

# Swindon and Wiltshire Local Economic Assessment

March 2022



# 7

## Infrastructure and Environment



## Summary

- **Industrial floorspace across Swindon and Wiltshire has grown significantly over the past ten years**, with an additional 409,000sqm more industrial floorspace in the LEP area than there was 10 years ago.
- The rate of industrial floorspace growth across Swindon and Wiltshire is over **three times the rate** seen nationally
- Despite additional space delivered, high demand for industrial property space has been **driving down the level of vacancy** in recent years
- Despite an increase in retail provision, the level of vacancy across Swindon and Wiltshire has been declining in recent years
- **There is around 22,000 sqm less office floorspace in Swindon and Wiltshire than there was ten years ago**. Reduced office space has translated into lower levels of vacancy and disproportionately higher rental growth than that seen nationally
- **Around 2,100 premises across Swindon and Wiltshire do not have access to a sufficient digital connection** – reducing economic and social opportunity for these residents and businesses.
- **Over the last decade, total CO2 produced in the LEP area has fallen by over a third in line with the net zero agenda**. Key contributors to carbon emissions in Swindon and Wiltshire include transport which accounts for 47%, domestic property (28%) and industry (17%).



# Swindon and Wiltshire's Industrial Floorspace

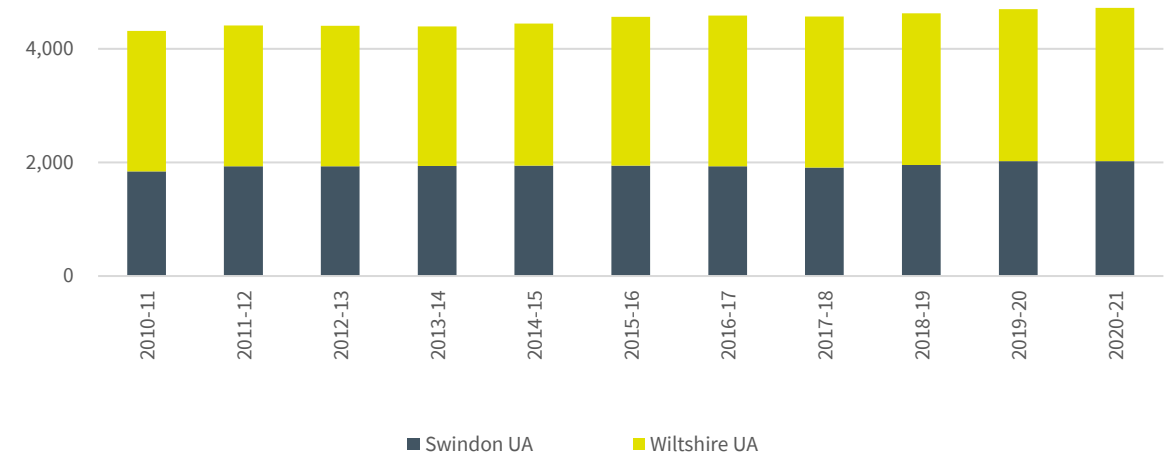
**Industrial floorspace stock across Swindon and Wiltshire has been growing consistently over the past ten years...**

There is currently 4,724,000 sqm of industrial floorspace in Swindon and Wiltshire. Swindon has a 43% share of total industrial floorspace – reflecting the greater density of employment and specifically industrial uses in Swindon.

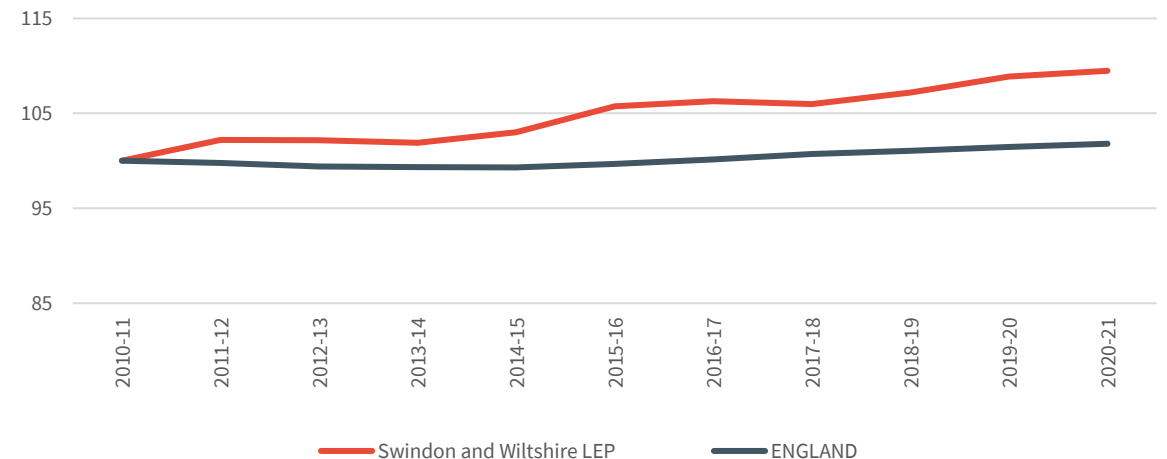
There is around 409,000sqm more industrial floorspace in the LEP area than there was ten years ago. This is a rate of industrial floorspace growth that has outpaced that seen nationally. Here, Swindon and Wiltshire's industrial floorspace has grown by around 7% over this period relative to 2% seen nationally.

This growth in industrial floorspace has supported wider sectoral growth across the LEP area (2016-2021), with the transport and storage sector experiencing significant growth (51%) and manufacturing also experiencing growth (3%) from a large and established base in the area.

**Total Industrial Floorspace (sqm) – 2010/11-2020/21 (thousands)**



**Industrial Floorspace Change (Index – 100: 2010/11)**





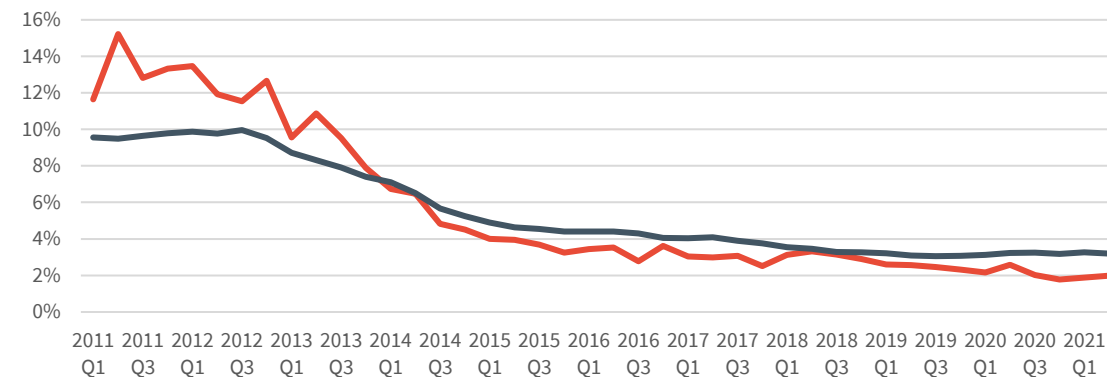
## High demand for industrial property space has been driving down the level of vacancy in recent years...

In Swindon and Wiltshire LEP area just under 2% of industrial floorspace is vacant, equivalent to around 94,000 sqm of industrial floorspace – pointing to an under-supply of industrial premises across the LEP area. The rate of vacancy across the area has fallen considerably in the past ten years, where it stood at 12% in 2011. This decline in vacancy comes against a backdrop of wider decline across the country, however, Swindon and Wiltshire's level of industrial vacancy has now dropped below that seen nationally.

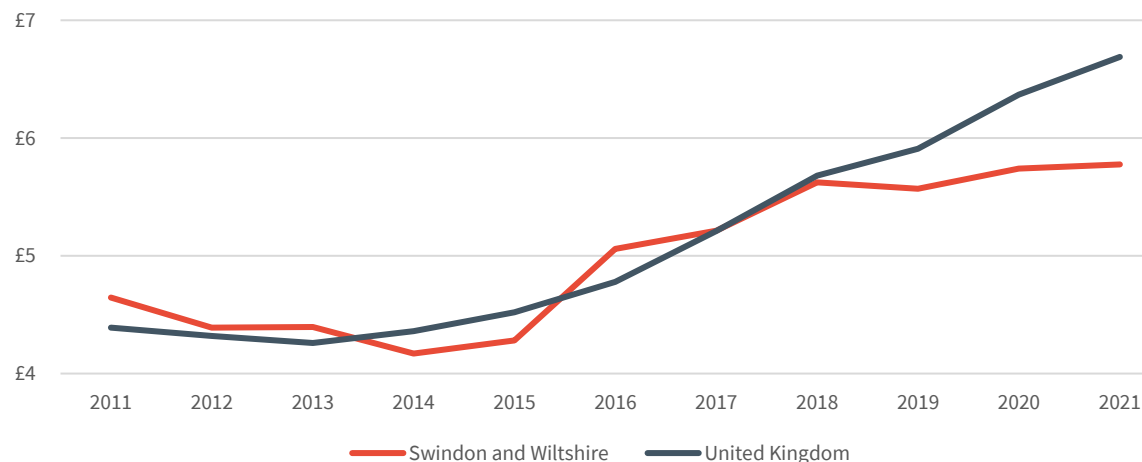
Despite a significant fall in vacant industrial floorspace this has not translated into a disproportionate rise in rental values for commercial property across the area. In 2021 the average price for industrial floorspace across the LEP area was £5.80 per sq ft – lower than the level seen nationally of £6.70.

The lower levels of price inflation for industrial floorspace seen in THE LEP area could be attributed to the higher levels of growth in industrial floorspace accommodated locally in recent years which has reduced overheating in the commercial property market.

## Industrial Property Vacancy Rates, 2011-2021



## Industrial Property Rental Values, 2011-2021



# Swindon and Wiltshire's Retail Floorspace

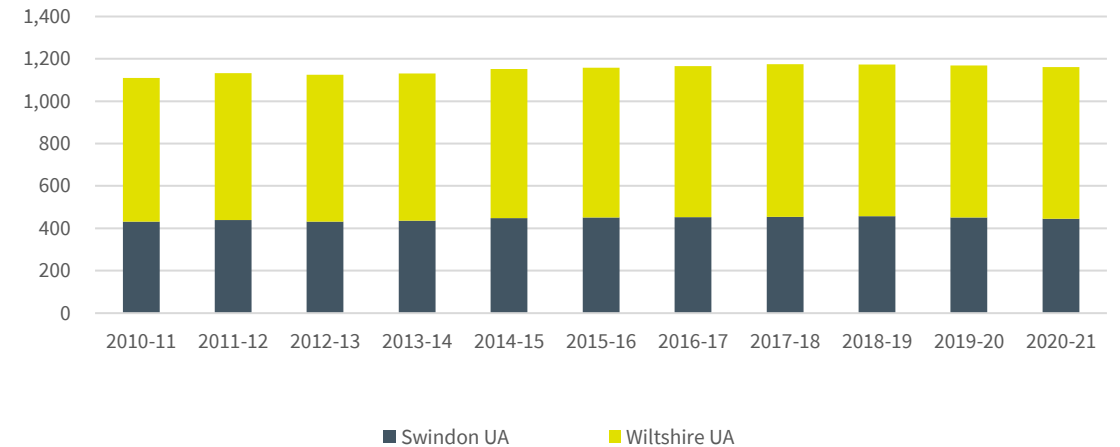
## Retail provision across Swindon and Wiltshire has increased over the past ten years....

There is currently 1,161,000 sqm of retail floorspace in the LEP area with two thirds of the total retail stock located in Wiltshire.

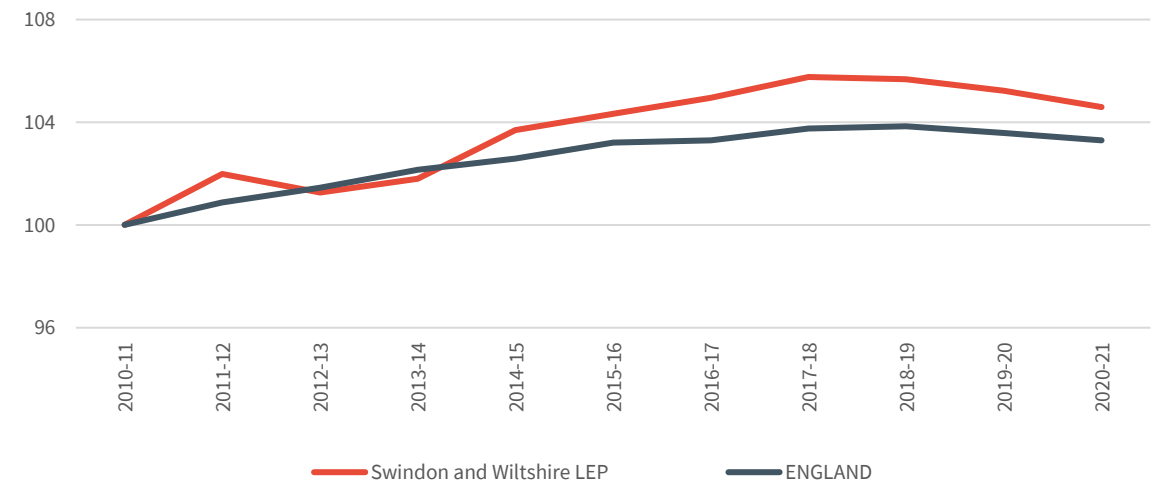
There is around 51,000sqm additional retail floorspace in Swindon and Wiltshire than there was 10 years ago. This is a rate of industrial floorspace growth that has followed that seen nationally, in a sector that is facing a series of wider challenges tied to the rise of ecommerce and changes to consumer habits. Here, Swindon and Wiltshire's retail floorspace has grown by around 3% over this period, relative to 2% seen nationally.

This growth in retail floorspace has come against a backdrop of wider sectoral decline within the sector, where it has contracted by around 3% in business terms. This is likely to have consequences for demand for retail floorspace and issues of vacancy and prevailing values which are set out overleaf.

Total Retail Floorspace (sqm) – 2010/11-2020/21 (thousands)



Retail Floorspace Change (Index – 100: 2010/11)



# Swindon and Wiltshire's Retail Property Market

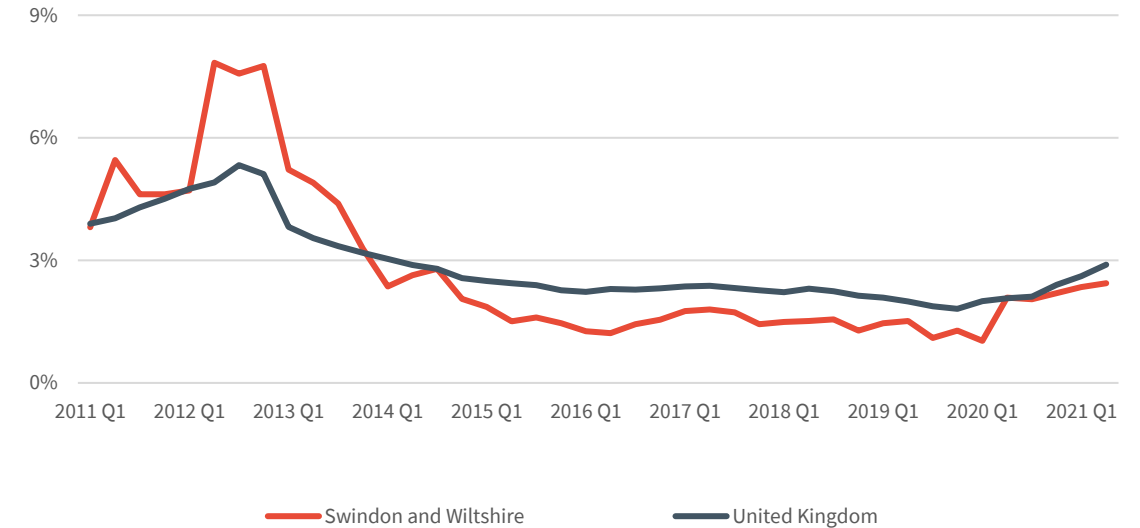
## Retail vacancy has declined in recent years but this hasn't translated into exacerbated rents...

In Swindon and Wiltshire around 3% of retail floorspace is vacant equivalent to around 35,000 sqm of retail floorspace. The rate of vacancy fell sharply in 2021 from 8% and has remained fairly consistent since 2015. This decline in vacancy comes against a backdrop of wider decline across the country, however, this wider perspective masks some of the wider challenges faced by the retail sector and acute challenges faced in many town centres.

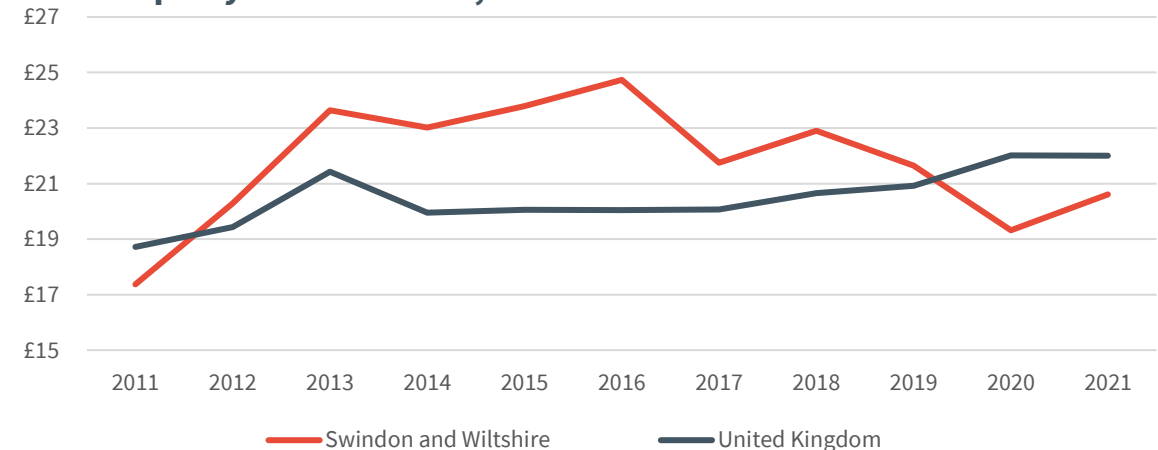
This decline in vacancy could be attributable to an increasing population in the area and an increased local spend that comes with that. A more detailed retail needs assessment may be required to examine this issue further.

Despite a contraction in vacancy levels, rents have risen more modestly potentially reflecting wider challenges facing the retail sector over the past decade. In 2021, the average price of retail space in the Swindon and Wiltshire area was £21 per sq ft, slightly lower than the national average of £22 per sq ft.

## Retail Property Vacancy Rates, 2011-2021



## Retail Property Rental Values, 2011-2021



# Swindon and Wiltshire's Office Floorspace

## Office floorspace across Swindon and Wiltshire has been declining in recent years....

There is currently 919,000 sqm of office floorspace in the LEP area with the stock split fairly evenly between Swindon (48%) and Wiltshire 52%, despite Swindon only making up 7% of the total land area – reflecting its strategically significant role as the LEP area's hub for employment.

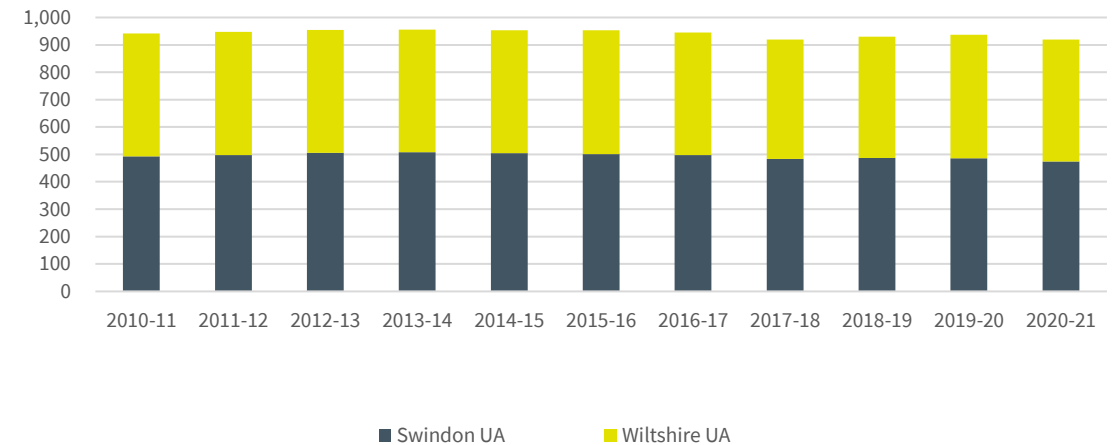
Over the past ten years there has been a contraction in the level of office space across Swindon and Wiltshire. This equates to a loss of around 22,000 sqm of office floorspace in Swindon and Wiltshire LEP compared to the level seen 10 years ago. To put this in context, based on employment densities guidance this lost commercial could support over 1,800 jobs.

This is a rate of decline that follows the trend seen nationally. Here, Swindon and Wiltshire's office floorspace has contracted by around 3% over this period relative to 4% seen nationally.

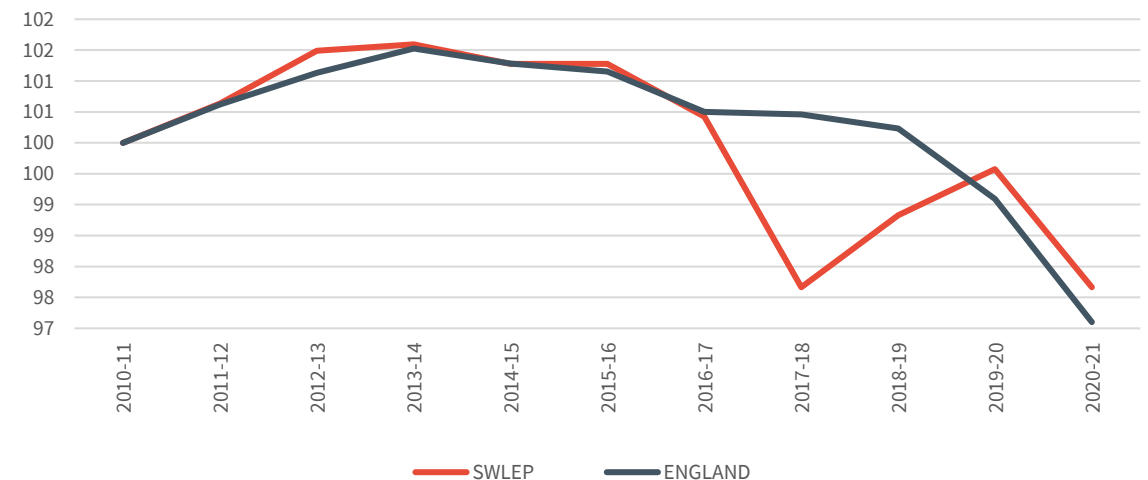
This decline in office stock has also been matched by decline in the professional and technical sector (-9%) which could be a response to changing market conditions for office space or be a symptom of a decline in the amount of office accommodation more generally.

Source: VOA, 2021

Total Office Floorspace (sqm) – 2010/11-2020/21 (thousands)



Office Floorspace Change (Index – 100: 2010/11)



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## Supply of office stock has declined in recent years, which has translated into disproportionate rises in rental values...

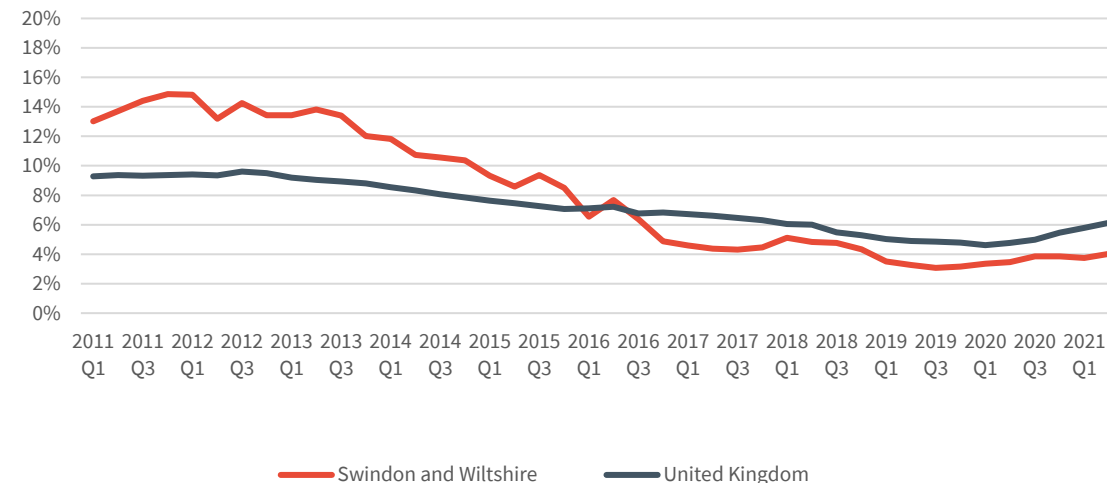
In Swindon and Wiltshire around 4% of office floorspace is vacant equivalent to around 37,000 sqm of office floorspace. The rate of vacancy across the area has been falling consistently over the past ten years, where it stood at 15% in 2011. This decline in vacancy comes against a backdrop of wider decline across the country, however, SWLEP's level of office vacancy has now dropped below that seen nationally.

This decline in vacancy is likely attributable to a decline in stock across the area, set out in the page overleaf, which is likely to place greater demand on the remaining stock in the area.

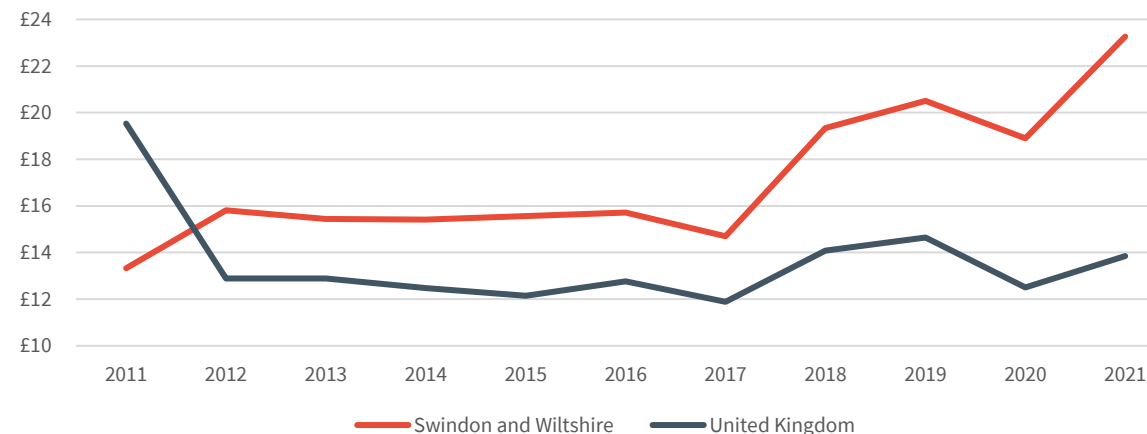
Lower levels of available stock in the area has also translated into rising rental values, that have grown well in excess of the national average. In 2021, the average price of office space in Swindon and Wiltshire was £23 per sq ft, significantly higher than the national average of £14 per sq ft.

To this end, office rental values have been rising at a far greater rate than that seen nationally. Since 2012 they have increased by 75% compared to 7% in the UK.

## Office Property Vacancy Rates, 2011-2021



## Office Property Rental Values, 2011-2021

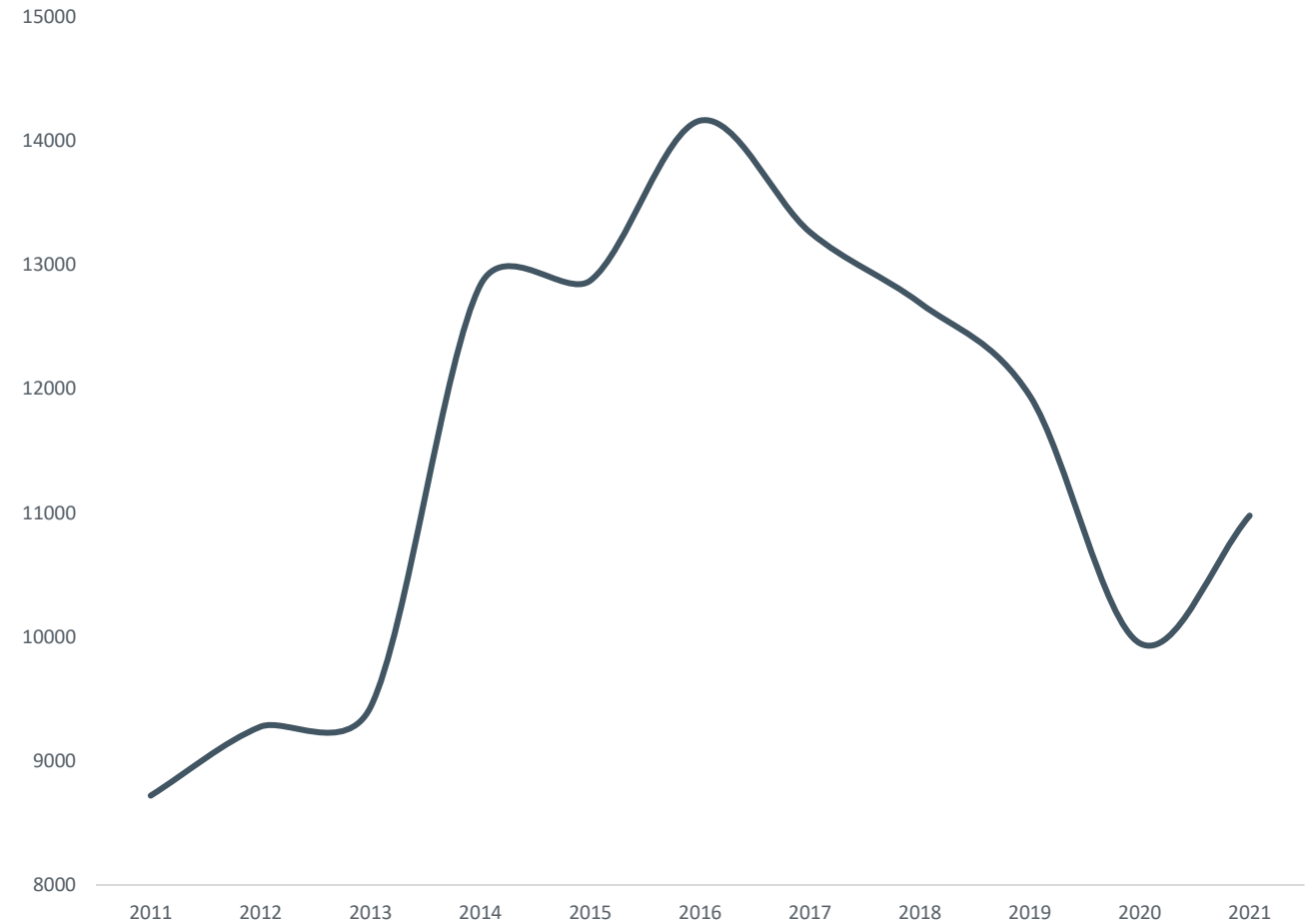


# Swindon and Wiltshire's Residential Property Market

**The number of residential property sales has increased significantly since lockdown eased in 2020...**

From 2011 to 2016, the number of residential property sales in Swindon and Wiltshire increased by 62% from approximately 8,700 sales in 2011 to 14,000 in 2016. Since then, the number of property sales has decreased year on year with the exception of 2021, where property sales increased from 9,950 in 2020 to 10,900 in 2021. Of these sales, Wiltshire has consistently accounted for a larger proportion of these sales at approximately 70% compared to approximately 20% in Swindon.

**Number of Residential Property Sales in Swindon and Wiltshire, Year Ending June 2011-2021**



Source: ONS, Residential property sales for subnational geographies, 2021



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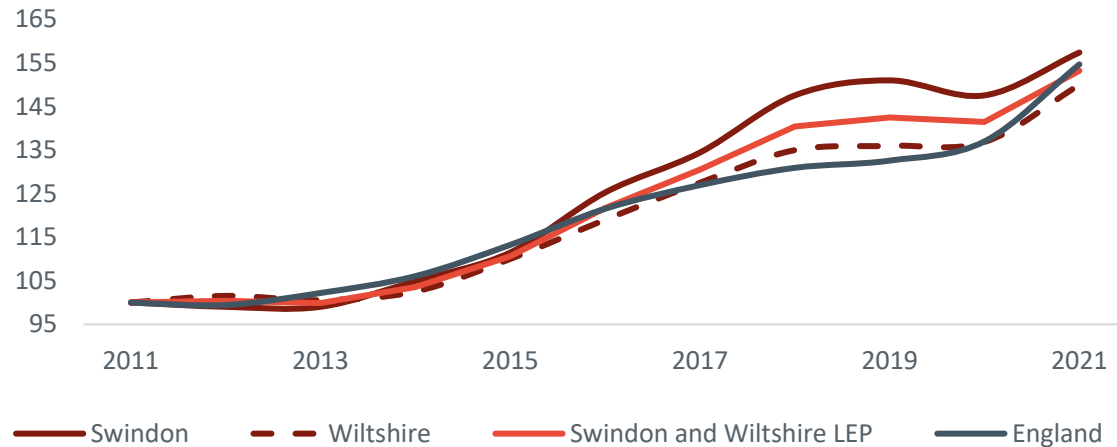
# Swindon and Wiltshire's Residential Property Market

## Increasing house prices is leading to decreased housing affordability in Swindon and Wiltshire...

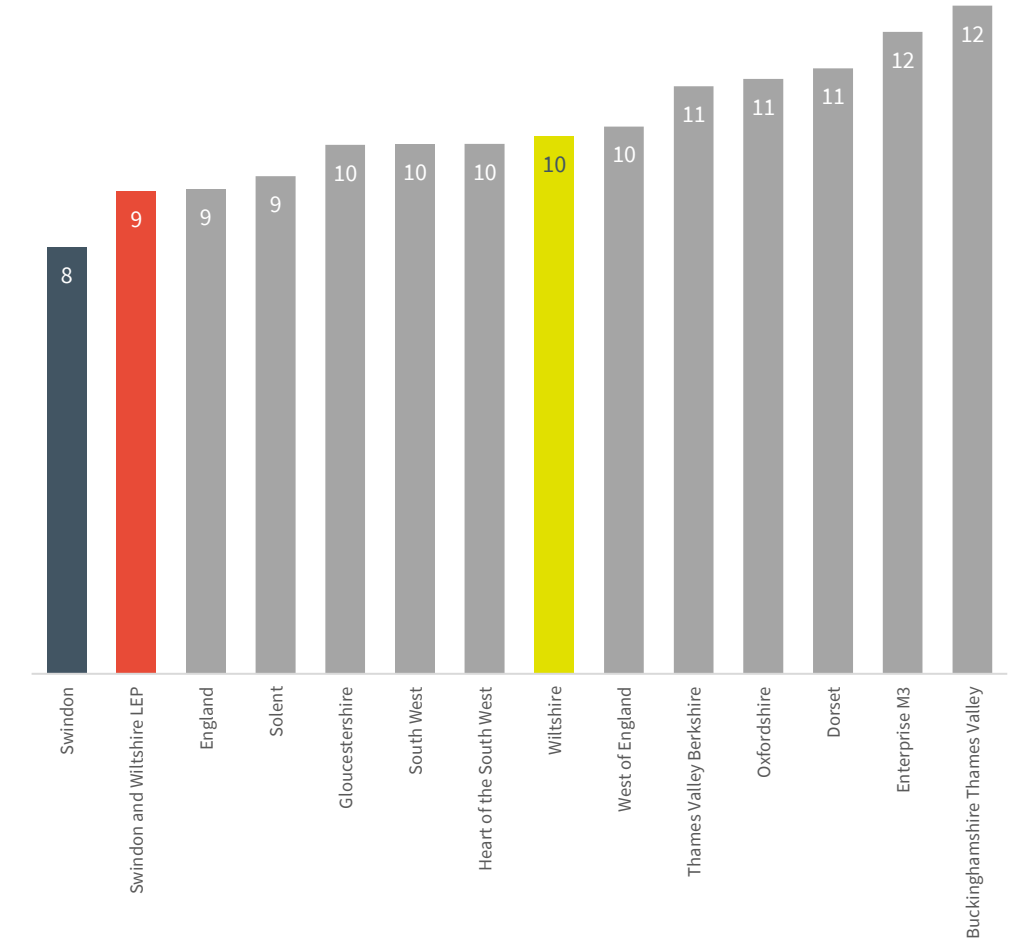
Growth in house prices in the LEP area have generally kept pace with the national average, and even outstripped national growth rates from 2016-2021. Within the Swindon and Wiltshire, growth in Swindon (57%) has increased more quickly than in Wiltshire (50%), from 2011-2021. The current median house price in the Swindon and Wiltshire is £270,000 compared to £280,000 nationally. In Wiltshire median house price is above the national average at £300,000 whereas in Swindon this is just £240,000.

As of 2021, the housing affordability in Swindon and Wiltshire is in line with the national average, both at 8.9. Of all the comparator LEP areas, Swindon and Wiltshire has the lowest housing affordability ratio. However, there are geographic disparities within Swindon and Wiltshire, with housing in Wiltshire less affordable than in Swindon with a ratio of 9.9 compared to 7.8.

### Indexed Median House Price, 2011-2021 (2011=100)



### Average Housing Affordability Ratio, 2021



# Swindon and Wiltshire's Digital Infrastructure

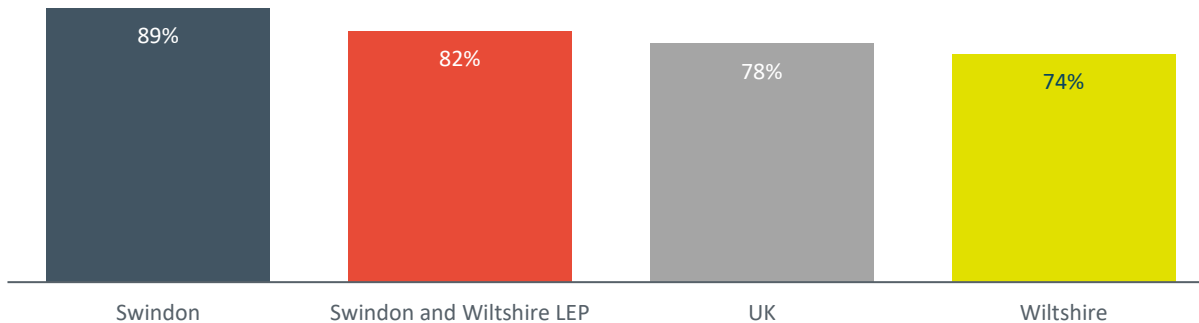
## Good digital infrastructure with pockets of strong broadband download speeds...

Indoor 4G connectivity in Swindon and Wiltshire is greater than the UK average at 82% compared to 78%. In Swindon this figure is 89%, whereas across Wiltshire it is just 74%, 4% lower than the national average.

The highest broadband download speeds in the Swindon and Wiltshire are found within pockets in each of the Growth Zones, this includes in Swindon, on the eastern edge of Melksham, and near Bulford Camp.

Within the LEP area, the percentage of premises below the USO\* is 0.65%, which is lower than the UK average of 0.82% of premises. Whilst this is equivalent to a small figure in percentage terms, in gross terms this amounts to over 2,100 premises who are currently digitally disconnected from the world – stifling both their economic and social opportunity.

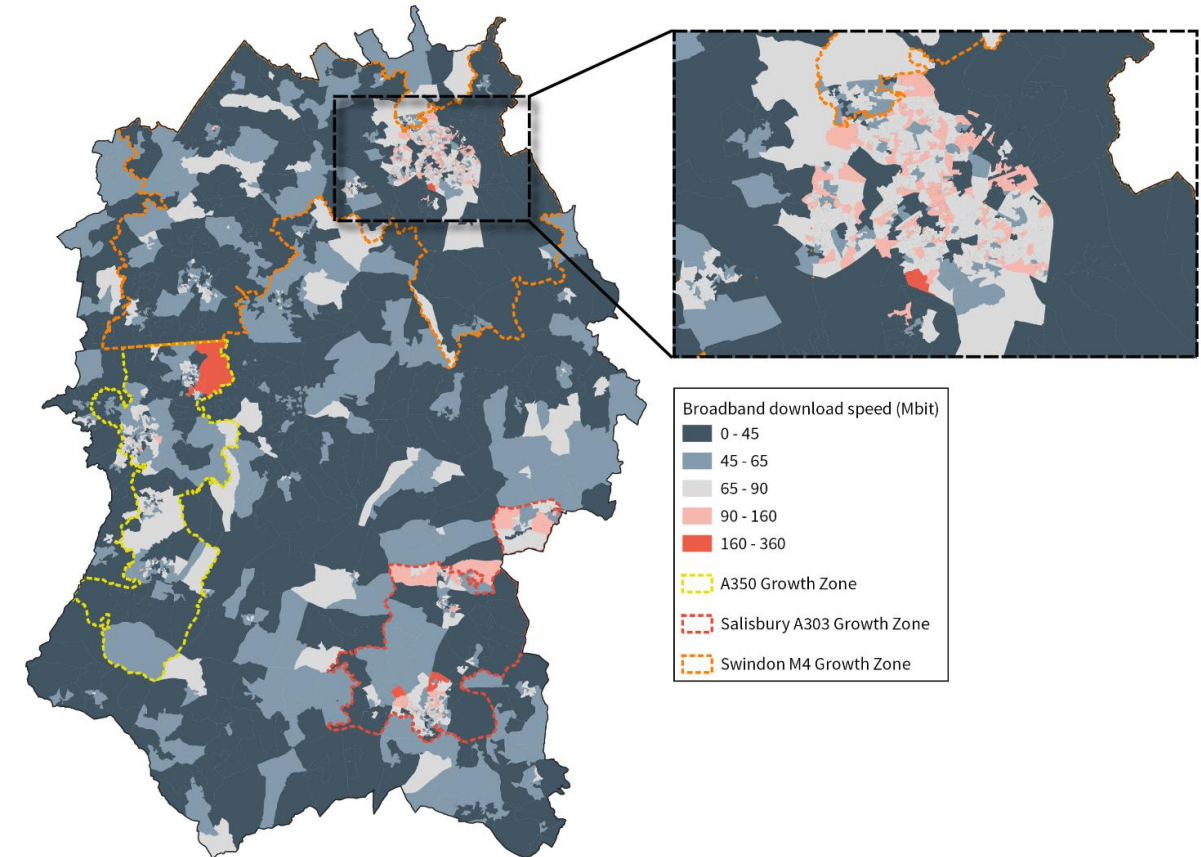
### 4G Connectivity Indoors, 2021



Source: Ofcom, 2021

Notes: \* Universal Service Obligation – a download speed of at least 10mb and an upload speed of at least 1mb

## Broadband Download Speed, Mbit, 2021

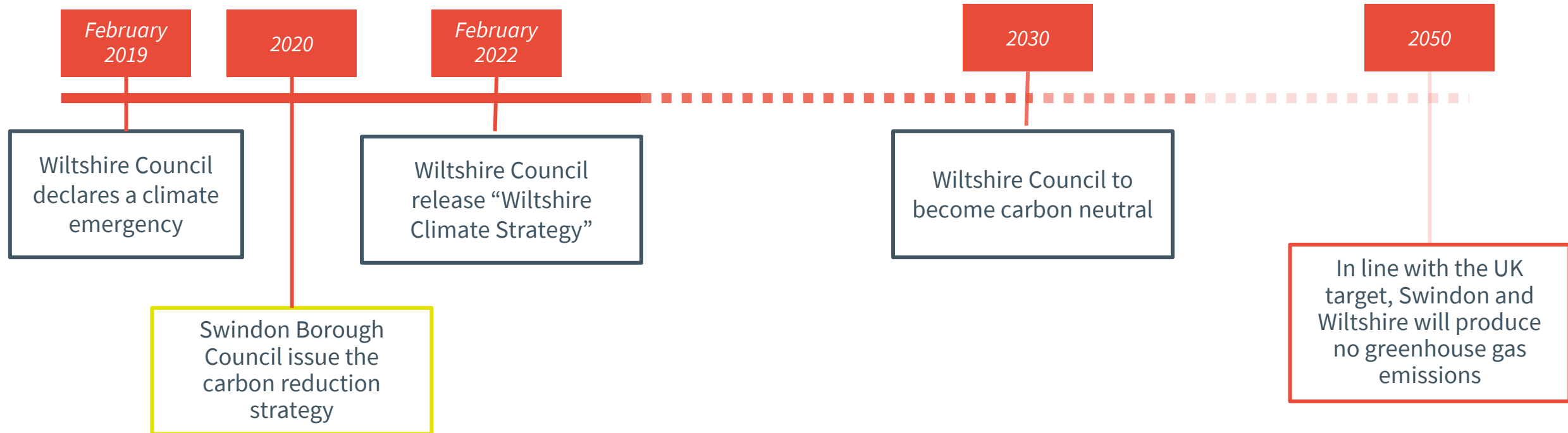


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# Swindon and Wiltshire's Road to Net Zero

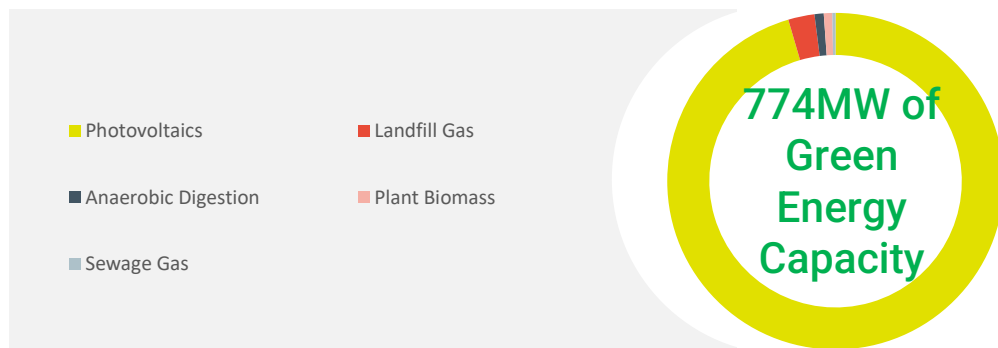


## A key producer of solar energy generating over 700,000MWh of solar power in 2020

In 2020, the LEP area generated a total of 891,000MWh of green energy. The majority of this (82%) renewable energy is photovoltaic energy (solar energy). An example being the 50MW solar farm in Wroughton. Other renewable energy sources still account for a reasonable share of energy generation in the LEP area, though most have tended to produce broadly the same volume of energy over the past six years.

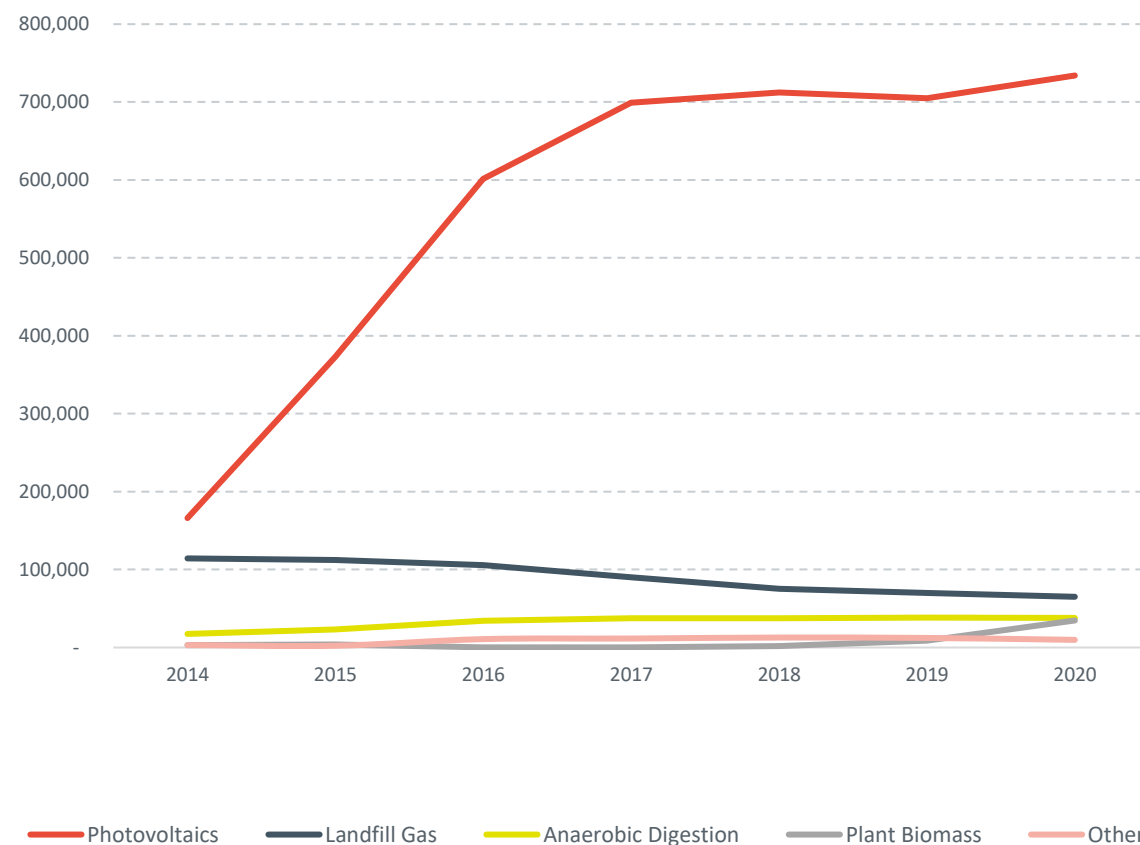
Examining the energy capacity of renewable energy production, this being the installed mega watt capacity of energy production, shows that over nine tenths of Swindon and Wiltshire's installed green energy infrastructure capacity is devoted to solar energy production in 2020, underscoring the importance of this renewable energy type to the LEP area's energy ecosystem.

## Installed Renewable Energy Capacity in Swindon and Wiltshire LEP, 2020 (MW)



Source: BEIS, Regional Renewable Energy Statistics, 2021

## Renewable Energy Generation in Swindon and Wiltshire LEP, 2014-2020 (MWh)



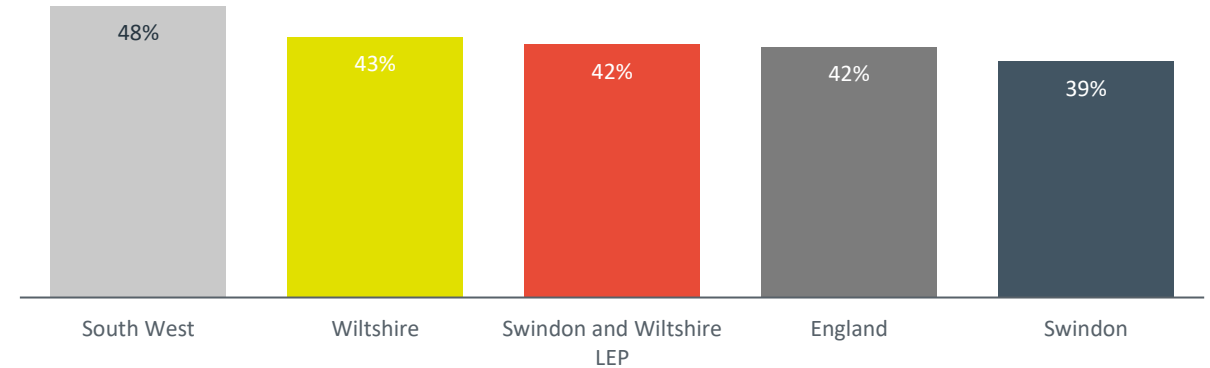
# Swindon and Wiltshire's **Environment**

## Recycling rates in Swindon and Wiltshire are in line with the national average...

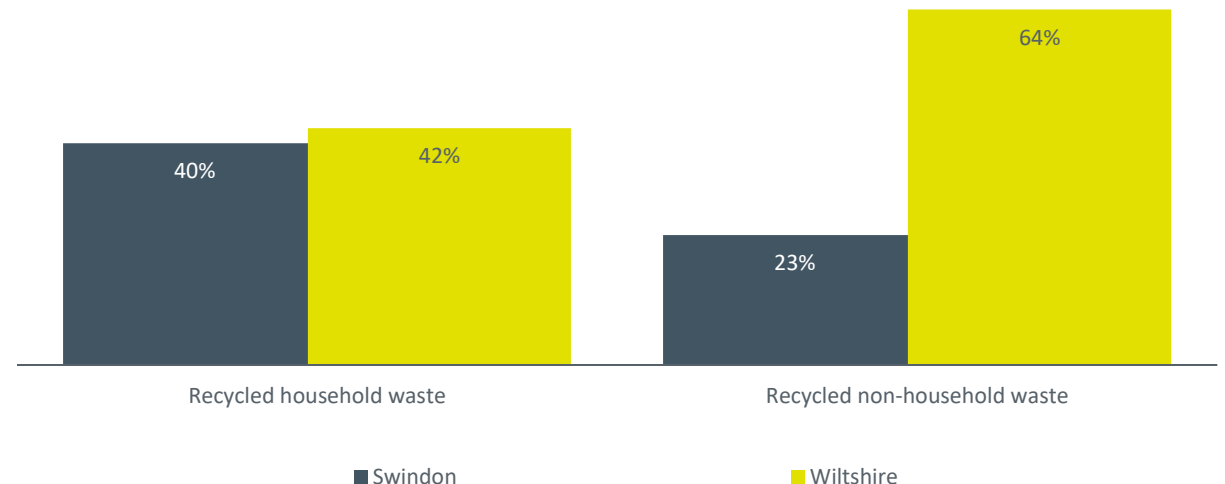
In Swindon and Wiltshire and in England recycling rates are both 42%, but are behind the South West average of 48%. Within the LEP area, Wiltshire has higher recycling rates at 43% compared to just 39% in Swindon. The majority of waste in both local authorities is produced by households (98% in Swindon and 96% in Wiltshire).

In regards to waste, the two local authorities differ when it comes to recycling of non-household waste, but as stated above this is a very small proportion of waste created. Two thirds of non-household waste is recycled in Wiltshire, while this is only 23% in Swindon. High rates of recycling, both household and non-household, both reduce an area's contribution to environmental degradation but may also provide resolutions to resource issues by creating a circular economy with resources recycled to a point where they are used to the maximum level of utility.

### Recycling Rates, 2020/21



### Recycling Rates by household and non-household waste type 2020/21



Source: DEFRA Local authority collected waste, 2021



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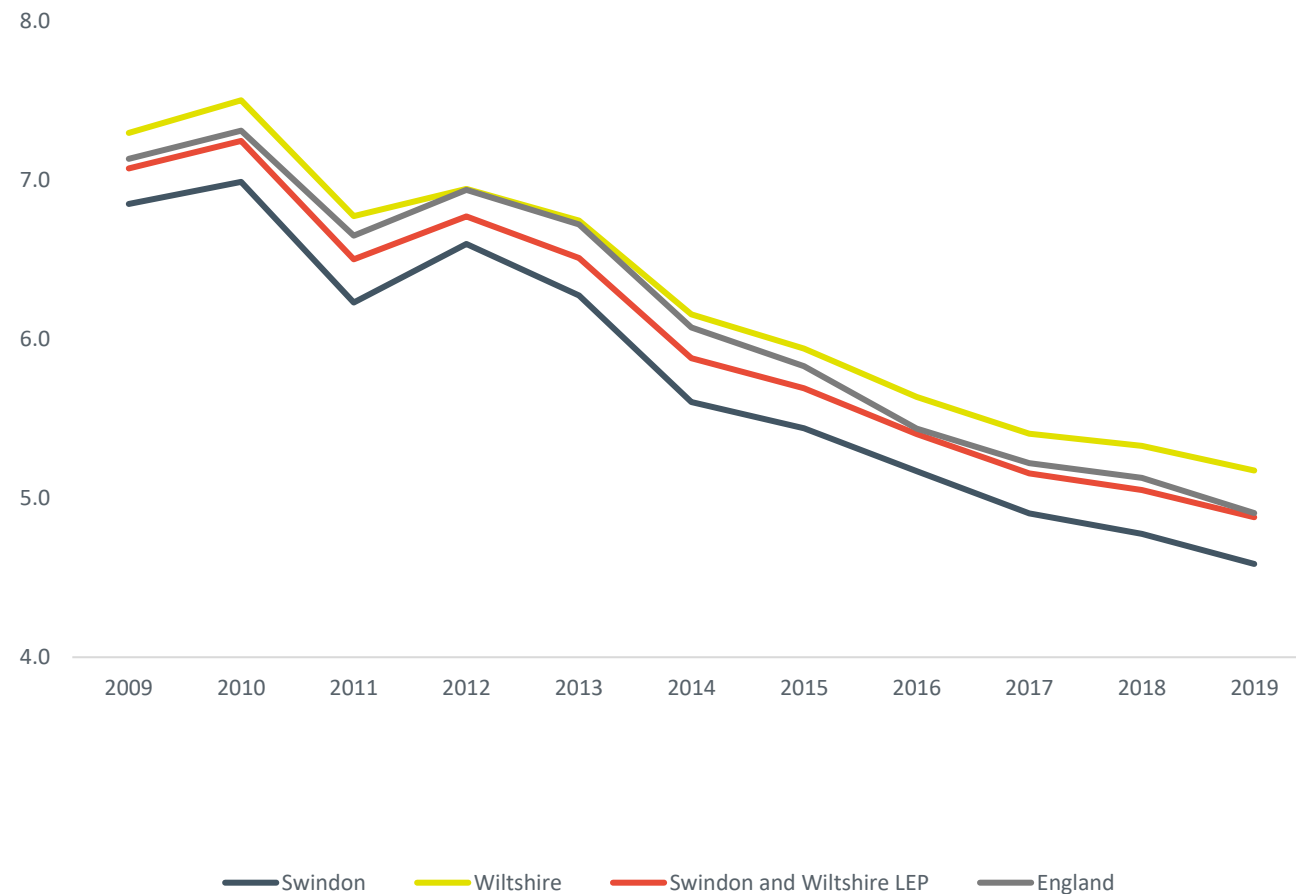
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**Over the last decade, total CO2 produced in the LEP area has fallen by over a third...**

Swindon and Wiltshire produce nearly 3kt of CO2 per year, this has fallen by 38% (1.8kt) since 2009. Swindon and Wiltshire's regional CO2 contribution to the wider South West region is around 10%, while it accounts for 13% of the region's total population indicating some degree of lower than proportionate CO2 emissions than we would expect.

The trend away from carbon has been particularly strong in Swindon, where rates per capita have consistently remained lower than the national rate. Wiltshire, on the other hand, has generally been above the national rate per capita. Combined, the LEP area has been below the national rate, although this gap has been closing since 2015. Targeting the rate per capita in Wiltshire will help bring down the overall rate in the LEP area and complement the strong reduction seen in Swindon.

**CO2 Per Capita, 2009-2019**





## Transport emissions are the biggest contributor to total CO2 produced in the LEP area...

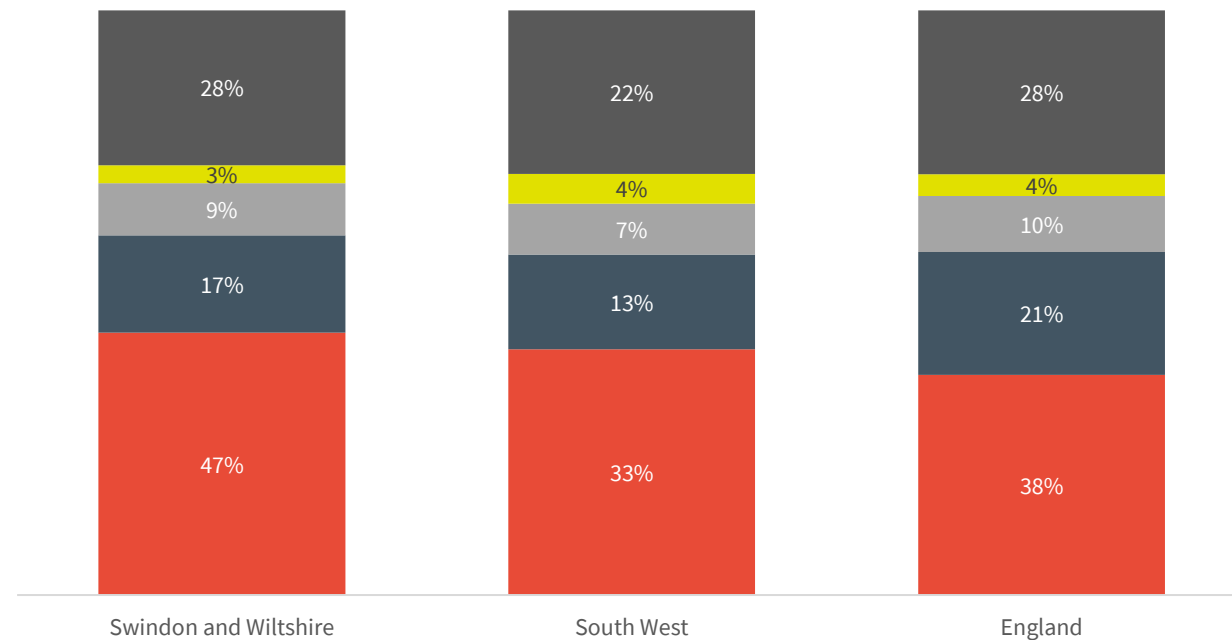
Whilst transport emissions make up the largest component of both the LEP area's, regional and national emissions by source, it is nearly 10 percentage points higher in Swindon and Wiltshire (47%) than England (38%).

BEIS data also allows analysis of the main source of transport emissions in Swindon and Wiltshire. This shows that A roads and minor roads make up two-thirds of all transport emissions in the LEP area.

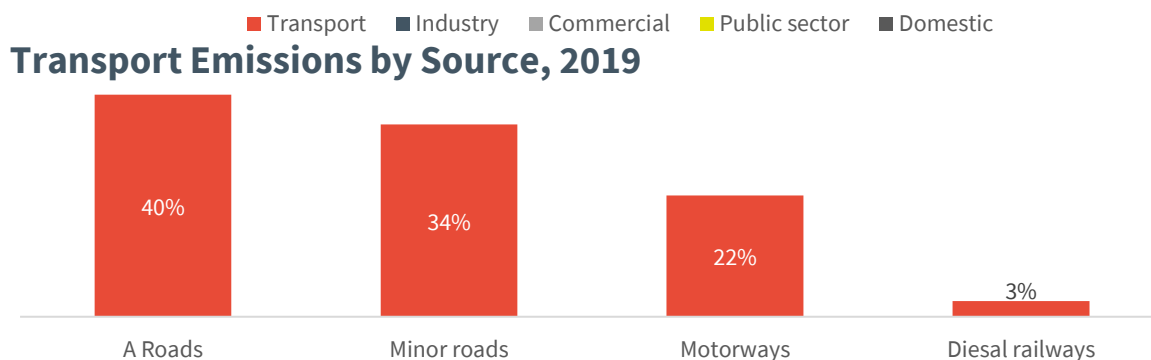
The need to reduce CO2 emissions will help to drive Swindon and Wiltshire as a leading low carbon economy. Finding innovative solutions to, for example, transport emissions will create jobs and economic growth. This may be in the form of electric vehicles or more accessible and greener public transport solutions.



### CO2t Emissions by Source, 2019



### Transport Emissions by Source, 2019

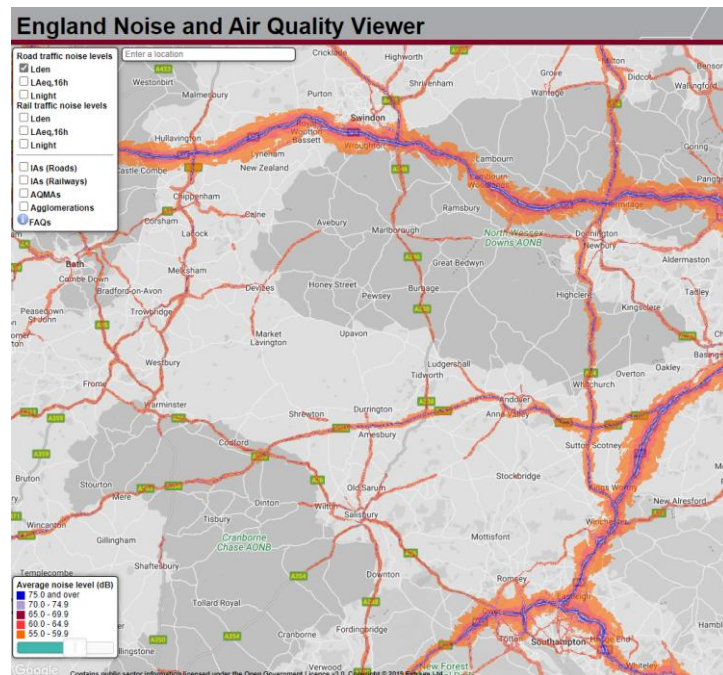


# Swindon and Wiltshire's **Environment**

**There are clear pockets of high noise pollution which are likely to affect health and quality of life...**

High levels of noise exposure can have impacts on, for example, sleep and hypertension. These can in turn affect the quality of life for residents and workers with knock-on impacts to wider productivity and health costs. Within the Swindon and Wiltshire, there are clear areas around motorways and artillery roads (though not exclusively) where noise levels are high both during the day and night. The maps below highlight the hotspots where the highest 1% of noise levels at residential locations are.

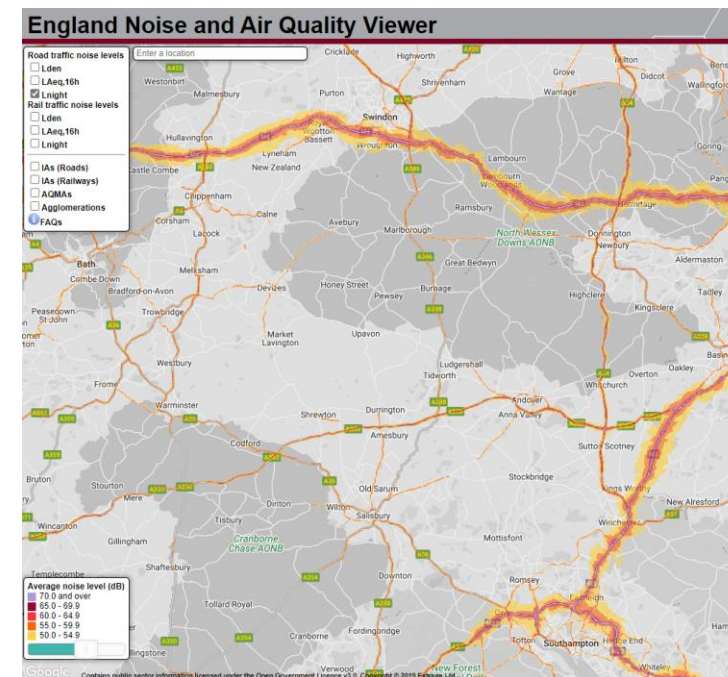
## **Lden<sup>1</sup> noise levels (dB) in Swindon and Wiltshire**



Source: Extrium, Google Maps, based on DEFRA data

<sup>1</sup> Lden (day-evening-night) - a 24 hour annual average noise level in decibels with weightings applied for the evening and night periods. Ln - the night time annual average noise level (in dB) where night is defined as 2300-0700

## **Lnight noise levels (dB) in Swindon and Wiltshire**



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## Policy Insights

Swindon and Wiltshire has strong aspirations to deliver a well connected and resilient transport system (Swindon and Wiltshire Strategic Economic Plan 2016). The large contribution that transport makes to carbon emissions in Swindon and Wiltshire sets the policy imperative to focus on decarbonised transport, and deliver initiatives that promote low carbon transit. Likewise, the LEPs ambitions to create excellence in digital connectivity (Swindon and Wiltshire Strategic Economic Plan 2016) should mean focus is given to improving speeds across the area and resolving any “not spots” that persist.

A decline in office space in recent years may reduce the options for businesses looking to start up and grow in the area. Given the sectoral strengths and growth aspirations of the area, particularly in advanced engineering and high tech digital innovation (South West England and South East Wales Science and Innovation Audit 2017) there is a need to ensure the appropriate mix of commercial floorspace is secured both for sectors that are important today and to Swindon and Wiltshire’s future growth.