



The British Land Company PLC



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LASALLE®

LowerDonValley

Masterplan Framework

The Case for Regeneration

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## 1.0 Introduction and Strategic Context

This document has been prepared to develop the economic case for investment and regeneration in the Lower Don Valley (LDV) It pulls together, in summary format a number of reports prepared related to economic additions in the LDV at the current time. The document outlines the following issues:

- The strategic context within which investment can be considered;
- The economic case for regeneration and investment in the LDV (outlined through a review of socio-economic conditions);
- Key sectors of the property market – and their potential impact on the LDV and;
- The opportunity to attract destination uses to the LDV to complement Meadowhall, and the International Sports facilities in the area.

### ***Fit with the Sheffield City Strategy***

The Sheffield City Strategy places a high priority on creating the conditions within which leading edge businesses will support the City in the process of turning Sheffield into a **'creative and innovative producer city.'** This strategy is underpinned through the Yorkshire Forward cluster strategy, which seeks to deliver economic investment in this part of the region in the following sectors:

- Advanced manufacturing of metals;
- Environmental and energy technologies;
- Bio-sciences;
- Creative and digital industries; and
- Business, professional, and financial services.

The City also has clear aspirations to develop its latent tourism potential. Key tourism attributes include:

- The location of the City on the edge of the Peak District which accompanied by its own parks and leisure space make it one of England's greenest cities;
- Innovative cultural industries quarter and wider city cultural offering and;
- City of Sport image, built on a foundation of major sporting events and facilities.

Current regeneration initiatives spread across the City include:

- The development of the cultural industries quarter;
- A number of City Centre regeneration projects including the new retail quarter, the development of the City Hall and adjacent Precincts, the Heart of the City, Sheffield Station and Castlegate;
- A number of public realm projects particularly related to the City Centre;
- The development of the advanced manufacturing park between Sheffield and Rotherham which provides a focus for research based manufacturing;
- E-Campus, a project designed to develop e - learning, software development and other digital businesses, again in the City Centre.

The Sheffield City Strategy and project based regeneration programme illustrate key thrusts of the economic strategy. In regard to the LDV they have related primarily to the sports legacy situated in the central core area of the LDV.

In addition however the study team have begun to develop ideas and strategies for the LDV that can drive forward strategic objectives for the City set out in the City strategy. To assist the process of determining critical success factors the JLL team have looked critically at some key areas related to the City and the way it performs when compared to other centres.

The '**essence of competitiveness**' is an index developed by JLL against which a City can consider it's relative performance. In Appendix A1 we have set out traditional and emerging metrics, which can be used to benchmark performance.

As part of this study JLL have looked at some of the labour market factors that could potentially drive investment by occupiers in the Sheffield market. Given the Sheffield City Strategy and the aspirations for the LDV it is critical that the development strategy aligns with the inherent strengths that Sheffield possesses. Responses from occupiers are illustrated in Appendix A2 and A3– they highlight the growing importance of the labour pool to the decision making process.

In undertaking a critical review of some labour market issues we have benchmarked Sheffield against some comparative regional and national locations. The factors we have taken into account include skills, innovation capability, university output and economic competitiveness.

With regard to the various measures of performance we can report that:

- **University output** in the key sectors of Media/Telecoms, ICT and Biotech compares favourably in numerical terms with other leading institutions in Cities such as Leeds, Manchester and Birmingham; details are set out in Appendix A4.
- With regard to **innovation capability** Sheffield falls into a cluster group that includes Birmingham and Leeds – but it falls behind locations such as Nottingham, Glasgow, Newcastle, York, Bristol, Edinburgh and Oxford. In Appendix A5 each City is benchmarked against certain criteria related to the number of jobs and businesses created within the knowledge intensive growth industries.
- In the **regional context** the skills base in Sheffield compares favourably with other parts of South Yorkshire (Barnsley, Doncaster, Rotherham) but not as well with cities such as Leeds and York. (Appendix A6)

Our analysis of the labour market allied to the work undertaken by PwC illustrates the relative competitive position of the LDV and the wider Sheffield area. At sub-regional level the City is at the forefront of competitive labour supply, at the regional level the challenges are greater and at the national level greater still. The analysis points strongly therefore to a strategy for the LDV that seeks to improve Sheffield's competitive position providing high quality opportunities for new business investment. The strategy will clearly need to be linked to complementary programmes designed to improve the quality of the indigenous workforce.

### ***Socio-economic conditions***

The LDV masterplan area is principally industrial, located to the north east of Sheffield City Centre and bordering Rotherham. Much of the masterplan area lies within the ward of Darnall and also includes the wards of Burnside and Burngreave. A number of other wards are in close proximity to the LDV and the impact of development will be felt in Castle, Firth Park, Manor and Nethershire.

Wards within the study area contain 21% of Sheffield's total population although paradoxically the LDV masterplan area itself currently only provides homes for 2% of the total population.

The wards in the Study area are rated among the 10% most deprived wards within the country with Burngreave and Manor rated amongst the 1% most deprived.

Economic performance in South Yorkshire and the Yorkshire Humber region rates 7<sup>th</sup> out of 8<sup>th</sup> in England, although Sheffield City itself performs at a slightly higher level than other parts of the sub-region.

Education levels in both the study area and slightly wider sub area (including Rotherham) are classified as poor, 9 out of the 10 wards looked at as part of this study rank amongst the poorest 5% in the Country.

Each of the wards identified as part of the study area have lower levels of economically active populations than the national average. There appears to be an excessively high proportion of economically inactive groups who either stay at home or who are permanently ill or disabled. Levels are in some cases almost double the UK and City averages.

Unemployment rates are also high with every ward showing higher levels than the national level of 3.4%.

Occupational classification of jobs show that in both Sheffield and Rotherham Wards, only 25% of employees fall into the managerial / professional groups, almost 15 percentage points lower than the national average of 40%.

In the study area there are 235 businesses registered for VAT purposes, 96 of which were classified as small enterprises (SME's). This illustrates that the LDV masterplan area is highly industrialised with very few residents. However we would perhaps have expected more large firms to be located here than the survey suggests. This illustrates that the industrial area is dominated by SME's.

A more detailed report setting out socio-economic conditions across the LDV has been prepared by PwC. The issues illustrated here are intended to act as '**headlines**' pointing to the key issues that need to be addressed in bringing forward a long-term investment plan for the LDV.

Key sectors represented in the LDV area include metal manufacturing (operations such as Forgemasters), retail (Meadowhall and other retail parks), distribution, hotels and restaurants, public administration, education and health.

Looking at health issues, life expectancy levels are lower in the study area than the City and national average. Poverty is identified as one reason for poor health.

### **SWOT Analysis of the LDV area**

A summary of the above socio-economic data is presented in the following table showing the indicators in terms of strengths, weaknesses, opportunities or threats. From this it becomes more evident how the separate indicators link together and how they may be impacted by the masterplan.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>▪ Location next to the M1 motorway and proximity to Sheffield city centre.</li> <li>▪ Excellent transport links from Sheffield city into the LDV masterplan area.</li> <li>▪ Considered a centre of employment and attractive as location for inward investment.</li> <li>▪ High level of access to public services in the wards in the study area.</li> <li>▪ Objective 1 status which brings with it access to considerable funding opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Poor transport links within the study area and the LDV masterplan area so poor mobility of labour force.</li> <li>▪ Poor labour competitiveness especially compared to the rest of Sheffield; low levels of economic activity.</li> <li>▪ Unbalanced business population, domination by a few large organisations.</li> <li>▪ Low income levels and high reliance on state benefits renders it difficult for populations in the study area to reverse the poverty cycle.</li> <li>▪ High levels of petty crime in the area compared to Sheffield, which may deter potential investors.</li> <li>▪ Highest levels of deprivation and poor quality of life for most residents in the study area.</li> </ul>
<b>Potential Opportunities</b>	<b>Potential threats</b>
<ul style="list-style-type: none"> <li>▪ Evidence of improved perception of the masterplan area post development of the Meadowhall Shopping Centre</li> <li>▪ Availability of land for development.</li> <li>▪ Good labour supply if able to match skills to better paid jobs.</li> <li>▪ Evidence of some entrepreneurship in the adjacent wards. Availability of cheap, small premises could be capitalised to promote SME start-up in the study area and thus promote business competitiveness.</li> <li>▪ The study area should qualify for investment under the Sheffield City Strategy, which aims to focus on the most deprived areas with low educational levels above NVQ level 3, and those with poor health and high crime rates.</li> <li>▪ Transport links highlighted as being an area of investment under the plan, which should increase labour mobility.</li> <li>▪ Potential to be significant economic driver for the city.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Political barriers to development of industrial and commercially suitable land, especially with respect to land around the Motorway, planning of which is currently restricted by the Highways Agency.</li> <li>▪ Unavailability of suitable premises for business relocation may restrict economic growth of the area.</li> <li>▪ Lack of diversification of industry sectors- still heavy reliance on the steel industry, which may make area vulnerable. Attempts to diversify in the past not been successful.</li> <li>▪ Low levels of expectation and benefit culture in many of the adjacent wards may prevent residents from taking advantage of opportunities arising from the masterplan.</li> <li>▪ Poor health, housing and education levels are likely to increase necessity for further investment by local authorities in public services that despite current accessibility, do not appear to be reversing poverty trend.</li> </ul>

Given the socio-economic analysis we can clearly point to the following issues that need to be addressed in taking forward the LDV masterplan:

- Improvements to infrastructure to link communities to areas of potential economic growth;
- Improvements to labour supply to increase competitiveness, not only in the LDV but in Sheffield as a whole;



- Development of a more sustainable business and residential community that brings greater balance and economic well being to the LDV.

### ***Economic Role of the LDV***

A number of plans have been brought forward for development in the LDV over the last 15 – 20 years. The area benefited particularly from investment through the Sheffield Development Corporation in the 1980's and 90's. Amongst the significant projects that have been delivered in the LDV over the last 15 – 20 years are:

- Meadowhall regional shopping and leisure complex – opened in 1990 and comprising over 130,000 m<sup>2</sup> of shopping and leisure space; one of the most successful shopping and leisure destinations in the UK;
- Don Valley Stadium and Hallam Arena – developed to support the attraction of the World Student Games and opened in 1990 / 91. This international athletic stadium and indoor arena was provided at a combined cost of £65m and provides a focal point for the sports and leisure hub – as discussed elsewhere in this report the Sports and Leisure hub has met with differing degrees of success;
- Super Tram (Line 2) – opened in 1993 linking Meadowhall to Sheffield City Centre and delivered at a cost of £25m; but not very well patronised – an issue picked up in the movement section of the masterplan report;
- Sheffield City Airport – opened in 1996 providing internal businesses flights to short haul European destinations – but now closed to commercial traffic and unlikely to open again given the emergence of Finningley Airport;
- Carbrook Hall Business Park – opened in 1990 / 91, 11,500 m<sup>2</sup> of offices; relatively successful and fully occupied;
- Mayfield Business Park – 5,000 m<sup>2</sup> of industrial use; again successful and occupied;
- Sheffield Technology Park – opened in 1989 and including 3,000 m<sup>2</sup> of business floorspace; where proposals are now being brought forward for a further phase of development;

These development projects provide a context for contemporary development issues in the LDV pointing towards the following:

- The huge impact of Meadowhall as a regional shopping/leisure destination which not only attracts many visitors, but also provides thousands of jobs;
- The development of world class sports facilities in the LDV that genuinely have put Sheffield on the 'sporting map'; but are not performing at levels anticipated under the World Student Games legacy – there are real issues here given the ongoing commitment in financial terms of Sheffield City Council to this area;
- The emergence of the LDV as an office location – business parks have developed through the 1990's to accommodate 'out-of-town' requirements; and have performed successfully attracting a range of occupiers to the area. However the Business Park is fragmented with relatively small schemes located on isolated sites.
- Improvements in major transportation infrastructure that have opened up the LDV to a wider group of users; but Supertram does not generate enough business at the current time – it needs more users and the strategy should seek to improve usage.
- The reduced influence of industry illustrated through the land use change that has taken place – this trend is likely to continue as industry contracts and migrates to more accessible locations.

In addition to these major projects a wide range of landscape / public realm, cycle way, footpath and canal side improvements have been delivered throughout the area at significant cost.

### ***Current Policy Context***

In bringing forward a strategy for the LDV there will be a requirement to set the masterplan framework within the context of:

- The Regional Economic Strategy;

- The Sheffield Environment Strategy;
- The South Yorkshire Transport Plan; and
- The South Yorkshire Objective 1 / single programme document

In addressing these regional strategy documents the LDV must seek:

- To address targeted regeneration activity to connect communities to economic opportunities;
- Deliver development projects that fit the objectives of the single programming document;
- Work within the context of the South Yorkshire local transport plan enabling improvements in road, rail and other types of infrastructure to open up opportunities for further economic investment;
- Deliver schemes / programmes that will improve access to major projects including Sheffield Business Park, the Advanced Manufacturing Park at Waverley and other sites / premises being brought forward for economic development across the LDV area;
- Connect into the housing market renewal pathfinder projects (Transform South Yorkshire) being brought forward to improve housing stock, public realm and community opportunities in areas outlined for housing market renewal.

It is important to note that the LDV area is situated within the M1 Corridor – identified as a **Strategic Economic Zone**, eligible for substantial European funding. The masterplan therefore needs to bring forward a range of activities related to the development of employment land, and the generation of new business particularly related to target clusters that will attract financial support from the Objective 1 programme and Yorkshire Forward.

The LDV has been highlighted in the South Yorkshire spatial study, the single programme document and the Sheffield Unitary Development Plan as having the potential to provide a quantity and range of land resources necessary to enable sustainable redevelopment to take place in Sheffield.

This core plan is supported by a whole range of other strategies; including learning, tourism, cultural and skills related programmes that should deliver a work force able to respond to the opportunities created through significant development across the LDV Area.

## 2.0 Market Drivers

This section of the report provides guidance on property market dynamics related to the LDV area of Sheffield. The report has been prepared by drawing on a range of data and forecast material. The market overview seeks to outline:

- Current Supply;
- Current end user profiles;
- Future Opportunities;
- Financial Metrics; and
- Issues for the LDV property market.

This section of the report relates closely to the emerging masterplan identifying the key '**drivers**' that will make the masterplan happen and strengthen the case for regeneration. It also cross refers the land use elements of the masterplan to the four districts identified in the masterplan – Attercliffe Village, the Central Industrial Area, the Sports and Leisure Hub and the Meadowhall area.

### **Office Drivers**

The review of the office market draws on data set out in Appendix 2 of this report. In Appendix 2 statistics related to take up, demand, supply, rental and yield data, key employers and total amount of stock in the market are presented.

The office employment structure across Sheffield breaks down into four core areas – finance (including banking and finance and insurance), professional and business services, computing R&D and telecoms, public and other services. In addition it is also worth noting the profile of employment – 13.6% of the office workforce are classified as managers, 9.1% professions and 14.6% clerical. (source ONS)(Appendix B1)

Sheffield equates in scale to centres such as Liverpool and Nottingham from an office market perspective. Estimated total stock as illustrated in B2 currently stands at 600,000 sq m compared to Leeds (1.2m), Manchester (1.1m) and Birmingham (1.1m).

Sheffield is underweight in the financial, computing R&D and telecom sectors. It is overweight in the public services and other services. There are a total of 230,000 employed in offices in Sheffield; amongst the total workforce key sectors represented include 10% in finance, 11% in professional and business services, but 30% in public services and 20% in other services.

While Sheffield has seen some growth in office jobs, over the last 5 years, it has been at a lower rate than other major centres. Our forecast suggests that between 2002 / 2007 the total number of employees in offices is likely to rise by 0.3% per annum.

However over the same period prospects for Sheffield in terms of financial and business services employment are better with growth of 2.1% per annum expected. This is in line with the national average.

It may be that the prospects of employment in Sheffield are positively affected by the availability of financial incentives in the City and this could encourage further inward investment beyond that predicted.

Major private office employers in Sheffield include a number of call centre operators including Freemans, Dixons, Telewest, Midland Mainline and William Hill. Outside Sheffield in the Dearne Valley enterprise zone some 15 miles north east of City there are further call centres set up for Ventura, Powergen, the Post Office, Ikea and Trillium. It is clear that the call centre market is a significant.

Public sector jobs are also an important facet of city centre occupation. Major occupiers include Inland Revenue, the Department for Education of Skills, the Learning Skills Council and Sheffield City Council. The Home Office has recently expanded in the City Centre and the Sector Skills Development Agency has opened an office in the Dearne Valley.

Another aspect of the Sheffield office economy relates to banking and finance jobs. Major occupiers in the City include HSBC , Halifax, Norwich Union and Abbey National .

Whilst ICT is not a particularly strong part of the office stock there have been some encouraging signs including set up by Insight Enterprises of their European HQ in the LDV and the occupation of significant floorspace by EDS.

The Top 20 employers in the City are identified in B7 along with employee numbers.

## **Aspects of Supply and Demand**

This section of the report looks in detail at the Sheffield office market considers in detail the relevant aspects of supply and demand. The findings are based on research undertaken by JLL during early 2004.

### **Take Up**

The take up of office space across the City over the last three years to the end of 2003 has averaged around 30,000 sq m. Take up reached a peak in 2001 at 42,300 sq m but was back to 27,300 sq m in 2003. Figures are set out in B5. This is broadly in line with trends in other provincial City locations where take up has been under pressure over the last 18 months – 2 years.

The public sector has driven office sector growth over the last 5 years in Sheffield, accounting for 31% of all take up. This is followed by ICT at 18% and business services at 17%.

Continued levels of high government spending and the important Lyons Review may lead to further public sector investment and creation of further public sector employment.

A high number of completions have been in the 2,000 – 5,000 m<sup>2</sup> range reflecting an inward investment bias on major occupation and the profile of employers. The take up rates in Sheffield compare quite favourably with peer group markets including Nottingham and outstrip centres such as Bradford and Derby.

Key deals completed over the last 3 years in the City Centre include the following:

DLA – 5,700 sq m

Health and Safety Executive – 2,000 sq m

SDL/The Home Office - 5,600 sq m

Trillium – 7,650 sq m

Irwin Mitchell – 4,000 sq m

A full list of deals completed over 2,000 sq m is included in Appendix B8.

Rental levels in the City Centre had, until the last quarter of 2003 remained static in the £13 - £14 per sq ft range. Over the same period tops rents in other cities have fallen back by circa 3%. Yields are currently running at around 8% in line with peer group centres.

The deal recently completed with DLA on the Heart of the City has set a headline rent well in advance of this figure at a reported £18 per sq ft. There is however no other evidence of similar rental levels being achieved on recent large - scale lettings.

### ***Supply***

Sheffield does not have an easily identifiable city centre office core. Developments have been sprinkled across various parts of the city centre reflecting different expansion areas at different times. The historic focus concentrates along West Bar and Tenter Street but during the 1990's office occupation shifted to north eastern and south western peripheries of the city centre including the development corporation area in the LDV.

Development areas worthy of note include Victoria Quays, Riverside Exchange and Nunnery Square all developed during the 1990's. With regard to out town office development much is centred in the LDV and then in addition there is the Dearne Valley Enterprise Zone.

Within the LDV a number of new office schemes have been brought forward including Carbrook Business Park (occupied by Abbey National and Sheffield City Council), Arena Square and Meadow Court Business Park – close to Meadowhall Shopping Centre.

As at first quarter 2004 there is reported 37,000 sq m of office floorspace available which is slightly above the 3-year average of 31,700 sq m - a vacancy rate of 6.1%. The supply pipeline is illustrated in Appendix B4 .It is interesting to note that supply levels are at a low level when compared with the late 1990's when supply was in the order of 80,000 sq m. Much of the unwanted office stock has been taken out of the supply pipeline through conversion or redevelopment for residential use.

Stock is broken down into Grade A (5,750 sq m), Grade B (17,000sq m) and Grade C (14,250 sq m) refer to Appendix B3. Grade A space is prime , central area accommodation, delivered at high specification. Grade B space will typically be located on edge of centre sites and not built to the highest specification. Grade C space will be refurbished, rather than new build and located in non – prime areas.

It is clear therefore that Grade A space is in short supply – a trend echoed in other provincial markets. This points to a market based on pre- letting activity unable to respond quickly to large requirements. Again this is a fairly common situation in the provincial office market at the current time with speculative office development not taking place on a large scale in any of the



major markets of Leeds, Manchester or Birmingham.

### ***Demand***

Research undertaken by JLL during early 2004 has identified a range of demand for new office accommodation in Sheffield. There are a total of 11 enquiries in the market for over 1,500 sq m– with 2 large requirements for over 7,500 sq m logged on our database. Whilst there are a number of schemes in the City Centre and at the Airport Business Park that could in the medium term satisfy these requirements there is little space currently available in the market. In general terms market demand is running at around 25,000 sq m per annum on the larger requirements. This ties back neatly to take up rates and also points to the high proportion of larger requirements in the market. Our schedules of demand are contained in Appendix B6.

### ***Investment***

The investment market has seen some activity over the last two years with new schemes such as Riverside Exchange and Victoria Quays attracting interest in the investment market. Like a number of other markets shortage of product may now be constraining activity. Information received related to Riverside Exchange illustrates yields in a range of between 7.2% and 7.85%. More details are contained in Appendix B9.

### ***Trends and Future Schemes***

Having carried out a thorough review of the market and also considered labour market and wider sub/regional issues the following trends are emerging from which we can plot a course for the LDV.

- The market has witnessed solid demand for larger scale floorspace over the last 3-4 years. This has helped the market to mature and consolidate into a number of areas including the LDV;
- Reduction in overall supply has assisted in keeping rents and yields in a competitive range – most other areas have seen rents fall over the same period;
- Whilst absolute supply is not constrained there is a shortage of Grade A product – a situation replicated across the regional marketplace;
- There are a number of large schemes planned for the City Centre - however apart from the Heart of the City and Riverside Exchange these schemes do not appear to be progressing at any great pace;
- Development at the Airport Business Park has also slowed and is in any case a more 'mixed use' area combining manufacturing, R&D and offices on one site.

We have considered the Sheffield market against other provincial centres to ascertain where future trends may take the market. In considering the larger markets of Birmingham, Leeds and Manchester they all demonstrate the following characteristics:

- **Major City Centre office lead projects** – Brindleyplace, Masshouse and Arena Central in Birmingham, Whitehall Road in Leeds and Spinningfields, Southern Gateway and Piccadilly Triangle in Manchester;
- In addition they can also point to significant **out-of town activity** – Birmingham Business Park, Salford Quays and Delta Park (Leeds) for example;
- **A move to more mixed use** – with commercial development combining with residential on sites such Eastside (Birmingham), Macintosh Village and Smithfield (Manchester) and Clarence Dock in Leeds. These latter schemes are at the cutting edge with first class urban design being brought forward in edge of centre locations – these projects are confident and ambitious aimed at capturing the imagination of employers and employees alike.

The issue for Sheffield would appear to rest with the premise that to compete the City must look more expansively at the commercial office market. Much of the activity is currently focussed on the City Centre – we would advocate a broadening of the product base to bring forward schemes that can compete with the best that other major provincial cities are promoting. This would enable the City to take forward a twin centre strategy promoting the best attributes of the City Centre marketplace alongside the LDV location.

## **Summary and Conclusions in regard to the Office market**

- Whilst there a number of schemes in the pipeline, particularly in the City Centre these appear to be reliant on pre-let activity and supply of Grade A floorspace is constrained;
- Supply in the LDV is currently constrained – a number of schemes have been developed during the 80's and 90's but little is available in the current market;
- Trends in the market in recent years have seen significant call centre and administration/finance occupation. Moving forward we predict further opportunities in these occupier sectors with shared service centres taking the place of call centres;
- The Lyons Review may be a large opportunity area for Sheffield – this has been a traditional location for Central Government activity;
- In addition we predict further reviews of provision by major corporates – particularly those who have significant 'back office' activities that are not location driven. Such searches will focus on locations where incentives and skilled and affordable labour pools are available;
- In the LDV there is an opportunity to provide floorspace to meet likely future demand from larger scale in movers. Sites can be brought forward able to accommodate significant occupiers on sites with good accessibility. Such accommodation will create jobs for local people in an accessible location.

## **With regard to the masterplan**

- Given the historic trend profile we predict take up rates across the Sheffield market of around 40,000 sq m over the medium term. In line with trends over the last few years this will be met on sites in the City Centre and the LDV. In the LDV take up rates of 20,000 sq m per annum are achievable across a variety of different office types. Over a 15-year period this would lead to take up of 300,000 sq m in the LDV. This figure is illustrated on sites around Meadowhall in the masterplan.

- Given the location and financial advantages that Sheffield can point to (when compared to other potential large scale office locations) there will be opportunities to deliver large scale in – movers to the Sheffield market. Easily accessible sites with short lead in times will be required to meet this type of demand. The LDV, and particularly the Meadowhall area is ideally placed to respond to this likely area of demand.
- The office development strategy articulated in the masterplan is based on a twin centre focus. The LDV has proved a popular location with occupiers – this should continue to be encouraged on sites adjacent to Meadowhall. The strategy will complement the City Centre office developments being brought forward on a number of sites without prejudicing either areas opportunity to compete successfully for occupiers against other regional centres. This is ably demonstrated by looking at other centres such as Manchester and Birmingham where twin and multi centre strategies are being pursued successfully.
- New office development being brought forward in the LDV will take forward best practice sustainable development principles emerging across Europe. Schemes such as ***Cite International*** in Lyon illustrate how offices, residential and retail/leisure can combine to deliver an attractive business destination. The masterplan identifies an approach that will deliver a multi faceted working and living environment in line with the mixed-use approach.

### ***Industrial Drivers***

Despite changes in the economic profile of Sheffield the City still has a strong industrial base dominated by traditional steel and engineering industries. In the manufacturing sector there were just over 36,000 people employed in Sheffield in 2001 representing 16% of the total employment base.

Key sectors include steel, engineering and distribution. Major employers include Avesta, Alvac, Forgemasters and Stanley Tools. Significant job losses have been suffered at manufacturers such as Dorma, Stanley, Paramo and Corus.

Excellent logistics links, in particular proximity to M1 and M18 make Sheffield a good location for manufacturing / distribution employment uses. In Appendix C we have set out detailed information related to the relative performance of the Sheffield industrial market. In addition in Appendix C5 we have also mapped major concentrations of industrial activity – a number of which are situated in the LDV.

There are three principle locations for industrial development across the City including the LDV, which is home to many of the City's heavy industries including Avesta, Alvac and Sheffield Forge Masters. In addition a number of new industrial schemes have been brought forward on sites such as Shepcote Business Park and the Avesta site on Shepcote Lane. These developments are delivering new high quality industrial space into the market.

As illustrated in the economic overview, however the LDV is however home to a large number of SME's. The area is likely to witness continuing demand from small businesses that recognise the LDV as a traditional location for this type of activity. It is worth noting in addition however that we do not forecast significant growth in demand from indigenous occupiers. These types of occupier tend to be owner-occupiers who move infrequently – the more dynamic sectors of the market are logistics and larger scale advanced manufacturing.

Major developments are being brought forward on sites outside the City boundary such as Waverley. There are also other significant sites in areas such as the Deame Valley being targeted at the industrial sector. It is worth noting particularly the Waverley site, which is being promoted as an Advanced Manufacturing Park.

### ***Advanced Manufacturing Park, Waverley***

The AMP (100 acre) site is part of a larger development (730 acres) initiated by UK COAL Mining Ltd in anticipation of the final completion of the opencast coal mining operations (Orgreave Reclamation Scheme) programmed for completion in 2007. Consultants for UK COAL Mining Ltd., Rotherham Metropolitan Borough Council and others have submitted a proposal for this development that will create a new community that is linked with existing adjoining communities. AMP is the centrepiece of a broad regional strategy for Advanced Engineering & Metals (AEM) industries, backed by the Regional Development Agency – Yorkshire Forward.

AMP is likely to be the focus for the inward investment strategies of Yorkshire Forward related to advanced manufacturing for the foreseeable future. This large and highly accessible site in a high profile and significant regeneration priority area will provide strong competition for any similar types of development being promoted in the LDV.

### ***Distribution/Logistics***

Around 75,000 sq m of industrial and warehouse space was taken up in Sheffield in 2002, the highest level yet recorded. Of this, Next took 22,000 sq m at Provincial Park and Mastercare a pre-let of 9,700 sq m at Shepcote Business Park. These deals reflect the shift towards the distribution sector away from heavy traditional industries. Take up in 2003 was much lower at 26,500 sq m over the first half. (See Appendix C3)

Most recently the development of the Polestar printing factory has been announced on land being brought forward for development by Gazeley. This 65,000 sq m project will deliver 1,300 jobs on a brownfield site in Tinsley.

Top rents stand at around of 5.25 per ft<sup>2</sup> although rents of £6.50 per ft<sup>2</sup> have been achieved on a small number of deals. (Appendix C8) The LDV has the opportunity to bring forward sites for distribution uses but again competition is strong in the M18 and M1 corridor. Access to the LDV from the motorway network is also constrained to some degree – therefore we do not perceive this market sector as a strong driver for growth.

### **Summary related to Industrial development in the LDV**

Trends in the industrial market are moving more towards logistics and distribution away from traditional manufacturing. There are opportunities in this sector but they may be satisfied in other locations outside of the City. There are still deals in the market that prove the pedigree

of the LDV as a high quality employment location – Polestar being the obvious example, however over the medium term we predict these projects locating on AMP, and sites with better motorway access than that which is available in the Central Industrial Zone.

Prospects for the Central Industrial Zone relate more strongly to the smaller scale manufacturing sectors where there are excellent opportunities to harness aspects of the City Strategy related to cluster development to sites in the LDV. We would recommend concentrating this activity in the Central Industrial Zone where sites can be made available for bespoke industrial development projects.

Larger scale projects, particularly in the Advanced Manufacturing sector are more likely to focus on sites such as the Advanced Manufacturing Park at Waverley and others within the M1/M18 Corridors.

#### **With regard to the Masterplan**

We forecast demand for around 50,000 sq m of floorpace per annum over the medium term. Whilst a proportion of this requirement will be met in the Central Industrial Area (perhaps 10,000 sq m) we would expect the majority to be focussed on the AMP site and sites in the Shepcote Lane area.



## ***Retail Drivers***

Sheffield is the 2<sup>nd</sup> largest retail centre in Yorkshire. The City Centre has 156,000 sqm of floorspace and a further 130,000 sq m sq ft is located at Meadowhall. Other major regional centres are illustrated in Appendix D1.

Meadowhall has proved to be one of the most successful shopping centre developments in the UK. Prime rents at £360 per sq ft are the highest outside of Central London reflecting the demand from retailers for representation in the Centre. Comparison rental levels and population levels are set out in Appendix D2 and D3.

Current planning policy largely prohibits retail expansion within the LDV particularly at Meadowhall, which despite strong demand faces increasing competition. The planning authority's focus is in the short term focussed on the development of the new retail quarter in the City Centre. This will add approximately 75,000 sq m of new retail accommodation. It is scheduled for completion in 2009/10.

Further competition comes from developments in Doncaster, Barnsley, Nottingham, Bradford, and Leeds and out of town schemes such as Crystal Peaks at Mosborough. (See D4 and D5)

Development of the New Retail Quarter will inevitably impact on Meadowhall but be limited to the extent that there are differences in catchment areas. Located outside the City Centre, Meadowhall has the potential to be complementary, drawing consumers to 'Sheffield' away from other major competing centres such as Leeds and Nottingham. To do this effectively Meadowhall needs to be flexible in order to meet demand from both existing retailers (to expand) and new retailers (seeking representation). Many of these may already be located within the City centre or seeking representation. The landlord needs to be able to alter and extend the building to accommodate requirements allowing retailers to adapt to changes in market conditions and encourage new retail concepts. Without flexibility Meadowhall's ability to compete will effectively be stifled.

The most recent market research undertaken by Smith Young, retail agents for Meadowhall points to continuing demand from retailers for more floorspace at Meadowhall. This demand is being felt across all occupier sectors – however it cannot currently be satisfied within the confines of the existing shopping centre footprint. A table setting out current demand figures is included in Appendix 4.

Catchment and expenditure studies suggest that the development of the new retail quarter will divert expenditure away from Meadowhall, although this will be expected given the amount of floorspace being created in the City Centre through this project. Details for catchment and population profiles for the LDV

are set out in Appendix D7, 8,9 and 10). These tables look at relative levels of prosperity across the catchment area and areas of expenditure through review of goods purchased (D9).

With the new retail quarter scheme open and operational towards the end of this decade discussions suggest that the planning authority will not contemplate any further development in the LDV prior to the completion of the new retail quarter.

This presents a number of challenges for Meadowhall. As a self-contained retailing / leisure environment it does not link particularly effectively to adjacent sites. This is an important consideration given the requirement to regenerate significant tracts of land in close proximity to Meadowhall. The market demand analysis illustrates a number of significant requirements from end users for Meadowhall and our masterplanning work identifies a key requirement to provide greater linkage between this population magnet and sites being brought forward for development.

The first clear conclusion, therefore, from the retail study is that consideration should be given to a development scheme to the south eastern side of Meadowhall reaching into the Staybrite site that opens up the Centre and connects it to adjacent sites. This will enable pedestrian movement patterns to be improved and enable investors to bring forward sites for complementary development. Such development can be supported through our market analysis and, subject to the scale being appropriate should not have a significant impact on any other projects being brought forward across the City. Potential land uses for the Meadowhall area are set out in Appendix D11. This proposal might deliver, as a minimum, 10,000 sq m net of additional A1, A2 and A3 floorspace in the Meadowhall area.

## **Retail Futures**

The retail landscape has seen a significant amount of change in recent years, both in consumer and buying patterns. The sector has been subject to complex socio-cultural change, as well as rapid technological developments. These recent changes allow us to summarise those significant trends going forward that we consider will be key to the retail market.

### **Forecast Trends 2003-2008**

- Consumers will continue to be acutely price conscious – although more affluent than ever before, they have far more choices to make about what to spend their money on, which makes shoppers much more enthusiastic to shop around for the best deal and compare prices.

- Consumers will remain very value orientated and therefore much more willing to mix and match brands, meaning “value” is no longer a concept that applies just to the lower end of the market. This puts the middle market retailers under threat as consumers’ purchases swing between high and low status brands.
- An ageing population will be a marked feature of all European countries over the next ten years, which will have profound repercussions as the “grey agenda” becomes an ever more important one. Retailers now have to plan more effectively for this age group as the numbers and spending power of older consumers increases.
- Retailers’ customer base has changed extensively over the past 30 years. Home ownership has increased substantially and the trend towards single person households in particular has increased. Society and tastes have become more individualised as the mass market has fragmented. Consumers’ focus is changing from basic necessities and treats towards purchases providing social status and evidence of discerning taste. Our involvement in and satisfaction from the products and services we buy will have to increase if they are to be successful in the market.
- A consequence for retailers is that people can no longer be understood and served on the basis of their socio-demographic profile. Much more relevant is the socio-cultural profile, that is the values, aspirations, concerns and priorities in life that motivate people to do what they do. This insight is essential to a proper understanding of the facts and dynamics of shopping behaviour.
- Growth in spend on the traditional retail sectors of clothing and footwear is predicted to slow. The sectors likely to experience the largest growth in expenditure over the period are leisure, household and electrical goods. A number of retailers have already anticipated this growth and are developing retail formats to exploit the perceived opportunity; witness the much publicised opening of the first Marks & Spencer Lifestore, in Gateshead.

## **Technology**

- The dramatic new capabilities of IT are the main triggers of globalisation, especially the merger of telephone, television and computers. The result is that any type of communication can occur between anyone, anywhere – at very low cost.

- The combinations of new technologies will pervade every business sector. The Internet has provided new benchmarks for the majority of traditional retailing – via price comparisons, new standards of product information, dramatically increased choice and speed. More people are spending more time on-line exploring the e-commerce field, either because it is engaging and fun, or the reasons of saving time, checking out prices and getting best value for money. Existing retailers are feeling the pressure to reconsider what they offer in terms of price, choice, service and convenience.
- We consider that the major effect of the Internet on retail sales growth has been through its effect on retail pricing. The Internet is an additional distribution channel, for retailers to increase their market share in what is a very competitive trading environment and for price conscious consumers to be informed.
- Growth in retail spending by location over the period to 2008 illustrates that stronger growth is forecast in physical channels overall, growing by 23.4%, slightly ahead of total expenditure growth of 23.1%, primarily due to the very limited growth expected in the home shopping catalogue channel.

### **Implications for the Future**

- Consumers are walking away from stores and shopping centres that don't offer them service, an enjoyable experience or value for money. On-line retailing is providing price transparency and a real alternative. The consumer can now exercise an effective choice.
- Rather than “go out to shop”, people will increasingly “shop while they are out”. The choice of alternative shopping locations and range of product available in any given location will increase. Transport nodes and collection points will assume a much greater importance.
- Although some retailers will choose to operate from fewer outlets, many will require better representation in key retail locations in order to maintain brand awareness.
- Successful shopping venues of tomorrow will be anchored on the best of the large fashion and specialist retailers and incorporate leisure as an integral part of people's shopping expectations.

- The polarisation of growth that we have seen throughout the 1990s has seen the major cities and strong, regional centres winning at the expense of the smaller towns.
- The quality of environment (urban realm, parks etc.) and quality of experience will be critical in attracting tomorrow's footloose shoppers.

These are important points for the masterplan to consider in bringing forward a retail strategy for the LDV. They point to increasing competitiveness and the need to maximise the potential offered by Meadowhall and its environs to maintain Sheffield's competitive position in this sector. The overall Sheffield offer will clearly be enhanced by the new retail quarter development. The trick will be to ensure that the Meadowhall area complements that scheme and contributes to Sheffield's wider retail strategy.

### **Convenience Retail Provision**

Turning to the convenience retail sector our studies illustrate that this part of the City has not benefited from significant investment in the development of new, high quality supermarkets. The development of significant new residential areas in the LDV – 5500 new homes and a population of between 12-15,000 by 2020 will lead to significant pressure for supporting infrastructure. In particular new convenience retail facilities will be required to meet the demands of this increased population. The LDV is currently poorly served in this sector and therefore major development will be required over the life of this regeneration programme to meet needs. The current spread of major supermarkets across the City is mapped in Appendix D6.

It is important to emphasise the key role that convenience retail can have in 'place making'. To attract new residents to the LDV facilities will have to be first class. Shopping is a core component of any community. It is therefore essential that the masterplan adequately plans for the convenience retail sector.

The masterplan proposals for Attercliffe Village identify a community strategy that requires a significant overhaul of the High Street. The development of the High Street should be underpinned by construction of a new food store that will add a quality retailing component to the Attercliffe Village area. In addition, convenience retailing will support development of new residential development in the Pathfinder area and the wider Attercliffe area. We believe that catchment and market studies will underpin demand and requirement for a new convenience food store of up to 7,000 sq m

In the Meadowhall area plans forecast around 300,000 sq m of office space and 3000 new homes. This level of development will support the construction of a 10,000-sqm foodstore to support this development programme. -

The LDV strategy is unlikely to include any other significant retail development. The existing Meadowhall Retail Park provides quality provision in this area and there are no significant drivers in place to support further retail investment. One off end users such as, Costco or Ikea could find a home in the LDV – however they could also be located in other parts of the City.

### **Summary related to Retail Development in the LDV**

The axis between Meadowhall and the City Centre is now well established – one issue emerging is the lack of a strong streetscape along the LDV providing a friendly and more intimate environment. This could be improved through the introduction of further ancillary retail/leisure development along road corridors – which in turn would complement the residential and employment strategies being promoted through the masterplan.

There are specific requirements to strengthen the retail offer in Attercliffe village through the introduction of higher order convenience and comparison retail development. We believe that such development can be supported through both quantitative and qualitative retail assessments.

At Meadowhall the opportunity exists to integrate more effectively the main shopping centre with the surrounding hinterland – currently a mixture of vacant sites and lower grade industrial estates. Meadowhall is a critical LDV asset and must be supported through the LDV masterplanning exercise. The Centre will continue to evolve and change to meet the fast changing demands of the retail and leisure sector. To respond to the challenges set Meadowhall should be the focus for further development activity.

The opportunity presented – principally related to new office and residential development should be supported with development that opens up the Meadowhall centre to the south -east. To deliver this proposal (illustrated in the masterplan) some new retail and leisure space will be required. Such development can be supported in market terms – our demand analysis illustrates the potential range of end users and whilst we have not undertaken any assessment of cumulative impact we believe that the relative impact of this scale of development would be modest (in market terms).

### **Residential Drivers**

The LDV lies in the electoral ward of Damall and partly in Burngreave. The LDV masterplan area contains very little housing. Residential communities are located on either side of the Valley in Burngreave, Damall, Attercliffe and Tinsley. These communities are now suffering from some significant housing market problems – particularly low demand in the social rented sector and some abandonment of property in the private sector.

To tackle issues of housing market failure and allied socio-economic problems, some of which have already been highlighted in the socio-economic overview, a **Housing Market Renewal Pathfinder** has been established to take forward a housing market renewal programme. The Pathfinder is one of nine established across the country by central government to specifically tackle the multiple deprivation and housing market failure problems identified in certain communities.

The Pathfinder programme is part of the wider **Communities Plan** published by Government in 2003. The Pathfinder is designed to tackle issues of abandonment, decay and failure of local housing markets. The nine pilot areas were selected because they represent some of the worst housing areas in the UK. Key issues to be addressed in pathfinders relate to a combination of unfit property – much of it built in the 19<sup>th</sup> century and wider scale socio –economic deprivation. The Sheffield Pathfinder is part of the wider Transform South Yorkshire pathfinder area that also takes in communities in Barnsley, Doncaster and Rotherham.

A financial package related to the pathfinder area was announced by John Prescott on March 26<sup>th</sup> 2004. The Pathfinder programme will have a significant influence on the LDV. It will lead to the improvement of thousands of homes in the locality and should assist in improving socio-economic conditions generally in the area.

From a residential market perspective the Pathfinder will have the most direct effect on Attercliffe. Attercliffe has been identified by the study team as an area that has the potential to support more housing development. Such development would have a beneficial impact on proposals for new retail and employment development in Attercliffe.

Our market analysis points to some important trends in the Sheffield suburban housing market that support the case for housing in Attercliffe. Evidence suggests that builders are actively seeking brownfield development opportunities across the City. Opportunities to develop new housing are

constrained in other parts of the City. Our discussions with builders suggest that if the right opportunities can be put in place they will build in Attercliffe. The details of our discussions with housebuilders are contained in Appendix E2.

It is also worth noting that the LDV supports other opportunities to deliver new housing. This again would be in line with Government policy which specifically points to the re- use of previously developed land (PDL) for the provision of new housing. Sheffield like all other authorities across the country has an obligation to maximise the use of PDL for housing – where this meets with other strategy objectives. There is a major opportunity in the LDV to make a huge contribution to the supply of new homes for Sheffield over the next 15 years. Significant land areas – previously occupied by industrial uses but situated in close proximity to the City Centre and other major existing employment areas could be brought forward for the development of new homes as part of a sustainable strategy for the development of the LDV.

In the centre of Sheffield the residential market has been dominated by the development of apartments for sale to occupiers and investors. Over the last 2 years this market has matured with several hundred units being completed. At the same time values have also increased.

A detailed breakdown of house price data is set out in Appendix E1. We have also benchmarked these changes against other locations to compare relative performance. This data illustrates that, like many other locations, Sheffield has witnessed significant price growth over the last 2-3 years. Price rises are not however uniform with the residential areas alongside the LDV not performing as well. The greatest levels of growth have been in the apartment market, principally concentrated in the City Centre.

Within the context of value growth and continued demand for new housing across the City the study team think it is appropriate to examine the market for apartments alongside Meadowhall – the other major hub point in the LDV and to the east of the City Centre. The urban living experience could be attractive to a wide range of user groups in this location.

The market analysis points to strong potential in this sector – however to crystallise demand it will be imperative, in our view, to create a destination, in which people want to live. Experience gathered from other UK and European cities suggest that this type of development can be brought forward as long as it forms part of a comprehensive regeneration plan that includes workspace and leisure facilities.

Residential development of this nature in the LDV would add the 'missing ingredient' to the current land use mix and also underpin other elements of the development strategy.



The Sheffield UDP and regional planning guidance provide the context for projections on the supply of new homes to the Sheffield area. Clearly the Pathfinder programme also has to be taken into consideration. The UDP is currently being reviewed by the Council and will be published later this year as a Local Development Framework under the new development plan provisions. The masterplan sets out a proposal to deliver up to 5500 new homes over a 15-year period in the area.

The current UDP identifies land for the construction of 10,700 dwellings over a 10-year period. We understand from discussions with the City Council that completion rates across the City are running at around 1000 per annum. The proposals for the LDV would deliver around 350 homes per annum over the next 15 years – a significant but, deliverable level of supply. It should be borne in mind that any new home target across the City will be net – not taking account of demolition of property likely to take place in Pathfinder areas – it is therefore likely that actual development rates will increase beyond 1000 per annum as the Pathfinder programme advances.

Another factor to be taken into account relates to the dispersal of housing across the district. Supply is constrained to the east by the Peak District National Park and has not been brought forward in any great quantum to the east for many years. Allocations are therefore focussed on the south and north of the City. The eastern side of the City therefore represents an excellent opportunity to offer balance and choice to new homebuyers.

The actual figures proposed for the LDV are ambitious – and would lead to the delivery of up to 350 units per annum in the area over a 15 year period. Given overall figures for Sheffield of over 1000 new homes per annum (gross) we believe that these figures are sustainable given the changing landscape in the LDV and the context created by development across the City as a whole.

### **Summary related to residential development in the LDV**

Housing markets are by nature complex and can be very localised. The LDV and surrounding area is no exception. On the one hand we have areas of low demand and multiple deprivation on the doorstep. On the other hand we have a very vibrant and progressive market in close proximity to the LDV.

Housing within the LDV can play a number of key roles. Firstly, it will create opportunities for mixed use and a more vibrant, sustainable LDV area. Secondly, it will establish a market where currently there isn't one. Thirdly, if successful it will have a knock –on effect on the Pathfinder area improving market conditions in these locations.

The opportunities to deliver new housing in the LDV will contribute to the government's urban living agenda and create a new sense of place in the LDV. Development does however need to be of sufficient scale to support the development of amenities to attract residents to the area. Residential uses must therefore **drive** part of the strategy – they cannot just be a 'nice to have' element of the plan.

Evidence gathered from discussions with housebuilders points to significant interest in the LDV. This interest will be galvanised by the masterplan, which will paint a coherent picture of where residential development can be brought forward and how it will be supported through other ancillary and primary development projects.

### 3.0 Destination Drivers

The destination market analysis considers the strategic context within which major leisure development could be brought forward in the LDV. It takes as its inspiration the Sheffield City Strategy – the hubs already in place at Meadowhall and in the Sports Village and the LDV location. This short summary relates to a larger and more comprehensive analysis contained in an addendum report prepared by Locum Destination Consulting as part of the masterplan study.

Considerable investment has been made in Sheffield's visitor offer in recent years. This has included substantial development of sports facilities in the late 1980's in preparation for the 1991 World Student Games, at sites in the LDV and in Sheffield City Centre. These along with the Crucible Theatre and the two football clubs have gained Sheffield a strong reputation for sport. More recently, City centre initiatives, including the Millennium Galleries, the Peace Garden, the Winter Gardens and Millennium Place, part of a new phase of development costing £20million, have added to the strength of Sheffield's City centre tourism offer and to the quality of the built environment.

Increasingly, the public sector investment in the Sheffield's facilities and public realm is being followed by investment from the private sector, as companies recognise Sheffield's growing potential in this sector of the economy.

Sheffield benefits from its two universities, and all the of the visitor activity that accompanies them. Consistently rated as one of the UK's best University cities, Sheffield boasts a superb student offer: its sports facilities, public transport, shopping and nightlife all play a part in this. A measure of the City's success as a University City is the large proportion of students who choose to live and work in Sheffield after graduation.

The Sheffield visitor product is increasingly capitalising on the City's heritage, displaying the City's history and showcasing centuries of creativity. This is a growing theme in the country's former heartlands. Magna, the steel based visitor attraction in neighbouring Rotherham, shows something of what can be done to revitalise the remnants of the industrial age. This is a theme that will undoubtedly inform the future development of the Sheffield visitor offer.

The strategic context for development in the LDV is set out in a number of documents. They include

**Creative Sheffield – a Distinctive European City in a prosperous region** - a document that complements the core Sheffield City Strategy;

**City of Sheffield Tourism Strategy** - which includes aspirations to make Sheffield one of the UK's top 3 sporting locations and top 10 conference destinations;

**South Yorkshire Tourism Action Plan** – a strategy that focussed on actions that will underpin the Objective 1 programme;

**Sheffield Cultural Strategy** – which aims to ensure that culture, sport and leisure make Sheffield a great place for residents and visitors alike;

**Sheffield Night – Time economy strategy** - which assesses the size, nature and opportunities for the night time economy in Sheffield.'

The LDV supports a group of varied and unique assets. Meadowhall currently receives 31million visits per year, while the world-class sports venues around the Don Valley stadium form a collection unrivalled in the UK. In addition 6-8 million people live within 60 minutes drive time.

The major venues in the LDV include the **Don Valley stadium**. The stadium hosts' major national and international sporting events, music events and other large scale gatherings. It was built at a cost of £29 m and completed in 1990. It has capacity for 25,000. However, the reputation of the stadium has been tarnished by financial failure and is perceived by many to be an expensive white elephant. The stadium is currently operating at a significant loss.

The stadium is supported by the **Hallam FM arena** (12,500 cap). The arena was completed in 1991 for the student games at a cost of £32m. The arena is a flexible events venue capable of hosting pop concerts, boxing, basketball, ice hockey etc. The arena is managed by Clear Channel Entertainment and currently operates at a profit. The arena attracts 800,000 visitors a year on 150 event days. Visitors tend to arrive at the venue in the early evening – watch the event and leave – there are no joint offers in place to encourage longer stays or greater use of local facilities.

The **Woodbourn Stadium** opened in 1987. It is primarily used for community sports use and training complementing the Don Valley Stadium.

**The English Institute of Sport** is the largest of nine regional multi-hub sites in the UK's EIS network. Built at a cost of £28m it includes a 200-meter indoor athletics track, netball, basketball, judo, boxing and table tennis, as well as sports medicine and sports science facilities,

**Ice Sheffield** was completed in 2003 at a cost of £15.7m – the building features 2 Olympic size ice rinks and seating for more than 1500 people. The venue is home to ice hockey clubs and provides training for a range of skaters.

The **Don Valley Bowl** is a purpose built grass covered events space. It is designed to hold open-air shows, exhibitions, sports matches, concerts and other events.

The sports and leisure facilities hold enormous potential for the future development of the destination product. However there is much work to be done if the sports and leisure hub is to achieve its full potential. In particular the facilities need to be more carefully woven together. The market analysis points to the opportunity (albeit on a limited basis) to introduce more hospitality uses into the area to support major events and activities. This would include new hotel development and additional dining opportunities. This might manifest itself in a Boulevard of Sport.

At **Meadowhall** the opportunity exists to leverage off the huge visitor numbers by opening up the western section of the centre to the river and new development sites that exist. In addition the other major opportunity that presents itself in this location is a casino or recreation/leisure operation. Research undertaken by the team points towards the LDV as a potential location for a destination casino/large scale leisure development. Such a use would be located on a highly accessible site in close proximity to other people draws. The development framework points to an appropriate location. A casino would generate significant jobs in the area helping to address some of the socio-economic issues highlighted at the start of this report.

There is also other commercial leisure use in the LDV to take into consideration. Valley Centertainment is an 18000 sq m entertainment complex that includes multiscreen cinema, bowling alley restaurants and nightclubs. The cinema operated by UGC attracts 1.5 m visitors per annum.

A SWOT analysis of destination use issues suggests:

- Huge potential in the sports leisure and retail sectors
- Excellent accessibility and a large catchment population
- A lack of sense of place with scattered facilities and a poor pedestrian environment
- Poor use of natural and heritage assets
- Demand in commercial leisure sector – particular for gaming and casinos
- Interest from the University in the area
- Competition from other areas and locations – nationally and regionally

## **Building A Destination**

Locum Destination Consulting, working as part of the wider team have considered some of the actions required to improve the destination that is the LDV – and thereby increase commercial opportunities in the LDV.

Locum point to the following actions that will position the LDV more effectively in the market place. They point to the following:

- Integration of the Offer – to ensure that the many facilities already in place in the LDV offer life, animation and an attractive place to be;
- The development of a multi layered plan that builds off the strengths of the existing assets; and
- The creation of a 'must visit' mix in the LDV that boasts a critical mass of high quality sporting venues, educational institutions complemented by high quality commercial activities.

The ingredients of a successful destination require high quality attractions, services and infrastructure to be present and functioning well. These component parts need to be wrapped into a coherent destination brand.

## **Summary related to Destination Uses in the LDV**

The Locum report points to opportunities for investment in large scale development projects which would have a significant impact on the LDV, the wider Sheffield area and the region. Such uses would complement the legacy already established in the LDV area.

These uses by their very nature are however difficult to deliver. The strategy therefore aims to create the conditions in which further destination uses can thrive but is not predicated on their delivery. Rather the strategy is built on more mainstream economic foundations which, if put in place, will assist in bringing more destination uses to the LDV.

## 4.0 Conclusions

The economic drivers established through this summary report have been brought forward as part of an iterative progression of the land use framework being developed as part of the masterplanning process. The draft land use framework identifies four districts of activity, which will be supported through a wide-ranging programme of public realm and infrastructure projects designed to improve investment performance across the LDV area. The 4 districts are:

- The Meadowhall Area;
- Attercliffe Village;
- The Sports and Leisure Hub and;
- The Central Industrial Area.

The economic drivers report identifies key market issues, gaps in the market and likely opportunities for investment across the LDV. The key points to note are as follows:

- The LDV's traditional reputation as an industrial location remains intact. To support the Sheffield City Strategy the LDV will diversify as an employment area building on the strength of the small business sector and the larger businesses that will remain as a driving force.
- Since the 80's and 90's retail and leisure development has proved a significant component of the local economic mix. Meadowhall acts as a magnet and investment hub – further development adjacent to the complex will consolidate its role as a sustainable urban neighbourhood.
- A series of more defined and user-friendly development groupings set within distinctive neighbourhoods such as Attercliffe Village will assist in defining the communities that make up the LDV.
- There is a marked lack of residential property across the whole area, which principally serves communities on either side of the Valley. The LDV should be promoted as a

location of choice for new and established residents offering a mix of new accommodation in 2 new neighbourhoods established in the Meadowhall area and Attercliffe Village.

Our research points to significant opportunities across all sectors of the market. Strong economic drivers underpin the 4-zone strategy in market terms. We therefore set out the following main drivers for each of the defined development zones.

**In the Meadowhall area by building a more sustainable neighbourhood based upon dynamic sectors of the market;**

**In the Central Industrial Area through support for new business**

**In the Sports and Leisure Hub through the development of the Boulevard of Sport and allied hospitality uses; and**

**In Attercliffe Village – a sustainable neighbourhood developed to support the existing and new communities.**