboratories at all could be worth consideration.

Creative

¹⁸ Employment Densities Guide. 2nd Edition, 2010 – Homes and Communities Agency

¹⁹ www.ukbioincubation.com

- 4.63 Creative industries occupy a wide range of space types including former retail units, renovated period buildings, conventional office and workshop space. This wide range of business types and business needs across the cluster makes it hard to identify future trends. As such, the property strategy should concentrate on ensuring occupational flexibility to encourage growth rather than focussing on providing new premises. Creative businesses typically start up very small and need help structuring their growth and, in relation to this study, the exposure to property related expenditure incurred during this growth means that lease terms and the structuring of services and business support become key.

IT/Digital

- 4.64 The IT/Digital sector tends to occupy more traditional B1 (a) office space, with some also requiring smaller elements of workspace/laboratory space. Looking at future requirements, the IT/Digital sector is likely to make occupational choices based on the offer of high quality services, in particular access to high speed broadband, rather than just seeking new premises.

Supply

Available Floor Space

- 4.65 The SQW Employment Land Review 1 states that there is 153,000 sq m (1.65 million sq ft) office accommodation inside the city walls, equating to some 50% of York's total stock. Despite constrained development within the city walls, developments include Grays Wharf on Navigation Road, a 3,715 sq m (40,000 sq ft) scheme, Quartz Point on the Stone Bow, a 1,115 sq m (12,000 sq ft) scheme, and the 5,575 sq m (60,000 sq ft) Heworth Green development.
- 4.66 Total availability in York stands at 362,500 sq m (3.9 million sq ft) according to PROMIS of which 36,050 sq m (388,000 sq ft) is currently available for occupation. This equates to some 10% of total accommodation.
- 4.67 Available figures within the SQW Employment Land Review differ slightly, which reports slightly lower total availability at 306,000 sq m (3.3 million sq ft).
- 4.68 Looking at current office availability data on EGI and Focus, there is approximately 90,000 sq m of office floor space currently on the market and the average size of that which is available is 500 sq m. Table 4.7 summarises offices currently available by size band, indicating that the larger number of premises on the market are in the mid size segments between 50 sq m and 1,000 sq m. Either side of this range there is more limited availability with a particular shortage at the smaller end of the size spectrum. Whilst it should be noted that EGI/Focus data does not include incubators or managed / subsidised workspace, the lack of premises at the smaller end of the size spectrum is indicative of the constraints on the market in providing space for the very small occupiers.

Table 4.7: Current Availability by Size

Unit Size (sq m)	Quantity
0-9	0
10-24	1
25-49	3
50-99	22
100-249	49
250-499	35
500-999	24
1,000-2,499	9
2,500-4,999	4
5,000+	1
Total	148

Source: EGI/Focus

- 4.69 With regard to tenure, as would be expected, the large majority of office premises - 80% - are available on a leasehold basis, with only 20% available on either a leasehold or freehold basis.

Development Pipeline (sites with consented schemes)

- 4.70 According to PROMIS, current consented schemes include:

Table 4.8: Current Consented Schemes in York

Scheme	Developer	Status	Size
York Business Park	White Rose Developments	OPPG	54 acres
Centurion Park	Centurion Park Developments	FPPG	17 acres
Holgate Park	Helmsley/Business Homes	OPPG	7 acres
Chocolate Works	Grantside	FPPG	219,000 sq ft
Hungate	Land Securities/Evans	OPPG	100,000 sq ft
Alpha Court, Monks Cross	Monks cross Partnership	OPPG	77,500 sq ft
Carmelite Street	Langley	FPPG	52,000 sq ft

Other Allocated Sites

- 4.71 Other key allocated sites without the benefit of planning permission include:

Table 4.9: Allocated Sites without Planning Permission

Scheme	Size
York Central	1,000,000 sq ft
Heslington East	500,000 sq ft
Civic Centre, Toft Green	150,000 sq ft
Northminsters Business Park	50,000 sq ft

Entec Employment Land Summary Study 2 (2009)

- 4.72 While we have considered the sites above, this is from a market facing perspective where there is developer backing and firm proposals from either the public or private sector. Table 4.10 provides details from the Entec study, which identifies B1a sites in York, alongside those relating to B1c, B2 and B8, from a planning policy perspective.

Table 4.10: Shortlist of sites for B1a use

Site Name	Floorspace (sq m)
York Central, Leeman Road	87,000-100,000
Hudson House and Old Station Buildings, Toft Green	17,279
1-9 St Leonards Place & 2-4 Museum Street	8,543
Coppergate 2	8,000-32,000
Hungate, Peasholme Green	12,062
Land north west of Former Carriage Works, Holgate Park	76,480
James Street / Foss Islands Road	14,080
British Gas Site, 24 Heworth Green	1,860
Adjacent to Norwich Union, Monks Cross	3,792
Former British Sugar site, Boroughbridge Road	40,000
Former Terry's Factory, Bishopthorpe Road	33,470
Omega 1, Monks Cross	8,860
Southern part of Nestle Factory, Haxby Road	5,000
Land south of Great North Way, York Business Park	10,960
Land forming south east of York Business Park	16,080
Vangarde, south of Monks Cross	40,000
Land north of Great North Way, York Business Park	48,960
North of Monks Cross	142,000
Land north of Northminster Business Park	112,000
Total	686,000-723,000

Table 4.11: Shortlist of sites for B1c, B2 and B8 uses

Site Name	Floorspace (sq m)
North of Monks Cross	71,080
James Street / Foss Islands Road	1,760
Vangarde, south of Monks Cross	53,520
Land south of Great North Way, York Business Park	5,480
Gimston Bar	130,400
Land forming south east of York Business Park	8,400
Adjacent to Norwich Union, Monks Cross	2,400
Land north of Northminster Business Park	56,000
Osbalwick Link Road	1,040
Omega 1, Monks Cross	4,160
Former Bio-Rad Premises, Haxby Road	11,560
Land south east of Murton Industrial Estate	1,880
Monks Cross North	n/a
Land to rear of Brook Nook, Murton Way	4,920
York Central, Leeman Road	10,000
Hudson House and Old Station Buildings, Toft Green	7,280
Land north of Great North Way, York Business Park	7,240
Land south of Northminster Business Park	12,960
Land at Knapton Moor	162,400
Total	552,500 sq m

4.73 As can be seen from Table 4.10 and 4.11, in both the consented and strategic development pipeline there is a substantial supply of sites which, based on current trends, can service York's employment requirements for many years to come. The challenge for Science City York is to ensure that, as this supply is brought forward, it can facilitate the growth of the Science and Technology sectors.

Occupational Constraints to the Sector

- 4.74 Science and Technology businesses tend to start very small and grow rapidly. As such their property requirements can and do change rapidly. While commercial investors, developers and landlords seek to achieve maximum security of income for the maximum length of time, this may mean that fledgling business get trapped in accommodation which hinders or prevents natural growth.
- 4.75 Most landlords seek what is referred to as the 'institutional lease' in order to maximise the value of their holdings. An institutional lease is one that provides enough security for a pension fund or insurance company to purchase as an investment. Traditionally this is for a term exceeding 10 years with upwards only rent reviews.
- 4.76 Many occupiers actively seek such terms as it gives them security for long term business planning, however, as discussed above they can also act as a hindrance to fast growing businesses. This creates a problem when, for example, a young science and technology business is competing for space with a professional services firm or call centre. The landlord will look for the secure income and, as such, either the Science and Technology firm loses out on the accommodation or is forced to take a longer lease.
- 4.77 Services are another important constraint to the IT/Digital sector in particular. Access to high-speed broadband is key for business for whom most of their work is done 'online'. This is particularly important due to trends towards cloud computing which is particularly important for small businesses wishing to minimise start-up costs.

Conclusions

- 4.78 There is currently little by means of "oven ready" sites in York city centre which provide accommodation suitable for the Science and Technology sector outside of the conventional office space. On the edge/out of town there is space immediately available but, again, this is largely conventional office accommodation. While businesses within the IT/Digital sector, and certain occupiers within the Bioscience and Creative sectors, may be able to occupy this space comfortably, many have specialist property needs which render this space unsuitable.
- 4.79 While trends for Bioscience indicate that they will require more conventional office space and less laboratory and workspace, it is still thought that York Science Park and Heslington East will remain attractive locations for occupiers in this sector due to the proximity of the University of York and skills base. The FERA site at Sand Hutton may also be a potential location, although uses are more specialised and the site is slightly further away, to the north east of York just off the A64. The other two sectors, however, are more likely to benefit from City Centre accommodation.
- 4.80 It is necessary for Science City York to support the delivery of a functioning and fluid 'Ladder of Accommodation' to suit businesses from start-up to maturity. At present there are noticeable property barriers for business growing beyond their incubation and start-up space but unready to take on space on full commercial terms.
- 4.81 Much of the needs of the sector with non-specialised property requirements could be met with increased provision of mainstream commercial office space in the City Centre. SCY could consider the possibility of a flagship building if they wish to contain such businesses in one, easily branded, building. Alternatively, they could focus on increasing dialogue between S&T occupiers and existing landlords and developers.

5.0 Business Survey Analysis

- 5.1 In order to understand sector needs, growth prospects, future requirements and barriers to growth, a telephone survey was undertaken with 200 science and technology businesses based in and around York. Appendix A provides details on the sector classifications used.
- 5.2 The letter sent to businesses to encourage participation is provided in Appendix B, while the business survey is in Appendix C.
- 5.3 The remainder of this section outlines the key findings from respondents. Results are reported for each of the three clusters (bioscience, IT/digital and creative) in order to identify any differences in what businesses said. The “Total Businesses” field in each of the tables relates to the number of companies who answered that particular question.

Clusters

- 5.4 The survey respondents were asked to classify which York Science City cluster they belonged to: Bioscience, Creative or IT/Digital. From the 202 businesses responded to the survey, 115 were within the creative cluster. There were a further 67 IT/Digital businesses (33% of those that responded to the question) started the survey and 14 bioscience businesses (see Table 5.1). The businesses who stated ‘other’ are not considered throughout the remainder of the survey analysis as they do not fall in within any of the relevant clusters to York Science City.

Table 5.1: Respondents by Cluster

Cluster	Number of Businesses	Breakdown
Bioscience	14	6.9%
Creative	115	56.9%
IT/Digital	67	33.2%
Other	6	3.0%
Total Businesses	202	100%

Business Size and Revenue Creation

- 5.5 The majority of creative and IT/digital businesses surveyed were either sole traders or employ less than 5 FTE people. 43% (49 companies) of creative businesses were sole traders, with a further 46% (53) employing between 1 and 5 people. Similarly 78% (51) of IT/digital businesses employed up to 5 people. Bioscience businesses surveyed were slightly larger in employment terms and 21% of those surveyed (3 companies) employed between 16 and 20 people, for example (see Table 5.2).

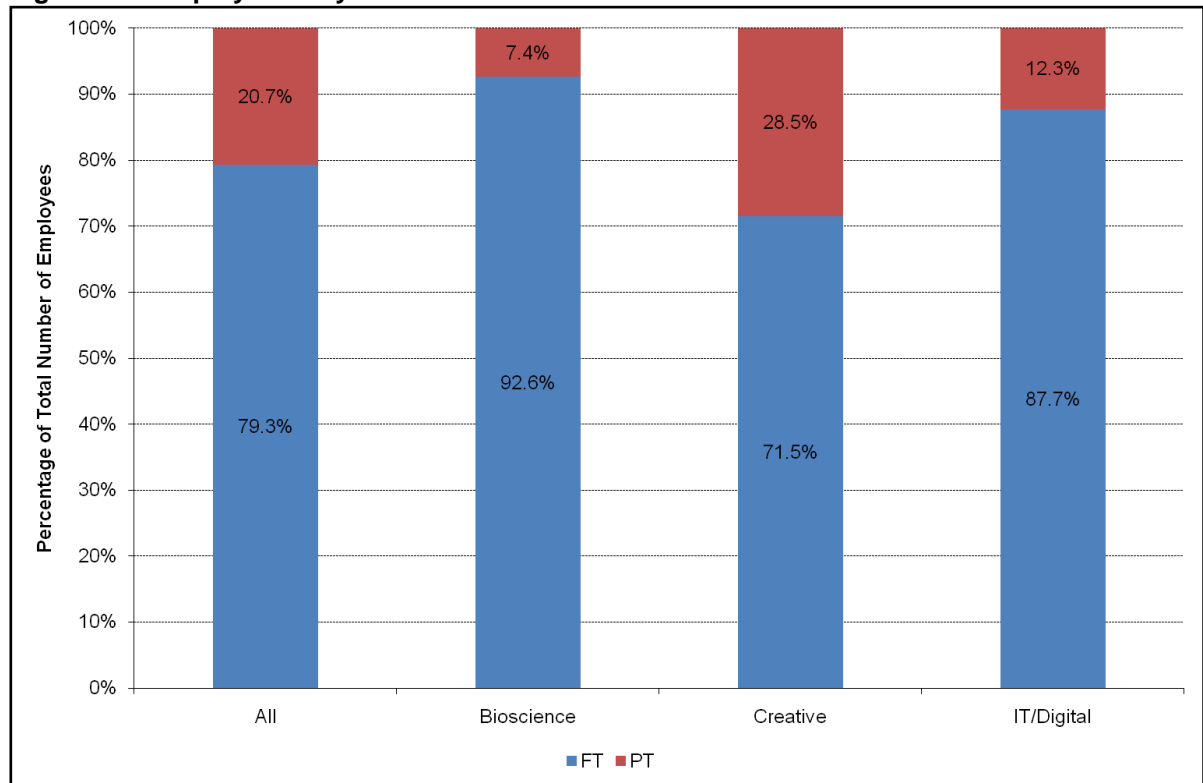
Table 5.2: Businesses by Employment Profile

Employment (FTE)	All	Bioscience	Creative	IT/Digital
Sole	38%	21%	43%	34%
1-5	44%	21%	46%	45%
6-10	7%	14%	4%	9%
11-15	3%	7%	2%	3%
16-20	4%	21%	3%	2%
21-50	4%	7%	2%	6%
51-100	1%	7%	0%	0%
100+	1%	0%	1%	2%
Total Businesses	194	14	115	65

- 5.6 The creative sector has a higher proportion of part-time employees within the workforce. 28.5% of creative sector employees work part-time as opposed to just 7.4% and 12.3% of the bioscience and

IT/digital clusters respectively (see Figure 5.1).

Figure 5.1: Employment by Mode of Work



5.7 Creative and IT/digital businesses have a similar revenue profile, with companies tending to have annual revenues up to £250,000. Bioscience companies differ slightly and of those that provided the information, 38% (5 businesses) had revenue in excess of £1 million per year (see Table 5.3).

Table 5.3: Revenue Profiles²⁰

Revenue Band	Bioscience	Creative	IT/Digital	All
Less than £50,000	15%	27%	24%	25%
£50,000 - £100,000	8%	15%	8%	13%
£100,000 - £250,000	15%	10%	19%	13%
£250,000 - £500,000	8%	11%	8%	10%
£500,000 - £1 million	8%	5%	7%	5%
More than £1 million	38%	2%	8%	7%
Don't know	8%	3%	0%	2%
Confidential, would not disclose	0%	28%	25%	25%
Total Businesses	13	111	59	183

5.8 The vast majority of creative and IT/digital businesses surveyed were located exclusively in York. A higher proportion of bioscience businesses (36%, or 5 of those responding) were also operating elsewhere (see Table 5.4). Other locations for these bioscience companies included Mexico, Malaysia and the Netherlands.

Table 5.4: Status at Current Address

²⁰ Businesses who responded to the question by saying they were not actually trading are not included in the table

Status	Bioscience	Creative	IT/Digital	Other	Grand Total
Sole premises of the business	57%	87%	88%	80%	85%
HQ with other parts of the operation elsewhere	36%	3%	7%	0%	7%
A branch or division with HQ elsewhere in the UK	0%	8%	0%	0%	5%
A branch or division with HQ outside the UK	0%	2%	1%	0%	2%
Other	7%	1%	3%	20%	2%
Total Businesses	14	115	67	5	196

- 5.9 Most businesses in the three clusters have been in their current premises for a relatively long period of time - generally three or more years. Creative businesses in particular have been located in their current location for more than 5 years with 31% (29) stating they have been there between 6 and 10 years and a further 37% (35) stating it has been over 10 years. Almost a third (18) of IT/digital businesses surveyed have been in their current location for between 3 and 5 years and a further 39% (22) longer than 5 years (See Table 5.5).

Table 5.5: Time Located at Current Site

Time Period	Bioscience	Creative	IT/Digital	Grand Total
1 Year Ago	18%	4%	14%	9%
2 Years Ago	9%	8%	14%	10%
3 to 5 Years Ago	36%	20%	32%	25%
6 to 10 Years Ago	18%	31%	23%	27%
More than 10 Years Ago	18%	37%	16%	28%
Total Businesses	11	95	56	162

- 5.10 Businesses were asked their reasons for locating in York and Table 5.6 highlights the feedback. More than one response could be given and common reasons provided were:

- The availability of suitable premises - cited by 56% (109) of companies
- The availability of affordable premises - raised by 51% (100) of businesses
- Having a personal association with the area - highlighted by nearly one third (58) of companies
- Attractiveness of York as a place to live and work - 26% (51) companies raised the importance of this
- Good transport links - cited by 20% (39) of businesses

Table 5.6: Reasons for Locating in York

Factor	Bioscience	Creative	IT/Digital	Grand Total
Suitable premises available	64%	66%	36%	56%
Affordable premises available	36%	60%	39%	51%
Personal association with the area	29%	28%	33%	30%
Attractiveness of environment to live and work	14%	22%	36%	26%
Good transport links	43%	17%	21%	20%
Prefer to work from home	7%	13%	24%	16%
Other	7%	12%	21%	15%
Good quality local workforce	0%	6%	9%	7%
Located close to key sector/clients	21%	8%	1%	7%
Good reputation as a business location	0%	4%	9%	6%

Factor	Bioscience	Creative	IT/Digital	Grand Total
Availability	0%	8%	1%	5%
Good business support available	0%	5%	3%	4%
Business friendly council	0%	2%	3%	2%
Total Businesses	14	115	67	196

Existing Accommodation Profile

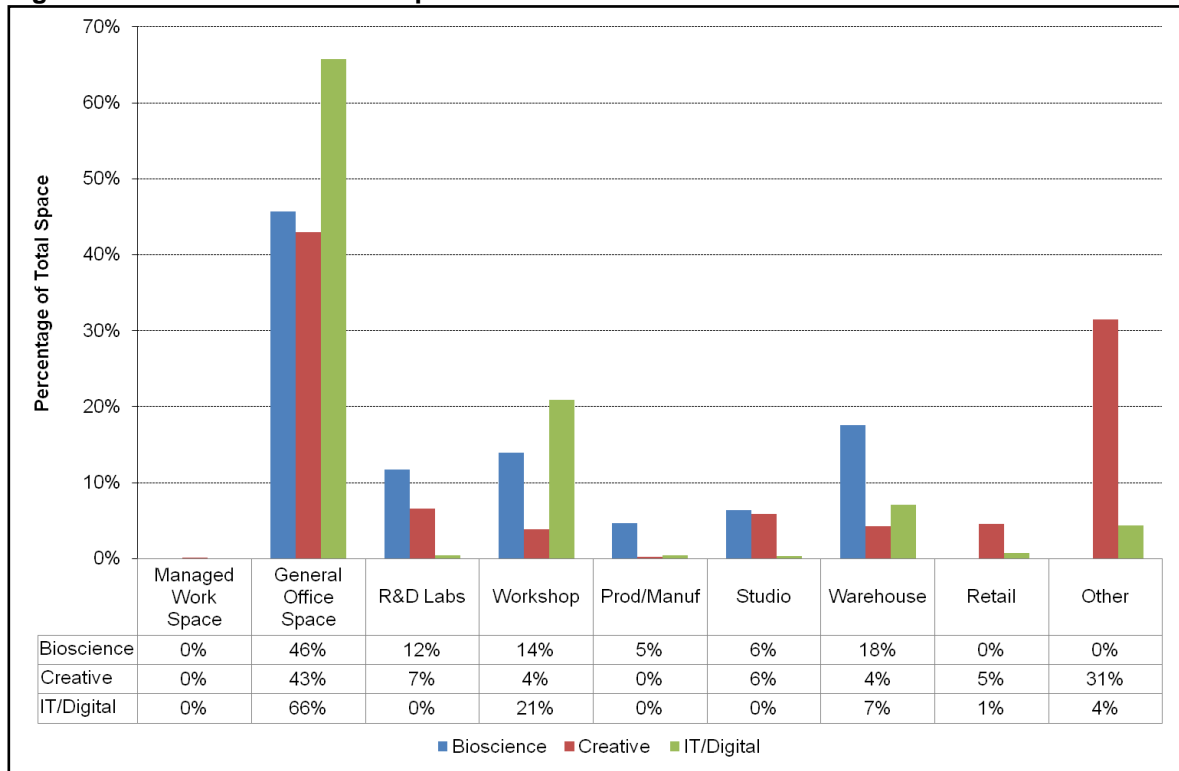
- 5.11 Of those businesses that were able to provide estimates on the amount of floorspace currently occupied, the clear trend is that companies are generally located in smaller accommodation up to 100 sq m. In particular, 35% (24) of creative businesses occupied up to 25 sq m, while 44% (19 IT/Digital) companies fell within a similar size bracket (see Table 5.7).

Table 5.7: Size of Premises Occupied by Businesses

Size Bands	Bioscience	Creative	IT/Digital	Grand Total
Up to 10 sq m	14%	22%	30%	24%
11 to 25 sq m	0%	13%	14%	12%
25 to 50 sq m	29%	26%	14%	23%
50 to 100 sq m	14%	14%	7%	12%
100 to 250 sq m	14%	16%	19%	16%
250 to 500 sq m	14%	7%	9%	8%
500 to 1,000 sq m	14%	0%	7%	3%
1,000 sq m +	0%	1%	0%	1%
Total Businesses	7	69	43	119

- 5.12 IT/digital floorspace mainly consists of office space (66% of space) and a small amount of workshop/warehouse facilities (7% of space). Creative businesses were also mainly using office space with a high percentage classed as “other”. This consisted largely of people working from home. Bioscience businesses were slightly more diverse, although general offices remained as the most common type of floorspace (see Figure 5.2).

Figure 5.2: Breakdown of Floorspace



5.13 Businesses were also asked whether they had access to specialised space and equipment in their current premises. In total, 60 companies (4 bioscience; 35 creative and 21 IT/Digital) stated that they did and this was broken down as follows in each of the clusters:

- Biosciences: Chemicals room/laboratory equipment
- Creative: Cameras, computers/computer design software, dark room, meeting room, sound recording equipment and studios
- IT/Digital: Meeting rooms, clean room, printing facilities, dust extraction filters and specialised heating equipment

5.14 Looking at current accommodation ownership, over half of creative businesses owned their own premises - mainly because they work from home or the office is based within their home. IT/digital companies also had a high rate of ownership at nearly 50%. Bioscience businesses were more likely to lease their premises (see Table 5.8).

Table 5.8: Ownership of Existing Accommodation

Cluster	Lease	Licence	Own	Refused	Total Businesses
Bioscience	85.7%	0.0%	14.3%	0.0%	14
Creative	38.3%	0.9%	56.5%	4.3%	115
IT/Digital	47.8%	1.5%	49.3%	1.5%	67
Grand Total	44.6%	1.5%	51.0%	3.0%	196

5.15 Of those businesses leasing their existing accommodation, a variety of lease lengths were identified - ranging from 3 months to over 10 years. The highest proportion of businesses have agreements for 10 years or more year - 34% (25) of all companies within the three clusters.

Table 5.9: Tenancy Agreements for Businesses who are Leasing Accommodation

Lease Period	Bioscience	Creative	IT/Digital	All
Up to 3 months	0%	13%	7%	8%
Up to 6 months	8%	6%	3%	5%
Up to 1 year	31%	0%	28%	16%
Up to 3 years	15%	19%	24%	21%
Up to 10 years	23%	32%	21%	26%
Greater than 10 years	15%	10%	3%	8%
Flexible	8%	19%	14%	15%
Total Businesses	13	31	29	73

- 5.16 As part of the survey, businesses were asked to rank on a scale of 1-5 (1 being very important and 5 being not important at all) how important a number of factors were in choosing York as a location for their business. Table 5.10 shows the averages scored based on the responses given. This highlights that overall, rental costs are the most important factor for businesses, while the importance of having an all inclusive property charge also emerged from the survey.

Table 5.10: Key Factors in Choosing York as a Business Location

Factor	Average Score			
	Bioscience	Creative	IT/Digital	All
Rental costs	1.4	1.5	1.3	1.4
Single, all inclusive property charge such that costs are predictable	2.0	1.9	1.8	1.9
Access to customer base	3.6	2.8	2.7	2.8
Access to skilled staff	2.3	3.2	2.5	2.9
Being located close to the ring road	2.7	3.1	3.1	3.0
Being located close to city centre	3.3	3.1	3.1	3.1
Access to suppliers	2.9	3.6	3.5	3.5
Access to specialised facilities/ equipment	3.6	3.6	3.6	3.6
Being near to other similar businesses	3.1	3.9	4.0	3.8
Access to business support services	3.6	4.0	3.9	3.9
Being located close to York Science Park	3.9	4.1	4.0	4.0

Future Requirements

- 5.17 Very little contraction in employment is anticipated in any of the clusters, with bioscience companies (57% - 8 businesses) being the most optimistic about increasing over the next three years (see Table 5.11).

Table 5.11: Growth Expectations over the next 3 Years

Cluster	Increase	Decrease	Stay the same	Don't know	Total Businesses
Bioscience	57%	7%	29%	7%	14
Creative	30%	6%	53%	10%	115
IT/Digital	52%	0%	43%	4%	67
All	39%	4%	48%	8%	196

- 5.18 In terms of future growth estimates, Table 5.12 summarises the main findings from those businesses that were able to provide details - it is evident that these businesses are anticipating growth over the next three years, with IT/digital companies most optimistic.

Table 5.12: Future Employment Estimates over the next 3 Years

Cluster	No. Of companies providing growth estimates	Responding companies' current no. of staff (FTE)	New jobs estimated over next 3 years	% Increase	Average increase per company (FTE)
Bioscience	7	113	27	24%	4
Creative	33	303	77	25%	2
IT/Digital	34	324	147	45%	4

- 5.19 While these growth rates provide a good indication regarding the health of the sector, the low response rate to the particular survey questions means the data cannot be robustly grossed up.
- 5.20 Despite the optimistic view of future growth, the majority of companies (78%) are not expecting any change in accommodation requirements in the next three years. This can partly be explained by the fact that the average growth in job numbers in Table 5.12 is relatively small at between 2 and 4 FTE employees. Only 2% of companies are expecting to relocate elsewhere, which is a positive finding for the study (see Table 5.13).

Table 5.13: Accommodation Requirements over the next 3 Years

Cluster	Move within York	No change	Relocate elsewhere	Total Businesses
Bioscience	35.7%	64.3%	0.0%	14
Creative	13.9%	85.2%	0.9%	115
IT/Digital	28.4%	68.7%	3.0%	67
All	20.4%	78.1%	1.5%	196

- 5.21 A number of companies stated (20.4%, or 40 businesses) that they were likely to move within York over the next three years and reasons included:
- Biosciences: More space required, expansion plans and obtaining a secondary site for warehousing
 - IT/Digital: More space required, better transport links and the need to be closer to other offices/laboratories
 - Creative: Increasing space requirements, the need for a high street location, addition of storage space and diversifying product ranges
- 5.22 More detailed analysis can be undertaken on the 40 businesses that stated they are likely to move within York over the next three years to identify potential floorspace requirements. The findings from the survey have been grossed up to provide a view on overall demand within the science and technology sector.
- 5.23 The following assumptions have been used to create the table:
- Total business numbers (A) are based on data from the 2008 Annual Business Inquiry

- Floorspace (F) has been estimated by applying a standard net employment density for offices of 12 sq m per FTE employee²¹ to the current job estimates of the companies that expect to move within York over the next three years. In order to provide a gross floorspace figure, this has been increased by 25%

Table 5.14: Estimated Floorspace Requirements in the next 3 Years in York's Science and Technology Sector

	Bioscience	Creative	IT/Digital	Total
(A) Total Businesses	30	800	400	1,230
(B) Sample	14	115	67	196
(C) Grossing up factor (A/B)	2.1	7.0	6.0	-
(D) Businesses expecting to move in next 3 years within York	5	16	19	40
(E) Current jobs at these companies (FTE)	97	64	145	305
(F) Floorspace (sq m)	1,448	953	2,168	4,568
(G) Total requirement (sq m) (F*C)	3,102	6,626	12,940	22,668

- 5.24 The key findings from Table 5.14 are that over the next three years, if employment levels remain the same, those businesses expecting to move in York will require approximately 4,568 sq m of floorspace. Grossing this figure up to represent the entire Science and Technology sector, the requirement equates to just over 22,500 sq m.
- 5.25 Taking into Figure 5.2, the broad breakdown of floorspace can be summarised as:
- **Bioscience:** Office/Studio - 50%, Warehousing/Manufacturing/Workshop - 40%, R&D - 10%
 - **Creative:** Office/Studio - 80%, Warehousing/Manufacturing/Workshop - 10%, R&D - 10%
 - **IT/Digital:** Office/Studio - 70%, Warehousing/Manufacturing/Workshop - 30%
- 5.26 Businesses were also asked whether they are likely to have any specific support needs over the next three years. 29 businesses (two from biosciences; 16 creative; 11 IT/Digital) identified any needs and these included:
- Biosciences: Manufacturing advice and relocation support
 - IT/Digital: Business development/expansion, finance/accountancy, funding support, training and secretarial requirements
 - Creative: Employment advice, cheaper bank charges, financial planning, IT support, expansion planning, secretarial support and technical training courses

Benefits of Locating in York

- 5.27 Businesses were asked to highlight the benefits of being located in York. More than one response could be provided and within each of the three clusters, three common benefits were identified. However, the order of these varies slightly and the top three benefits of being located in York for businesses within each cluster are listed in Table 5.15. For example, transport links were identified as the top benefit by bioscience companies, whereas creative and IT/digital companies cited the overall attractiveness of York's environment as a place to live and work.

²¹ Sourced from: Employment Densities Guide. 2nd Edition, 2010 - Homes and Communities Agency

Table 5.15: Top Three Benefits of being located in York by Cluster

Rank	Benefit		
	Bioscience	Creative	IT/Digital
1 st	Transport	Attractiveness of environment to live and work	Attractiveness of environment to live and work
2 nd	Attractiveness of environment to live and work	Transport	Central location
3 rd	Central location	Central location	Transport

5.28 Table 5.16 provides details on all benefits identified by companies.

Table 5.16: Overall Benefits of being located in York

Benefit	Bioscience	Creative	IT/Digital	Grand Total
Attractiveness of environment to live and work	16.7%	28.0%	19.2%	24.5%
Transport	26.7%	16.3%	14.2%	16.4%
Central location	16.7%	12.6%	15.0%	13.6%
Other	6.7%	11.4%	15.8%	12.4%
Access to clients/customer base	0.0%	11.4%	9.2%	9.8%
Personal association with the area	3.3%	7.7%	11.7%	8.6%
Access to labour/skilled workforce	13.3%	4.1%	5.0%	5.1%
Tourism trade	0.0%	4.1%	0.0%	2.5%
Close to University/Science Park	10.0%	0.0%	3.3%	1.8%
Strong business community	0.0%	2.0%	1.7%	1.8%
Cost	0.0%	0.4%	4.2%	1.5%
Close to suppliers	6.7%	0.0%	0.8%	0.8%
Good business support available	0.0%	1.2%	0.0%	0.8%
Communications	0.0%	0.4%	0.0%	0.3%
Infrastructure	0.0%	0.4%	0.0%	0.3%
Total Responses	30	246	120	396

Perceived Barriers

- 5.29 In addition to benefits, companies were asked what they viewed as the main barriers. More than one response could be provided. Table 5.17 summarises the views of companies who identified one or more barrier.
- 5.30 Despite York's transport links being highlighted as a benefit of the area, 48 companies (18% of total responses) believed them to be a constraint, while rising costs were identified as an issue by 45 businesses (16.9% of responses). Looking at transport-related barriers in further detail, the main issues highlighted by businesses related to congestion (especially on the ring road during peak hours) and the rising cost of public transport. Barriers relating to rising costs included increasing rents and the cost of parking in York. These trends were similar across each of the three clusters.

Table 5.17: Barriers for Science & Technology Businesses in York

Barrier	Bioscience	Creative	IT/Digital	Grand Total
Transport	19.0%	14.1%	26.3%	18.0%
Rising Costs	19.0%	18.2%	13.2%	16.9%
York as a business location	9.5%	15.3%	15.8%	15.0%
State of Economy	9.5%	17.6%	9.2%	14.6%
Parking	4.8%	8.8%	2.6%	6.7%
Lack of Suitable Business Premises	14.3%	5.9%	2.6%	5.6%
Council/Local government	4.8%	2.4%	9.2%	4.5%

Barrier	Bioscience	Creative	IT/Digital	Grand Total
Internet	-	4.1%	7.9%	4.9%
Access to Finance	4.8%	2.9%	1.3%	2.6%
Competition	4.8%	2.9%	1.3%	2.6%
Other	-	2.9%	2.6%	2.6%
Skill Supply	4.8%	-	5.3%	1.9%
Marketing	-	1.8%	1.3%	1.5%
Business Support	-	1.8%	-	1.1%
Government Policy	4.8%	0.6%	1.3%	1.1%
Attracting Customers	-	0.6%	-	0.4%
Total Responses	21	170	76	267

Key Issues for the Property Strategy to Consider

5.31 Companies were also asked to identify up to three issues a Property Strategy for the Science & Technology sector in York should address. The responses provided differ slightly within each of the three clusters and the main issues are summarised in Table 5.18. Overall, three issues emerged as the most important for businesses:

- Transport/accessibility - one third (73) of responses
- Cost and affordability - 27% (60) of responses
- Provision of a flexible accommodation offer - 18% (39) responses. The figure rises to more than 40% when companies from the bioscience cluster are analysed

Table 5.18: Issues for the Property Strategy to Consider

Issue to be addressed	Bioscience	Creative	IT/Digital	Total
Transport/Accessibility	14.3%	38.0%	28.6%	33.3%
Cost & affordability	19.0%	28.9%	26.8%	27.4%
Flexible accommodation offer	42.9%	16.2%	12.5%	17.8%
IT infrastructure	4.8%	4.2%	19.6%	8.2%
Balance between city centre & non-city centre locations	4.8%	7.0%	3.6%	5.9%
Supporting local businesses	4.8%	2.8%	1.8%	2.7%
Develop links to the academic/scientific community	0.0%	1.4%	5.4%	2.3%
Address planning constraints	0.0%	1.4%	1.8%	1.4%
Accommodation database	4.8%	0.0%	0.0%	0.5%
Attracting new businesses & supporting existing companies	4.8%	0.0%	0.0%	0.5%
Total Responses	21	142	56	219

Summary Findings

5.32 Table 5.19 provides a summary of the main findings and highlights some of the differences in responses between each of the three clusters.

Table 5.19: Snapshot of the Clusters

	Bioscience	Creative	IT/Digital
Number of companies	14	115	67
5 employees or less	42%	89%	79%
16-20 employees	21%	3%	2%
Annual revenue less than £100,000	23%	42%	32%
Annual revenue more than £1 million	38%	2%	8%
3 or more years at current site	72%	88%	71%
Occupying premises of 50 sq m or less	43%	61%	58%
Expect to move within York over next 3 years	36%	14%	28%
Lease existing accommodation	86%	38%	48%
Own existing accommodation	14%	57%	49%
Expect to grow over next 3 years	57%	30%	52%

6.0 Stakeholder Workshop

- 6.1 The findings from the research were presented at a consultation event held in York in January 2011. 20 people from the public and private sector attended. A full list of the organisations represented is provided in Appendix E.
- 6.2 The presentation was followed by facilitated workshops where attendees had the opportunity to debate the findings and provide feedback to help shape the recommendations in the resulting property strategy. The workshops were structured around three key questions and Table 6.1 goes on to summarise the main findings:
- What does York need to do to enhance the performance of the science and technology sector in the city?
 - How can the public and private sector work together to deliver enhanced performance?
 - What are the main priorities that should be addressed through a property strategy?

Table 6.1: Workshop Findings

Discussion Topics	Summary Points
<i>Enhancing the performance of the science and technology sector in York</i>	<ul style="list-style-type: none"> ▪ Increased promotion of the sector is required and York needs to highlight particular strengths it has. Can lessons be learnt from elsewhere, for example Cambridge? ▪ In addition to spin-out investment, York needs to attract spin-in opportunities. The city can also be promoted abroad as a place to do business in the sector. ▪ The quality of land available and ready for development must be improved. There is substantial land allocated in York, however much of it is constrained or has unfavourable access to the road network. ▪ The lack of occupier demand and funding is a key constraint for available sites in York. These issues must be addressed in order to support the development of the sector. ▪ York needs a stronger city centre office market to enable it to compete with other locations – the city centre has the amenities, character and profile, but is constrained by a lack of land and floorspace. Out of town business parks will be viewed against competition elsewhere such as Thorpe Park in Leeds.
<i>How the public and private sector can work together</i>	<ul style="list-style-type: none"> ▪ Joined up working is important, in addition to getting the right people around the table to talk to companies. The approach at the moment is fragmented. ▪ The public sector has an important role to play in terms of facilitation. If someone comes to York, they need answers from people on the issues they are interested in – i.e. what is York's offer? ▪ The core development risk is higher than ever, taking into account low levels of demand, the fact that the entire building needs to be saleable, existing stock is depressing rents and £17 per sq. ft is the minimum rent required. As such developers are unlikely to build unless issues like this are addressed. The public sector can reduce the core risk by leasing at a base rent and sub-letting the building to key sectors, with shared public and private receipts over and above this level.
<i>Priorities to be addressed through the property strategy</i>	<ul style="list-style-type: none"> ▪ Ensuring there is a hierarchy of appropriate space (start-up, grow-on and mature) for the sector and that it is promoted in strategic locations across York. ▪ Rationalising the number of strategy groups and forums to give more

Discussion Topics	Summary Points
	<p>profile to the sector and to create a central focal point where investors/businesses can get answers to their questions.</p> <ul style="list-style-type: none">▪ Changing the perceptions of people – science and technology does not only include life sciences. The creative and IT/digital clusters are key clusters.▪ Exploiting links with the universities.▪ Innovative use of existing stock in the city centre to meet demand within the creative sub-sector.▪ Fast broadband across the city is critical, particularly in light of the growth in cloud computing.▪ Release the York Central site with a full masterplan, phasing details and addressing access issues so that a science and technology focal point can be created.

7.0 Conclusions and Implications

7.1 This final section highlights the main conclusions to be drawn from the research and identifies the implications for developing the property strategy in terms of the current science & technology sector and York's property portfolio.

The Current Science & Technology Sector in York

Size, Structure and Growth Expectations

7.2 The research suggests that in terms of the overall size of the three clusters in York:

- **Creative** is the largest cluster, at 4,700 employees and the majority of existing occupiers in York are either sole traders or have less than 5 FTE employees. They are also located almost exclusively in York
- **IT/digital** is also characterised by small companies and the cluster in total accounts for 3,000 employees in York
- **Bioscience** is characterised by an increasing number of smaller companies with overall employment decline masking turnover growth, reflecting trends to outsourcing and less outside capital investment in the sector. Occupiers from the biosciences cluster are slightly larger in employment terms, with more companies employing between 16 and 20 people. Total employment is approximately 500

7.3 While companies from the three clusters are positive in terms of their future growth expectations, the estimated increases in job numbers remain small over the next three years at between 2 (for creative) and 4 (bioscience and IT/Digital) FTE positions in each business. This means that the overall size of the current science and technology sector in York may grow in terms of employment, however existing businesses are likely to remain relatively small.

Existing and Future Accommodation Needs

- **Generic trends:** Science and technology companies in York are generally located in smaller accommodation up to 100 sq m, a trend that is more pronounced within the creative and IT/Digital clusters. Rental costs are the most important factor for companies when choosing an area to locate, while the importance of having an all inclusive property charge also emerged from the research
- **Mismatch between landlord and tenant expectations:** The stakeholder workshop event and business survey have identified a clear mismatch between the expectations when it comes to agree acceptable occupational terms for space. Science and technology occupiers are, understandably, seeking flexible and cheap accommodation to meet their needs while landlords, equally understandably, are seeking security of income and market rents in order to make development viable
- **Each sector has distinct needs:** Bioscience, Creative and IT/Digital each have differing occupational requirements and this needs to be reflected in the emerging strategy. For example:
 - **Creative:** In terms of ownership, creative businesses are more likely to own their own premises - mainly because they work from home or the office is based within their home. As noted at the stakeholder workshop, innovative use could potentially

be made of existing stock in the city centre to meet demand within the creative sub-sector

- **IT/digital:** IT/digital businesses are also more likely to own their own premises - again, because they are working from an office in their home
- **Bioscience:** Bioscience businesses are more likely to lease their premises, reflecting the increased requirement for more specialist accommodation by companies within this cluster

7.4 It is important that any property strategy for Science City York caters for the existing and new occupiers to the city. There are three sources of data which provide an indication of future accommodation needs for the sector:

- **Known market requirements:** DTZ is aware of approximately 5,800 sq m (62,000 sq ft) of office requirements in the York area from occupiers which fit within the target sectors: Siemens (1,850 sq m/20,000 sq ft); (Bio-analytical (1,400 sq m/15,000 sq ft); Elmwood Design (1,400 sq m/15,000 sq ft); and Xceleron (1,115 sq m/12,000 sq ft)
- **Forecasts for the sector:** Through relating anticipated national growth rates in employment in the target sectors to standard floor space densities, we can deduce that there is the *potential* for approximately 40,000 sq m of additional floor space over the period 2010-2020 (thus 4,000 sq m per annum on average), assuming that York can match national growth rates
- **Proportion of annual take up:** Overall levels of take up of office floorspace have averaged approximately 7,000-10,000 sq m per annum in recent years. Given that the science and technology sector accounts for 8% of total employment²² in York, all things being equal it may be assumed that it also accounts for similar levels of take up (600-800 sq m per year)
- **Survey of occupiers:** Of those companies likely to move over the next three years, increasing space requirements is the most common reason. If employment levels remain the same, those businesses that responded to the survey and are expecting to move in York will require approximately 4,500 sq m of floorspace over the next three years (1,500 sq m per annum). Grossing this figure up to represent the entire Science and Technology sector, the requirement equates to just over 22,500 sq m (7,500 sq m per annum) (see Table 7.1)

Table 7.1: Future Floorspace Estimates over the next 3 years

	Bioscience	Creative	IT/Digital	Total
Floorspace - from business survey (sq m)	1,448	953	2,168	4,568
Total requirement grossed up to the sector (sq m)	3,102	6,626	12,940	22,668

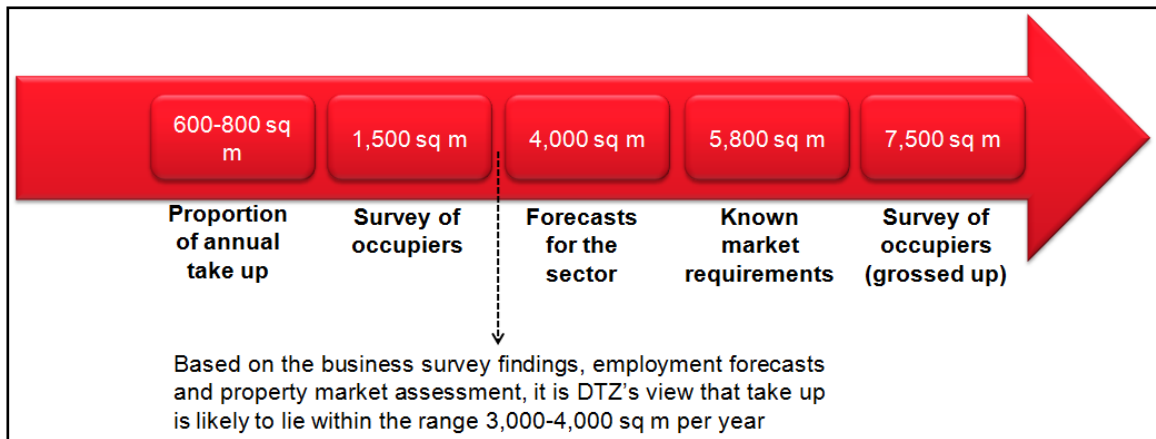
7.5 The broad breakdown of floorspace can be summarised as:

- **Bioscience:** Office/Studio - 50%, Warehousing/Workshop - 40%, R&D/lab - 10%
- **Creative:** Office/Studio - 80%, Warehousing/Workshop - 10%, R&D - 10%
- **IT/Digital:** Office/Studio - 70%, Warehousing/Workshop - 30%

7.6 Based on the floorspace demand estimates outlined above, the annual take up for science and

²² Total employment in 2008 was 101,000. Employment in the science and technology sector was 8,170.

technology floorspace lies within the range:



Developing York's Portfolio

7.7 Correlating our findings from the business survey and other demand research against the city's existing property portfolio highlights a number of gaps and mismatches which provide some pointers as to the focus of any future property strategy. These are summarised in Table 7.2.

Table 7.2: Key Issues to Consider for the Property Strategy

	Demand	Supply	Gaps/Mismatches
Quantity of floor space	5,800 sq m of known requirements in target sector - assumed as upper limit for annual requirements	90,000 sq m of office space currently on market (EGI/Focus) and significant pipeline supply	Substantial quantitative supply exceeding quantity of demand
Size of premises available	59% of property requirements under 50 sq m of floor space/ 39% of requirements between 50-1,000 sq m/1% requirement over 1,000 sq m	Less than 3% of available premises provide under 50 sq m of space/89% of availability between 50 sq m and 1,000 sq m/10% of availability is for premises of over 1,000 sq m	The main gaps are in the small size bracket up to 50 sq m of floor area
Tenure	Business survey indicates 50/50 lease/freehold with existing occupiers, although it is noted that many respondents work from home	80% of office availability is available on leasehold basis with only 20% available as freehold	Limited supply of freehold office opportunities
Location	Business survey indicated a mix of locations including city centre	Majority of supply in out of town locations although some schemes proposed in the city centre	Need for stronger city centre office market to support non lab based functions
Age and quality	Demand likely to be for a mix of old and new depending on nature of operations and ability/willingness to pay for Cat A standards	Mix of older stock in city centre and out of town (e.g. Clifton Moor) and new space.	Possible gap in supply of cheap, basic spec accommodation that can be used for creative businesses and or specified by occupier
Support services	Biosciences: Manufacturing advice and relocation support IT/Digital: Business development/expansion, finance/accountancy, funding	Bio Centre at York Science Park IT Centre at York Science Park	Sustainability of funding from public sector may restrict future provision.

	Demand	Supply	Gaps/Mismatches
	support, training and secretarial requirements Creative: Employment advice, financial planning, IT support, expansion planning, secretarial support and technical training courses.	Science City York Phoenix Centre	

7.8 In summary, it is clear that - purely in quantitative terms - there is no shortage of sites or premises to meet the future occupier requirements. There is a considerable quantity of office accommodation on the market and a number of strategic sites which present an even greater pipeline of stock. However, whilst the quantity of floor space that is available is significant, it is not necessarily of the right type and in the right location to meet requirements and there are question marks over the deliverability of much of the forward supply.

Market Failure

7.9 A range of market failures are at play in the science and technology sector in York. These market failures are amplified in the Creative/IT digital sector (7,700 employees) where the majority of businesses are small (80-90% have 5 employees or less) around half own their own premises (many smaller businesses working from home) and 60% occupy less than 50 sq m. Three main market failures exist:

Information failure

7.10 Businesses do not fully appreciate or value the benefits of good quality business space where they can interact more effectively with other businesses, raise their profile, gain market advantage and have access to meeting facilities and other services. Many businesses are not ‘property savvy’ and simply see premises as a cost to be minimised.

7.11 Property developers are unable to get robust information on demand due to the fragmented nature of the sector with its many small businesses. For medium-sized businesses, there is anecdotal evidence of a shortage of suitable affordable business space. The size and nature of these requirements is not understood or met by the property market.

Risk aversion

7.12 Businesses are unwilling to commit to long leases with associated rent and service charges given market uncertainty and short term outlooks.

7.13 Property developers are unwilling to invest in speculative development as they need to achieve a minimum rent of around £17 per sq. ft, security over lease length and certainty about take up. This problem is exacerbated in the bioscience sector, with rents generally higher at circa. £30 per sq ft for lab-based facilities, for example.

Externalities

7.14 Businesses are focused on day to day management and income generation within their own business. Property developers are unwilling to invest in providing wider economic development benefits to York through provision of space to encourage the sector to cluster and grow.

Recommendations

7.15 Taking into account the gaps, mismatches and market failures identified above, we recommend the

following measures as key to enhancing the city's property portfolio:

- Strengthen the city centre office market - many occupiers in the target sectors require general office space, with a preference for city centre to out of town locations. The physical limitations of central York have acted as a major impediment to the city's office market historically, but the delivery of York Central as a new business quarter, and within that a focal point for science and technology could redefine the city's offer, meeting the needs of a range of occupiers and enabling York to compete with other major CBD cities
- Support the development of Heslington East as the next phase of York's science park offer – the proximity of the existing science park, university campus and other facilities make Heslington East a natural choice as the focus for future R&D activity. The strategy should support that as a location for knowledge intensive businesses
- Utilisation of surplus public sector assets for creative work space - there is a lack of accommodation focused on the creative sector to encourage cluster growth and a move out of home-working. There are a number of underutilised public buildings that could be brought forward for such use such as Guildhall
- Small business accommodation - the shortage of small business premises is a key gap in the property market offer given the emphasis and scale of businesses in target sectors. The property strategy should define ways of delivering small office space on flexible terms in a commercial manner that does not depend on ongoing public sector subsidy
- Grow on space - although much of the evidence indicates it is the smaller space where there are gaps in the offer, there is a need for York to cater for grow-on space for local businesses and inward investors. Providing an adequate ladder of accommodation remains an important concept that should be embodied by the property strategy and reflected in different locations and for different sub sectors
- Deliver affordable workshop space - light industrial accommodation can serve a wide range of functions, giving occupiers the ability to purchase freehold premises at an affordable level and fit them out to meet their requirements. Identifying a suitable location for a "light" industrial estate that can be branded for the sector could assist in this respect
- Identifying demand - there is a need for market demand from the three clusters to be crystallised into something that can be understood by property developers and can form the basis for new investment. The public sector can play an honest broker role here by assembling the fragmented demand of many small companies into firmer requirements and taking these to property developers
- Reducing development risk - there is a need for the public sector to reduce the speculative risks facing property developers to an acceptable level. This might be through taking a head lease on a development for example or through subsidy such as making land or buildings available on a peppercorn rent
- Communication and promotion - there is a need to communicate to businesses what the potential benefits of high quality business space and clustering might be. Increased promotion of the sector is required in order to promote York's strengths and establishing a central focal point where investors/businesses can get answers to their questions will be the best way of achieving this

7.16 Building on these recommendations, the next section contains the resulting property strategy for the



science and technology sector in York.

8.0 Property Strategy

Strategic Theme	Strategic Objectives	Action	Responsibility & Timeframe
<i>Promotion of the S&T sector in York</i>	Develop an overall marketing plan for S&T activity in York	Develop one overall marketing plan for the property strategy with clear branding and messaging. This will cover the key organisations involved, definitions of the sectors, key initiatives and sites	SCY
	Maximise the inward investment opportunity for York from UK and international companies	Develop inward investment propositions for UK and overseas firms in S&T	SCY Council Universities
		Develop a marketing plan for S&T within the Leeds City Region (York is to lead on S&T) and York and North Yorkshire LEP	
		Build on existing international contacts/partnerships which the universities have	
<i>Delivering property</i>	Improve portfolio of sites to ensure fitness/readiness for market	Assess portfolio of sites and pinpoint measures necessary for unlocking constraints/making them attractive to S&T occupiers and investors	Council
	Strengthen the city centre office market focusing on Hungate and York Central	Assess potential for a science and technology hub on part of the site, likely to be a multi-occupancy building with flexible unit sizes. Including assessing the possibility of applying for ERDF and Regional Growth Fund money to address funding gaps	SCY Council Network Rail Private sector
		Assess blockages/constraints to development and identify means of unlocking development including asset backed joint venture, tax increment financing, community infrastructure levy, favourable planning conditions	
	Support the delivery of Heslington East as the next phase of the city's Science Park offer	Investigate delivery mechanisms which may help alleviate upfront costs	
Reuse surplus public sector assets to target S&T occupiers	Facilitate workshop with key partners to investigate scope for S&T development in forthcoming masterplan. Provision of a hierarchy of space and availability of space are important considerations including requirements for small workspace as planning requirement	SCY Universities Council	
	Establish database of potentially surplus assets. Develop criteria to identify those with potential to support the sector e.g. location, space, cost, adaptation etc.	Council SCY Private sector Universities	
Select 2-3 best performing assets and develop mini-business plans to deliver them			
	Investigate the potential for Local Asset Backed Vehicles (LABV) as a mechanism to deliver objectives		

Strategic Theme	Strategic Objectives	Action	Responsibility & Timeframe
	Promote the delivery of affordable accommodation for S&T occupiers	Identify appropriate industrial park(s) that can serve as a focus for S&T workspace and can provide a different kind of property offer to companies Develop the offer which is likely to cover proximity to transport links, car parking, cheap flexible space, S&T focus	SCY Council
<i>Partnerships</i>	Rationalise the number and type of forums supporting the S&T sector in York	Review the different business and property forums in York Identify and agree upon the best mechanism(s) for S&T Channel support and funding to that mechanism Communicate the strategic priorities to the relevant forums	Council SCY Private sector property agents Private sector developers
<i>Stimulating occupier demand</i>	Review potential to use public sector occupiers to lever private investment	Review public sector occupier requirements to identify opportunities to generate investor demand in delivering accommodation that will attract S&T occupiers	SCY City Council
	Develop the business support offer in property needs	Develop a property business support initiative alongside existing business support Engage with the private sector to provide expertise Arrange a series of workshops and surgeries entitled 'Using property to grow your business' aimed at explaining the strategy and answering questions about property provision	SCY Private sector property agents
	Assembling demand	Using the information gleaned from above, assemble demand requirements from similar company types Use demand information to engage with property developers/owners Move towards heads of terms for specific developments in new or existing buildings	SCY Private sector property agents Private sector developers



Appendix A

SIC code definitions of the bioscience, IT/digital and bioscience clusters



Biosciences

2003 SIC Code	Description
2441	Manufacture of basic pharmaceuticals
2442	Manufacture of pharmaceutical preparations
3310	Manufacture of medical and surgical equipment and orthopaedic appliances
7310	Research and experimental development on natural sciences and engineering
7320	Research and experimental development on social sciences and humanities

Creative

2003 SIC Code	Description
2211	Publishing of books
2212	Publishing of newspapers
2213	Publishing of journals and periodicals
2214	Publishing of sound recordings
2215	Other publishing
2223	Bookbinding
2430	Manufacture of paints, varnishes and similar coatings, printing ink and mastics
2464	Manufacture photographic chemical material
2465	Manufacture of prepared unrecorded media
5245	Retail sale of electrical household appliances and radio and television goods
5247	Retail sale of books, newspapers and stationery
5250	Retail sale of second-hand goods in stores
7420	Architectural and engineering activities and related technical consultancy
7440	Advertising
7481	Photographic activities
7487	Other business activities not elsewhere classified
9211	Motion picture and video production
9212	Motion picture and video distribution
9213	Motion picture projection
9231	Artistic and literary creation and interpretation
9232	Operation of arts facilities
9234	Other entertainment activities not elsewhere classified
9251	Library and archive activities
9252	Museum activities and preservation of historical sites and buildings
9253	Botanical and zoological gardens and nature reserve activities
9272	Other recreational activities not elsewhere classified
321	Manufacture of electronic valves and tubes and other electronic components
323	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods
363	Manufacture of musical instruments
923	Other entertainment activities
924	News agency activities



IT/Digital

2003 SIC Code	Description
2221	Printing of newspapers
2222	Printing not elsewhere classified
2224	Pre-press activities
2225	Ancillary operations related to printing
2231	Reproduction of sound recording
2232	Reproduction of video recording
2233	Reproduction of computer media
30	Manufacture of office machinery and computers
31	Manufacture of electrical machinery and apparatus not elsewhere classified
32	Manufacture of radio, television and communication equipment and apparatus
3320	Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment
3330	Manufacture of industrial process control equipment
3650	Manufacture of games and toys
5184	Wholesale of computers, computer peripheral equipment and software
5185	Wholesale of other office machinery and equipment
5186	Wholesale of other electronic parts and equipment
6420	Telecommunications
7210	Hardware consultancy
7221	Publishing of software
7222	Other software consultancy and supply
7230	Data processing
7240	Data base activities
7250	Maintenance and repair of office, accounting and computing machinery
7260	Other computer related activities
9220	Radio and television activities



Appendix B

Business Survey Letter



XXXXX
XXXXX
XXXXX
XXXXX
XXXXX
XXXXX
XXXXX

Email: andy.gurnell@scy.co.uk
Direct Tel: +44 (0)1904 870 051

Our ref: Science City York Property
Strategy

XX November 2010

Dear XXXX

Developing a Property Strategy for the Science and Technology Sector in York

Science City York has commissioned DTZ to help in developing a property strategy for the science and technology sector in York. You are warmly invited to participate in this process which will aim to ensure that York has the right mix of sites, buildings and facilities to support the sector's needs over the next 5-10 years and to provide a sustainable Science City York offer moving forward. The process will involve:

- An economic baseline of the sector and its prospects
- A review of existing property stock, sites and proposed developments
- A business survey to understand sector needs, growth prospects, future requirements and barriers to growth
- A workshop event to develop the strategy based on the evidence.

We are very keen to hear your views through the business survey. DTZ is working with Research Resource and you may be contacted in the next few weeks to carry out an interview at a mutually convenient time. Your answers will be treated in the strictest confidence. Only DTZ and Research Resource will hold your replies which will be combined with those of other businesses, so that no details of individual businesses are shown in the results.

In advance of the survey, it would be very helpful if you could prepare the information on the attached sheet. You do not need to send this information back to us – the interviewer will collect the information during the interview. Doing this will help save time during the interview and will ensure that the data you provide is accurate. The results of the survey will be published and be vital in providing a firm evidence base to inform the future property strategy for Science City York.

Thank you in anticipation of your help. If you have any further questions, please contact me on 01904 870 051 or: andy.gurnell@scy.co.uk. Alternatively, if you would like to speak to DTZ about the work, please contact Richard Cook on 0161 235 7649 or: richard.cook@dtz.com.

Yours faithfully,

Andy Gurnell, Science City York



Developing a Property Strategy for the Science and Technology Sector in York – Data Collection

A key element of the research is to assess the performance of businesses in the science and technology sector. This form will help us to collect meaningful data when assessing trends over the last three years. Please complete this form as far as possible and have it to hand when Research Resource contact you.

1. Number of employees

	2008	2009	2010
Full time			
Part time			
Don't know			

2. Into which of the following bands does your turnover fall?

	2008	2009	2010
Less than £50,000			
£50,000-£100,000			
£100,000-£250,000			
£250,000-£500,000			
£500,000-£1 million			
More than £1 million			
Confidential, unable to disclose			

3. Do you own, lease or licence your existing accommodation?

- a. Own – if so, what is the total value of building?
- b. Lease – if so, please identify the rental level (per sq. ft) and whether service charges (per sq. ft) are included or excluded. If this is not possible, what is the annual rent?
- c. Licence



Appendix C

Business Survey



- Company name
- Company location
- Experian classification (SIC code)
- Interviewee name & position

Background Information

Science City York has commissioned DTZ to help in developing a property strategy for the science and technology sector in York. The aim is to ensure that York has the right mix of sites, buildings and facilities to support the sector's needs over the next 5-10 years, with a special focus on Science City York's three main clusters: Bioscience; Creative; and IT & Digital.

1. Which of the clusters are you in?
 - a. Bioscience
 - b. Creative
 - c. IT/Digital
 - d. Other (please specify)
 - e. Don't know
2. What does the business do? *(General description here and then we can categorise all the responses)*
3. Number of employees

	2008	2009	2010
Full time			
Part time			
Don't know/refused			

4. Taking the current number of employees, what is the approximate breakdown in terms of whether they are based in lab space, studio space and/or office space? *(A percentage estimate is fine in the absence of specific information)*
 - a. Lab-based staff
 - b. Office-based staff
 - c. Studio-based staff



5. Into which of the following bands does your turnover fall?

	2008	2009	2010
Less than £50,000			
£50,000-£100,000			
£100,000-£250,000			
£250,000-£500,000			
£500,000-£1 million			
More than £1 million			
Confidential, would not disclose			

6. What is the status of the business at this address?

- Sole premises of the business (GO TO QUESTION 8)
- A headquarters with other parts of the operation elsewhere (GO TO QUESTION 7)
- A branch or division with headquarters elsewhere in the UK (GO TO QUESTION 7)
- A branch or division with headquarters outside the UK (GO TO QUESTION 7)
- Other (write in)

7. Can you very briefly tell me about your other sites - where they are and what they do?

	Location	Activity
Other site 1		
Other site 2		
Other site 3		
Other site 4		
Other site 5		

8. When did you move into your current location?



9. What were the main factors in choosing your current location? (Tick all that apply)

Good reputation as a business location	
Personal association with the area	
Suitable premises available	
Affordable premises available	
Good transport links	
Good quality local workforce	
Good business support available	
Business friendly council	
Attractiveness of environment to live and work	
Other (please specify)	

Existing Accommodation and Support Services

10. What type and size of accommodation do you currently occupy at this site?

	(Tick all that apply)	Total		
		Sq m	Sq ft	%
Managed office workspace (including incubation space)				
General offices				
R&D Laboratories (including incubation space)				
Workshop				
Production / manufacturing area				
Studio				
Warehouse				
Retail space				
Other (please specify)				
Don't know/refused				
Total				

NB. If respondent doesn't know, try and get them to provide an estimate.

11. In your current location, do you have access to specialised space and equipment?

- a. Yes (please explain and whether you have used it)
- b. No
- c. Don't know

12. In your current location, do you have access to specialised support services?

- a. Yes (please explain and whether you have used them)
- b. No



c. Don't know

13. Do you own, lease or licence your existing accommodation?

a. Own (if so, identify total value of building) GO TO QUESTION 15

b. Lease (identify rental level and whether service charges are included or excluded – rent per sq ft and service charge per sq ft if possible. If not possible, what is the annual rent?) GO TO QUESTION 14

c. Licence

14. If the company is renting, what are the lease/licence terms? (*Flexible, 3-6 months, 1 year, 3-5 year, 10 year+ etc.*)

15. Do you consider your existing accommodation and location adequate?

a. Yes (please explain)

b. No (please explain)

c. Don't know

16. Do you currently operate any flexible working practices in the current location? (*For example, working from home, hot desking, flexi-time etc.*)

a. Yes (please explain and whether you have used them)

b. No

c. Don't know



17. In summary, on a scale of 1-5 (1 being very important and 5 being not important at all), how important are the following factors for the location of your business?

	Very important				Not important at all	
Access to skilled staff	1	2	3	4	5	N/A
Being located close to the city centre (including trains, shops etc.)	1	2	3	4	5	N/A
Being located close to York Science Park (including universities, colleges etc.)	1	2	3	4	5	N/A
Being located close to the ring road	1	2	3	4	5	N/A
Access to specialist facilities/equipment	1	2	3	4	5	N/A
Access to business support services	1	2	3	4	5	N/A
Access to suppliers	1	2	3	4	5	N/A
Access to customer base	1	2	3	4	5	N/A
Rental costs	1	2	3	4	5	N/A
Single, all inclusive property charge such that costs are predictable (i.e. not subject to rises in utility costs, rates etc)	1	2	3	4	5	N/A
Being near to other similar businesses	1	2	3	4	5	N/A
Other please specify	1	2	3	4	5	N/A



Future Accommodation and Support

18. How do you expect the size of your workforce in York to change in the next 3 years?

- a. Increase (get quantity)
- b. Decrease (get quantity)
- c. Stay the same
- d. Don't know

19. Are you likely to have any specific accommodation requirements in the next 3 years?

- a. No change
- b. Move within York (get details – location, size equipment, etc.)
- c. Relocate elsewhere (get details – location, size equipment etc.)

20. Are you likely to have any specific business support needs in the next 3 years?

- a. Yes (please explain)
- b. No
- c. Don't know

21. What would you consider to be the three main benefits of being located in York?

Benefit 1	
Benefit 2	
Benefit 3	

22. What are three the main barriers for *(For example, lack of suitable accommodation at the right size, cost, poor location etc.)*:

a) Your business

Barrier 1	
Barrier 2	
Barrier 3	

b) Other science & technology businesses in York?

Barrier 1	
Barrier 2	
Barrier 3	



23. In your view what are the three key issues a Property Strategy for the Science & Technology sector in York should address?

Issue 1	
Issue 2	
Issue 3	

24. If you were to relocate in the future, is there anything in particular you would look to get from your new accommodation?

Close

25. Thank you for undertaking this survey. Is there anything else you would like to discuss which you feel is important to the strategy?



Appendix D
Science & Technology-related subjects at the University of York



(A1) Pre-clinical medicine
(A3) Clinical medicine
(B7) Nursing
(B9) Others in subjects allied to medicine
(C1) Biology
(C4) Genetics
(C7) Molecular biology, biophysics & biochemistry
(C9) Others in biological sciences
(F1) Chemistry
(F3) Physics
(F4) Forensic & archaeological science
(F5) Astronomy
(F8) Physical geographical sciences
(G4) Computer science
(G5) Information systems
(G6) Software engineering
(H4) Aerospace engineering
(H6) Electronic & electrical engineering
(P3) Media studies
(W3) Music
(W4) Drama
(W6) Cinematics & photography
(W8) Imaginative writing
(W9) Others in creative arts & design



Appendix E

Organisations in attendance at strategy consultation event



- Science City York
- Northminster Properties Ltd
- York Enterprise
- AWR1 Associates
- City of York Council
- NAG
- The Helmsley Group
- City of York Council
- DTZ
- Garbutt & Elliott
- York Science Park Ltd
- University of York
- Forsite Diagnostics
- DTZ
- Yorkshire Forward
- York College
- York Science Park Ltd
- Food and Environment Research Agency
- Evans
- York Enterprise