

**PERTH & KINROSS
COUNCIL**

**EMPLOYMENT LAND
& PROPERTY
MARKET ANALYSIS**

DECEMBER 2022

Ryden

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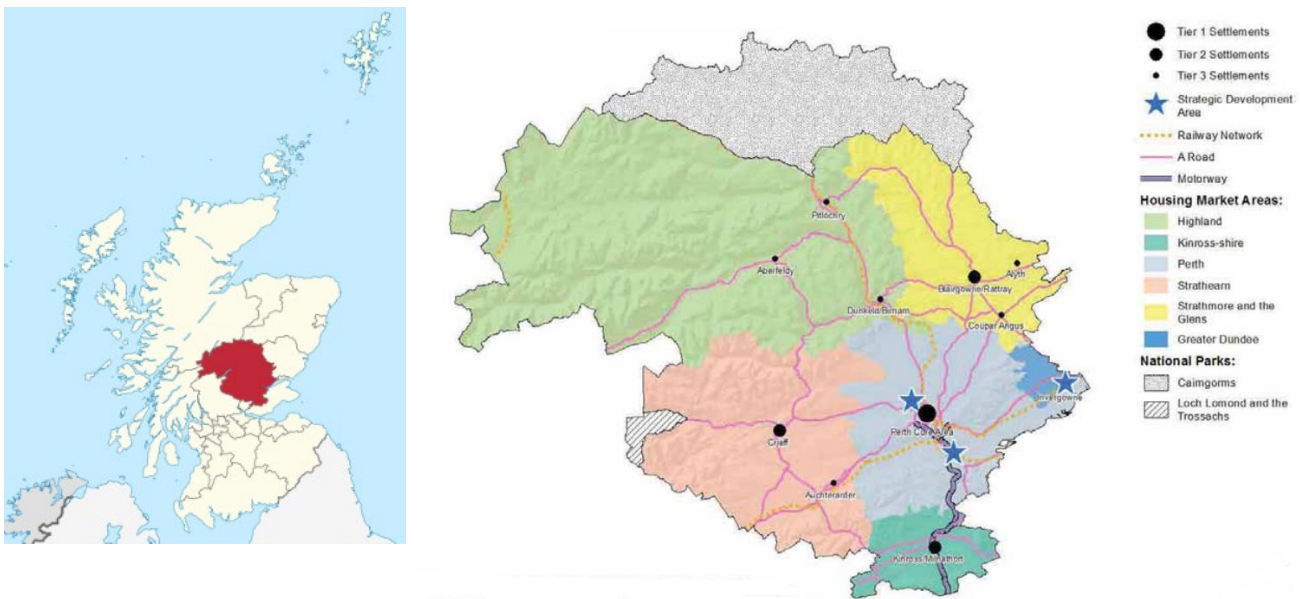
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01

INTRODUCTION

- 1.1 Ryden was appointed by Perth & Kinross Council (the Council) to provide analysis of its employment land and property market. Employment land and property are defined as being suitable for any use within, or ancillary to, those specified in Use Classes 4, 5 or 6 of the Town and Country Planning (Use Classes) (Scotland) Order 1997. These are defined as:
- Use Class 4 – Office, business or light industrial
 - Use Class 5 - General Industry
 - Use Class 6 - Storage and Distribution
- 1.2 Employment in this context is defined as wealth generation and a direct addition to the economy. Retail, tourism and leisure uses are excluded from the definition of employment land and property.
- 1.3 Perth & Kinross is located in central Scotland and borders onto the Aberdeenshire, Angus, Argyll and Bute, Clackmannanshire, Dundee, Fife, Highland and Stirling local authority areas. The area is home to 151,910¹ people. The city of Perth is the administrative centre and a strategically important gateway to the north and north east of the country. It is well connected via the M90 which connects it to Edinburgh and the central belt, the A90 to Dundee and the A9 south to Stirling and Glasgow and north to Inverness. The wider Perth & Kinross region contains scenic countryside, towns and villages.

FIGURE 1: PERTH & KINROSS MAPS



AIMS AND OBJECTIVES

- 1.4 The employment land and property market analysis will inform and underpin the development of the new Local Development Plan (LDP), the review of Perth & Kinross Council's Investment Property Strategy, its Commercial land and property portfolio, and Commercial Property Investment Programme.

¹ National Records of Scotland, Mid-2020 Population Estimates by Council Area in Scotland

1.5 The objectives of the study are as follows:

- Provide a market analysis of the current and future employment land and property market including Perth & Kinross LDP2 employment allocations and of the Council Commercial portfolio, comprising:

Past - analysing the market:

- property transactions
- total stock of office and industrial floorspace
- how supply of property has varied over last 10 years
- market demand/enquiries
- employment land audit (supply)
- take-up of employment land (demand)

Present - how the market is functioning:

- providing and analysing property yields
- rents and sales
- private sector investment and viability (to assess whether public sector assistance is needed)
- vacancy rates
- quality of the existing available property
- assess employment land supply (using audit information from above).

Future –market prospects:

- Economic change
 - The need for property replacement
 - Property and land requirements including gaps, new build requirements and sector splits
 - The health of the private market in different employment sectors and places, and where is need for public sector intervention
- An overview of the Scottish market and comparisons to Perth & Kinross.
 - A competitive analysis of the Perth & Kinross offer with respect to other competing local authorities.
 - Identify the appropriate level of the fully serviced development plot requirement at major employment locations to ensure a choice of locations and plot sizes and identify how to support rural areas and micro businesses.
 - An overview of public funding options available for potential investment into Perth & Kinross.
 - A recommendation of key priorities for the Perth & Kinross Council Property Investment Strategy
 - Determine emerging land use and property occupation trends.

REPORT STRUCTURE

1.6 The remainder of this report is structured as follows:

- Section 2 provides the economic policy context as it applies to Perth & Kinross
- Section 3 reviews the planning and transport policy context
- Section 4 details the relevant economic indicators for the area
- Section 5 includes a thorough review of the employment property market
- Section 6 reviews the Council's own investment portfolio
- Section 7 reviews employment land in Perth & Kinross as well as the Council's tool for assessing it
- Section 8 summarises the consultation exercises undertaken with property market actors in the area

- Section 9 provides the results of the business survey
- Section 10 benchmarks relevant indicators for Perth & Kinross against several comparable local authorities
- Section 11 details available funding
- Section 12 provides a summary and future recommendations

02

ECONOMIC POLICY CONTEXT

INTRODUCTION

- 2.1 This section reviews the economic policy context as it applies to Perth & Kinross. The context has changed considerably in recent years with both the UK and Scottish Government setting out visions for the future of the economy which represent a departure from approaches taken in recent decades. In the case of the UK Government, there is a focus on levelling-up parts of the country that have fallen behind, while the Scottish Government has set out its vision for a wellbeing economy, with a focus on fairness and sustainability as well as prosperity and economic growth. There is also a focus on economic recovery following the impact of the Covid-19 pandemic. The economic policy contexts regionally for Tayside and within Perth & Kinross are also evolving and are reviewed below. This changed context affects funding and thus delivery of land and property projects, reviewed in full in Section 11.

UK GOVERNMENT POLICY

LEVELLING UP

- 2.2 In early 2022, the UK Government published its White Paper 'Levelling Up the United Kingdom' which sets out a number of missions to allow everyone across the country the same opportunities in regards to health, education, work and life chances.
- 2.3 Levelling up mission priorities including employment and productivity, manufacturing and attracting businesses to locations around the UK where economic activity and employment rates have been lower.
- 2.4 The £4.8 billion Levelling Up Fund has a broad focus which include capital investment to regenerate areas, which has positive implications for employment land and business space. The White Paper notes the Tay Cities Deal operating in Perth & Kinross (below) and the Community Renewal Fund covering the region which is delivering an employment and wellbeing programme.
- 2.5 Several of the missions outlined in the strategy have consequences for employment property and land, primarily through business opportunities. The strategy seeks to ensure that more jobs are provided outside of London and that opportunities are made available in all parts of the country. In order to achieve this, businesses need to be attracted to invest in other areas of the country. Similarly, job opportunities are to be created in areas where they have been lacking.
- 2.6 As part of its vision to level up the country, the UK Government has also invested £1.5 billion since 2014 to City and Growth deals across Scotland. The deals now cover every part of the country and seek to support local investments that will stimulate economic growth, develop key sectors and create employment opportunities. The Scottish Government and the UK Government will each invest up to £150 million in the Tay Cities Region Deal which was signed in 2020. This investment has the potential to secure over 6,000 quality jobs and lever in £400 million of investment over 15 years.
- 2.7 In relation to Perth & Kinross, two plant science centres are being supported by £45m from the UK Government and £17m from the Scottish Government at the James Hutton Institute in Invergowrie. With completion expected in early 2024, the centres will bring together industry and world-leading science to focus on solutions for the food and drink industry regarding climate change and a green recovery from the disruption caused by COVID-19. Combined, the two projects aim to create over 470 jobs in the Tayside region and a further 2,200 jobs across the wider Scottish and UK economy, demonstrating the true national importance of the two initiatives.

- 2.8 The Deal will also fund Perth Innovation Highway, a 5 mile smart technologies corridor linking Perth Eco Innovation Park at Perth West, a 25 hectares area of employment land with Perth City Centre.
- 2.9 Deal funding is also being provided for a low carbon transport and active travel programme including the development of a low carbon transport hub at Broxden Park and Ride in Perth, active travel network across Perth and a hydrogen refuelling station at Perth West. The aim of the project is to provide sustainable travel options to local residents, businesses and visitors to the region. The programme will use key points within the strategic road network and in close proximity to the existing Broxden Business Park and the Perth West site as well as other allocated areas of future employment land.
- 2.10 Funding will also be provided for high-speed broadband access in rural Perth & Kinross.
- 2.11 The Deal also supports a series of regional programmes focusing on improving skills and supporting key growth sectors such as Clean Growth which would also benefit Perth & Kinross.
- 2.12 Alongside the main Deal, the Scottish Government has agreed to provide £40m to support the Cross Tay Link Road (CLTR) which would take forward the Perth Transport Futures programme. The CLTR is the biggest infrastructure project ever undertaken by Perth & Kinross Council. It will involve the construction of a new 3-span bridge over the River Tay and a six kilometre stretch of new carriageway linking the A9 and the A93 to Blairgowrie and the A94, just north of Scone. It also includes the construction of two kilometres of realigned dual carriageway on the A9 just north of the Inveralmond Roundabout.
- 2.13 The project will improve the local transport network and traffic flow and reduce journey times. It will also enhance pedestrian and cycle safety, increase network capacity as well as significantly reducing traffic congestion and related pollution in Perth city centre. It will unlock significant housing and employment land.

SCOTTISH GOVERNMENT POLICY

NATIONAL PERFORMANCE FRAMEWORK (NPF)

- 2.14 Scotland's move towards a wellbeing economy is supported by the country's National Performance Framework (NPF). The NPF sets out the Scottish Government's vision for measuring progress towards economic growth that is both sustainable and inclusive, using an outcomes-based approach. The NPF sits at the top of the policy hierarchy in Scotland, meaning that all other policies and strategies should be contributing to the outcomes that it identifies.
- 2.15 The Framework sets out 11 different outcomes and progress towards them is assessed using 81 indicators to give a measure of wellbeing that includes a broad range of social, cultural and environmental factors as well as economic considerations.
- 2.16 In 2021, following recommendations from the Advisory Group on Economic Recovery in response to the Covid-19 pandemic, the four capitals of the economy (human, natural, social and economic) were incorporated into the NPF as necessary elements for the wellbeing of current and future generations². Economic capital relates to business and the production of physical assets from applying human to natural capital. Analysis of the impacts of the pandemic on economic capital by AGER note that future reductions in research and development are likely and the focus to date has been largely on short-term survival. Adequate supply of employment land therefore refers to economic capital through the long-term impacts it will have for businesses and economic growth and to encourage investment.
- 2.17 The supply/demand for employment land can contribute to several of the outcomes associated with 'Economy' and 'Fair Work and Business'. These outcomes seek to ensure that the country's businesses have the ability to thrive and that local, and national, economies are sustainable in the long term.

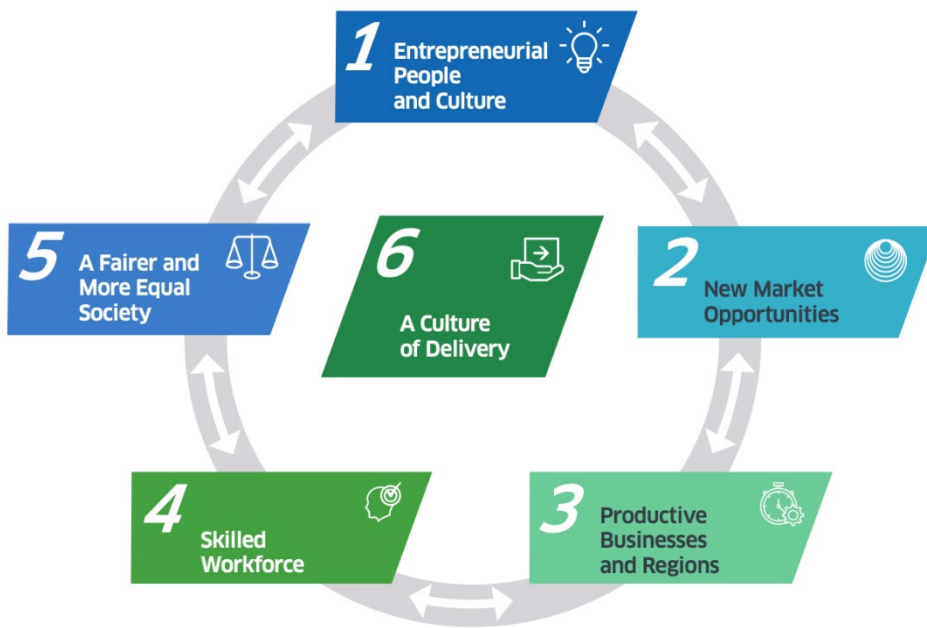
² Advisory Group on Economic Recovery, 2020, Towards a Robust, Resilient Wellbeing Economy for Scotland

Correspondingly, it also contributes towards achieving the reduction of poverty through providing more opportunities to deprived areas.

SCOTLAND'S NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION

- 2.18 In March 2022, the Scottish Government published its National Strategy for Economic Transformation. The ten-year strategy provides a set of key priorities and actions with a vision of achieving a wellbeing economy that is prosperous for all of the country's people and places. A wellbeing economy is one that delivers economic prosperity across social, economic, and environmental dimensions. This includes capitalising on Scotland's most advantageous economic opportunities such as the transition to a net zero economy and a green recovery from the Covid-19 pandemic. Additionally, it includes reducing the socio-economic inequalities that exist between parts of the country.
- 2.19 The ambition of the strategy is for 'Scotland to be successful' over the next decade. This includes creating an economy in which all people can have access to skilled, well-paid, jobs, and businesses and entrepreneurs have the conditions necessary to flourish. Achieving these ambitions is underpinned by five policy programmes of actions that the Scottish Government has identified as having the potential to generate the greatest economic success, all centred on a culture of delivery (Figure 2).

FIGURE 2: SCOTLAND'S NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION: POLICY PROGRAMMES OF ACTION



Source: Scottish Government (2022). Scotland's National Strategy for Economic Transformation.

- 2.20 One aspect of the strategy's vision is for Scotland to be 'the best place to start and grow a business'.³ However a key issue highlighted by the strategy is that Scotland falls behind other countries in terms of its productivity. It notes that there are too few businesses scaling up or starting and that limited access to infrastructure is a factor in this problem.
- 2.21 Each of the priorities and proposals identified in the strategy is national objective and, as such, all have implications for Perth & Kinross. With a key focus of the strategy being on inclusive growth across the country, it is evident that Perth & Kinross requires economic growth and investment in high productivity

³ Scottish Government (2022). Scotland's National Strategy for Economic Transformation.

sectors to raise local and national productivity rates. Having adequate supply of employment land and property is a factor in enabling this vision within Perth & Kinross and supporting business growth.

- 2.22 In relation to the productivity challenge facing the national economy, the strategy also notes low national levels of research and development (R&D) activity. Again, as this is a national problem it is also likely to apply in Perth & Kinross. Data collected by the Scottish Government on Business Research and Development (BERD) shows that in 2020, businesses in Perth & Kinross spent just under £6 million on R&D, accounting for 0.4% of the total spend in Scotland during the year. The data also shows that R&D investment by businesses in Perth & Kinross peaked at £10.6m in 2014 but has since struggled to replicate this level. Even at this peak level, R&D expenditure by Perth & Kinross businesses as a proportion of total Scottish R&D expenditure was still just 1.1%⁴. R&D investment in Perth & Kinross in excess of historic trends will require premises that are suitable for businesses to conduct R&D.
- 2.23 The transition to becoming a net zero economy offers new market opportunities for businesses in Scotland, notably in the financial, manufacturing and energy sectors. Growth and investment in these sectors can take early advantage of such opportunities, in addition to creating a skilled workforce. To enable this growth, sites for expansion need to be available for firms, particularly for those looking to relocate to areas where opportunities are available. Large capital investments in this market will translate to economic growth in the areas in which they occur.

SCOTLAND'S INWARD INVESTMENT PLAN: SHAPING SCOTLAND'S ECONOMY

- 2.24 Published in 2020, the Scottish Government's ambition for Scotland is to be a leading destination for inward investment that aligns with Scotland's values as a nation. The Plan identifies 9 key opportunity areas where Scotland's strengths match global investment flows: Energy transition, Decarbonisation of Transport, Software and IT, Digital Financial Services, Digital Business Services, Healthtech, Transformation of Chemical Industries and Food & Drink Innovation. These are the areas where the Scottish Government sees significant opportunity for Scotland to become an inward investment destination of choice, and to maximise the wider spillover benefits to the economy.
- 2.25 Perth & Kinross has existing strengths in a number of these opportunity areas such as Food & Drink, Energy Transition, de-carbonisation of transport and should seek to maximise its attractiveness as a leading destination in these areas.

REGIONAL AND LOCAL ECONOMIC STRATEGIES

TAY CITIES REGION ECONOMIC STRATEGY 2019-2039

- 2.26 The Tay Cities Region Economic Strategy for the period 2019 – 2039 seeks to deliver on the agreements set out in the Tay Cities Region Deal. This includes supporting the growth and development of local businesses, innovation, productivity, skills and employment. Facilitating this growth requires adequate access to employment land premises and creating such facilities that encourage investment into the area.
- 2.27 Together with the Tay Cities Deal, the strategy has the vision of making the region an exciting place to live, work, visit and invest in, with the key ambition of increasing the number of businesses and jobs in the region. The strategy proposes doing so by investing in the area's key business sectors and in businesses premises and employment land in the region. The key business sectors noted in the strategy are:



⁴ Business Enterprise Research and Development Scotland (2020). Expenditure on R&D performed within businesses in Scotland: Local Authority Level. Perth & Kinross has 3% of Scotland's population but 1% of R&D expenditure.

- Tourism
- Food and Drink
- Manufacturing and Engineering
- Construction
- Energy & Renewables
- Digital & Creative Industries
- Life Sciences

2.28 Perth & Kinross has long-term strengths in the tourism and food and drink sectors. However, the area is now also becoming a focus for agri-tech and eco-tourism. There is also a focus on innovation in the insurance and finance sectors and energy transition

PERTH & KINROSS ECONOMIC WELLBEING PLAN 2020-2028

2.29 The Perth & Kinross Economic Wellbeing Plan was co-produced in the spring of 2021 by a Taskforce set up to help economic recovery as a result of the impact of Covid-19. The Economic Taskforce continues to monitor progress and to review the economic impact of the pandemic.

2.30 The Plan names 73 actions under 3 broad headings of People (17 actions), Business (27 actions) and Place (29 actions). Those actions of direct relevance to employment property and land are:

- Provide business support and micro-grants to micro businesses to support start-up or expansion costs.
- Support the Circular Economy/Waste hub at Binn Eco-Park and across Perth & Kinross around Project Beacon (plastics recycling -Tay Cities Deal funded project) and attract £10m private investment.
- Support Food and Drink / agriculture /bio-economy innovation.
- Support an Engineering Innovation hub at Perth College/UHI linking to Aviation Academy/Tayside Engineering Partnership projects (Tay Cities Deal funded projects).
- Examine options to set-up a revolving fund financing upfront infrastructure to open up new housing and mixed-use sites (including traditional developer contributions, joint ventures or acquisition of land) in return for investment focused on Perth city and rural sites which are key to the delivery of the Local Development Plan (LDP) strategy.
- Deliver Perth Eco Innovation Park linking to Perth Innovation Highway/Mobility Hub (Tay Cities Deal funded projects) 2020-2030.
- Promote and support property adaptation and vacant site development.
- Cross Tay Link Road as new major road infrastructure to support the growth of Perth and the future development of housing and employment areas.

2.31 In addition, improvements, adaptation and development of Perth station and its adjacent sites is proposed. Perth & Kinross Council is actively engaged with Network Rail on these plans which could potentially release a lot of surplus property for other opportunities. Resource to support public/private property use and improvement including reconfiguration of the high street and supporting the conversion and development of eyesore properties and potentially mixed-use developments is also proposed.

2.32 A Progress Report on the Economic Wellbeing Plan was produced at the end of April 2022 and noted progress against the Vacant and Commercial Property Adaption and Improvement Scheme – 13 applications approved through the Adapt Your Property fund has resulted in 8 commercial properties being brought back into use and a further 5 properties being converted from commercial to residential, i.e. being removed from employment use. 14 Vacant Property Feasibility grants were allocated, which has resulted in 23 residential properties, 7 commercial properties and 2 community properties being brought back into use.

SUMMARY

2.33 The economic context underpinning national, regional, and local strategies has undergone a period of unprecedented change over the past few years. Prior to the pandemic, Scotland had already begun to focus on going beyond traditional measures of economic success by transitioning to a wellbeing economy,

evidenced by the publication of the National Performance Framework. The UK Government has published its Levelling Up Plan in which it seeks to create opportunities for all, no matter their postcode. This focus on generating economic prosperity for all people and places has also informed the strategies of local authorities.

- 2.34 As the impacts of the Covid-19 pandemic have been felt, the drive towards creating a wellbeing economy has strengthened. The recent publication of Scotland's National Strategy for Economic Transformation strives for a wellbeing economy driven by growth in productivity across the country and a culture of delivery.
- 2.35 A wellbeing economy is driven by a wide range of outcomes and indicators and the supply of employment property and land is one such way in which these can be supported. Having adequate supply of employment property and land will enable businesses to start-up, grow and invest, creating employment opportunities that can drive economic activity rates and growth. Strategies specific to the Perth & Kinross region identify the need to make such premises and land available to businesses so that these ambitions can be realised.
- 2.36 The Tay Cities Region Deal, signed in 2020, covers the areas of north Fife, Angus, Dundee and Perth & Kinross and will see an injection of an estimated £400m into the region over 15 years. In Perth & Kinross, this includes two plant science centres focusing on solutions for the food and drink industry regarding climate change and the green recovery at the James Hutton Institute in Invergowrie. The Deal will also fund Perth Innovation Highway a 5 mile smart technologies corridor linking Perth Eco-Innovation Park at Perth West, a 25 hectares of employment land and Perth City Centre. Deal funding is also provided for a low carbon transport and active travel programme including the development of a low carbon transport hub at Broxden Park and Ride in Perth. This will help make this core employment location more sustainable. Funding will also be provided for high-speed broadband access in rural Perth & Kinross.
- 2.37 Support is also being provided for a flagship Plastics recycling project at Binn Eco-Park as well as support for engineering via Aviation academy and Tayside Engineering Partnership projects. The Cross Tay Link Road will provide new major road infrastructure to support the growth of Perth and the future development employment areas.

03

PLANNING & TRANSPORT POLICY CONTEXT

- 3.1 Planning in Scotland is currently going through a period of reform following the appointment of an independent panel in 2015 who conducted a review of Scotland's planning system. The panel concluded that the main structure of the system was not broken, however, for the potential of planning to be realised, a strong commitment to change practices, culture, and to re-focus the profession's improvement agenda would be required.
- 3.2 In June 2019, the Planning (Scotland) Act 2019 was passed and work on implementing the Act is continuing. This includes the preparation of National Planning Framework 4 (NPF4). NPF4 will incorporate Scottish Planning Policy (SPP) which contains detailed national policy on a number of planning topics which means for the first time spatial and thematic planning policies will be addressed in one place. NPF4 will have the status of the development plan for planning purposes. This is a change to the current position and will mean that its policies will have a stronger role in informing day to day decision making. NPF4 will have a longer time horizon to 2050, fuller regional coverage and improved alignment with wider programmes and strategies, including on infrastructure and economic investment. NPF4 will also take into account regional spatial strategies prepared by local authorities.
- 3.3 Transport investment in Scotland is also changing with a focus on sustainability and supporting people to make better, more informed choices on how they travel. Strengthening strategic connections remains a high priority however this needs to be balanced with decarbonising transport and improving active travel. Typically, the largest business costs/emissions are due to energy and/or distribution or delivery costs.
- 3.4 NPF3 and SPP remain as current policy until the final approval of NPF4 (anticipated to be approved and adopted later in 2022).

SCOTTISH PLANNING POLICY

- 3.5 Scottish Planning Policy (SPP) sets out the Scottish Government's planning policies in relation to economic development. SPP requires local authorities to allocate sites appropriate for the range of business sectors and business sizes in the plan area.
- 3.6 Allocations should therefore reflect market demand and location, size, quality and infrastructure requirements. Allocations should also take account of whether sites are serviced or serviceable within five years; the potential for mixed use development; and their accessibility within the transport network, including options for walking, cycling and public transport. Ryden will review the Council's allocations as part of this study.

THE NATIONAL PLANNING FRAMEWORK FOR SCOTLAND 3

- 3.7 NPF3, approved in June 2014, is the statutory spatial strategy for Scotland for the long-term development of Scotland's towns, cities and countryside. As noted in the previous section, the Scottish Government's central purpose is to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. To achieve this, the Government Economic Strategy, referenced in Section 2, aims to share the benefits of growth by encouraging economic activity and investment across all of Scotland's communities, whilst protecting natural and cultural assets.
- 3.8 The NPF's spatial strategy shows where there will be opportunities for growth and regeneration, investment in the low carbon economy, environmental enhancement and improved connections across the country. It indicates where most change is expected to happen, from city regions to rural areas and coastal towns. Planning Authorities are required to take NPF3 into account when preparing development plans and it is a

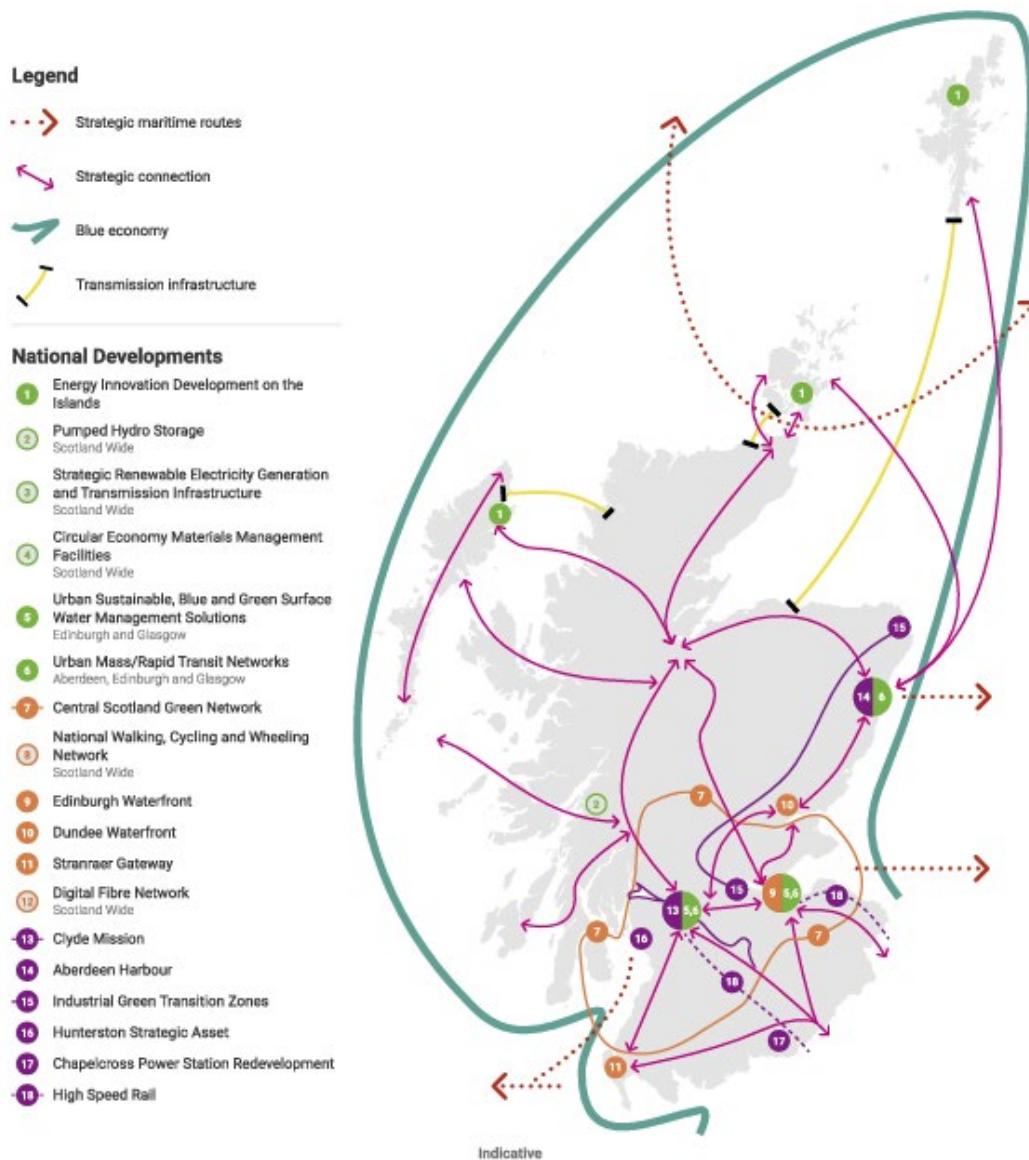
material consideration in the determination of planning applications. In order to secure sustainable economic growth, there is a need for sufficient employment land of the right quality and in the right location.

- 3.9 The dualling of the single carriage, 80-mile A9 trunk road from Perth to Inverness was a key project noted in NPF3 with acknowledgement of the essential role that the road network plays in connecting the cities. It will also support aspirations for more sustainable cities which attract new business. The dualling is scheduled to complete in 2025.

NATIONAL PLANNING FRAMEWORK 4 (REVISED DRAFT)

- 3.10 The revised draft NPF4 was published on 8 November 2022 and puts the twin global climate and nature crises at the heart of its vision for a future Scotland which makes planning and development decisions in the long-term interest of the country. The national spatial strategy focuses on creating places that are sustainable, liveable and productive.
- 3.11 The revised draft NPF4 is underpinned by six spatial principles as follows:
- Just transition to net zero
 - Recycling and conserving assets
 - Local living
 - Compact urban growth
 - Rebalanced development
 - Rural revitalisation
- 3.12 These principles play a key role in delivering on the United Nations Sustainable Development Goals and Scotland's national outcomes.
- 3.13 Eighteen national developments support the strategy, including single large scale projects and networks of several smaller scale proposals that are collectively nationally significant. These national developments will be a focus for delivery, as well as exemplars of the Place Principle, placemaking and a Community Wealth Building approach to economic development. Perth & Kinross has not been identified for any specific developments but will be required to contribute to the Scotland-wide targets, including the National Walking, Cycling and Wheeling network, circular economy materials management facilities, the digital fibre network, pumped hydro storage and strategic renewable electricity generation and transmission infrastructure.
- 3.14 The National Spatial Strategy is shown in Figure 3 alongside the 18 national developments.

FIGURE 3: NPF4 NATIONAL SPATIAL STRATEGY



Source: NPF4 (Revised draft)

- 3.15 The National Spatial Strategy has been broken down into 5 regional spatial strategies which will inform the preparation of regional spatial strategies and LDPs by planning authorities.
- 3.16 The Perth region predominately sits within the Central region which also incorporates the Glasgow, Edinburgh, Stirling and Dundee city regions as well as networks of towns and smaller settlements, and more rural surroundings. Some of the key issues cited for this region include emissions from domestic properties, industry and transport, the decarbonisation of buildings and transport, promotion of blue and green infrastructure across the urban fabric, tackling social and economic differences and managing the continued demand for more housing in this area.
- 3.17 With regard to specific policies, the business and industry policy (policy 26) states that LDPs should allocate sufficient land for business and industry, taking into account business and industry land audits, in particular ensuring that there is a suitable range of sites that meet current market demand, location, size and quality in terms of accessibility and services. This allocation should take account of local economic strategies and support broader objectives of delivering a low carbon and net zero economic recovery, and a fairer and more inclusive wellbeing economy. The policy detail includes acknowledgement of home working, live-work units and micro-businesses which will be supported where it is demonstrated that the scale and nature of the proposed business and building will be compatible with the surrounding area.

- 3.18 Policy 27 refers to city, town, local and commercial centres and a Town Centre first approach will continue. LDPs should support sustainable futures for city, town and local centres, in particular opportunities to enhance city and town centres. They should, where relevant, also support proposals for improving the sustainability of existing commercial centres where appropriate. LDPs should identify a network of centres that reflect the principles of 20 minute neighbourhoods and the town centre vision. Town centre living is also supported in relation to vacant buildings which are no longer viable and the conversion of vacant upper floors which could incorporate vacant former offices.
- 3.19 Local living and 20 minute neighbourhoods are referred to in Policy 15 in order to encourage the application of the Place Principle and create connected and compact neighbourhoods where people can meet the majority of their daily needs within a reasonable walking distance of their homes, preferably by walking, wheeling or cycling or using sustainable transport options. Local access to employment is part of this concept.
- 3.20 NPF4 is required to be approved by the Scottish Parliament, then adopted by Scottish Ministers.

STRATEGIC DEVELOPMENT PLAN - TAYPLAN

- 3.21 The Planning etc. (Scotland) Act 2006 implemented the creation of Strategic Development Plans (SDPs). This involved the formation of Strategic Development Planning Authorities (SDPAs) which consist of a group of local authorities working together to prepare and develop an SDP for wider city regions.
- 3.22 Perth & Kinross Council is a member of the Tayside Plan (TAYplan). The SDP provides a forum for authorities to develop a common approach to matters that extend beyond local authority boundaries. The regional boundaries reflect the concentration around cities, therefore taking into account housing markets, travel to work areas and access to services. The vision of the TAYplan is that:
- “by 2046, the TAYplan area will be sustainable, more attractive, competitive and vibrant without creating an unacceptable burden on our planet. The quality of life will make it a place of first choice where most people choose to live, work, study and visit and where businesses choose to invest and create jobs”.*
- 3.23 TAYplan directs development to specific locations such as the Perth Core Area and the largest settlements within Perth & Kinross to identify and safeguard at least a 5-year employment land supply that has the potential to support economic growth. Policy 3 (Managing TAYplan’s Assets) recommends that areas are safeguarded for class 4 office type uses in the main settlements and promote the year-round role of the tourism sector.
- 3.24 TAYplan identifies 3 strategic development areas at North West Perth, Oudenarde and Invergowrie.
- 3.25 As a consequence of the Planning (Scotland) Act 2019 passed in June 2019, Regional Spatial Strategies will replace Strategic Development Plans such as TAYplan in future.

PERTH CITY PLAN 3: PERTH 2040 OUR AGENDA FOR CHANGE

- 3.26 This updated version of the City Plan sets out an agenda for action through to 2040 and calls for businesses, communities, civil society and public sector bodies to work together to achieve good growth.
- 3.27 The Plan carries forward the key aim from City Plan 2 of making Perth one of Europe’s great ‘small cities’. The Plan acknowledges that Perth faces huge challenges to become the place it strives to be. From an employment use point of view this includes:
- The Future of Work –changing work patterns with more self-employment and home working. Artificial intelligence (AI), robotics and automation could put 30% of jobs at risk by the mid-2030s (PWC), and

the least skilled and educated will be most vulnerable. Perth needs to become a resilient, knowledge-based economy.

- Building New Communities - By 2040 Perth will need 5,000 new homes, as well as schools, healthcare facilities and employment locations.

3.28 The City Plan includes a Framework for Action which includes 6 priorities:

- Shaping a Growing City- strike a balance between promoting economic growth, creating a beautiful and distinctive city, sustainability and climate change resilience.
- Responding to Climate Change
- Transport and Digital Connections
- Revitalising the City Centre
- Enterprise and Prosperity
- Inclusion and Social Justice

3.29 Over the next twenty years the population of Perth City is projected to increase by 20%, from 50,000 to 60,000. The Plan seeks to grow the city economy at a rate which matches population growth, from 25,000 full-time equivalent jobs to 30,000. By focusing on knowledge-based businesses, high-performance SMEs and start-ups the Plan seeks to improve productivity and maximise the city's contribution to the regional and Scottish economy, increasing the city's contribution to Scotland's GVA by 30-35%.

3.30 The Plan proposes that by 2025 the area around Perth Station will have been developed as a centre for business and enterprise linked to a public transport hub. The Cross-Tay Road Link will also have completed. By 2030, the rail link to Edinburgh will have been upgraded by dualling the track between Perth and Ladybank to enable a faster and more frequent service.

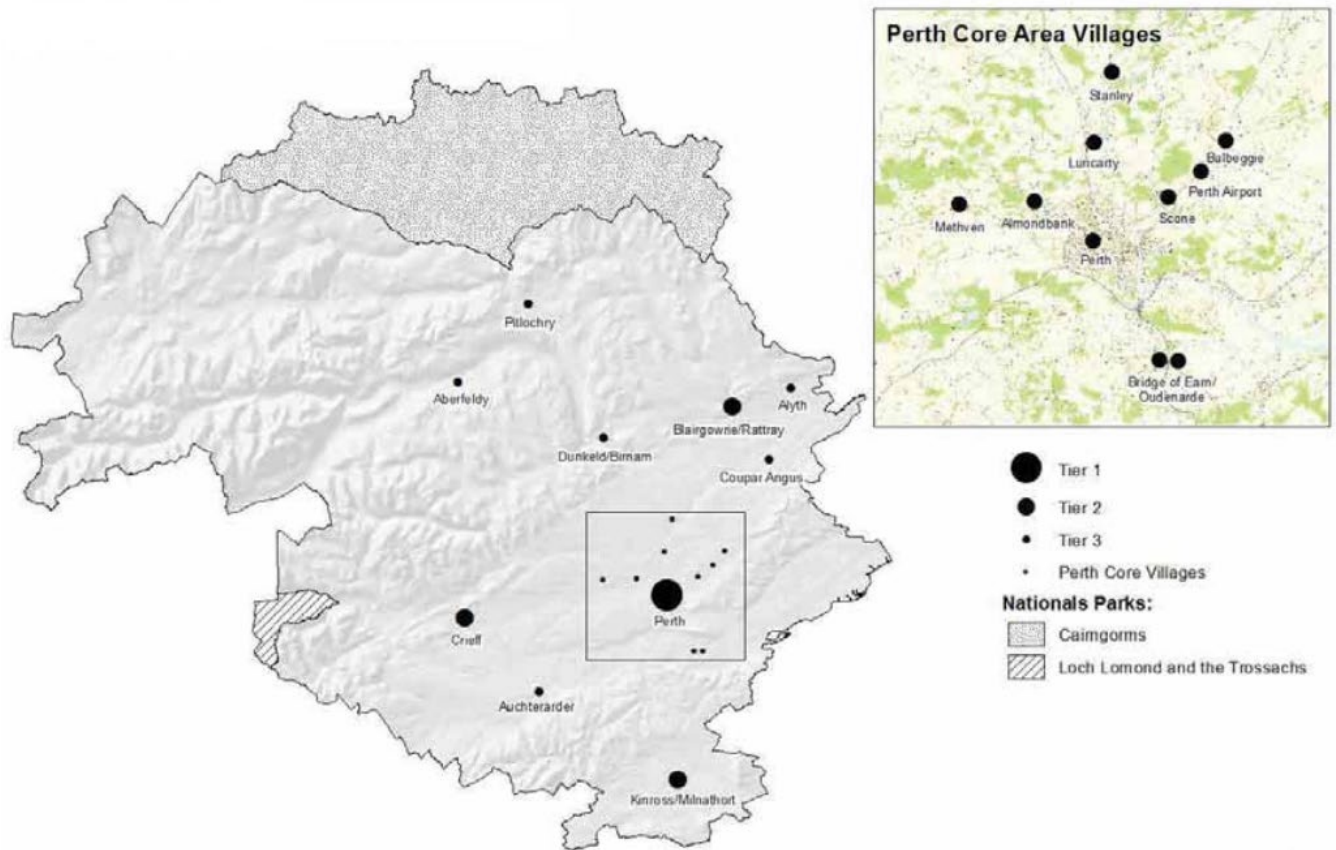
PERTH & KINROSS LOCAL DEVELOPMENT PLAN 2

3.31 The City Plan summarised above covers Perth city. The LDP covers the full local authority area. The Council adopted the Perth & Kinross LDP2 on 29 November 2019. The Plan sets out how the Council aims to work towards its Vision for Perth & Kinross. It shows which land is being allocated to meet the area's development needs to 2029 and beyond and sets out the planning policies it applies in promoting the sustainable economic growth of the area over this period.

3.32 In terms of spatial strategy, the LDP adopts a hierarchical approach of focusing development in the Principal Settlements. In addition, the strategy seeks to utilise brownfield land within the settlements and secondly, land adjacent to existing settlements. The Plan recognises, however, that brownfield opportunities in Perth & Kinross are extremely limited and that supporting the sustainable growth of the area will rely on greenfield land release.

3.33 Figure 4 overleaf details this settlement hierarchy.

FIGURE 4: PERTH & KINROSS PRINCIPAL SETTLEMENTS



Source: Perth & Kinross Council

- 3.34 Tier 1: Perth Core Area will accommodate the majority of new development. The Perth Core Area includes the City and surrounding villages containing approximately 58% of the Council’s population.
- 3.35 Tier 2: Existing Regional Service Centres will accommodate a smaller share of new development as settlements that have a range of services to support this growth.
- 3.36 Tier 3: Existing Local Service Centres will accommodate a very small share of new development to support their continuing growth.
- 3.37 The LDP identifies 3 long-term strategic development areas, as detailed in Table 1. Two of these have significant employment land allocations.

TABLE 1: LDP STRATEGIC DEVELOPMENT AREAS

| REF | LOCATION | SIZE | USES |
|-------|---------------|--------------------------|---|
| MU345 | Bertha Park | 178 hectares (estimated) | 3,000+ homes, in excess of 25 hectares employment land and community facilities |
| MU73 | Almond Valley | 150 hectares | 704-1,100 homes |
| MU70 | Perth West | 262.3 hectares | 2,210-3,453 homes, 25+ hectares employment land , 2 local employment and community focussed centres, land for medical centre, land for 2 double stream primaries and land for cemetery provision (within the allocation or within Lamberkine Woodland) |

Source: Perth & Kinross Council

3.38 With regard to economic development, Policy 7: Employment and Mixed-Use Areas includes the following:

- Policy 7A: Business and Industrial - for all business and industrial areas the following criteria apply. Any proposed development must be compatible with surrounding land uses. In addition, all the following criteria will be applied to development proposals in these areas (individual sites may also have specific requirements):
 - a) Proposals should not detract from the amenity of adjoining, especially residential areas.
 - b) The local road network and connections to the national road network must be suitable for the traffic generated by the proposals.
 - c) There should be good walking, cycling and public transport links to new employment generating uses.
 - d) Proposals for retail uses in employment areas will not be acceptable unless they are ancillary to an acceptable use on the site.
 - e) Proposals for service facilities should exclude retail and commercial facilities over 100 sq.m. and should serve the business and industrial area rather than draw outside trade and cumulatively should not equal more than 15% of the allocated employment area.
 - f) Proposals for waste management facilities can be considered to be acceptable subject to detailed site-specific considerations.
 - g) Proposals should not result in adverse effects, either individually or in combination, on the integrity of any European designated sites. Applications shall be supported by sufficient information to allow the Council to conclude that there would be no such adverse effects.

Areas identified as core business and industrial land should be retained for Class 4, 5 and 6 uses (unless criteria (d), (e) or (f) of Policy 7A apply).

For areas identified as general business and industrial areas with potential for mixed uses, the preference remains to protect these areas for Class 4, 5 and 6 uses. However, proposals outwith these classes (but excluding residential or retail that is principally for visiting members of the public) will be considered with regard to:

- a) impact on local availability of serviced land and buildings for business, industry or storage and distribution uses;
 - b) the degree to which these types of uses are already present in the locality;
 - c) the availability of other locations for the proposed use (for Class 2 and leisure uses any proposal must prove this through a sequential assessment report of sites).
- Policy 7B: Mixed-Use Sites - Areas identified for mixed use are intended to promote the integration of employment generating opportunities with housing, thereby reducing the potential need to commute between home and employment. Within these areas a range of uses such as housing, offices, light industry, surgeries and leisure will be acceptable, providing they are compatible with the amenity of adjoining uses and meet criteria (a)-(e) and (g) of Policy 7A above. Proposals for a mixed-use site that comprises predominantly one use will not be acceptable.
 - Policy 7C: Motor Mile - In Perth, within the area of Dunkeld Road identified as 'motor mile', encouragement will be given to motor vehicle sales/servicing and associated uses. There will be a presumption against any change of use to Class 1 retailing. The Council will encourage improvements to make the motor mile more attractive for motor vehicle sales. The trees and verges along the road frontage will be retained. Car showrooms are a sui generis in planning use class terms so technically excluded from this study however the importance of the area for employment currently its potential links to the future decarbonisation of transport are noted.

- 3.39 In addition, Policy 8: Rural Business and Diversification is of relevance. This Policy states that the Council will give favourable consideration to the expansion of existing businesses and the creation of new ones in rural areas. There is a preference that this will generally be within or adjacent to existing settlements. Sites outwith settlements may be acceptable where they offer opportunities to diversify an existing business, or are related to an existing site-specific resource or opportunity.
- 3.40 Proposals for new tourism-related developments, and the expansion of existing facilities, will be supported where it can be demonstrated that they improve the quality of new or existing visitor facilities, allow a new market to be exploited, or extend the tourism season. Proposals for new tourism-related developments must be justified through a business plan.
- 3.41 Proposals for rural businesses outwith identified settlements whose viability requires some mainstream residential development will only be supported where this fits with Policy 19: Housing in the Countryside. All proposals will be expected to meet all of the following criteria:
- a) The proposal will contribute to the local economy through the provision of permanent employment, visitor accommodation, additional tourism or recreational facilities, or the re-use of existing buildings.
 - b) The proposal will not result in suburbanisation of the rural area or encourage unsustainable travel patterns.
 - c) The proposed use is compatible with the surrounding land uses and will not detrimentally impact on the amenity of residential properties within or adjacent to the site.
 - d) The proposal can be satisfactorily accommodated within the landscape and environmental capacity of the site.
 - e) The proposal meets a specific need by virtue of its quality or location in relation to existing business or tourist facilities.
 - f) Where any new building or extensions are proposed they should achieve a high quality of design to reflect the rural nature of the site and be in keeping with the scale of the existing buildings.
 - g) The local road network must be able to accommodate, or be capable of upgrading in order to accommodate, the nature and volume of the traffic generated by the proposed development in terms of road capacity, safety and environmental impact. Applications with impacts on the Strategic Trunk Road Network will be subject to discussion and agreement from Transport Scotland.
 - h) Outwith settlement centres retailing will only be acceptable if it can be demonstrated that it is ancillary to the main use of the site and would not be deemed to prejudice the vitality of existing retail centres in adjacent settlements.
 - i) Developments employing more than 25 people in rural locations will be required to implement a staff travel plan or provide on-site staff accommodation.
- 3.42 Policy 8 only applies to those settlements which are not listed as principal settlements in TAYplan.

STRATEGIC TRANSPORT PROJECTS REVIEW 2 (DRAFT)

- 3.43 In January 2022, the Scottish Government published its draft Strategic Transport Project Review 2 (STPR2), its blueprint for future transport investment over the next 20 years (2022–2042). The Review makes 45 recommendations under 6 key themes which seek to make transport in Scotland more sustainable and support people to make better, more informed choices on how they travel. The 6 key themes are:
- Improving active travel infrastructure
 - Influencing travel choices and behaviours
 - Enhancing access to affordable public transport
 - Decarbonising transport
 - Increasing safety and resilience on the strategic transport network
 - Strengthening strategic connections

- 3.44 When implemented, the changes and measures will play a key role in helping to make Scotland fairer and greener – by tackling climate change, reducing inequalities, and improving health and wellbeing.
- 3.45 The national recommendations include:
- Delivering connected neighbourhoods which are transport components of 20-minute neighbourhoods within towns and cities.
 - Connecting towns by active travel.
 - Facilitate the growth of rail freight terminals and facilities to support the movement of freight from road to rail.
 - Behaviour change and modal shift for freight.
 - Decarbonisation of public transport.
- 3.46 Fundamentally the delivery of the ambitions set out in STPR2 will also require locally developed approaches. LDPs will be an important means by which this is achieved.
- 3.47 In addition, the following recommendations are of particular benefit to Perth & Kinross (as well as the wider Tay Cities and adjoining regions):
- Highland Mainline Rail Corridor Enhancements.
 - Edinburgh/Glasgow – Perth/Dundee Rail Corridor Enhancements.
 - Perth-Dundee-Aberdeen Rail Corridor Enhancements.
 - Major Stations Masterplan – which includes remodelling of Perth station which will potentially release surplus property for re-development
- 3.48 STPR2 does not contain a delivery plan or detail of the any funding or governance associated with these proposed projects. More details on the specifics of proposals (noting timing in the below paragraph) in order to assess how employment land provision can respond and complement STPR2's aims is required.
- 3.49 The consultation on the draft closed on 15 April 2022. Feedback will now be evaluated and it is anticipated that the final STPR2 Report and the basis for development of the delivery plan will be published by Autumn 2022.

TACTRAN REGIONAL TRANSPORT STRATEGY 2023-2044

- 3.50 Tactran (Tayside & Central Scotland Transport Partnership) is one of seven Regional Transport Partnerships (RTPs) in Scotland comprising the council areas of Angus, Dundee, Perth & Kinross and Stirling. Tactran is in the process of preparing a new Regional Transport Strategy covering 2023 – 2033 which will provide a strategic framework for transport management and investment for the area.
- 3.51 A Main Issues Report was prepared and consulted on in 2021. Considering these main issues, four overarching draft objectives have been developed. These objectives mirror the four priorities guiding Scotland's second National Transport Strategy; to take climate action; to improve health and wellbeing; to reduce inequalities; and to help deliver inclusive and sustainable growth.
- 3.52 The next stage of the work will be to identify a long list of options that could help address the outcomes and then a further round of public engagement. Again, more detail on the specific projects would be required in order to assess how employment land and property can complement the strategy. The Draft Strategy is likely to be published in 2023.
- 3.53 Many business and investment sites are located along key transport corridors however new approaches may be required as investment transitions away from locations that can only be reached by car towards more accessible areas that are connected by low-carbon and active travel options properly supported by appropriate services.

TAY CITIES SIDE DEAL AGREEMENT

3.54 In January 2019, an additional £50m 'side deal' to the Tay Cities Deal was announced by the Scottish Government. £40m will be invested in the new Cross Tay Link Road, which will link the A9 over the River Tay to the A93 and A94 north of Scone, reducing congestion in Perth and opening up sites for housing and economic development. The route is shown in Figure 5 below.

FIGURE 5: CROSS TAY LINK ROAD ROUTE



Source: Perth Transport Futures

3.55 The Cross Tay Link Road, opening in 2024/25, will realign a section of the A9, provide a new bridge over the River Tay and railway and a new junction on the A9. It has been designed to alleviate traffic congestion in the city centre and to promote the accessibility of the city and its surrounding area, ultimately facilitating economic development.

3.56 The remaining £10 million will fund an industrial investment programme to support manufacturing in Perth & Kinross, Angus and Dundee. It will help drive forward ambitions to be a global manufacturing leader, creating opportunities for businesses right across the region.

PERTH & KINROSS ACTIVE TRAVEL STRATEGY 2018

3.57 The Scottish Government is currently directing large amounts of funding towards active travel with an investment of £150m in 2022/23 and a commitment to investing at least £320m or 10% of the transport budget for active travel by 2024/25.

3.58 Perth & Kinross Council produced an Active Travel Strategy in 2018 to seek to promote active travel across all parts of Perth & Kinross and provide an aspirational direction of travel. Active travel networks can provide alternative means of travelling to work but also provide an opportunity to transform business delivery transport (e.g. through the use of e-cargo bikes for local logistics).

3.59 The Council will continue to consider its active travel network to understand where routes can be expanded to provide links to key destinations. The Perth Innovation Highway 5-mile corridor connecting Perth West to Perth City Centre will combine smart city mobility and full fibre strategies with renewable energy sources.

SUMMARY

- 3.60 Planning in Scotland is currently going through a period of reform with NPF4 anticipated to be approved and adopted later in 2022. Whilst NPF3 and SPP remain as current policy until NPF4's adoption it is evident from the draft NPF4 that the narrative is changing.
- 3.61 The over-arching aim of the draft NPF4 is to manage development and land use in the long term public interest and to ensure Scotland meets its goal of achieving net zero emissions. Perth & Kinross is predominately part of the central urban transformation area within the draft NPF4 which includes plans and policies to reuse land and buildings, grow a wellbeing economy and improve urban accessibility.
- 3.62 The STPR2 and the TACTRAN RTS are both at an early stage and more details on their specific proposals will be required in order to assess how employment land and property can respond and complement their aims. The dualling of the A9 and the Cross Tay Link Road are both key infrastructure projects underway. Rail and station improvements are also proposed and the Council is considering the much greater requirement for active travel across the region.
- 3.63 Many business and investment sites are located along key transport corridors and the draft NPF4 states that new approaches may be required as investment transitions away from locations that can only be reached by car towards more accessible areas that are connected by low-carbon and active travel options properly supported by appropriate services. There is further emphasis on local living and 20 minute neighbourhoods.
- 3.64 The Perth City Plan sets out the long-term vision for Perth as one of Europe's great small cities. The Plan seeks to strike a balance between creating economic growth and whilst also creating a distinctive and sustainable city. It aims to be the first city in Scotland to achieve net zero greenhouse gas emissions. The LDP adopts a hierarchical approach of focusing development in the Principal Settlements as well as utilising brownfield land. However, brownfield opportunities in the area are very limited and supporting sustainable growth will rely on greenfield land release. Perth West and Bertha Park are examples of where this has occurred.
- 3.65 The Council has policies in place through its LDP to protect its employment land. There is encouragement of mixed-use sites and protection of the (non-employment land) Motor Mile in Perth.

04

ECONOMIC INDICATORS

INTRODUCTION

- 4.1 This section considers the economic context for the Perth & Kinross employment land and property markets. Current and future economic activity will drive demand for existing and new premises across the region.

POPULATION

- 4.2 Perth & Kinross has a resident population of 151,910 accounting for 2.8% of Scotland's total population.⁵ The regional population is projected⁶ to decline to 149,771 by 2043, which would reflect a decrease of -1.0%. This follows the opposite trend projected for the population of Scotland which is set to increase by 2.5%.
- 4.3 Despite the above, the population of Perth city itself is projected to increase by 20%, from 50,000 to 60,000 over the next twenty years⁷. The City Plan 3 states that 5,000 new homes will be required by 2040, but these cannot all be in settlements outwith the city. With a balanced approach new homes can be delivered on brownfield sites and through the densification of suburban areas in the city.
- 4.4 Perth & Kinross has a lower share of the population that are of working age (16-64) than for Scotland, at 60.1% and 63.9% respectively. The working age population is expected to decline by -6.9% in Perth & Kinross and by a lower -0.2% in Scotland by 2043.
- 4.5 The most populous area of Perth & Kinross is Perth city itself. The rest of the local authority area is more rural and made up of a series of towns and villages. Population statistics for towns/villages with more than 2,000 residents are shown in Table 2 below.

TABLE 2: POPULATION OF LOCALITIES WITHIN PERTH & KINROSS (2,000 RESIDENTS+)

| LOCALITY | POPULATION | POPULATION | POPULATION | % CHANGE |
|---------------------------------|------------------|--------------------|--------------------|----------|
| | 2011 (CENSUS) | 2016 (ESTIMATE) | 2020 (ESTIMATE) | |
| Perth | 43,760 | 47,080 | 47,430 | +8.39% |
| Blairgowrie (incl. Rattray) | 8,180 | 8,950 | 9,020 | +10.27% |
| Crieff | 6,680 | 7,470 | 7,430 | +11.23% |
| Auchterarder (incl. Gleneagles) | 4,490 | 4,440 | 5,120 | +14.03% |
| Kinross | 4,650 | 4,890 | 5,120 | +10.11% |
| Scone | 4,520 | 4,890 | 5,050 | +11.73% |
| Bridge of Earn | 2,340 | 2,710 | 2,990 | +27.78% |
| Pitlochry | 2,660 | 2,780 | 2,950 | +10.90% |
| Alyth | 2,420 | 2,400 | 2,400 | -0.83% |
| Coupar Angus | 2,160 | 2,260 | 2,350 | +8.80% |

Source: National Records of Scotland/Ryden

- 4.6 Blairgowrie is the largest town in the Council area and has a growing population. However, the population also appears to be growing in many of its other towns. Blairgowrie (Strathmore & Glens), Crieff (Strathearn), Auchterarder (Strathearn), Kinross (Kinross) and Scone (Perth) all now have populations above 5,000 people.

⁵ Nomis / ONS 2020

⁶ National Records of Scotland, Projected Population 2018 based

⁷ Perth City Plan Perth 2040: Our Agenda For Change

ECONOMIC ACTIVITY

- 4.7 The economic activity rate is a measure of participation in the labour force including those in work and the unemployed. The activity rate is higher in Perth & Kinross than it is for Scotland, at 81.5% and 76.5% respectively (Table 3).
- 4.8 The unemployment claimant count rate of 2.3% in Perth & Kinross is lower than the 3.2% rate recorded for Scotland (also Table 3). Levels of pay in Perth & Kinross are slightly higher by place of work, but notably lower than by place of residence, than their equivalent Scottish averages.

TABLE 3: ECONOMIC ACTIVITY

| | Perth & Kinross | Scotland |
|--|-----------------|----------|
| Economic activity* | 81.5% | 76.5% |
| Claimant Count** | 2.3% | 3.2% |
| Gross weekly pay by place of work | £632.7 | £622.4 |
| Gross weekly pay by place of residence | £574.9 | £622.0 |

Source: Nomis. * April 2021 – March 2022 ** July 2022

INDUSTRIAL STRUCTURE

- 4.9 Perth & Kinross exhibits several differences in employment by industry in comparison with Scotland as a whole (Table 4):
- Employment in the agriculture, forestry and fishing sector is higher at 5.7% compared with 1.6%
 - Mining, quarrying and utilities has a higher percentage share of employment in Perth & Kinross at 6.6% compared to 2.7% for Scotland as a whole
 - Accommodation and food services' share, associated with the tourism sector, is higher at 11.5% in Perth & Kinross compared with 7.1% for Scotland as a whole.
 - Employment in business administration and support services is lower than the national average at 4.9% in Perth & Kinross compared with 7.9% for Scotland. Information and communication is also lower at 1.5% for Perth & Kinross compared with 3.6% for Scotland. Professional, scientific & technical is also lower at 4.9% for Perth & Kinross and 7% for Scotland.
 - There is also a lower percentage of people employed in the health sector in Perth & Kinross at 13.1% compared with 16.4% in Scotland as a whole

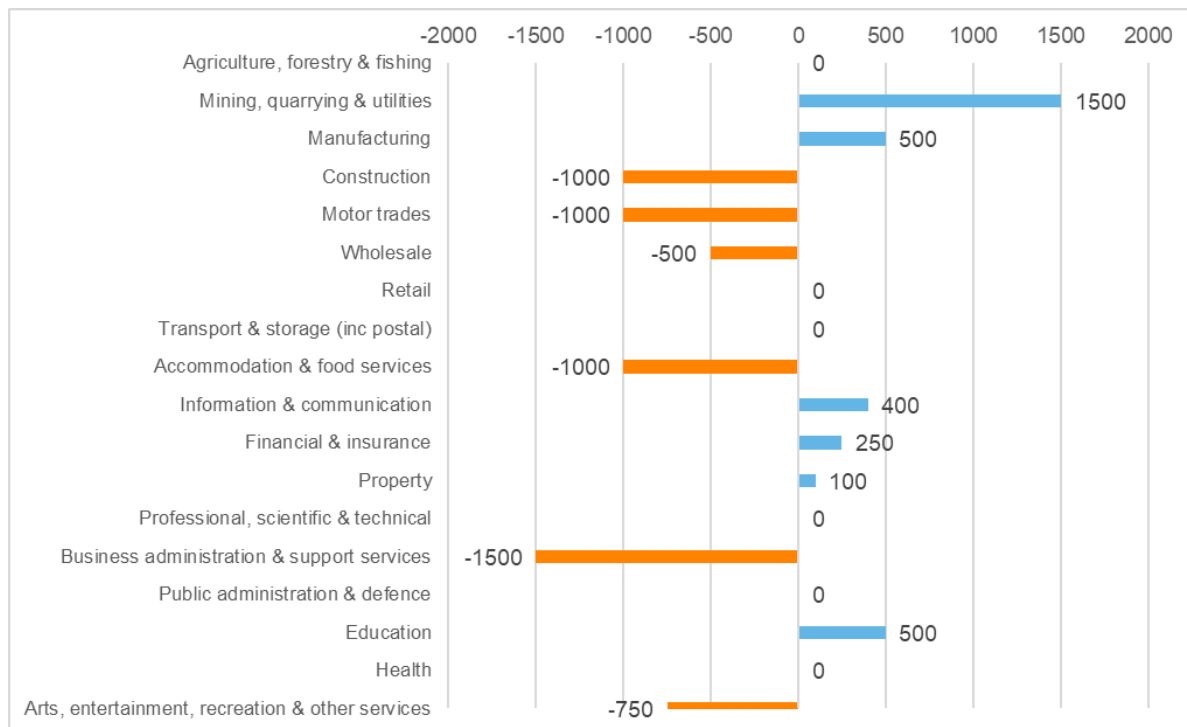
TABLE 4: EMPLOYMENT BY INDUSTRY

| | Perth & Kinross | Scotland | Difference |
|--|-----------------|----------|------------|
| Agriculture, forestry & fishing | 5.7% | 1.6% | +4.10% |
| Mining, quarrying & utilities | 6.6% | 2.7% | +3.90% |
| Manufacturing | 6.6% | 7.2% | -0.60% |
| Construction | 4.9% | 5.0% | -0.10% |
| Motor trades | 2.5% | 1.7% | 0.80% |
| Wholesale | 2.0% | 2.6% | -0.60% |
| Retail | 9.8% | 9.4% | 0.40% |
| Transport & storage (inc postal) | 3.3% | 4.5% | -1.20% |
| Accommodation & food services | 11.5% | 7.1% | +4.40% |
| Information & communication | 1.5% | 3.6% | -2.10% |
| Financial & insurance | 2.9% | 3.2% | -0.30% |
| Property | 1.6% | 1.5% | 0.10% |
| Professional, scientific & technical | 4.9% | 7.0% | -2.10% |
| Business administration & support services | 4.9% | 7.9% | -3.00% |
| Public administration & defence | 5.7% | 6.4% | -0.70% |
| Education | 8.2% | 8.3% | -0.10% |
| Health | 13.1% | 16.4% | -3.30% |
| Arts, entertainment, recreation & other services | 3.7% | 3.9% | -0.20% |

Source: Nomis / ONS Business Register and Employment Survey 2020. Highlighting shows where difference is greater than +2%

4.10 The employment sector by profile in Perth & Kinross is changing. (Figure 6). Between 2015 and 2020, the mining, quarrying and utilities sector increased employment by over 1,500 jobs, while smaller increases were seen in manufacturing; information & communication; financial & insurance; property; and education. During this time however: construction; motor trades; accommodation & food services; and business administration & support services each experienced a decrease in employment of 1,000 or more. Other sectors experienced smaller decreases. The pandemic may have affected sectoral employment further, for example a rise in healthcare jobs may be seen post-pandemic.

FIGURE 6: CHANGE IN NUMBER OF JOBS BY SECTOR



Source: Nomis / ONS Business Register and Employment Survey 2020

KEY GROWTH SECTORS

- 4.11 As identified above, Perth & Kinross has significant employment in Accommodation and Food Service Activities (food and drink and tourism).
- 4.12 Data by the Scottish Government in December 2021 notes that the number of registered businesses in national growth sectors in Perth & Kinross rose by 1.6% from 2,865 in 2015 to 2,870 in 2021 (or longer term by 10% from 2,600 in 2008 to 2,870 in 2021). Table 5A shows a breakdown of these businesses by key growth sector; all sectors had a rise in the number of businesses, except for Food and Drink. Energy (including Renewables) recorded the greatest rise at 27%, followed by Sustainable Tourism with a 6% increase in the number of registered businesses.
- 4.13 Table 5B shows that between 2015 and 2019 total output (gross value added) grew in all sectors apart from Food & Drink (no figure for Life Sciences or Energy).

TABLE 5A: KEY GROWTH SECTORS – NUMBER OF BUSINESSES

| Number of registered businesses | Food and Drink | | Financial and Business Services | | Life Sciences | | Energy (including renewables) | | Sustainable Tourism | | Creative Industries (including Digital) | |
|---------------------------------|----------------|------------|---------------------------------|------------|---------------|-----------|-------------------------------|------------|---------------------|------------|---|------------|
| | 2015 | 2021 | 2015 | 2021 | 2015 | 2021 | 2015 | 2021 | 2015 | 2021 | 2015 | 2021 |
| Urban | 120 | 115 | 385 | 375 | 5 | 5 | 65 | 70 | 285 | 300 | 180 | 185 |
| Rural | 840 | 795 | 415 | 445 | 5 | 5 | 50 | 70 | 305 | 330 | 195 | 195 |
| Total | 955 | 905 | 795 | 815 | 10 | 10 | 110 | 140 | 585 | 620 | 375 | 380 |

Numbers of registered businesses are rounded to the nearest five. Totals may not equal the sum of the constituent parts due to rounding.

Source: Scottish Government Growth Sector Statistics by Local Authority (Tables 1.2 and 3.2)

TABLE 5B: KEY GROWTH SECTORS – GROSS VALUE ADDED

| GVA (£millions) | Food and Drink | | Financial and Business Services | | Life Sciences | | Energy (including renewables) | | Sustainable Tourism | | Creative Industries (including Digital) | |
|-------------------|----------------|-------|---------------------------------|-------|---------------|------|-------------------------------|-------|---------------------|-------|---|------|
| | 2015 | 2019 | 2015 | 2019 | 2015 | 2019 | 2015 | 2017 | 2015 | 2019 | 2015 | 2019 |
| Total | 110.9 | 101.5 | 71.9 | 143.8 | - | - | - | 710.6 | 109.1 | 237.1 | 45.7 | 66.3 |
| Percentage change | -8% | | +100% | | - | | - | | +117% | | 45% | |

Source: Scottish Government Growth Sector Statistics (Table 2.2)

Note Energy data is to 2017 not 2019. No data for Life Sciences

QUALIFICATIONS

- 4.14 The overall level of educational attainment is similar in Perth & Kinross than across Scotland as a whole. The proportion of the population aged 16-64 with at least an undergraduate degree or a Higher National Diploma (NVQ4+) is 48.9% in Perth & Kinross compared with 50.1% in Scotland. While attainment in all other NVQ attainment sectors is higher in Perth & Kinross than in Scotland. The percentage of people of working age without a qualification is lower in Perth & Kinross at 4.5% compared with 7.7% for Scotland. (Table 6).

TABLE 6: QUALIFICATIONS (16-64 YEARS OLD)

| | Perth & Kinross | Scotland |
|-----------------------------|-----------------|----------|
| % with NVQ4 and above | 48.9% | 50.1% |
| % with NVQ3 and above | 65.9% | 64.9% |
| % with NVQ2 and above | 85.6% | 79.6% |
| % with NVQ1 and above | 92.6% | 86.5% |
| % with other Qualifications | 2.8% | 5.8% |
| % with no Qualifications | 4.5% | 7.7% |

Source: Nomis / ONS annual population survey (January 2021 – December 2021)

SUMMARY

- 4.15 This section complements the economic policy section provided earlier in this report. Perth & Kinross has a population of 151,900 however this is expected to decline slightly (-1%) by 2043. Meanwhile the population of Perth itself is expected to increase by 20% and there have been population increases in the majority of larger towns. This concentration of population is relevant to future provision of employment land and property, particularly in light of the emerging planning and transport policy on sustainable locations.
- 4.16 The economic activity rate is higher in Perth & Kinross (81.5%) than it is for Scotland (76.5%) and the area has correspondingly lower than average unemployment. Interestingly, levels of pay in Perth & Kinross are slightly higher than average by place of work but notably lower than by place of residence showing there are a number of people who commute into Perth & Kinross for their employment.
- 4.17 Perth & Kinross has above average levels of employment in accommodation and food services, agriculture, forestry and fishing and mining, quarrying and utilities reflecting its attractiveness from a tourism perspective and its traditional employment base. These are not generally sectors which have a large employment land/property requirement (in terms of planning use classes). Perth & Kinross has below average levels of employment in health, business administration and support services, professional, scientific and technical and information and communication. As such Perth & Kinross potentially has a lower overall employment land requirement than an 'average' Scottish local authority.

05

PROPERTY MARKET REVIEW

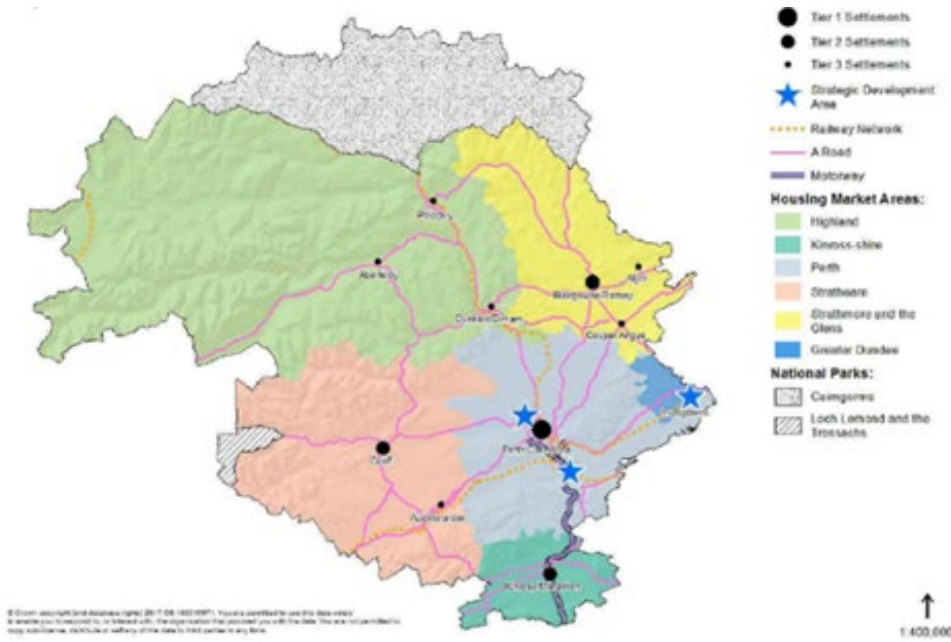
INTRODUCTION

- 5.1 This section provides an employment property market review for Perth & Kinross. It considers the total stock (both occupied and vacant) of employment property floorspace across the local authority area and provides a detailed review of the supply and take up (sales and lettings) of industrial and office premises.
- 5.2 The region's employment property stock comprises all class 4, 5 and 6 floorspace, both occupied and vacant. Detailed analysis for this report reveals 354 standard industrial buildings across Perth & Kinross totalling 4.55 million sq.ft. Offices totalling 1.61 million sq.ft. and include a number of major buildings: Aviva, SSE and the Council. The total regional employment floorspace is therefore 6.16 million sq.ft.; if fully occupied at standard employment densities this could accommodate around 24,000 jobs. The principal employment location is the City of Perth.
- 5.3 The **industrial** property market is performing very well. Demand rose as Brexit in January 2021 created a need for more warehousing to accommodate increased stock levels and shorter supply chains. Meanwhile, a wider range of businesses is transferring from other sectors such as traditional retailing and requires warehousing to service an increased online presence and to accommodate the massive increase in demand from the delivery sector (logistics), boosted by the pandemic restrictions. Trade counter units are in greater demand from a wider range of retailers operating online and able to hold and handle a larger stock than in traditional high street shop unit. Housing market activity and home improvements during lockdowns have boosted demand from bathrooms, kitchens, carpets and flooring businesses. 'Dark kitchens' have emerged to fulfil increased demand for home delivered food and this shows signs of sustaining. The pandemic has fast-tracked what had been a gradual transformation to online and delivery business models. This is set against an acute challenge of ageing, potentially obsolete industrial property.
- 5.4 Major city **office** markets staged a recovery in 2021 and early 2022. Occupiers recognise the likely endurance of agile working post-pandemic and are adjusting their space requirements accordingly, but notwithstanding this are active in the market and laser focused on top quality space, ESG credentials and future flexibility. As the office emerges as more of a corporate hub for many occupiers, there are emerging signs of interest in flexible offices in smaller cities and regional and smaller towns, alongside home-working.

INDUSTRIAL PROPERTY MARKET

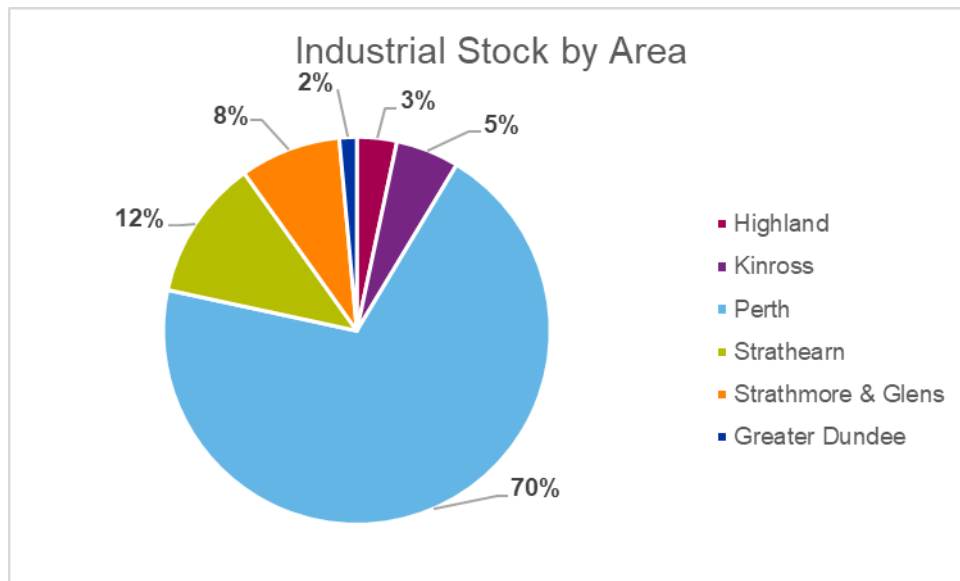
- 5.5 The principal employment property location in Perth & Kinross is the city of Perth itself. There is also notable industrial stock around Crieff, Blairgowrie, Kinross and Errol, while most of the smaller towns throughout the region have some industrial units.
- 5.6 The total stock of industrial units in Perth & Kinross, including both occupied and vacant properties, is c.4.55 million sq.ft. Sub-market areas have been defined using Housing Market Areas (HMAs) (Figure 7, also at Figure 1 in the Introduction). Perth itself has 70% of the industrial property stock followed by Strathearn (12%) and Strathmore and the Glens (8%) (Figure 8).

FIGURE 7: HOUSING MARKET AREAS IN PERTH & KINROSS



Source: LDP 2

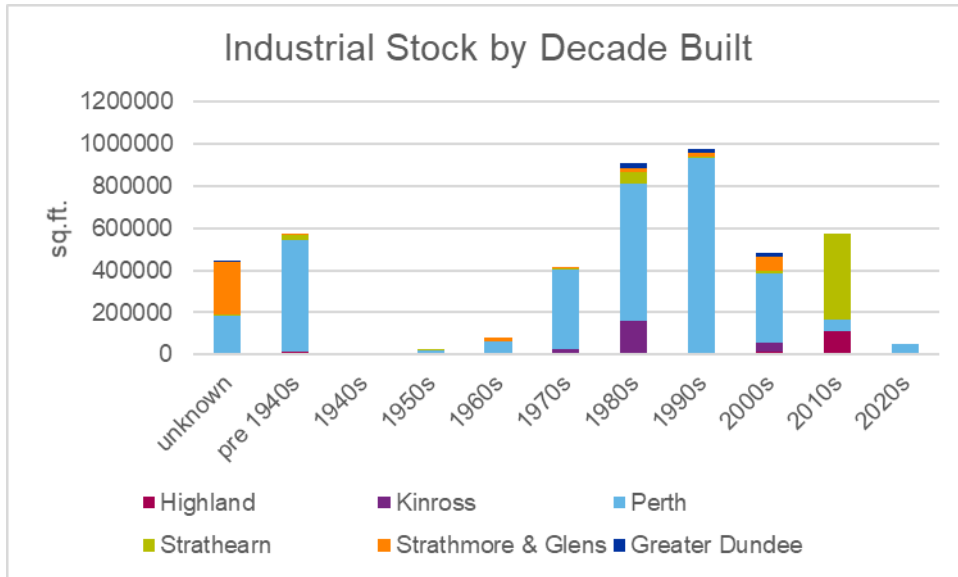
FIGURE 8: INDUSTRIAL STOCK BY AREA



Source: Ryden/CoStar

5.7 The age of property can provide a broad indication of its market potential, in terms of physical and functional obsolescence and reinvestment/ refurbishment requirements. Analysis by REACT news concluded that *37% of the UK's entire industrial footprint, will fail the EPC regulation change in meeting a B certificate or below by 2030.* Figure 9 groups Perth & Kinross' industrial floorspace into the decades in which it was built.

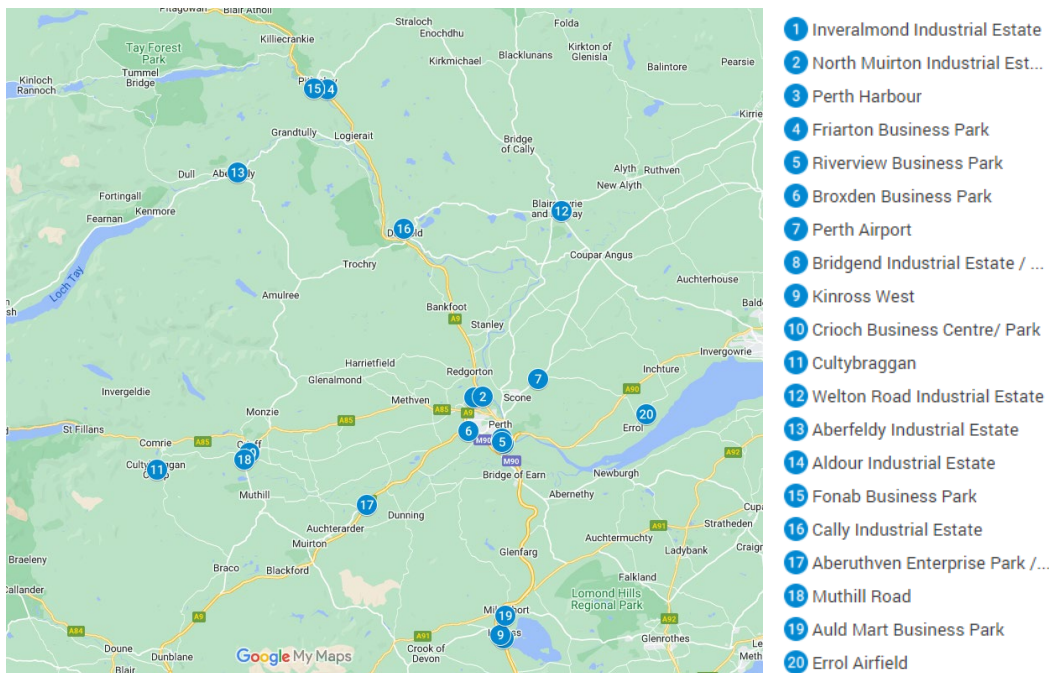
FIGURE 9: INDUSTRIAL STOCK BY DECADE BUILT



Source: Ryden/CoStar

- 5.8 Around 25% of the region’s industrial floorspace was built pre-1980. Around 40% was built in the peak development period of the 1980s and 1990s, so is typically 22-42 years old. Many industrial estates across Scotland are older than this from the 1960s-1980s and were built by the public sector including the Scottish Development Agency, New Town Development Corporations and regional and local authorities (although much of the stock was privatised through sales to private landlords during the early 1990s).
- 5.9 The principal industrial estates in Perth are Inveralmond Industrial Estate and North Muirton Industrial Estate to the north-west of the city, with Friarton and Riverview/Tayview Industrial Estates located at the harbour, and Perth Airport located to the west of the City. Towns throughout the region have industrial estates including: Bridgend Industrial Estate in Kinross; Crioch Business Park and Cultybraggan in Crieff; Welton Road Industrial Estate in Blairgowrie and Aberfeldy Industrial Estate in Aberfeldy. Vacancy levels are low at these estates, at between 0% and 4.5%. These are shown on Figure 10.

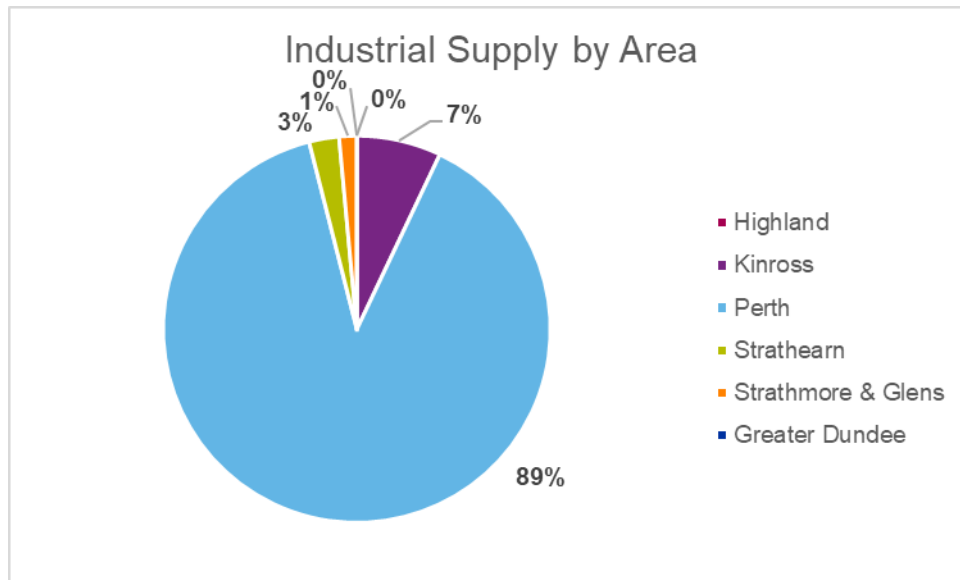
FIGURE 10: INDUSTRIAL AND BUSINESS LOCATIONS



Source: Ryden/Google maps

- 5.10 There is currently 254,836 sq.ft. of industrial space actively being marketed in Perth & Kinross⁸. This is a floorspace availability rate of 5.6% (compared with 3.7% for the east of Scotland generally). Supply remains similar to the 260,097 sq.ft. recorded in 2017⁹.
- 5.11 The majority of available floorspace is in Perth¹⁰ with 89%, followed by Kinross with 7%, Strathearn with 3% and 1% in Strathmore & Glens. Highland and Greater Dundee record no current marketed availability (Figure 11). The Perth HMA and Kinross HMA and both record a vacancy rate of 7%, slightly higher than that for the region as a whole. Strathearn and Strathmore & Glens have a 1% vacancy rate each, while Highland and Greater Dundee record 0%.
- 5.12 There are 39 units currently on the market. By number of available units Perth has the large majority (86%), followed by Strathmore & Glens with 7%, Strathearn with 5% and Kinross with 2%.
- 5.13 The analysis covers marketed vacancies only, which were identified through a trawl of all known national and local sources. There may be individual units vacant and available locally which are not being formally advertised (e.g. with simply a telephone number on a sign on the building), particularly in rural locations.

FIGURE 11: INDUSTRIAL SUPPLY BY AREA



Source: Ryden / CoStar

- 5.14 A breakdown of these marketed industrial units by sizeband is shown in Table 7. The majority of available units, by number, 79%, are smaller than 10,000 sq.ft. Some of the larger units are sub-divisible into smaller units. Perth has the largest number of units available at 33.

⁸ This figure includes properties marketed as development opportunities, until they are redeveloped they are still classed as industrial. Three properties totalling 34,680 sq.ft. are currently for sale as a development opportunity. A further one of 19,625 sq.ft. is under offer.

⁹ This is a historic CoStar figure rather than one which Ryden compiled from available premises.

¹⁰ Areas are defined using Housing Market Areas in Perth & Kinross Council's LDP2

TABLE 7: CURRENT INDUSTRIAL SUPPLY

| SIZEBAND | FLOORSPACE (SQ.FT.) / NUMBER | | | | | | TOTAL |
|---------------|------------------------------|-----------------------------|-------------------------------|----------------------------|----------------------------|----------------|-------------------------------|
| | HIGHLAND | KINROSS | PERTH | STRATH-EARN | STRATH-MORE & GLENS | GREATER DUNDEE | |
| 0 – 999 | 0 | 0 | 2390 (4) | 0 | 845 (2) | 0 | 3,235 (6) |
| 1000 – 4999 | 0 | 0 | 19214 (11) | 6363 (2) | 2900 (1) | 0 | 28,477 (14) |
| 5000 – 9999 | 0 | 0 | 70047 (11) | 0 | 0 | 0 | 70,047 (11) |
| 10000 – 29999 | 0 | 17986 (1) | 95046 (6) | 0 | 0 | 0 | 113,032 (7) |
| 30000 - 50000 | 0 | 0 | 40045 (1) | 0 | 0 | 0 | 70,980 (1) |
| 50000 + | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 17,986 (1) | 226,742 (33) | 6,363 (2) | 3,745 (3) | 0 | 254,836 (39) |

Source: Ryden / CoStar

- 5.15 In addition to this marketed supply, 29,052 sq.ft. of industrial space is currently under offer in 4 units: 1 in Perth, 2 in Highland and 1 in Strathmore & Glens.
- 5.16 Known industrial property asking rents across Perth & Kinross range from £2.50 up to £6.30 per sq.ft. (the latter is for modern trade counter units). Even at that higher level, these rents are unlikely to be sufficient to stimulate private sector development. As a comparison average rents in East of Scotland are £3 - £10 per sq.ft. with a prime rent of £12 per sq.ft. Recent new developments in Perth do show higher rents: Auld Bond Road, under construction, is £9 per sq.ft.; The Triangle built in 2021 achieved £8 per sq.ft.
- 5.17 Around 39% of the available floorspace was built pre-1980, with 20% built in the peak development period of the 1980s and 1990s and therefore is between 22 and 42 years old. A total 9% was built in the 2000s and 8% within the last 12 years, meaning that only 17% of current supply is less than 22 years old. Overall, vacancies are more evident in the area's older industrial buildings.
- 5.18 Units on the market are generally part of a multi-let terraces and on established industrial estates. The largest unit on the market is a former wholesaler unit, while others include warehouse units and a former distribution unit (available as a redevelopment opportunity). (Table 8)

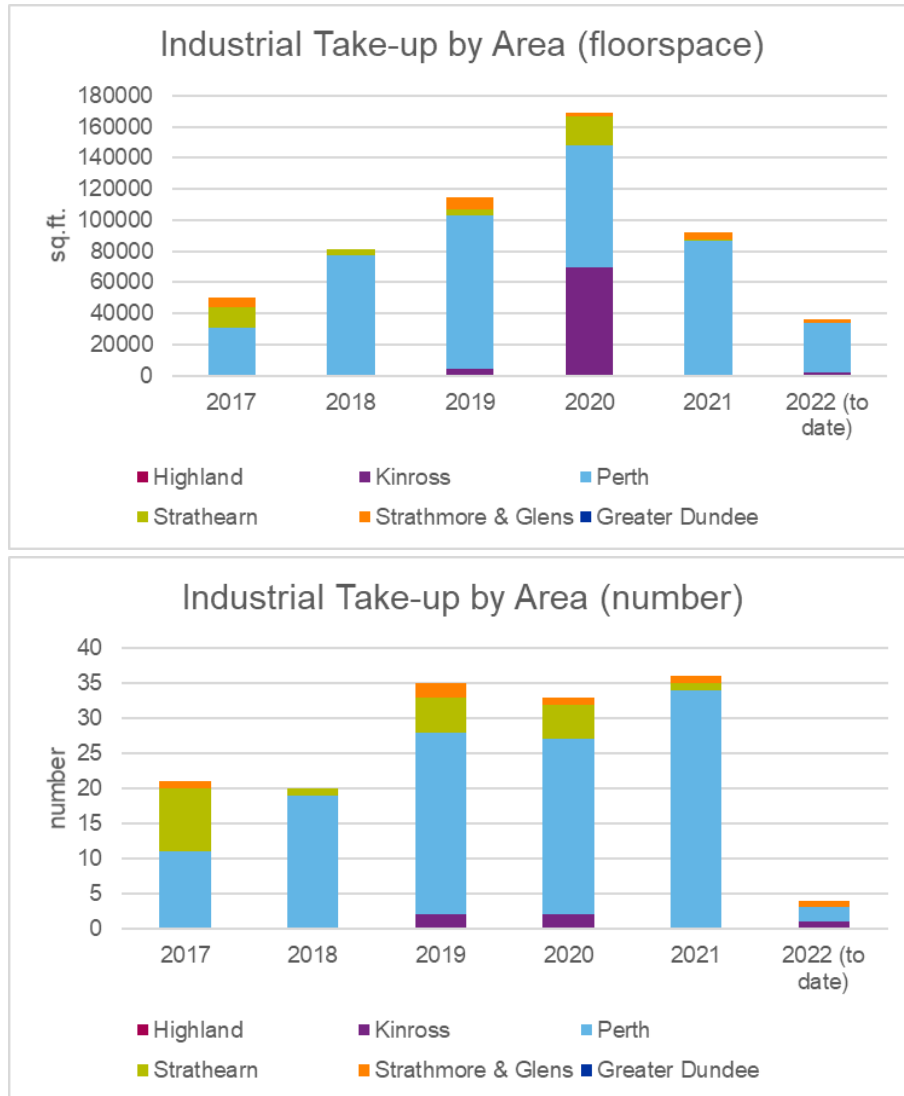
TABLE 8: AVAILABLE MARKETED INDUSTRIAL PROPERTY

| ADDRESS | DESCRIPTION |
|---|---|
| PERTH | |
| 172 Dunkeld Road | 7,959 sq.ft. showroom and workshop. For lease / may sell. Suitable for variety of uses subject to planning |
| Arran Place, North Muirton Industrial Estate | 1,615 sq.ft. in modern units for lease at rents from £5.50 per sq.ft. Built in 1980s |
| Unit G, Arran Road, North Muirton Industrial Estate | 5,278 sq.ft. modern workshop/ storage units for lease at rents c £5 per sq.ft. |
| Arran Road, North Muirton Industrial Estate | Two refurbished workshop/storage units available for lease here. Unit 1b 5,000 sq.ft. and Unit 2 10,000 sq.ft. Rent c £5 per sq.ft. Built in 1980s |
| Unit 5 Kilda Place, North Muirton Industrial Estate | 1,132 sq.ft. modern workshop/ warehouse for lease at £6.20 per sq.ft. Built in 1990s |
| 5 Inveralmond Close, Inveralmond Industrial Estate | Four terraced units available here totalling 25,942 sq.ft. from 5,770 sq.ft. For lease at £5 per sq.ft. Built 1980s Suitable for Class 4, 5 & 6. |
| Block B, Inveralmond Grove, Inveralmond Industrial Estate | Four terraced units for lease totalling 3,150 sq.ft. in units from 538 sq.ft. Built 2000s. Suitable for light Industrial and storage purposes and have consent under Classes 4, 5 and 6 |
| 1 Lawgrove Place, Inveralmond Industrial Estate | Former 40,045 sq.ft. Batleys (<i>wholesaler</i>) unit. Available for sub-lease or sale of long leasehold interest. Built 1970s |
| 7a Inveralmond Road, Inveralmond Industrial Estate | Mid-terraced warehouse and office unit of 1,741 sq.ft. For lease at £4.60 per sq.ft. Built 1980s |
| Inveralmond Road, Inveralmond Trade Park | 3 terraced trade units available totalling 20,118 sq.ft. from 5,770 sq.ft. For lease at £6.30 per sq.ft. Built 2000s. The units are suitable for Class 4, 5 & 6. |
| Shore Road, Perth | Two warehouse units totalling 32,203 sq.ft. for lease. Built 1970s |
| Friarton Road, Riverview Business Park, Perth | Two units. Unit 2, 1,550 sq.ft. and Unit 7, 1,370 sq.ft. for lease at c. £3 per sq.ft. Built 1990s |
| Commercial Street, Glenalmond Business Park | 21,000 sq.ft. warehouse for lease at c £3.50 per sq.ft. and a 2,000 sq.ft. semi-detached workshop and storage unit for lease at £5 per sq.ft. Built 1950s/2020 |
| 300 Strathtay Road | Development opportunity. 10,000 sq.ft. former car showroom. |
| Strathtay Road | Former <i>distribution</i> building. Development opportunity, 20,935 sq.ft. Suitable for retail and drive thru restaurants subject to planning consent |
| 77 Main Street, Methven | Detached workshop for sale. Potential for redevelopment. |
| Valleyfield Trading Estate, Errol Airfield, Errol | Two terraced units, Unit 4 5,750 sq.ft. and Unit 5 2,800 sq.ft. for lease from £3 per sq.ft. Built 1980s |
| Errol Airfield, Errol | Two units. 1,504 sq.ft. The Sawmill for lease at £6.65 per sq.ft. and 2,153 sq.ft. The Old Sawmill industrial workshop for lease at £2.50 per sq.ft. |
| KINROSS | |
| East Fordel, Glenfarg | 17,896 sq.ft. in a large modern industrial unit, office and two yards available. Available as a whole or in smaller lots |
| STRATHEARN | |
| Cultybraggan, Comrie | Refurbished 1930s Nissan hut. 3,000 sq.ft. available for 3-years at £2.40 per sq.ft. |
| Glenruthven Mill, Auchterarder | Workshop, studio and office space totalling 4,850 sq.ft. for lease |
| STRATHMORE & GLENS | |
| Old Dairy, Meikleour | Workshop units available for lease. |
| Lower Bank Street, Alyth | Development opportunity. 843 sq.ft. workshop. For sale |
| Perth Road, Blairgowrie | Development opportunity. 2,900 sq.ft. roadside building and site. For sale or lease |

Source: Ryden / CoStar / Marketing agents

5.19 Total **take-up** (sales, lettings and lease renewals) of industrial space in Perth & Kinross since January 2017 is 542,655 sq.ft. in 149 units (Figure 12A and 12B). The year 2020 recorded a high of 168,741 sq.ft. due to the sale of a 69,361 sq.ft. unit in Kinross. The years 2018 and 2021 both recorded 80 – 92,000 sq.ft. of industrial take-up.

FIGURE 12A and 12B: INDUSTRIAL TAKE-UP BY YEAR AND AREA

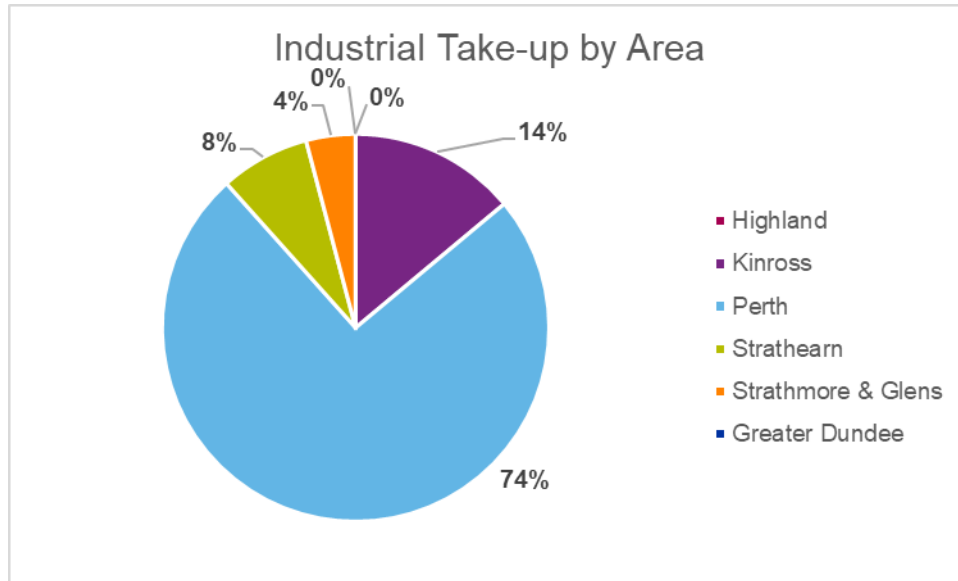


Source: Ryden / CoStar

5.20 Average annual industrial take-up for Perth & Kinross is 98,655 sq.ft. in 27 units, giving an average unit size of 3,654 sq.ft. (which could accommodate c.10 employees at average occupational densities). For each of the areas the average annual take-up is:

- Kinross: 13,772 sq.ft. in 1 unit
- Perth: 73,416 sq.ft. in 21 units giving an average unit size of 3,496 sq.ft.
- Strathearn: 7,401 sq.ft. in 4 units giving an average unit size of 1,850 sq.ft.
- Strathmore & Glens: 4,074 sq.ft. in 1 unit
- No industrial take-up was recorded in Highland or Greater Dundee

5.21 Perth therefore had the largest amount of industrial floorspace taken-up with 74%, followed by Kinross with 14%, Strathearn with 8%, Strathmore & Glens with 4%. As noted above no industrial take-up was recorded in Highland or Greater Dundee (Figure 13).

FIGURE 13: INDUSTRIAL TAKE-UP BY AREA

Source: Ryden / CoStar

5.22 A breakdown of this take-up by sizeband and area is shown in Table 9. As with supply the majority of take-up has been for units smaller than 10,000 sq.ft., with 95% of units by number. Industrial units in the sizeband 1,000 – 4,999 sq.ft. had the majority of take-up at 56% of all take-up by number.

TABLE 9: INDUSTRIAL TAKE-UP

| SIZEBAND | FLOORSPACE (SQ.FT.) / NUMBER | | | | | | TOTAL |
|---------------|------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------|----------------|--------------------------------|
| | HIGHLAND | KINROSS | PERTH | STRATH-EARN | STRATH-MORE & GLENS | GREATER DUNDEE | |
| 0 – 999 | 0 | 0 | 14340 (24) | 5518 (9) | 0 | 0 | 19,858 (33) |
| 1000 – 4999 | 0 | 8537 (4) | 138657 (63) | 23991 (11) | 15931 (5) | 0 | 187,116 (83) |
| 5000 – 9999 | 0 | 0 | 168419 (25) | 0 | 6480 (1) | 0 | 174,899 (26) |
| 10000 – 29999 | 0 | 0 | 82373 (5) | 11200 (1) | 0 | 0 | 93,573 (6) |
| 30000 - 50000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50000 + | 0 | 67209 (1) | 0 | 0 | 0 | 0 | 67,209 (1) |
| Total | 0 | 75,746 (5) | 403,789 (117) | 40,709 (21) | 22,411 (6) | 0 | 542,655 (149) |

Source: Ryden / CoStar

5.23 Examples of recent industrial transactions in Perth & Kinross are in Table 10. Transactions tend to be on established industrial estates, with lease lengths of between 1 to 5-years. Achieved rents range from a low of £2 per sq.ft. up to £10 per sq.ft.

TABLE 10: RECENT INDUSTRIAL TRANSACTIONS

| ADDRESS | SIZE (SQ.FT.) | DETAILS |
|---|---|--|
| Perth | | |
| Inveralmond Place, Inveralmond Industrial Estate | 25400 | Sold in March 2022 for owner occupation for £1m. Two adjoining <i>warehouses</i> . |
| Arran Road, North Muirton Industrial Estate | 6329 6329 | Let in January 2022 to Unit 6 <i>Distribution</i> at £4.75 per sq.ft. Let in September 2021 to Highland Fayre at £5.50 per sq.ft. <i>warehouse</i> unit |
| St Catherine's Road, Ladeside Business Centre | 1000 1950 1000 | Let in December 2021 to Citrus Flooring Ltd at £8 per sq.ft. Let in November 2021 to PKC Trade Kitchens at £6 per sq.ft. Let in January 2021 to Thai Bann Ltd at £8 per sq.ft. |
| 2 Earl's Dyke | 4725 | Let in November 2021 to Richard Robson on a 5-year lease at £4 per sq.ft. <i>Warehouse</i> unit |
| Almondgrove Place, Inveralmond Industrial Estate | 3193 1500 1542 1500 | Let in October 2021 to Inveralmond Carpets and Flooring Let in August 2021 to Elite BN Services Ltd Let in July 2020 to Kelly Neil at £5.15 per sq.ft. Let in March 2020 to Motor Trade Support at £5.30 per sq.ft. |
| The Triangle, Friarton Road | 500 500 750 750 500 500 500 1000 | Let in September 2021 to Eko Installations Let in September 2021 to Two Towns Down Let in September 2021 to Source Energy Let in September 2021 to HLS McConnell Let in September 2021 to KS Kitchens Let in September 2021 to Jason Shek PT Let in September 2021 to Citrus Floorcare Let in September 2021 to Checkin Works All on a 1-year lease at £8 per sq.ft. |
| Ruthvenfield Avenue, Inveralmond Industrial Estate | 8433 | Let in September 2021 to Highland Fayre at £5 per sq.ft. |
| Inveralmond Trade Park | 3428 | Let in July 2021 to Specialist Building Distribution Ltd on a 5-year lease at £10.20 per sq.ft. The units are suitable for <i>Class 4, 5 & 6</i> . |
| Arran Road, Acorn Trade Park | 3623 | Let in June 2021 to West Dron Holdings at £6.50 per sq.ft. |
| St Catherines Road | 910 | Let in May 2021 to Crichton Donaldson Auto Repair at £7 per sq.ft. |
| Unit 1 Whitbank Farm | 3500 | Let in May 2021 to Even Keel Contracts at £3 per sq.ft. |
| Friarton Road, Riverview Business Park | 9577 | Let in April 2021 to Clothes Collection Scotland on a 5-year lease at £4.70 per sq.ft. <i>Warehouse</i> unit |
| Inchcape Place, North Muirton Industrial Estate | 3843 2906 | Let in April 2021 to Caledonian Removals on a 4-year lease at £5.20 per sq.ft. <i>Warehouse</i> unit Let in December 2020 to One Performance Centre at £5.50 per sq.ft. |
| Longcauseway | 1166 | Sold in December 2020 to Veroken Ltd for £275,000 |
| Gartshore Building, Friarton Road | 2374 6193 | Let in December 2020 to Harbour Garage at £2 per sq.ft. Lease renewal in July 2020 to Richard Wright |
| Inveralmond Centre, Inveralmond Industrial Estate | 1160 | Let in September 2020 to Platinum Wheels on a 1-year lease at £14 per sq.ft. <i>Warehouse</i> and office unit |
| Riverview Business Park | 620 | Let in August 2020 to Kinnes Construction on a 1-year lease at £6.25 per sq.ft. |
| Kilda Place, North Muirton Industrial Estate | 1132 | Let in July 2020 on a 3-year lease at £5.70 per sq.ft. <i>Workshop / warehouse</i> unit |
| Arran Road, North Muirton Industrial Estate | 8181 | Let in May 2020 to Netherton Tractors at £5 per sq.ft. |
| Outwith Perth | | |
| Keith Park, Balmoral Road, Blairgowrie (Strathmore & Glens) | 1841 4693 4693 | Let in March 2022 to SG Fitness Blairgowrie on a 5-year lease at £5 per sq.ft. Let in April 2021 at £5 per sq.ft. Let in March 2020 to Owen McMahon on a 1-year lease at £4.50 per sq.ft. |
| Findo Gask, Auchterarder (Strathearn) | 2691 | Let in October 2020 to JLT at £3 per sq.ft. |
| Cultybraggan (Strathearn) | 2400 | Let in May 2020 to Xtreme Energy Training |
| Chapelbank, Findo Gask, Auchterarder (Strathearn) | 2691 | Let in April 2020 to Nurture Landscapes at £3 per sq.ft. <i>Warehousing / store / workshop</i> |
| Clashburn Road, Kinross (Kinross) | 2152 | Let in January 2020 on a 1-year lease at £6.50 per sq.ft. |

Source: Ryden / CoStar

5.24 In addition, industrial units were taken for redevelopment purposes, mainly residential uses. Table 11 provides an example.

TABLE 11: RECENT INDUSTRIAL REDEVELOPMENTS

| BUILDING | | DESCRIPTION | |
|--|---|---|---|
| Workshop & Office, Church Lane, Errol. A 5,692 sq.ft. and 767 sq.ft. office in former church hall sold in June 2021 for £100,000 |  | An application for the change of use and alterations to form 4 one-bedroom flats by Safena Construction is awaiting a decision. While an application for alterations has been approved. The building is derelict. |  |

Source: Ryden / CoStar / Perth & Kinross Council

5.25 Recent industrial investment transactions (purchases for investment purposes rather than for occupation) are shown in Table 12. One was a distribution unit as part of a larger portfolio, while the other two were multi-let terraces on prominent industrial estates. While at Aberfeldy Industrial Estate, 10,780 sq.ft. of multi-let units over two buildings are currently for sale at offers in the region of £700,000. Yields of around 7-8% shown in the table are well above prime market levels of 4-4.5% in Central Scotland, indicating lower prices for industrial investment properties in the Perth market area.

TABLE 12: RECENT INDUSTRIAL INVESTMENT TRANSACTIONS

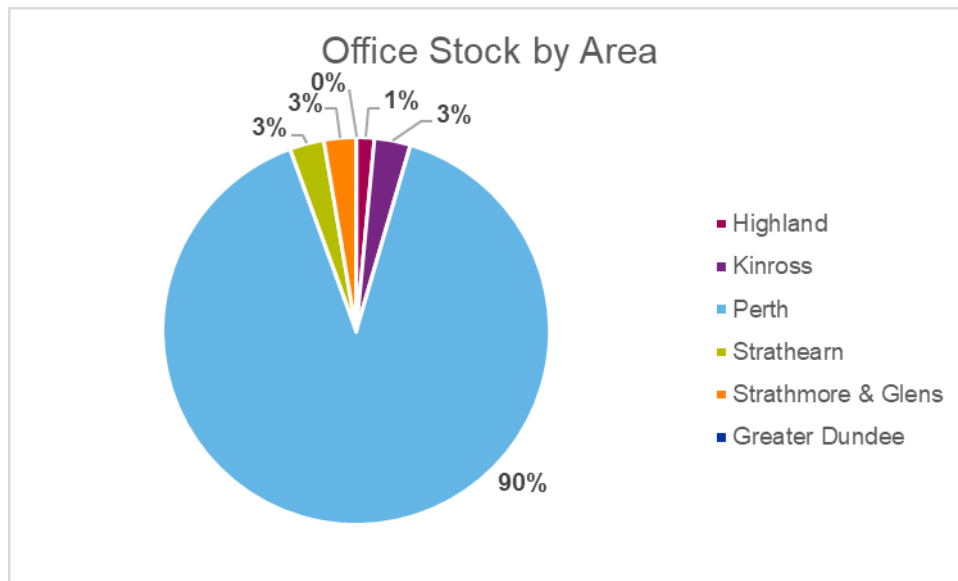
| ADDRESS | SIZE (SQ.FT.) | DETAILS |
|--|---------------|---|
| Whitefriars Street, Whitefriars Industrial Estate, Perth | 10,662 | Sold September 2021. Comprises a multi-let industrial estate, 10 units in a single block. Let to George Campbell & Sons (Fishmongers) Ltd until November 2022 and Casella & Polegato Ltd until November 2024. Low total passing rent reflecting £5.25 per sq.ft. Offers in excess of £734,000 exclusive, a net initial yield of 7.25% |
| Units 1-9, Kilda Place, North Muirton Industrial Estate, Perth | 19,726 | Sold in November 2019 for £800,000 (8.31%) to Michael Tracey Private Pension Fund. Multi let industrial investment. Comprising 9 units forming part of a courtyard development. Passing rent £74,550 pa |
| 7 Ruthvenfield Road, Inveralmond Industrial Estate, Perth | 14,315 | Sold in September 2019 as part of a portfolio to Urban Logistics REIT plc. Sale and leaseback to Tuffnells Parcels Express |

Source: Ryden / CoStar

OFFICE MARKET

5.26 As noted above, the total stock of offices in Perth & Kinross, including both occupied and vacant properties, is c. 1.61 million sq.ft. The office property market in Perth & Kinross is largely concentrated in and around Perth (90%) and the main towns of Blairgowrie, Kinross and Crieff. By HMA, Perth has 90% of the area's office stock, with Highland, Kinross, and Strathmore & Glens with 3% of stock each, Highland has only 1% and the area noted as Greater Dundee has minimal office stock (Figure 14).

FIGURE 14: OFFICE STOCK BY AREA



Source: Ryden / CoStar

5.27 Offices are generally on upper floors and in older buildings in town centres, as well as on dedicated business parks such as Broxden Business Park and Whitefriars Business Park; and also in office buildings on industrial estates e.g. Inveralmond Industrial Estate and Riverview Industrial Estate/Business Park in Perth; Auld Mart in Milnathort and Aberuthven Enterprise Park in Auchterarder.



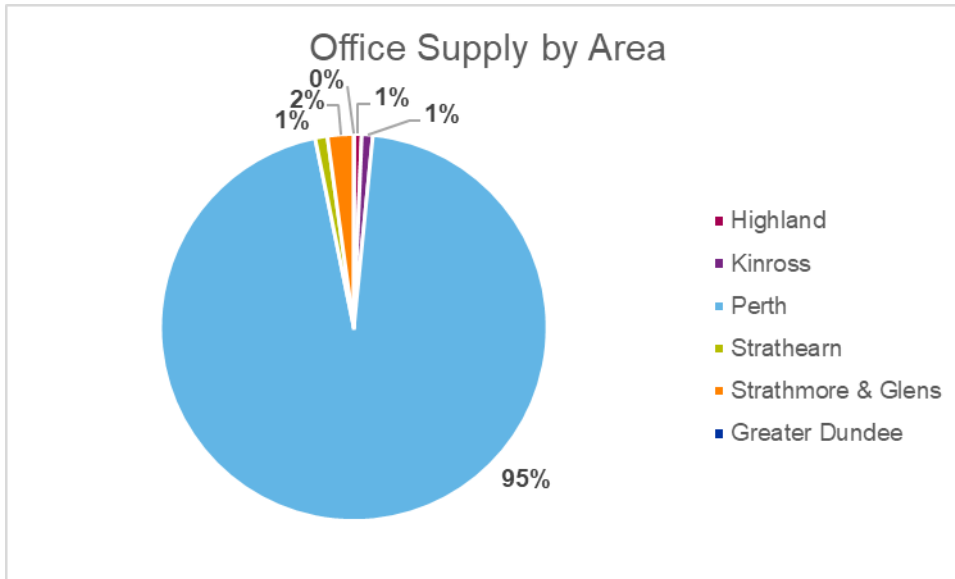
5.28 Around 380,000 sq.ft. of modern office space has been built since 2000, which is around a quarter of all stock. Notably, this modern office space is found mostly in out-of-town locations, some of which is noted in 5.27 above.

5.29 In response to recent trends in hybrid working, co-working hubs have opened in towns in the region. The spaces rent office desks / rooms / meeting rooms on a daily or short term basis, with a membership required. Examples include Can Do Crieff in Crieff, Dunkeld & Birnam Co-working Space in Dunkeld, and the soon to be opened Coupar Angus community hub. These have opened in refurbished buildings.

5.30 There is currently 226,029 sq.ft. of office space actively being marketed in Perth & Kinross, within 60 offices. This office supply has risen by 82% from 123,915 sq.ft. in 2017. The rise in office supply is primarily due to c 96,000 sq.ft. becoming available at Aviva's HQ at Pitheavlis in Perth.

5.31 The current office supply equates to a floorspace vacancy rate of 14% (compared for example with 6% for Edinburgh as a major city office market). If the floorspace available at Aviva's HQ is removed the vacancy rate falls to 8%. The majority of available office floorspace is in Perth, with 95%, followed by Strathmore & Glens with 2%, Highland, Kinross and Strathearn have 1% each, while Greater Dundee records no availability (Figure 15). Perth also has the largest number of available offices actively being marketed at 51, followed by 4 in Strathmore & Glens, 2 in both Kinross and Strathearn and 1 in Highland.

5.32 In addition, OVO Energy (SSE) has announced that it will be closing its office at Inveralmond House, 200 Dunkeld Road. This will bring an additional 93,000 sq.ft. to the market, further increasing the vacancy rate by an indicative 6 percentage points. OVO/SSE also has the adjoining Grampian House (87,000 sq.ft.).

FIGURE 15: OFFICE SUPPLY BY AREA

Source: Ryden / CoStar

- 5.33 In a large and dispersed market area such as Perth & Kinross there may be further unoccupied office premises which are vacant but are not being formally marketed.
- 5.34 A breakdown of the available offices by sizeband and area is shown in Table 13. The vast majority of available offices (87% by number) are smaller than 5000 sq.ft. (suitable on average for businesses with around 40 employees). Furthermore, 48% of all available offices are smaller than 1,000 sq.ft., which would be suitable for micro-businesses with fewer than 10 employees. Several offices are sub-divisible into smaller suites, and indeed one of the offices larger than 20,000 sq.ft. is sub-divisible.

TABLE 13: CURRENT OFFICE SUPPLY

| SIZEBAND | FLOORSPACE (SQ.FT.) / NUMBER | | | | | | TOTAL |
|-----------------|------------------------------|----------------------------|-------------------------------|---------------------------|----------------------------|----------------|-------------------------------|
| | HIGHLAND | KINROSS | PERTH | STRATH-EARN | STRATH-MORE & GLENS | GREATER DUNDEE | |
| 0 – 999 | 0 | 480 (1) | 12,454 (27) | 157 (1) | 0 | 0 | 13,091 (29) |
| 1,000 – 4,999 | 1,476 (1) | 1,600 (1) | 37,208 (16) | 2,162 (1) | 4,937 (4) | 0 | 47,383 (23) |
| 5,000 – 9,999 | 0 | 0 | 39,890 (6) | 0 | 0 | 0 | 39,890 (6) |
| 10,000 – 29,999 | 0 | 0 | 28,748 (1) | 0 | 0 | 0 | 28,748 (1) |
| 30,000 + | 0 | 0 | 96,917 (1) | 0 | 0 | 0 | 96,917 (1) |
| Total | 1,476 | 2,080 (2) | 215,217 (51) | 2319 (2) | 4,937 (4) | 0 | 226,029 (60) |

Source: Ryden/CoStar

- 5.35 In addition, a further 2 offices totalling 22,648 sq.ft. are currently under offer.
- 5.36 Known asking rents range for offices in Perth & Kinross from £5 up to £17 per sq.ft. (the latter is for serviced business centre space). These rents are below the levels where private developers could provide speculative new office development. As a comparison average rents in Edinburgh are £10 - £18 per sq.ft. with a prime rent of £38 per sq.ft., while in Fife for example as an adjoining market area office rents sit in a comparable range of £6 up to £15 per sq.ft. for serviced business space. Table 14 below lists and describes the available offices.

TABLE 14: AVAILABLE MARKETED OFFICE PROPERTY

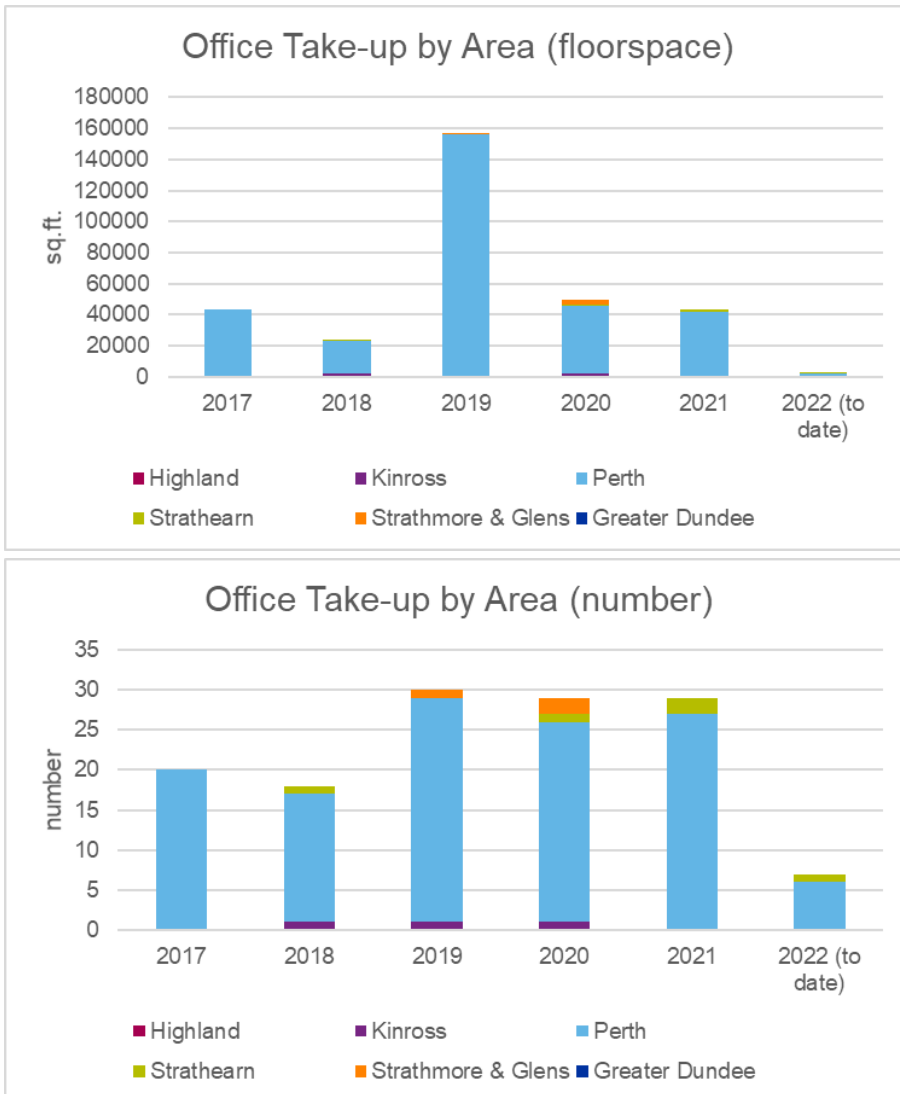
| ADDRESS | DESCRIPTION |
|---|--|
| PERTH | |
| 1 Charlotte Street | 1,888 sq.ft. basement office in traditional building |
| 5 Charlotte Street | 3,068 sq.ft. of serviced office space on first and second floors of traditional building. Suites from 161 sq.ft. |
| 8 Atholl Crescent | 290 sq.ft. on first floor of traditional building |
| 5 Atholl Place | 3,134 sq.ft. sub-divisible into smaller suites from 732 sq.ft. For lease at c £9.60 per sq.ft. |
| 55 South Methven Street | 880 sq.ft. office for lease at £8 per sq.ft., in traditional building |
| WASPS Creative Exchange, Stormont Street | 5 office suites available totalling 1,412 sq.ft. in suites from 172 sq.ft. for lease at £14 per sq.ft. Former school extensively refurbished in 2019 |
| 17-21 George Street | 6,552 sq.ft. of serviced office space in period building. Suites from 129 sq.ft. |
| 2 Tay Street / 77 George Street | Development opportunity. Traditional office totalling 7,029 sq.ft. for sale. |
| Old Academy, Rose Terrace | Suite 5 of 1,648 sq.ft. available for sub-lease at £10 per sq.ft. |
| 5 St John's Place | 7,802 sq.ft. over 3 floors in 1990s office building. Available July 2022 at £10 per sq.ft. May sell. |
| St Martin's House, St John's Place | 3 office suites totalling 5,119 sq.ft. for lease from 1,537 sq.ft. at £10 per sq.ft. 1980s building |
| 7 South Street | 566 sq.ft. suite on first floor |
| 10 George Street | 577 sq.ft. ground floor Class 2 unit for lease |
| 10-16 York Place | 3 office suites totalling 1,093 sq.ft. from 182 sq.ft. Built 1970s |
| Monarch House, 33 Cross Street | 942 sq.ft. ground floor office for lease at £12.75 per sq.ft. Built 2000s |
| 82-84 High Street | Former HSBC bank over 3 floors. 8,080 sq.ft. for lease |
| Drummond House, 174-176 Scott Street | 4 office suites available over second and third floors. Suites total 11,196 sq.ft. from 892 sq.ft. Built 1980s |
| 2 Dundee Street | 1,811 sq.ft. for lease in detached mid-19 th century office. Rent £8.75 per sq.ft. |
| Highland House, St Catherine's Retail Park | 4 office suites totalling 6,186 sq.ft. in suites from 765 sq.ft. Built 1920s |
| South Inch Business Centre, Shore Road | 3,283 sq.ft. for lease at £7.60 per sq.ft. Built 1990s |
| Riverview House, Friarton Road | 5 office suites totalling 1,755 sq.ft. for lease from 280 sq.ft. Rent c £10 per sq.ft. Built 1990s |
| Kinnoull House, Riverview Business Park, Friarton Road | 494 sq.ft. office suite for lease at £14 per sq.ft. Built 1970s |
| King James IV Business Centre, Riverview Business Park, Friarton Road | 3 serviced office suites for lease totalling 760 sq.ft. from 110 sq.ft. Rent c. £21 per sq.ft. Built 2000s. |
| Strathearn House, Lamberkine Drive, Broxden Business Park | 28,748 sq.ft. in a modern office building available for lease at end 2022 |
| Aviva HQ, Pitheavlis | Self-contained offices on 2f and 3f totalling 96,197 sq.ft., sub-divisible by floor (41,348 sq.ft. and 55,569 sq.ft.). Office built in 1980s |
| Osprey House, Ruthvenfield Road, Inveralmond Industrial Estate | 1,930 sq.ft. single storey modern office with yard for lease or sale. Sub-divisible |
| Bertha Park | Two offices on the ground floor of new-build residential apartments. Both 815 sq.ft. |
| Caledonian House, West Kinfauns | 5,000 sq.ft. available for lease within 1990s office building. Sub-divisible. |
| 1-5 Harvard Court, Perth Airport | 5 office suites totalling 5,327 sq.ft. of commercial business space built 1980s |
| HIGHLAND | |
| 1 Bonneathill | Ground floor of former bank, 1,476 sq.ft. for lease |
| KINROSS | |
| Kinross Business Centre, High Street | 1,600 sq.ft. of serviced office space available from 150 sq.ft. Refurbished traditional building |
| 3 New Road | 480 sq.ft. of newly formed and refurbished office space. For lease £20 per sq.ft. |

| STRATHEARN | |
|---|--|
| Mullion House, Aberuthven Enterprise Park | 157 sq.ft. serviced office suite in modern office building built in 2000s. For lease c. £16.50 per sq.ft. |
| Davidson House, Drummond Street, Comrie | Class 2 premises for sale. 2,162 sq.ft. over 3 storeys. Potential conversion opportunity |
| STRATHMORE & GLENS | |
| 12 Allan Street, Blairgowrie | Former traditional bank totalling 1,538 sq.ft. over 2 floors, sub-divisible. For lease at £6.50 per sq.ft. |
| Pitcrocknie Village, Alyth | 3 new-build offices for lease, 1,333 sq.ft. each |

Source: Ryden / CoStar / Marketing agents

5.37 Total **take-up** (sales, lettings and lease renewals) of office space in Perth & Kinross since January 2017 is 320,027 sq.ft. in 133 offices¹¹. In 2017 office take-up totalled 43,519 sq.ft. in 20 offices. This fell to a low of 24,002 sq.ft. in 18 offices in 2018, with a rise to a high of 156,401 sq.ft. in 30 offices in 2019¹². 2020 and 2021 had 29 transactions each with 50,000 sq.ft. and 43,300 sq.ft. respectively (Figure 16A and 16B). If the one large transaction at Kinnoull Street of 90,188 sq.ft. was removed the total for 2019 would be 66,213 sq.ft.

FIGURE 16A and 16B: OFFICE TAKE-UP BY YEAR AND AREA



Source: Ryden/CoStar

¹¹ In a large and dispersed market area such as Perth & Kinross there may be further transactions which have not been notified to the wider market. Additionally space in serviced offices may not be included here

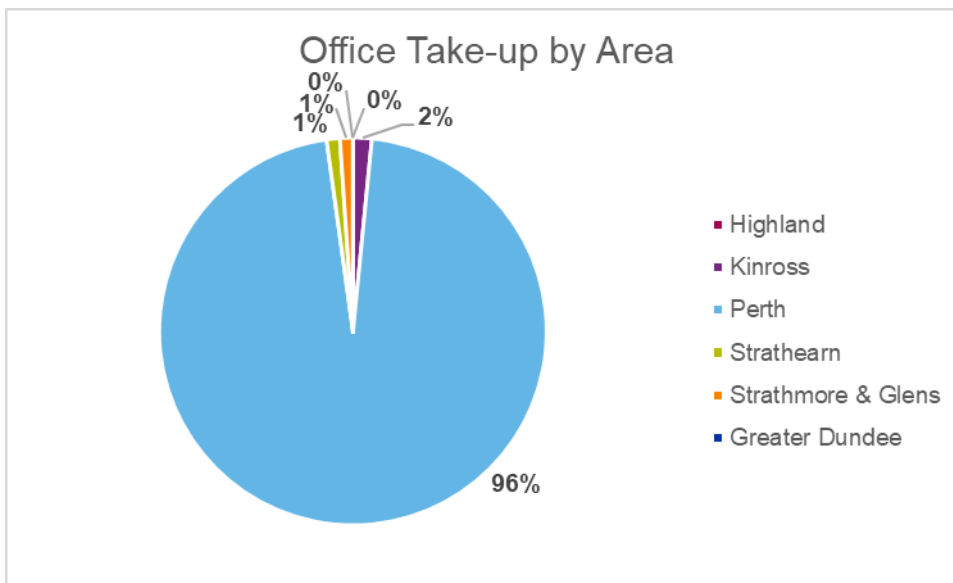
¹² This includes 90,188 sq.ft. at Kinnoull Street to Perth & Kinross Council

5.38 Average annual office take-up for Perth & Kinross is 58,187 sq.ft. in 24 offices, giving an average office size of 2,424 sq.ft. If the large Kinnoull Street transaction is removed average take-up falls to 41,789 sq.ft. and an average office size of 1,741 sq.ft. indicated. For each of the areas where take-up was recorded over the past 5.5 years the average annual take-up is:

- Kinross: 910 sq.ft. in less than 1 office per annum.
- Perth: 56,006 sq.ft. in 22 offices (or 39,608 sq.ft. with the large office removed)
- Strathearn: 642 sq.ft. in 1 office
- Strathmore & Glens: 627 sq.ft. in less than 1 office

5.39 Perth had the largest amount of office floorspace taken-up with 96%, Kinross had 2%, with Strathearn, and Strathmore & Glens both has 1%. By number of offices Perth had 92%, Strathearn had 4%, with Kinross and Strathmore & Glens having 2% each (Figure 17).

FIGURE 17: OFFICE TAKE-UP BY AREA



Source: Ryden/CoStar

5.40 A breakdown of this take-up by sizeband and area is shown in Table 15. As with supply the large majority of take-up has been for offices smaller than 5,000 sq.ft., accounting for 91% of offices by number. Office suites smaller than 1,000 sq.ft. had 53% of the overall take-up; as noted above office suites of this size would be suitable for micro-businesses with ten or fewer employees.

TABLE 15: OFFICE TAKE-UP

| SIZEBAND | FLOORSPACE (SQ.FT.) / NUMBER | | | | | | TOTAL |
|-----------------|------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|----------------|--------------------------------|
| | HIGHLAND | KINROSS | PERTH | STRATH-EARN | STRATH-MORE & GLENS | GREATER DUNDEE | |
| 0 – 999 | 0 | 956 (1) | 27,914 (63) | 2,335 (4) | 1,028 (2) | 0 | 32,233 (70) |
| 1,000 – 4,999 | 0 | 4,051 (2) | 85,555 (47) | 1,200 (1) | 2,422 (1) | 0 | 93,228 (51) |
| 5,000 – 9,999 | 0 | 0 | 63,264 (9) | 0 | 0 | 0 | 63,264 (9) |
| 10,000 – 29,999 | 0 | 0 | 11,607 (1) | 0 | 0 | 0 | 11,607 (1) |
| 30,000 + | 0 | 0 | 119,695 (2) | 0 | 0 | 0 | 119,695 (2) |
| Total | 0 | 5,007 (3) | 308,035 (122) | 3,535 (5) | 3,450 (3) | 0 | 320,027 (133) |

Source: Ryden/CoStar

5.41 Examples of recent office transactions in Perth & Kinross are in Table 16. Transactions tend to be in business centres and on established business parks, with lease lengths of between 1 to 3-years at rents ranging from £4.30 to £22 per sq.ft. (for serviced offices). These rents are below the levels where developers could viably build new office space. Office leases may have shortened following the pandemic due to changing working patterns (ie. hybrid working or working from home) and occupiers seek leases which provide more flexibility.


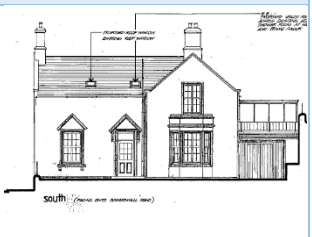

TABLE 16: RECENT OFFICE TRANSACTIONS

| ADDRESS | SIZE (SQ.FT.) | DETAILS |
|---|---------------|--|
| Perth | | |
| Riverview House, Friarton Road | 295 | Let in May 2022 to G-Plant Engineering on a 1-year lease at £16 per sq.ft. |
| | 295 | Let in April 2022 to Good Food Project on a 2-year lease at £21 per sq.ft. |
| Kinnoull House, Riverview Business Park, Friarton Road | 740 | Let in April 2022 on a 1-year lease |
| | 140 | Let in June 2021 to 1A Contracts on a 1-year lease at £17 per sq.ft. |
| King James VI Business Centre, Riverview Business Park, Friarton Road | 270 | Let in April 2022 at £22 per sq.ft. |
| | 308 | Let in June 2021 to Wm Donald and Whitsons at £20 per sq.ft. |
| | 630 | Let in February 2021 to Brunel on a 1 year lease at £22 per sq.ft. |
| Creative Hub, Stormont Street | 291 | Let in February 2022 on a 6-month lease at £14 per sq.ft. |
| | 254 | Let in February 2022 on a 6-month lease at £14 per sq.ft. |
| | 140 | Let in September 2021 on a 1-year lease at £14 per sq.ft. |
| 5 Atholl Place | 129 | Let in December 2021 to Ride It Clothing |
| | 710 | Let in December 2021 to Scottish Environment Link |
| | 197 | Let in December 2021 to Red Squirrel |
| | 951 | Let in November 2021 to Home Instead |
| Unit 3, Tayview Industrial Estate | 700 | Let in December 2021 to Motorvate Therapies Ltd |
| Robertson House, 1 Whitefriars Crescent, Perth Business Park | 5095 | Let in December 2021 to Tayside Joint Valuation Board |
| | 1438 | Let in February 2021 to Carbon Financial Partners on a 1-year lease at £12.50 per sq.ft. |
| 28 Kinnoull Causeway | 577 | Let in November 2021 to Support in Mind Scotland at £12 per sq.ft. |
| Merlin House, Necessity Brae | 2400 | Let in November 2021 to McHardy Financial at £13 per sq.ft. |
| 36 George Street | 617 | Let in August 2021 to Rock Trust at £6.50 per sq.ft. |
| Broxden House, Broxden Business Park | 2000 | Let in August 2021 to Gillespie McAndrew at £13.50 per sq.ft. |
| | 7500 | Let in November 2020 to Persimmon Homes at £12.50 per sq.ft. |
| 12 Inveralmond Way, Inveralmond Industrial Estate | 2111 | Let in July 2021 at £6.60 per sq.ft. |
| 50 King Street | 522 | Let in July 2021 on a 2-year lease at £13.80 per sq.ft. |
| Quayside House, Friarton Road | 317 | Let in March 2021 to Ross Townsley on a 1 year lease at £11 per sq.ft. |
| Friarton House, Riverview Business Park | 500 | Let in February 2021 to Home Heating Services on a 1-year lease |
| Moncrieffe Business Centre, Riverview Business Park | 480 | Let in December 2020 to Home Instead Senior Care on a 1-year lease at £10 per sq.ft. |
| Lamberkine Drive, Broxden Business Park | 7,500 | Lease renewal in November 2020 to Persimmon Homes at £12.50 per sq.ft. |
| Drummond House, Scott Street | 1862 | Let in October 2020 to Esolperth at £4.30 per sq.ft. |
| Outwith Perth | | |
| Mullion House, Aberuthven Enterprise Park (Strathearn) | 563 | Let in February 2022 to Pain Association on a 1-year lease at £16 per sq.ft. |
| Tompermorran, Comrie (Strathearn) | 187 | Let in August 2021 at £19.50 per sq.ft. |
| Glenruthven Mill Business Centre, Auchterarder (Strathearn) | 1200 | Let in June 2021 on a 2-year lease |
| 15 Swansacre, Kinross (Kinross) | 2023 | Sold in October 2020 for £125,000. Occupied by Kinross and District Mens Shed |
| The Hall, Lower Mill Street, Blairgowrie (Strathmore & Glens) | 816 | Let in September 2020 to Ark Housing Association on a 3-year lease at £8.60 per sq.ft. |
| 126a High Street, Auchterarder (Strathearn) | 829 | Sold in April 2020. Occupied by David Brash Consultancy |

Source: Ryden/CoStar

5.42 In addition to take-up for office occupation, former office buildings were taken for alternative uses, mainly residential. Table 17 provides some examples.

TABLE 17: RECENT OFFICE REDEVELOPMENTS

| BUILDING | DESCRIPTION | |
|---|---|--|
| <p>Dewar House, 13 Marshall Place, Perth 1,945 sq.ft. multi-let office sold in December 2021 for £260,000</p> |  | <p>Planning application approved in August 2021 for the Change of Use from offices (Class 4) to dwellinghouse. The property was recently on the market as a 5 bedroom house for sale at o/o £450,000</p>  |
| <p>Glenshaugh Cottage, 1 Bowerswell Road, Perth. Former 1,599 sq.ft. office. Sold August 2021 for £150,000</p> |  | <p>A planning application for the change of uses and alterations to form a dwellinghouse was approved in August 2021.</p>  |
| <p>127 High Street, Auchterarder 3,280 sq.ft. former Bank of Scotland sold July 2021</p> |  | <p>A planning application for the change of use of the former bank building to a restaurant with external seating area was approved in January 2022. Café Kisa are to relocate here from no. 128 High Street.</p>  |
| <p>Glendevon House, Old Gallows Road. Perth Former Kilmac office. (4,360 sq.ft.). Sold in February 2020 to Muir Group / Hermiston Securities for £425,000</p> |  | <p>An application for Change of use from office to dwellinghouse in 2020, while a more recent application in May 2022 for an extension to dwellinghouse is awaiting a decision.</p> |
| <p>The Atrium, 137 Glover Street, Perth 16,900 sq.ft. 1980s office sold to Simply Perth in 2019 for £986,500</p> |  | <p>The office building was demolished and Kincairn House, an 80-bed luxury care home, has been built.</p>  |

Source: Ryden/CoStar/ Perth & Kinross Council

5.43 Recent office investment transactions in Perth & Kinross are shown in Table 18. Two were single-let offices and the other part of a large portfolio. As with industrial property investments, yields in the 7-10% range indicate much lower office prices than in prime city markets, where 4.75% has been achieved in both Glasgow and Edinburgh (although yields are rising again as the bank base interest rate is being raised).






TABLE 18: RECENT OFFICE INVESTMENT TRANSACTIONS





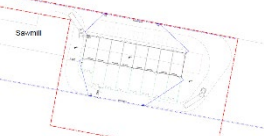





| ADDRESS | SIZE (SQ.FT.) | DETAILS |
|---|---------------|--|
| 5 Whitefriars Crescent, Perth | 9,322 | Sold in July 2022 to Barnetts Properties for £1.5 million, net initial yield of 7.23%. Self-contained office pavilion built in the 1990s. Let to Azets Holdings Limited on a FRI lease to February 2032 at £115 000 pa. |
| 6 Atholl Place and 8/10 Blackfriars Street, Perth | 7,556 | Sold October 2021. Comprises 3 buildings – 6 Atholl Place, 10 Blackfriars Street interlinked by a modern Annexe. Let to Miller Hendry on a lease expiring 30th June 2026 at an annual rent of £75,130 per annum. Asking price £760,000, and a net initial yield of 9.39% |
| Kinross Business Centre, High Street, Kinross | 8,700 | Sold in February 2020 as part of the large Liberty Property Trust property portfolio to Prologis |

Source: Ryden/CoStar

5.44 There have been a number of new build developments and there are proposals in Perth & Kinross (Table 19). The majority of new and proposed development is in Perth itself, but there are examples of developments around the region especially in the office sector which is attracting small developments.

TABLE 19: RECENTLY COMPLETED AND PIPELINE DEVELOPMENT

| DEVELOPMENT | | DETAILS |
|--|---|--|
| INDUSTRIAL | | |
| The Triangle, Friarton Road, Perth |  | Built in 2021 by Algo for JKB Investments. Comprises 11 units over 2 terraces totalling 8,500 sq.ft. Units range from 500 – 1,500 sq.ft. at rents of £8 per sq.ft. The units are fully let. |
| Extension of Perth Food and Drink Park, Arran Road, North Muirton, Perth |  | A planning application was submitted in April 2021 for full planning consent for the proposed infrastructure (i.e. the road extension, on-site drainage provision and landscaping) and the enabling infrastructure for the serviced development plots. Also seeking Planning Permission in Principle for the Employment Uses of the site for future development. The developer is Perth & Kinross Council. |
| Arran Road, North Muirton Industrial Estate, Perth |  | Design and build packages. From 5,000 - 80,000 sq.ft. for Classes 4,5 and 6 (Business, General Industry and Storage and distribution). |
| Ruthvenfield Road, (Target House) Inveralmond Industrial Estate |  | Site comprises 37 acres (15 ha) of agricultural land, and is the majority of E38 in LDP 2. Planning Permission in Principle granted to I & H Brown and Roscco Properties for a mix of Class 4 (business), Class 5 (general industrial) and Class 6 (storage or distribution) uses in c 323,000 sq.ft. A planning condition which requires a contribution to transport infrastructure was applied to be removed but was dismissed by the Scottish Government. |
| 300 Strathtay Road, Perth |  | Potential sub-division of Nissan showroom and garage to create 3 modern units with trade counter potential. Units from 2,300 sq.ft. |

| | | |
|---|---|---|
| <p>Ruthvenfield Way, Inveralmond Industrial Estate, Perth</p> |  | <p>Application for the erection of a workshop and office building was approved in September 2021. The application was Crossford Properties with Algo Design and Build acting as Agent.</p> |
| <p>Auld Bond Road, Perth</p> |  | <p>Planning permission approved in March 2022 for eleven light industrial units totalling c 36,000 sq.ft. Class 4 space. The development by Algo is under construction.</p> |
| <p>Kinross West, Kinross</p> |  | <p>Five development plots serviced by the Council. Plot 1, 0.91 acres, is currently on the market Plot 2 0.67 acres, Dance Connect dance studio Plot 3 1.28 acres, Kipper Hire HQ opened 2018, built by Algo Plot 4 1.09 acres, was under offer but sale fell through. Council considering its own development of small commercial units on this plot Plot 5 2.98 acres, an owner occupier (agricultural industry) plans a unit here</p> |
| <p>Perth Airport, Scone</p> |  | <p>An application for planning permission in principle for mixed use development comprising residential and employment was approved in May 2017. Morris Leslie Ltd plans for 50 housing units and employment use on a 5.2 hectare site.</p> |
| <p>Muirhouses Farm, Errol Airfield</p> |  | <p>Planning permission granted in October 2021 for the erection of a building containing 8 commercial units – use Class 4, 5 and 6. Totalling c 8,300 sq.ft. To be used to rehouse existing tenants of older buildings dating back to the late 1930s.</p> |
| <p>Logierait Workspaces</p> |  | <p>Planning permission granted in 2020 for 14,530 sq.ft. of Class 4 (Business) and Class 5 (General Industrial) space. Atholl Estates plan 11 commercial units from 540 – 2,450 sq.ft. in a flexible design.</p> |
| <p>OFFICE</p> | | |
| <p>Perth Creative Exchange/ Creative Hub, Perth</p> |  | <p>Wasps Studio opened in October 2019. Includes 26 studio spaces for designers, artists and makers, from 150 – 580 sq.ft.; 13 workspaces for creative industries and cultural social enterprises, from 100 – 1,400 sq.ft.; Creative Business Incubation Space and Workshop space. Refurbishment of the former St John's Primary School building.</p> |
| <p>Bertha Park, Perth</p> |  | <p>Offices with residential apartments above. The six new build units have planning permission for uses such as retail, estate agents, hairdressers/barbers, offices or other uses falling within Class 1 or 2 of the Use Class Order. Two are specifically Class 2 units, for sale, may let : 13 Adamson Avenue, 815 sq.ft.; 9 Millais Mews, 815 sq.ft.</p> |
| <p>SSEN office, Inveralmond Industrial Estate, Perth</p> |  | <p>In April 2022, energy firm SSEN submitted plans for a new £15 million office building at the end of Ruthvenfield Way on Inveralmond Industrial Estate in Perth. The two-storey £15m new office will total c 26,400 sq.ft. Approved in June 2022.</p> |
| <p>Broxden Avenue, Perth</p> |  | <p>Proposals for a mixed use development comprising the erection of 3 café/restaurant units (Class 3) with drive thru facilities, business units (Class 4) and electric vehicle charging hub (22/00015/PAN) awaiting a decision. Drysdale Holdings are applicants.</p> |

| | | |
|--|---|---|
| <p>Perth West</p> |  | <p>240 hectares of land to the western edge of Perth, the area is zoned for residential and commercial development. Will include Perth Eco Innovation Park on 26 hectares and Lamberkine Village, 3,500+ homes. An application was submitted in May 2020 20/00667/IPM for mixed use development comprising residential, business (class 4), general industry (class 5), storage and distribution (class 6), shops (class 1), financial, professional and other services (class 2), food and drink (class 3), hotels (class 7), non-residential institutions (class 10), bus depot, car parking, Perth Innovation Highway, hydrogen fuelling/charging centre, formation of road junction, underpass and road network, road alterations, footways, cycleways, greenspace, landscaping, and associated works (in principle). The in principle planning permission was recommended by committee June 2021 for approval subject to agreeing the S75 legal agreement which is currently being negotiated.</p> |
| <p>Can Do Crieff, Strathearn Artspace on Lodge Street, Crieff</p> |  | <p>This Co-working hub opened in Spring 2019. Shared flexible space suitable for flexible and hybrid working. An annual membership is required with different packages available. Operated by Crieff Community Trust.</p> |
| <p>Dunkeld & Birnam Co-working Space, Lagmhor, Dunkeld</p> |  | <p>A former doctor surgery converted to a community co-working hub. Totals c. 2,150 sq.ft. and provides meeting rooms, desk space, office space and zoom pods available from the hour to monthly rental. Free membership is required.</p> |
| <p>Aberuthven Enterprise Park, Auchterarder</p> |  | <p>Two modern two storey commercial buildings of c. 3,200 sq.ft. each by Excel Homes. Commercial workshops on the ground floor and office space on the first floor, with 6 units from 515 – 570 sq.ft.</p> |
| <p>Pitcrocknie Village, Alyth</p> |  | <p>Three new build commercial units of 1,133 sq.ft. each suitable for Class 4 business uses. Part of a large mixed use development by Glenisla Developments.</p> |
| <p>Station House, Blair Atholl</p> |  | <p>A planning application for the Change of Use of the Station House from Residential (Class 9) to Business use (Class 4) was approved in November 2021. The Supporting Statement noted Converting the Station House to Business Use (Class 4) would create opportunities for business diversification in Blair Atholl with the ground floor to be converted providing 2,000 sq.ft. of floorspace.</p> |
| <p>In addition, there are examples of conversion of rooms to offices, erection of garden rooms for office use due to the increase in home / hybrid working.</p> | | |

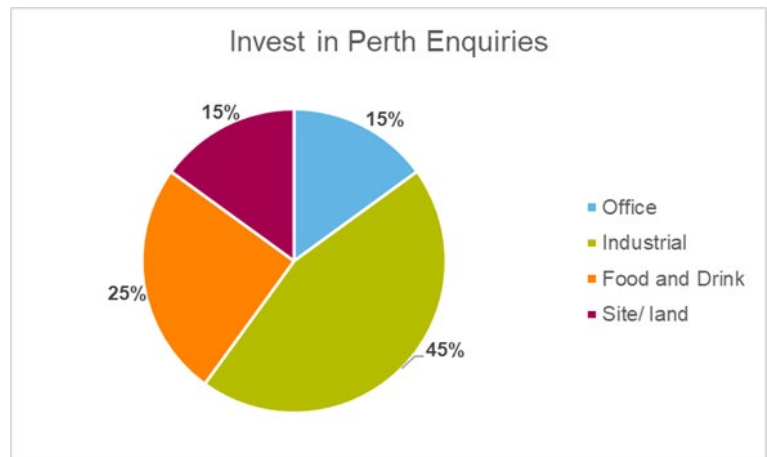
Source: Ryden / CoStar/ Perth & Kinross Council Planning

ACTIVE DEMAND

- 5.45 This section appraises active demand as the market emerges from the pandemic in mid-2022.
- 5.46 Invest in Perth provided Ryden with Property Enquiries they had received since January 2020. In total 40 enquires for industrial, food and drink, office and sites were received.

- 5.47 Of these 40 enquiries the majority were for industrial space with (18) enquiries, followed by Food and Drink units with (10) enquiries. There were 6 enquiries each for office space and sites/ land. (Figure 18).

FIGURE 18



- 5.48 A preferred size was provided for eight of the Industrial enquiries, the majority of enquiries related to smaller space (below 7,000 sq.ft.) however there was one enquiry looking for 42,000 sq.ft. for a processing facility and another for 80-100,000 sq.ft. for a warehouse. A location was provided for 11 of the enquiries: 9 would like a property in Perth, with Pitlochry and Kinross receiving one enquiry each. Enquiries came from a variety of business sectors: animal feed, joinery, construction, haulage, timber manufacture, technical testing and analysis, engineering, well drilling, maintenance and recreation.
- 5.49 A preferred size was provided for two of the office enquiries, one of 1,500 sq.ft. and the other for 2 – 2,500 sq.ft. A location was provided for 4 of the enquiries, 2 would like an office in Perth, with Crieff and Aberfeldy receiving one enquiry each. Enquiries came from a range of business sectors: software, consultancy, community workspace, driving instruction and estates management
- 5.50 Ten of the enquiries were specifically for Food and Drink units.
- 5.51 Six enquiries were for land / sites with 5 of them for a location in Perth. Enquiries came from a range of business sectors: recycling, whisky distilling, renewables and construction.

SUMMARY

- 5.52 The industrial property market is performing well across Scotland with strong demand, low vacancy rates and rising rents.
- 5.53 The principal employment property locations in Perth & Kinross is the city of Perth itself in which Inveralmond Industrial Estate and North Muirton Industrial Estate are principal locations. There is also notable stock around Crieff, Blairgowrie, Kinross, Errol and Aberfeldy with most of the smaller towns throughout the region having some industrial units. The overall floorspace vacancy rate is 5.6%. Vacancy levels are low at the main industrial estates and known asking rents range from £2.50 up to £6.30 per sq.ft. and reported peak rents of £8 for new-build small units.
- 5.54 Around 25% of the industrial floorspace was built pre-1980, with 40% built in the peak development period of the 1980s and 1990s and therefore is between 22 and 42 years old. Vacancies are more evident among older industrial properties.
- 5.55 Almost 80% of industrial units on the market are below 10,000 sq.ft. and 52% are below 5,000 sq.ft. Average annual industrial take-up for Perth & Kinross is 98,655 sq.ft. in 27 units, giving an average unit size of 3,654 sq.ft. (which could accommodate c.10 employees at average occupational densities). These figures show activity at the lower end of the market but raises a concern about where larger or expanding businesses can be accommodated within Perth & Kinross.

- 5.56 The office market has suffered a substantial shock since March 2020. Perth & Kinross' office property market is largely concentrated in and around Perth and the towns of Blairgowrie, Kinross and Crieff. Offices are generally on upper floors and older buildings in town centres and on dedicated business parks such as Broxden Business Park.
- 5.57 There is currently 226,029 sq.ft. of office floorspace available giving a vacancy rate of 14%, with the majority of floorspace available in Perth. The vacancy rate is inflated by one large (former) financial services office and will be further increased when another large (energy sector) office is vacated. The vast majority of currently available offices (87% by number) are smaller than 5,000 sq.ft. Known asking rents for office space range from £5 up to £17 per sq.ft. (the latter is for serviced business centre space).
- 5.58 Average annual office take-up for Perth & Kinross is 63,464 sq.ft. in 25 offices, giving an average office size of 2,538 sq.ft. As with supply, the large majority of take-up has been for offices smaller than 5,000 sq.ft. Office transactions tend to be in business centres and on established business parks.
- 5.59 There have been a number of new build developments and proposals, mainly in Perth. Industrial development includes 11 new units totalling 8,500 sq.ft. at the Triangle, Friarton Road, Perth (built in 2021) as well as a further 11 units totalling 36,000 sq.ft. at Auld Bond Road, Perth (under construction). Further pipeline development includes the extension of Inveralmond Industrial Estate (I&H Brown and Rossco Properties), extension of the Food & Drink park (Perth & Kinross Council) as well as other plots on Arran Road in North Muirton Industrial Estate. Outside of the City new industrial units are planned at Perth Airport (Morris Leslie Ltd), Errol Airfield (Morris Leslie Ltd) and Logierait (Atholl Estates). Serviced development plots have also recently been sold at Kinross West (Perth & Kinross Council). Over the longer term there are proposals for employment land at Perth West.
- 5.60 In terms of office development, SSE plans a new £15m office development totalling 26,400 sq.ft. at Inveralmond Industrial Estate which will be in addition to their existing premises at Inveralmond House and Grampian House. Outwith the city, new co-working hubs have been developed within Crieff and Dunkeld while some small office units have also been developed in the smaller towns.
- 5.61 The largest proportion of enquiries received by Perth & Kinross Council (Invest in Perth) were for industrial space. Of those who provided details of the size of unit they required, the majority of enquiries related to smaller space (below 5,000 sq.ft.) however there was one enquiry looking for 42,000 sq.ft. for a processing facility and another for 80-100,000 sq.ft. for a warehouse. The majority of industrial enquiries were for Perth itself.
- 5.62 With regards to office enquiries, requirements were for between 1,500 – 2,500 sq.ft. and the preferred location was Perth itself. A quarter of enquiries were specifically for food and drink units. 15% of enquiries were for employment land/sites and there were generally associated with more land intensive businesses, e.g. recycling, distilling, renewables, construction etc.

06

COUNCIL INVESTMENT PORTFOLIO

6.1 This section summarises and analyses the commercial element of Council's own investment portfolio. The portfolio supports economic development by providing a supply of land and buildings to businesses and industry. The Council has provided Ryden with information on its portfolio (Table 20).

TABLE 20: COUNCIL INVESTMENT PORTFOLIO

| ESTATE | LDP AREA | GROUND LEASES | BUILDING LEASES |
|--|--------------------|---------------|-----------------|
| Skirmie Park, Blairgowrie | Strathmore & Glens | 1 | 0 |
| Welton Road Industrial Estate, Blairgowrie | Strathmore & Glens | 1 | 0 |
| Crioch Industrial Estate, Crieff | Strathearn | 1 | 8 |
| Inveralmond Industrial Estate | Perth | 34 | 2 |
| Harbour Perth | Perth | 24 | 0 |
| Mercian Buildings | Perth | 0 | 9 |
| Crieff Road & Strathtay Road | Perth | 4 | 0 |
| Glenearn Road | Perth | 2 | 0 |
| Whitefriars Road | Perth | 3 | 0 |
| Food & Drink Park, Arran Road | Perth | 0 | 4 |
| Ladeside Industrial Estate | Perth | 6 | 0 |
| North Muirton Industrial Estate | Perth | 5 | 0 |
| Aldour Industrial Estate, Pitlochry | Highland | 4 | 0 |
| Fonab Industrial Estate, Pitlochry | Highland | 0 | 2 |
| Aberfeldy Industrial Estate | Highland | 1 | 2 |
| Birnam Industrial Estate | Highland | 1 | 2 |
| TOTAL | | 87 | 29 |

Source: Perth & Kinross Council

6.2 As shown above, the Council holds a number of ground leases at Inveralmond Industrial Estate and Perth Harbour. Whilst the Council holds the ground leases, tenants have the ability to develop premises on the sites subject to a Development Agreement in order to ensure that any development is completed within a reasonable timescale. Of the 34 ground leases available at Inveralmond, 33 are currently let. Bespoke industrial units have been built on the majority of these sites and tenants include butchers and food merchants, agricultural businesses, transportation, and cash & carry outlets. At Perth Harbour, all ground leases are let; tenants here include chemical producers, timber suppliers and port handling/storage amongst others.

6.3 The Council currently has plots marketed for sale at North Muirton Industrial Estate, Perth on the market. The 4 plots are at the northern end of Arran Road just off Inveralmond roundabout on the A9. They are an extension of the food and drink park and are available to buy for commercial or food related uses.



6.4 In addition, the Council has recently marketed 5 plots at Kinross West (shown opposite). Two of these (plots 2 and 3) have been sold and developed out (one as a dance studio the other for a plant hire business). One (plot 5) is under offer and is proposed for an owner occupied agricultural business. Plot 4 was recently under offer however that sale did not complete and the Council is now considering developing its own industrial units for rent on the site. The remaining plot (plot 1 - 0.91 acres) is on the market currently.



6.5 With regard to building leases, there are 9 units at Mercian Buildings which is located at Perth Harbour. Five of these are currently let (the majority to the Council itself) and 4 are currently vacant. It is our understanding that these vacant units are in relatively poor condition. There are also 8 units at Crioich Industrial Estate in Crieff. Seven of these are let with 2 vacancies. The Council also has a small number of building leases at Inveralmond Industrial Estate.

6.6 A relatively recent addition to the Council's portfolio is the Food and Drink Park at Arran Road, Perth. These 5 units (4 leases) were developed by the Council as purpose-built units to support the growing food and drink industry. The units are food standard ready with mezzanine storage and electricity provided via the on-site solar array and roof-mounted solar panels. The 4 smaller and 1 larger units have a combined gross internal area of 707 m² (c. 10,700 sq.ft.). The units are fully let to food and drink businesses. As noted above further plots are now available to businesses (see Employment Land section also).



6.7 Across the whole sample portfolio, there are only 8 vacancies which tend to be associated with building leases as opposed to ground leases. It is understood that these vacancies tend to be in units where upgrading is required. This indicates that the portfolio benefits from strong occupier demand and is well-let except for occasional vacancies or properties with particular challenges.

6.8 The majority of the portfolio is located in Perth with very small amounts available in Highland, Strathmore & Glens and Strathearn. From the sample provided, there do not appear to be any business units currently available in Kinross however it is noted one potential purchaser of the Council plots is proposing to build business units.

- 6.9 The budgeted gross income from the commercial investment portfolio for the financial year 2022/23 is £1,815,000.
- 6.10 The valuation, classification and review of the portfolio is periodically carried out by the Council's Estates and Commercial Investment Team on a five-year cycle unless significant change occurs. Data from the 2018/19 review is shown in Table 21 below. Given the large number of ground leases the Council holds, this is where the majority of the rental income is received.

TABLE 21: PERTH & KINROSS COUNCIL RENTAL INCOME BREAKDOWN

| | NET RENT | MANAGEMENT COSTS | ANNUALISED MAINTENANCE COSTS |
|------------------|------------|------------------|------------------------------|
| Ground Leases | £1,156,997 | £55,210 | |
| Shops | £139,239 | £14,022 | £43,457 |
| Industrial Units | £92,851 | £13,320 | £2,229 |
| Offices | £27,589 | £4,635 | £29,727 |
| Miscellaneous | £251,295 | £20,000 | £25,000 |

Source: Perth & Kinross Council

- 6.11 In terms of strategic principles, the Council has a presumption against the acquisition of new heritable properties solely for financial investment purposes. The Council uses the portfolio to support its corporate objectives by adopting the following principles in the future management of the various categories of commercial properties:
- Socio – economic properties – held primarily for promotion or enhancement of the Council's strategic objectives for securing the future. Revenue generation is a secondary consideration.
 - Economic development portfolio – held primarily to support strategic objectives but with an emphasis on a prosperous, sustainable and inclusive economy. The portfolio will be used to safeguard, control and promote the use of land for economic development and regeneration through:
 - i. Business opportunity enhancement – land and buildings acquired or provided to facilitate and encourage business opportunities in local communities where the private sector has failed to provide infrastructure due to market conditions
 - ii. Start-up workshop units – held to encourage new and expanding businesses locate and flourish
 - Commercial investment property – properties will generally only be held for rental income generation whilst generating an adequate and competitive return. Presumption in favour of disposal of poorly performing properties. There is a presumption against properties held on the commercial estate being occupied by Council services.
- 6.12 The Council has not provided details of which categories each of its properties sits in.
- 6.13 The Council's Commercial Property Investment Programme is a 10-year programme of employment land acquisition, servicing and development to support the Council objectives of attracting investment and supporting businesses across Perth & Kinross.
- 6.14 In terms of strategy, the portfolio is being transformed from the historic legacy to a more balanced sustainable portfolio to meet the Council's current strategic objectives and the future financial viability of the commercial portfolio will be maintained through;

- the assessment and classification of each property as either socio-economic, economic development, investment or HRA (investment),
- regular review of the commercial estate to determine each property's investment potential and viability, and
- disposal of poorly performing investment properties and redevelopment/conversion of properties (e.g. conversion from retail to social housing).

6.15 Future investment in the portfolio may also be informed by the final report emerging from this study.

SUMMARY

- 6.16 Perth & Kinross Council holds a large number of ground leases which generate the majority of commercial rental income for the Council. A large number of these are held at the popular Inveralmond Industrial Estate and tenants have gone onto develop premises on the majority of these sites via Development Agreements. The Council also holds a number of ground leases at Perth Harbour. In bringing new employment land to the market, it is noted that the Council has departed from its previous ground lease model and is offering these sites for sale.
- 6.17 The Council also operates business units including at the Harbour, Inveralmond and the Food and Drink park in Perth as well as some units in the larger towns. There are issues with the quality of some of the units at the Harbour leading to these being unoccupied.
- 6.18 The Council's has a 10-year Commercial Property Investment Programme focusing on employment land acquisition, servicing and development to support the Council objectives of attracting investment and supporting businesses across Perth & Kinross. In terms of strategy, the portfolio is being transformed from the historic legacy to a more balanced sustainable portfolio to meet the Council's current strategic objectives.

07

EMPLOYMENT LAND

7.1 This section assesses employment land supply and take-up in Perth & Kinross. It also provides a summary assessment of allocated employment sites.

EMPLOYMENT LAND AUDIT

7.2 The Perth & Kinross Employment Land Audit is produced annually to provide up to date and accurate information on the supply and availability of employment land for business and industrial use within the Council area.

7.3 The most recent audit was conducted in August 2021 and was prepared from information provided in the LDP and through the monitoring of planning application approvals. Each employment site was visited and surveyed by the Council. Employment sites included in the audit are those defined in the LDP and windfall sites which have valid/current planning permission for employment uses. Each sites must be a parcel of land at least 0.1 hectares in size.

7.4 Each site is assessed for provision of services and any potential constraints. The assessment includes the following criteria; access, drainage and water, onsite broadband, gas networks, flood risk and presence of peat soils with high carbon levels. The historic environment is also considered which includes proximity to listed buildings, conservation areas, battlefields and gardens, Designed Landscapes and whether there are any archaeological records onsite. The natural environment is assessed regarding protected species or if the site is within a Special Landscape Area. Key stakeholders are included in this process, including Openreach, Virgin Media, Transport Scotland, SGN, SSEN, SEPA and Scottish Water.

7.5 The following internal departments are also consulted during the process; Local Development Plan Team, Climate Change and Sustainable Development, Building Standards, Development Management and Estates.

SUPPLY

7.6 The Employment Land Supply can be categorised as follows:

- **Total Available Employment Land:** This includes land that has been zoned for business, industrial and general employment use in the adopted LDP and windfall sites which have current planning permission for use classes 4, 5 and 6.
- **Marketable Land:** This includes minor and immediately available land. This can also be referred to as the effective land supply.
- **Major Constrained Land:** Land with significant constraints which can affect the immediate availability of the site. Constraints can include:
 - Ownership issues (For example, multiple owners or unwilling sellers)
 - Physical constraints including poor infrastructure provision or difficult topography
 - Limited road access
 - Poor availability of services to the site including water, drainage, gas, electricity
 - Ground condition constraints
 - Land contamination

- **Minor Constrained Land:** Land which meets either one of the following:
 - Has constraints, but the extent of the constraints has been assessed to demonstrate with appropriate mitigation these sites can be marketable within 1-5 years.
 - Not yet serviced but there is no insurmountable constraint on servicing capability or other obstacle to development.
 - Requires a Flood Risk Assessment to determine the area of land which is developable and the potential mitigation costs.
 - Is located within the Flood Protection Scheme area - Therefore flooding mitigation measures are necessary, including water resistance, resilience measures and evacuation procedures.

- **Immediately Available:** This is land which:
 - Meets business requirements with no known constraints; and
 - is fully serviced; and
 - is identified within the draft/adopted Local Development Plan; or
 - has a secure planning status; and
 - has existing or easily achievable connections to road, rail and green networks.

7.7 The 2021 Audit shows that 14% of sites (42 hectares) were immediately available, 85% had minor constraints (244.14 hectares) and the remaining 1% had major constraints (2.40 hectares). The total area of identified employment land was 288.54 hectares across 53 sites. The total area of effective employment land (immediately available + marketable) was 286.14 hectares. This was broadly comparable with the 2020 Audit.

7.8 A summary of total employment land supply by area for 2020 and 2021 is shown by area in Table 22 below. The majority (73%) of allocated land is located in Perth.

TABLE 22: SUMMARY OF TOTAL EMPLOYMENT LAND SUPPLY 2020/21

| LDP AREA | TOTAL AVAILABLE LAND (HA) | | MAJOR CONSTRAINED AREA (HA) | | MINOR CONSTRAINED AREA (HA) | | IMMEDIATELY AVAILABLE AREA (HA) | |
|--------------------|---------------------------|---------------|-----------------------------|-------------|-----------------------------|---------------|---------------------------------|--------------|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Perth | 213.54 | 211.07 | 2.40 | 2.40 | 174.69 | 172.34 | 36.45 | 36.33 |
| Strathearn | 20.46 | 22.88 | 0.00 | 0.00 | 18.71 | 18.36 | 4.25 | 4.52 |
| Kinross | 20.24 | 19.46 | 0.00 | 0.00 | 20.24 | 19.46 | 0.00 | 0.00 |
| Highland | 8.43 | 8.30 | 0.00 | 0.00 | 8.30 | 8.30 | 0.13 | 0.00 |
| Strathmore & Glens | 26.44 | 26.83 | 0.00 | 0.00 | 25.68 | 25.68 | 0.76 | 1.15 |
| Total | 291.61 | 288.54 | 2.40 | 2.40 | 247.62 | 244.14 | 41.59 | 42.00 |

Source: Perth & Kinross Council

TAKE-UP

7.9 In terms of take-up, 1.61 hectares of land was identified as employment take-up between June 2020 and July 2021. This included 3 full sites and 1 partial site as follows:

- Binn Farm, Glenfarg, 0.94 ha (WFELA8) – erection of a storage and distribution building in connection with existing activities at the farm
- Perth Delivery Office, Perth, 0.22 ha (WFELA10) - erection of 4 commercial units for Class 4
- Cally Industrial Estate, Dunkeld, 0.13 ha, (WFELA9) – erection of an industrial unit (Class 4, 5 and 6)
- Bridgend, Muthill Road, Crieff 0.32 ha (eSTC061) – partial take-up, erection of a single storey timber framed office building, 2.65 ha remain and can be considered for potential employment use

7.10 All sites are within private ownership and the 3 full sites were windfall sites. It is notable that none were a significant, marketed economic development site.

7.11 Take-up in Perth & Kinross over the last 8 years¹³ can be averaged at 2.1 ha per annum. This is equivalent to 21,000 sq.m. and assuming a high level plot ratio of 30% for standard industrial this could broadly result in 6,300 sq.m (c. 67,800 sq.ft.) of development. This can be considered against comparable local authorities as per Table 23.

TABLE 23: 8 YEAR AVERAGE EMPLOYMENT LAND TAKE-UP IN COMPARABLE LOCAL AUTHORITIES

| LOCAL AUTHORITY | POPULATION 2020 | 8 YEAR AVERAGE TAKE-UP (HA.) |
|---------------------|-----------------|------------------------------|
| Perth & Kinross | 151,910 | 2.1 |
| Dumfries & Galloway | 148,290 | 6.3 |
| Dundee | 148,820 | 4.5 |
| Falkirk | 160,560 | 1.9 |

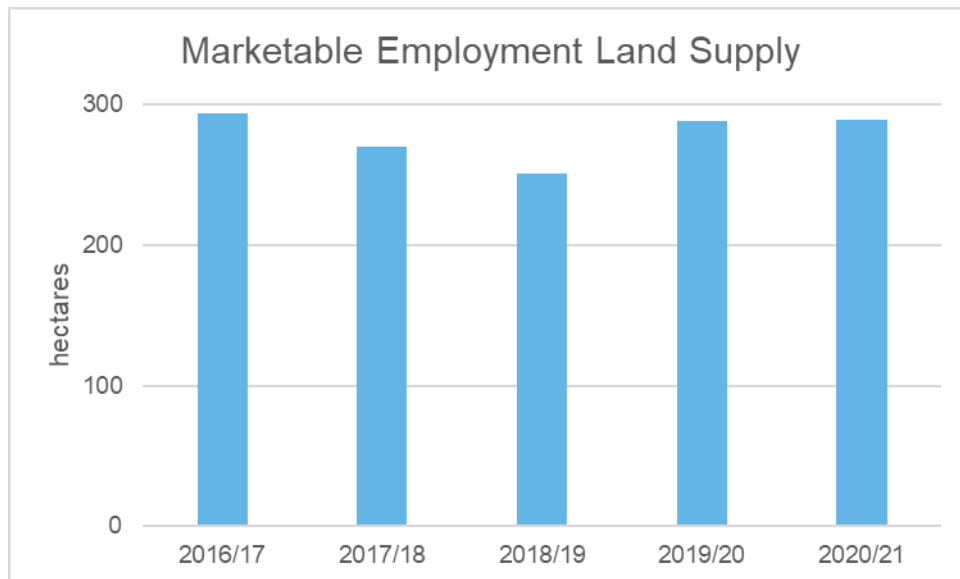
Source: Heads of Planning Scotland Planning Performance Framework

7.12 It is interesting to note that Perth & Kinross has performed slightly better than Falkirk Council over the longer term however is outperformed by Dundee and Dumfries and Galloway. It is worth noting that both Dumfries & Galloway and Dundee achieved very high take up in 2016/17 at 32.93 ha and 22.51 ha respectively which has had a significant impact on their averages.

MARKETED EMPLOYMENT SITES

7.13 The annual Planning Performance Framework for Heads of Planning Scotland records marketable employment land supply. This falls from 294.03 ha in 2016/17 to 250.96 ha in 2018/19, then rises to 289.21 ha for 2020/21. (Figure 19) There are slight differences between the figures quoted here in comparison with those within Table 22 due to differing reporting periods.

FIGURE 19: MARKETABLE EMPLOYMENT LAND SUPPLY



Source: HoPS / Perth & Kinross Council

¹³ As a general rule of thumb we would look at 10-year average take-up however there are no statistics for Perth & Kinross Council for 2011/12 or 2012/13. Data is taken from the Heads of Planning Scotland Performance Framework.

- 7.14 Allocated employment land supply is all such land in the LDP. The market for employment land in Perth & Kinross comprises sites being marketed and bought/sold. It can also include windfall sites which were not allocated in the LDP.
- 7.15 There are presently eight sites being marketed in Perth & Kinross, totalling 32.72 acres (13.24 hectares). A further site of 6 acres (2.42 hectares) is under offer. Most of the available sites are in Perth, although land is also available in Kinross and Crieff (Table 24). The table shows an encouraging mix of developable plots.





TABLE 24: EXAMPLES OF PERTH & KINROSS' MARKETED EMPLOYMENT SITES

| ADDRESS | SIZE ACRES (HA) | DESCRIPTION |
|--|-----------------|--|
| Arran Road, North Muirton, Perth | 1.21 (0.48) | Site 9. Located at the northern end of Arran Road. The site is designated as proposal E3 in the Local Development Plan for the development of Employment Uses. |
| Perth Food and Drink Park, North Muirton, Perth | 5.31 (2.14) | Three remaining sites: Site 6, 1.99 acres; Site 7, 2.05 acres; and Site 8, 2.26 acres. Designated as proposal E3 in the Local Development Plan for the development of Employment Uses. Preferred end users are for businesses involved in the Food and Drink Industry. Also mentioned in Section 6 |
| Inveralmond Road, Inveralmond Industrial Estate, Perth | 1.0 (0.4) | Concrete surfaced industrial plot with frontage onto Inveralmond Road. Former Travis Perkin's site. Existing buildings to be demolished. Available as a long leasehold. Designated employment site with outline planning consent for use classes 4, 5 and 6. Offers should be accompanied by outline proposals for the site and development should be completed within a reasonable timescale. |
| Pitheavlis, Necessity Brae, Perth | 2.7 (1.09) | Commercial development land, close to the Broxden roundabout. A former Aviva training centre and hotel was demolished in 2017. The site will be suitable for an office building, a Hotel, Care Home or Restaurant |
| Kinross West, Kinross | 0.91 (0.36) | Plot 1 – The last remaining plot. The larger site has 5 plots in total of which 2 are developed out, 1 is under offer and the Council is currently considering 1 plot for its own industrial units for rent. Good visibility onto the M90 positioned on the west side of the larger site. Also mentioned in Section 6. |
| Brioch Road, Crieff | 15 (6) | Allocated in the Perth & Kinross Council Strathearn Area Local Development Plan for development of business premises which comply with either Use Classes 4 or 6 (business or storage or distribution). Potential for Design & Build Opportunities |

Source: Ryden / CoStar / Marketing agents

- 7.16 An estimated 17.66 acres (7.15 hectares) has been recorded as sold for employment uses in Perth & Kinross since January 2017 which correlates with the take-up date presented earlier. Examples of employment land transactions are shown in Table 25.

TABLE 25: EMPLOYMENT LAND TRANSACTIONS IN PERTH & KINROSS

| ADDRESS | | SIZE ACRES (HA) | DESCRIPTION |
|--|---|-----------------------|---|
| Auld Bond Road, Perth |  | 2.57 (1.04) | Sold by Perth & Kinross Council in March 2022. Designated under Policy ED1A in the Local Development Plan for the development of Employment Uses. |
| Ruthvenfield Way, Inveralmond Industrial Estate, Perth |  | 1.2 (0.48) | Sold in January 2020. Application for erection of workshop and office 21/01239/FLL |
| Lamberkine Drive, Broxden Business Park, Perth |  | 0.6 (0.24) | Plot 7 sold by Perth & Kinross Council in 2021. HQ for McDermott Group |
| Kinross West, Kinross |  | 5.81 (2.35) | Plot 2 0.67 acres, Dance Connect dance studio c. 2018 Plot 3 1.28 acres, Kipper Hire HQ opened 2018, built by Algo Plot 4 1.09 acres, sale recently fell through. Council considering developing its own units for rent. Plot 5 2.98 acres, an owner occupier (agricultural industry) plans a unit here and the site is under offer. |

Source: Ryden/ CoStar / Perth & Kinross Council Planning

SUMMARY ASSESSMENT OF EMPLOYMENT LAND MATRICES

- 7.17 The Council has supplied Ryden with its employment land assessment matrices for 41 currently allocated sites. Details relating to these sites are provided in the Table 26. Windfall site land matrices have not been provided at this stage as planning permission has already been gained for these sites and it is unlikely they will require any Council intervention.

TABLE 26: SUMMARY OF EMPLOYMENT LAND SUPPLY ASSESSED BY COUNCIL 2022

| LDP AREA | NO. OF SITES | TOTAL AREA (HA.) | MAJOR CONSTRAINED AREA (HA.) | MINOR CONSTRAINED AREA (HA.) | IMMEDIATELY AVAILABLE AREA (HA.) |
|--------------------|--------------|------------------|------------------------------|------------------------------|----------------------------------|
| Perth | 19 | 177.31 | 2.40 | 173.24 | 1.67 |
| Strathearn | 4 | 20.80 | 0 | 20.80 | 0 |
| Kinross | 9 | 19.82 | 0 | 19.82 | 0 |
| Highland | 3 | 8.30 | 0 | 8.30 | 0 |
| Strathmore & Glens | 6 | 26.22 | 4.00 | 21.68 | 0.54 |
| TOTAL | 41 | 252.45 | 6.40 | 243.84 | 2.21 |

PERTH

- 7.18 In the Perth area there are 19 allocated employment sites totalling 177.31 ha which is 70% of the total in Table 26. Spatially these sites tend to be located around the strategic road network particularly around Broxden and Inveralmond roundabouts. Sites have also been identified along the A94 at Scone and Perth Aerodrome and the A9 at Bertha Park and Luncarty. Sites outwith this road network tend to focus on expansion space for existing employers or sites on the Vacant and Derelict Land Register.
- 7.19 Two sites in Perth are immediately available; Newburgh Road (South), Abernethy and the Triangle, Perth. The site at Newburgh Road (South) in Abernethy is 0.5 ha and allocated for general employment use in connection with the nearby employer Branston Ltd. Plans are underway to develop the site as mixed use also incorporating 39 residential units. The Triangle, Perth is a 1.17 ha brownfield site contained within the Vacant and Derelict Land Register. There is an approved planning application for car sales including offices, workshop and wash and valet. As progress is already being made on these sites it is likely they will be removed from the Employment Land Audit shortly leaving no immediately available land in Perth.
- 7.20 Within Perth, 16 sites have minor constraints totalling 173.24 ha. The largest of these is the 56.44 ha allocation at James Hutton Institute which sits on the A90 on the edge of Dundee. This is a Strategic Development Area targeting the food and drink sector under the Tay Cities Deal. Part of the site is currently being developed and there are utilities available. Constraints are in relation to required road and access improvements, a Transport Assessment, enhancement of biodiversity, provision of new native woodland landscaping and evaluation of archaeological potential. The site is mainly owned by the Institute but there is an area which is outwith their control which might need to be assessed as to whether it is deliverable.
- 7.21 The 25 ha allocated at Perth West also has minor constraints. This includes a long list of criteria including flood risk assessment, requirement for a masterplan, connection to the bus network, drainage impact assessment, energy statement and woodland survey. It is not currently serviced. The employment land allocation is reliant on the wider mixed-use development coming forward which totals 240 ha and is a major development site. Recognising its strategic potential and the substantial infrastructure costs associated with the site it was considered that some public sector assistance was necessary to pump prime the site. As a result, phase 1 borrowing costs for transport infrastructure was agreed to be funded by the Council at its budget meeting 23rd February 2022 to help open up the site and to allow for the Council to develop 11 ha of employment land in a first instance with a further 14ha to be developed at a later stage.
- 7.22 Bertha Park is also designated as having minor constraints and also totals 25 ha. The site is not yet serviced and utilities are not nearby. Again this is part of a wider masterplanned area incorporating residential development and associated services.
- 7.23 One site has been designated as having major constraints in Perth. This site is North of Bertha Park where 2.4 ha is allocated. This greenfield site is majorly constrained by access until the Cross Tay Link Road is delivered.
- 7.24 The Council's employment land matrices utilise a 'balanced scorecard' approach to determine the sites most likely to require intervention. This considers marketability, any evidence of market failure, potential demand and consideration of the site against strategic priorities. For Perth, the results are shown in Table 27 on the next page.

TABLE 27: COUNCIL PROPOSED INTERVENTION LEVELS 2022 – PERTH

| IDENTIFIED LEVEL OF POTENTIAL INTERVENTION | SITES | TOTAL AREA (HA) |
|--|--|-----------------|
| High | Broxden, James Hutton Institute, Pitheavlis, Arran Road | 77.62 |
| Medium/High | Perth West, Friarton Road, North of Bertha Park | 34.20 |
| Medium | Perth Aerodrome, Ruthvenfield Road, Stanley, Angus Road, Luncarty South, Bertha Park | 54.69 |
| Low/Medium | Dalcrue Industrial Park | 3.46 |
| Low | Newburgh Road (South), Cromwell Park, the Triangle, Newburgh Road (North) | 4.45 |
| N/A | Broxden Farm (now being developed for residential and should be removed) | 2.89 |

7.25 In terms of those identified as requiring a high level of potential intervention, James Hutton Institute has already been summarised above. The remainder can be summarised as follows:

- Broxden, 4ha, with minor constraints: established and attractive employment location with good access to the strategic road network. Adjacent to the park and ride and serviced. Private ownership. Residential development nearby and demand for non-compliant uses.
- Pitheavlis, 2.07 ha with minor constraints: sustainable site for employment uses with good public transport provision and situated strategically close to Broxden roundabout. The site is serviced and is an existing employment location. The Council is currently considering a planning application for retail development on part of the site (1.07 ha). The Council has recently minded approval of this planning permission, subject to receipt of or other means of securing identified developer contributions and the revocation of the aspect of planning permission 99/00818/FUL to remove the ability to use that premises for Class 1 retail use at the applicants existing Glasgow Road store.
- Arran Road, 15.11 ha with minor constraints: strategic location on the edge of Perth with low cost renewable energy on site. The site is principally owned by the Council who have actively marketed and sold plots. The area in private ownership remains undeveloped.

7.26 It is our understanding that only 8% of the employment land supply in the Perth area is owned by the Council which limits the amount of control it has over these sites.

STRATHEARN

7.27 In the Strathearn LDP area there are 4 allocated employment sites totalling 20.80 ha. Two of these sites are close to the A824 in close proximity to Auchterarder and the other two are in Crieff therefore offer rural employment locations. All 4 sites are identified as having minor constraints. The sites can be summarised as follows:

- Land South of A824, Auchterarder, 8ha with minor constraints: greenfield un-serviced site in private ownership. Part of the Auchterarder Development Framework and a S75 legal agreement. Attractive employment location but no detailed applications to date.
- Main Road, Aberuthven Enterprise Park, Aberuthven, 4.8ha with minor constraints: currently agricultural land with unknown servicing status, close to existing employment sites and could provide overspill but no recent activity. A proposed upgrade to the nearby trunk road junction may support increased uptake. In private ownership.
- Brioch Road, Crieff, 5ha with minor constraints: Part of a wider housing release whereby the landowner is obligated to service the employment land. The masterplan envisages a re-location of existing businesses on the wider site to this site.
- Bridgend, Muthill Road, Crieff, 3ha with minor constraints: Unserviced site in private ownership. Existing employment uses nearby but slow take-up. The site changed hands in 2021 and the new owner's intentions are to be confirmed.

- 7.28 All of the sites in Strathearn are in private ownership which limits the Council's ability to move them forward. All are currently un-serviced. Two are part of wider Development Frameworks and one has a limitation in terms of road infrastructure. None is immediately available.
- 7.29 The Council's results from its balanced scorecard for the Strathearn sites are shown in Table 28.

TABLE 28: COUNCIL PROPOSED INTERVENTION LEVELS 2022 – STRATHEARN

| IDENTIFIED LEVEL OF POTENTIAL INTERVENTION | SITES | TOTAL AREA (HA) |
|--|--|-----------------|
| Medium | Land South of A824, Main Road Aberuthven Enterprise Park | 12.8 |
| Low/Medium | Brioch Road | 5.0 |
| N/A | Bridgend Muthill Road | 3.0 |

KINROSS

- 7.30 In Kinross, there are 9 sites allocated totalling 19.82 ha. The majority of these are in close proximity to the M90 with the others along the A977. Again these can be considered rural locations with the majority classed as greenfield. All are considered to have minor constraints therefore none is immediately available.
- 7.31 The largest site is 7.75 ha at Stirling Road, Milnathort part of which contains 2 vacant buildings and is therefore partially serviced. There is access on the M90 to/from the north but no southbound access and no prospect of new slip roads in the foreseeable future. The site is divided between 3 owners with varying ambitions for the site. This site is potentially a location for a small or rural focused business but because of its location it is unlikely to support high value jobs.
- 7.32 Also in Milnathort, Old Perth Road has been allocated which is 2.9 ha. Despite its location access to the M90 is limited and the site is un-serviced. Although there is demand in this general area the site is not an established business location and the private owner has no intention to develop. There are potential flood risk and landscape issues. This site should potentially be removed from the next LDP3.
- 7.33 Balado Bridge in Kinross is 1.9ha and a former MOD site. The site been in the plan since LDP1 with no progress on site. It is serviced and in private ownership. It is understood that the site was recently sold to Kinross Aero Space.
- 7.34 Station Road South in South Kinross is 2.77ha and appears on the Vacant and Derelict Land Register. It has good access to the M90 and is partly serviced. It would be a logical extension of a wider business site and there has been good uptake of the serviced plots. The site is Council owned and actively marketed.
- 7.35 With regard to the other sites in the area there are issues around ownership, landscape impacts associated with Local Landscape Area designation as well as ensuring any employment uses complement nearby residential. Station Road South, noted above, is the only site in Kinross in Council ownership.
- 7.36 The Council's results from its balanced scorecard for the Kinross sites are shown in Table 29 on the next page.

TABLE 29: COUNCIL PROPOSED INTERVENTION LEVELS 2022 - KINROSS

| IDENTIFIED LEVEL OF POTENTIAL INTERVENTION | SITES | TOTAL AREA (HA) |
|--|--|-----------------|
| High | Stirling Road Milnathort, Station Road South South Kinross, Balado Bridge, Kinross | 12.42 |
| Medium | Powmill Cottage Powmill, Auld Mart Business Park Milnathort | 2.15 |
| Low/Medium | Old Perth Road Milnathort, Vicars Bridge Road Blairingone | 3.4 |
| Low | South Kinross Kinross, Rumbling Bridge | 1.85 |

7.37 With regard to Balado Bridge, it is understood that this is currently in the process of being sold to Kinross Aero Space with terms agreed. Kinross Aero Space plans to repurpose the site as an aerospace themed visitor attraction backed by Tay Cities funding. This will be subject to a Change of Use but as the project is backed by the Tay Cities Deal that seems likely. If the sale is agreed, it is likely this site will be removed from LDP3.

HIGHLAND

7.38 In Highland, 3 sites have been allocated for employment land totalling 8.3 ha. Two sites are in relative close proximity to the A9 near Dunkeld and one is in Aberfeldy. All can be classed as rural locations and all are greenfield sites. All have minor constraints and can be summarised as follows:

- Borlick, 5 ha with minor constraints: currently an area of sloping farmland but in close proximity to Aberfeldy business park. Actively marketed for a number of years but access into the site is considered a significant burden. The site is in private ownership with a willingness to progress alongside residential but access issues are significant. The site is not currently serviced.
- Tullymully North, 2.09 ha with minor constraints: greenfield site adjacent to existing sawmill but not currently serviced. Part of established employment area at Cally Industrial Estate but environmentally sensitive area and access is currently only single track. The owner is engaged in developing the site and is developing industrial units nearby.
- Tullymully South, 1.2 ha with minor constraints. As per the above. Noted that Tullymully North would come forward first.

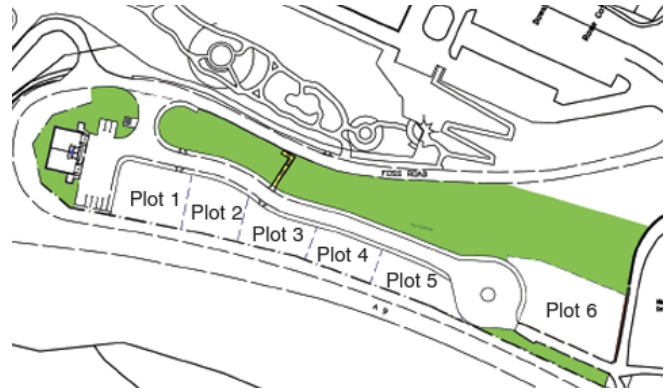
7.39 Again, all sites in Highland are in private ownership and none are immediately available.

7.40 The Council's results from its balanced scorecard for these sites are shown in Table 30. The site in Highland has been classified as medium in terms of proposed intervention level.

TABLE 30: COUNCIL PROPOSED INTERVENTION LEVELS 2022 - HIGHLAND

| IDENTIFIED LEVEL OF POTENTIAL INTERVENTION | SITES | TOTAL AREA (HA) |
|--|--|-----------------|
| Medium | Borlick Aberfeldy, Tullymully North and Tullymully South Dunkeld | 12.8 |

7.41 The Council previously allocated employment land at plots at Fonab Business Park, Pitlochry totalling 1.02 acres. However, as a result of the A9 dualling project all of these previously marketed plots will be lost. The Council is seeking compensation for the lost land as soon as possible and will direct it towards an alternative area of employment land. Ideally, any replacement opportunity would be based in Pitlochry however it may not be possible to find suitable additional employment land in this location. If this is the case, another Highland settlement could provide opportunity.



Source: Perth & Kinross Council/Graham & Sibbald

- 7.42 The site at Fonab Business Park was particularly attractive given Pitlochry is the largest settlement in Highland Perthshire and that the site ran adjacent to the A9. Opportunities for development within Pitlochry are limited due to topography to the north, the River Tummel and its flood plain around the town, the ancient woodlands adjoining or close to the settlement boundary, and the A9 which defines the southern boundary. If a suitable site was to become available in Pitlochry this should be prioritised with the replacement funding.
- 7.43 With regards to an alternative location, the employment land sites identified above at Borlick, Aberfeldy or Tullymully, Dunkeld could prove suitable. Both Aberfeldy and Dunkeld/Birnam are Tier 3 towns and therefore expected to accommodate some growth. Table 31 below show a mini appraisal for these sites based on known information against a range of criteria. If further information is made available on these sites, these should be re-assessed.
- 7.44 A maximum score of 5 points is awarded for each of these 8 criterion which allows each site to be ranked, highlighting which sites are more or less likely to be developed in the future, establishing a hierarchy of priority. The maximum score a site could theoretically achieve is 40 points. It should be noted that for the alternative use criteria significant alternative use pressure is given a low score and little or no alternative use pressure are awarded a high score. A site's strength for its proposed business use affects whether alternative uses may be effective or not.
- 7.45 At this stage, Tullymully South has not been considered in the tables below as it has been indicated above that Tullymully North would be developed first.

TABLE 31: MINI APPRAISAL

| SITE NAME | BORLICK | SCORE | TULLYMULLY NORTH | SCORE |
|--------------------------------------|--|-----------|--|-----------|
| LDP Reference | E10 | | E13 | |
| Settlement | Aberfeldy | | Dunkeld | |
| Area | Highland | | Highland | |
| Size | 5 ha. | | 2.09 ha | |
| Council Constraints Designation | Minor | | Minor | |
| Council's Balanced Scorecard Outcome | Medium | | Medium | |
| 1. Ground Conditions | Sloping farmland. Other aspects unknown. | 3 | Unknown. Given average score. | 3 |
| 2. Transport & Accessibility | Access in to the site is a significant burden to developing the site and requires input from the Council. The housebuilder has noted that any residential development would be subject to the access issue being resolved. Site is on the eastern edge of Aberfeldy with road access to A9 via A827 for wider connections. | 2 | Site has existing single track access road that currently serves existing businesses within the wider industrial park including serviced employment uses. Further upgrade to the existing access may be required. Site is accessed off the A923, approximately 1 mile from the A9 but traffic has to go through Dunkeld. | 3 |
| 3. Utilities & Drainage | Site not currently serviced. Greenfield. Flood risk assessment required. | 2 | Greenfield site adjacent to existing sawmill site and is currently not serviced. Utilities available including mains gas, water and broadband however assessments would be required to confirm technical feasibility of connections. Minimal flood risk | 3 |
| 4. Commercial Market Assessment | Site has been actively marketed for between 2-5 yrs but access issue means demand is low. Near to existing Aberfeldy business park to the north-west. | 2 | Part of established employment area where there has been recent development activity at Cally Industrial Estate suggesting demand in this location for employment uses. Landowner is engaged in developing the site. Planning constraints including the landscape setting & road access through Dunkeld. | 3 |
| 5. Development Potential | There is willingness and interest to progress sites E10/H36 for development however access is considered to be a barrier for discussions to progress, with Council input likely to be required. | 3 | Landowner is engaged in developing the site. Additional employment units have been constructed within the wider Industrial Park under the same ownership. These are available for commercial rental. Noted that site E13 would be reviewed following completion of E12 anticipated due 2022/2023. From previous correspondence the landowner is committed to delivering employment uses within the site. | 4 |
| 6. Pressure for Alternative Use | Adjacent to a housing site but no indications alternatives are being considered at this stage | 4 | There are residential properties to the south of the site. No indication that uses other than employment/commercial uses are pursued at the site. | 4 |
| 7. Economic Impact | Suitable site for growth opportunities to increased wellbeing and sustainable and inclusive economic growth. Site is next to local industrial site and good local amenities and natural resources, could support high value jobs. | 3 | Suitable for key sectors and could support high value jobs >£30k | 3 |
| 8. Strategic Fit | Aberfeldy is a Tier 3 settlement therefore expected to accommodate some growth | 2 | Dunkeld is a Tier 3 settlement therefore expected to accommodate some growth | 2 |
| TOTAL SCORE | | 21 | | 25 |

7.46 Based on the above assessment, the Tullymully site would be more suitable for intervention as it is more accessible and has greater development potential. Although the site is not currently serviced there are existing adjacent connections. It is reported that the Tullymully site has a willing owner however intervention may allow the site to be brought forward more quickly than would otherwise be the case.

7.47 Isolated sites along the A9 should be avoided as they would not currently be permitted by the LDP and would not be in-keeping with the draft NPF4 in terms of 20-minute neighbourhoods and links to active travel. If there was an obvious vacant or derelict site adjacent to the A9 this could provide an opportunity however none are noted in this area on the VDL register. We are aware that the Council is currently undertaking a review of its depots as well as a review of its car parks. If any surplus sites are identified, this could provide an opportunity for employment land.

STRATHMORE & GLENS

7.48 In Strathmore and Glens there are 6 allocated employment sites totalling 26.22 ha. These are rural locations outwith the strategic road network. Most sites are in close proximity to the towns Alyth, Blairgowrie and Coupar Angus. All are in private ownership. (Table 32)

7.49 One site, Spittalfield of 0.54 ha is immediately available. This is an allocated mixed use within the LDP with the employment land being delivered as part of its release for residential. The residential element of the site has received planning permission however it is being delivered incrementally and therefore timescales associated with the employment land are unclear. Currently the site is unserviced. Improvements to access are required as part of the planning permission. Spittalfield is a village location and development would need to be compatible with nearby residential.

7.50 Four sites have minor constraints. These can be summarised as follows:

- Welton Road, Blairgowrie, 13.2 ha: part of a larger mixed use to the east of Blairgowrie and adjacent to an existing industrial estate. There is a requirement in the LDP that no more than 75 houses be occupied before a minimum of 2ha serviced employment land is made available and a road link has been constructed.
- Coupar Angus West, 6.6 ha: greenfield site identified to support existing employer in their expansion. Site is un-serviced but utilities are available nearby.
- East of Scotland Farmers, 0.43 ha: greenfield un-serviced site adjacent to existing employment area. Privately owned and not being actively marketed.
- Morinty Industrial Estate, Alyth, 0.4 ha: site on the edge of Alyth and accessible from the main road. Brownfield site so some servicing is available however it has been in the LDP for some time and the owner has suggested there is little interest in the site.

7.51 The remaining site is 4ha at Western Blairgowrie which has been designated to have major constraints. It is a greenfield location which is unserviced however it is part of a wider mixed-use masterplan. 4 ha of business land has planning permission for retail, hotel, restaurant uses and neighbourhood centre, and it is understood there is currently no intention to deliver class 4, 5 or 6 uses. Peat soils have been discovered which may impact the rest of the masterplan.

TABLE 32: COUNCIL PROPOSED INTERVENTION LEVELS 2022 – STRATHMORE & GLENS

| IDENTIFIED LEVEL OF POTENTIAL INTERVENTION | SITES | TOTAL AREA (HA) |
|--|--|-----------------|
| High | Welton Road, Blairgowrie | 13.2 |
| Medium | Coupar Angus West, East of Scotland Farmers, Morinty Industrial Estate | 8.48 |
| Low/Medium | Spittalfield | 0.54 |
| Low | Western Blairgowrie | 4 |

SUMMARY

- 7.52 The Perth & Kinross Employment Land Audit for 2021 shows a total area of identified employment land of 288.54 hectares across 53 sites. The majority (73%) of allocated land is located in Perth. The total area of effective employment land (immediately available plus minor constrained) was reported to be 286.14 hectares which is broadly comparable with the 2020 Audit.
- 7.53 The 2021 Audit shows that 1.61 hectares of employment land was taken up between June 2020 and July 2021. This included 3 windfall sites and 1 partial site. It is notable that none of these was a significant, marketed economic development site. Take-up over the longer term (8 years) can be averaged at 2.1 hectares per annum. This is comparable with take-up levels within the Falkirk Council area but Perth & Kinross is outperformed in terms of take-up by Dundee (4.5 ha per annum) and Dumfries & Galloway (6.3 ha per annum) although it is noted these local authorities had very high take-up in 2016/17 which has had a significant impact on their averages.
- 7.54 There are presently eight employment land sites being marketed in Perth & Kinross, totalling 32.72 acres (13.24 hectares). This includes sites at Arran Road and the Perth Food and Drink Park in North Muirton Industrial Estate, the former Travis Perkin's site on Inveralmond Road (Inveralmond Industrial Estate), Pitheavlis (former Aviva training centre and hotel) and sites at Kinross West and Brioch Road in Crieff. This is an encouraging mix of developable plots although it is less than 5% of the allocated employment land supply.
- 7.55 In considering the Council's employment land matrices, the following observations can be made:
- There is good consideration of connection with the strategic and local road networks however there is not always consideration of active travel links. This is an area where there is increased emphasis in national policy.
 - There is not a lot of information on ground conditions. The majority of sites are privately owned however in other local authority areas we have had infrastructure reviews undertaken by consultants. This could include ground conditions, mineral stability, servicing considerations, flood risk, topography etc. This would provide the Council with greater information on possible abnormal costs which could potentially affect the marketability of the site and the level of intervention the Council may wish to adopt.
 - The majority of allocated employment land supply is constrained and unlikely to be developed in the short-medium term without any public sector intervention; even when constraints are minor this can be a challenging barrier for owner occupier development, and an absolute barrier alongside lack of viability for new private sector development. Potential for specialist property requirements in sectors such as green energy and food & drink also imply a requirement for serviced sites not just standard buildings.
 - A number of the allocated sites are within major growth areas and part of wider Development Frameworks which will take a number of years to bring forward.
 - As a general comment, the share of employment sites owned by the Council is low, which then leads to the need to identify sites owned by third parties for active intervention.
- 7.56 It is our understanding that the Council is currently undertaking a review of its depots and also of its car parks. Although rationalisation is not necessarily the objective of these reviews, surplus land may be identified which could provide suitability for employment sites particularly in locations where the availability of land is scarce. This may also be the case where vacant and derelict sites are available (these are listed in Appendix B to this report and include some vacant sites which are currently being progressed, for example at Perth Food and Drink Park).

08

CONSULTATION

- 8.1 This section summarises the results of c. 20 one-to-one discussions with relevant property market actors. Consultees included the Council's planning, economic development and property teams, Invest in Perth, Scottish Enterprise, Scottish Development International, Scottish Government, Scottish Futures Trust, local business associations/representatives as well as local property agents and developers. This is a comprehensive consultation exercise for a property market study and has been highly informative.
- 8.2 The consultations used a semi-structured questionnaire, pre-approved by the Council. The consultations focused on the employment property and land market including areas of demand, constraints, potential Council interventions as well as opportunities for mixed use development. Consultations were undertaken between June - August 2022 via video conferencing software.

EMPLOYMENT PROPERTY MARKET

INDUSTRIAL

- 8.3 Perhaps unsurprisingly, consultees considered Perth City to have the majority of industrial property demand in the local authority area. The western edge and Inveralmond Industrial Estate in particular was considered to be *"a real hotspot"*. This was confirmed by the Council who stated this is where the majority of their enquiries are focused. It was commented that Inveralmond was a *"very busy"* estate and several noted there is limited availability of industrial units. The area was seen to be particularly appealing to the logistics sector due to its central geographic positioning and road connectivity. Logistics was commented as being a sector which has seen an *"explosion of demand"* at the national level. North Muirton Industrial Estate was also considered to be in high demand. Both estates were seen to be attractive to both larger and smaller businesses alike with stock including a range of unit sizes. Small units (under 5,000 sq.ft.) were understood by consultees to be the size of unit in most demand however it was also commented there is a lack of next step accommodation or employment land for expanding businesses which can impact their productivity.
- 8.4 Consultees noted attempts to expand Inveralmond Industrial Estate had stalled largely as remaining land is in private ownership and there is a requirement for new transport infrastructure, i.e. a second access point. Expansion of the estate was seen as desirable however. The Council has developed the Food and Drink Park (food and drink is a key sector in the area) at North Muirton and although all of these units are now let there were mixed views of this project in terms of the development timescales, final product and restrictive letting policy. Serviced land in this location is now available via the Council and consultees were keen for the Council to *continue to deliver the project, subject to* some reservations over the previously restrictive letting policy albeit this has now softened.
- 8.5 There was enthusiasm from consultees around Perth West which is seen as providing a positive step forward in unlocking further employment land (25ha) in this desirable location. There is a requirement for transport infrastructure as well at Perth West and a Section 75 agreement is being negotiated currently as part of a partnership approach. The proposals at Perth West are for an eco-innovation park which seeks to target advanced logistics and smart energy systems, in addition to which consultees see potential for space for local, general demand.
- 8.6 There were mixed views regarding Perth Harbour as an industrial location. One consultee stated there are some established businesses but very poor links in terms of access which make it unsuitable for larger lorries and uncompetitive in regional terms compared for example with the port of Dundee. There were

also comments around the quality of stock at this location and as a result comparatively lower rents than the prime areas. However, one consultee did state the harbour may be a useful location for the transformation of chemical industries which is a key national sector.

- 8.7 Further tertiary locations within Perth were also mentioned including Ladeside Business Park but these were not considered to be prime and again attracted some adverse comments around stock quality.
- 8.8 It was recognised by consultees that Perth has to compete with other areas including Dundee, Stirling and Fife. Dundee was considered to have a *“stronger industrial heritage”* and therefore a greater supply of secondary stock in comparison with Perth. These areas were considered to be more appealing for larger industrial requirements. *“There’s a real drive behind Dundee”* stated one consultee. The importance of good connectivity was raised again and it was commented that although Perth has very good road links, rail links are much less efficient than some of these neighbouring local authorities.
- 8.9 Although not necessarily a competitor in terms of location, a number of consultees also mentioned Inverness as a comparable city destination. *“The Inverness market is absolutely booming”* commented one consultee. Rents achieved are higher in Inverness than Perth and a consultee commented *“Perth is a better location so there’s no reason why it shouldn’t be doing as well”*. Another stated that the *“last mile of the A9 entering Perth from Inverness should be prime for logistics sites”*.
- 8.10 Outwith Perth, consultees report local demand in the larger towns with Pitlochry, Aberfeldy, Kinross, Crieff and Auchterarder all mentioned. However, Kinross was the only location which was also thought to be suitable by consultees for medium sized businesses. Again, Kinross has good motorway connections, it is in closer proximity to Edinburgh and recent employment land made available by the Council has had strong interest. There was a desire from consultees for more serviced employment land in this area.
- 8.11 With regard to the other towns, those within close proximity to the A9 (Auchterarder, Pitlochry and Aberfeldy) were seen as the most desirable for industrial units. Whilst it is likely this would only be applicable for local businesses many consultees considered there to be excess / latent demand with existing industrial estates at or close to capacity. One consultee stated that *“Auchterarder is not well catered for”* and that the Council does own some agricultural land there which could offer up an opportunity for *“a great site”*. Another consultee whilst recognising demand in the area, considered that industrial development there wouldn’t be a quick win stating *“there would likely be local opposition to any plans as some of the Council land is held in the common good”*. Restrictions on Council owned land in Auchterarder should be examined to understand if there are potentially suitable sites.
- 8.12 The Council itself has a number of ground leases within Pitlochry, again predominately occupied by small businesses. One consultee commented that *“there are a couple of small businesses looking to expand but they will likely have to re-locate from the town to find the space they need”*. Similarly, in Aberfeldy it was stated that there is *“a struggle for rural property”* again with many businesses keen to stay local but with *“a lack of options when it comes to expanding”*.
- 8.13 A concern was also raised regarding access to high speed broadband in some rural pockets.
- 8.14 Interestingly, it was commented that in rural areas *“farmers are now seeking to a lot more and embracing agri-tech”* and that this could provide further opportunities in terms of employment for rural communities. In property terms however, this will likely be delivered on an individual basis on individual farms rather have a wider requirement for industrial property.
- 8.15 In terms of other future opportunities, it was considered that Perth & Kinross could have a key role to play in the transition to net zero carbon emissions. *“Perth is home to SSE and there’s no-one bigger in terms of energy provision”* stated a consultee. Another brought up the Scotwind project which will see 17 consortiums provided with option agreements which reserve the rights for specific areas of the seabed for offshore wind (SSE is part of one these consortiums). *“These consortiums will all require industrial premises on the mainland but there will also be opportunities for their supply chain”* was the view of one

consultee. The supply of industrial property will be a key aspect in attracting these businesses and local authorities will likely have to compete with each other to attract them.

- 8.16 Although not highly associated with large employee numbers, there was considered to be demand in Perth for more warehouse and storage space predominately associated with the strong food and drink sector in the area.
- 8.17 There were also considered to be opportunities around the decarbonisation of transport, particularly around the Stagecoach site and the motor mile. *“Making sure these key sites can adapt and embrace these changes in key to the future success of these locations”* stated one consultee.
- 8.18 Lack of industrial supply in Perth is a key issue noted by all consultees. Consultees provided two reasons for this, *“firstly, much of the small, affordable units have been taken up due to an increase in demand largely as a result of changing business operations due to the pandemic”*. The other facet was considered to be that *“there are very few companies building new stock at the moment”* largely due to rents not being high enough to justify private sector development. It was widely recognised by consultees that this impacts the economy of the area as well as its productivity. A further issue was noted to be the deteriorating condition of existing stock which given the reluctance for private development is not being replaced/upgraded quickly enough.

OFFICE

- 8.19 In comparison with the industrial property market, the office market was stated to be *“slow”* and that there is now an oversupply of historic office property in Perth city. Many noted that the office market is still in a state of uncertainty as many people’s working patterns and styles have changed largely as a result of the pandemic. Consultees stated that with more people *“working from home, the function of offices has changed”* and that they are now more about *“space for collaboration”* rather than performing a more traditional place of work role. This is having a knock on effect on office requirements in Perth as many occupiers recognise *“hybrid working is here to stay”* and many are adjusting their space requirements accordingly.
- 8.20 Even prior to the pandemic one consultee noted there had been a *“flight to quality”* in the Perth office market with many established occupiers re-locating to Grade A space out with the town centre at Broxden Business Park. At this time, occupiers sought greater flexibility in their space and were becoming more aware of ESG factors which consultees reported is hard to achieve in more traditional townhouse type office accommodation. Consultees agreed the pandemic has accelerated this trend further.
- 8.21 Broxden Business Park itself is well occupied however it was noted that many of the larger office units had now been split into smaller floorplates in order to be more attractive to the market. A consultee stated there was no demand for large floorplates in Perth and another stated there had been no speculative office development in Perth since 2006. However, SSE’s plan to build new office accommodation at Inveralmond was noted. Another consultee stated *“there are some larger companies in Perth which do need to move”*.
- 8.22 Consultees acknowledged the Council itself will also likely change its office requirements in the future with less of a need for single occupation within Pullar House in the city centre. *“Shared public sector hubs are where the market is heading”* stated a consultee. With public sector (and potentially third sector) organisations withdrawing from the city centre or moving into shared premises this is likely to push up the office vacancy rates in Perth. It was also raised by consultees that the impact of having less staff in the city centre was having a knock on effect on the City’s vibrancy and vitality and a particular impact on the retail sector.
- 8.23 There was a desire amongst consultees to keep offices in the city centre but the costs associated with

upgrading or refurbishing traditional premises, to provide a more desirable product, in an uncertain market was considered *“too risky”*. However, it was noted by consultees that *“we have started to see some traditional office properties being converted to residential in Perth”* and although the costs are considerable the residential market is considered to be more stable and *“a likely long term solution”* for these properties. It was acknowledged that at a national level more focus is required on incentives associated with the re-fit/re-purposing of stock not just for suitable re-use but also in contribution to net zero.

- 8.24 It was noted that one of the larger office occupiers in Perth (Aviva) had also started to re-purpose part of their office accommodation. Consultees noted a new wind turbine and solar panels in the car park of the Aviva HQ in order to help it achieve its net zero ambitions across its wider estate. Further it was mentioned that *“companies are attracted to Scotland and could be attracted to Perth in helping them achieve net zero across their estate”*.
- 8.25 Out with Perth there was considered to be no demand for larger office premises. However, reference was made to a number of existing flexible/co-working office spaces which are proving popular in Crieff and Dunkeld in particular. It was also noted that further small business office space would be available in the new Coupar Angus community hub. These were considered to be particularly attractive to local businesses but thought was also given as to whether these could also provide touchdown space for larger organisations and be more convenient for employees how are working from home but need occasional access to an office. Again, spaces such as these have a knock on effect on their local community as consultees noted they often repurpose disused buildings on high streets and provide an obvious point within the town for enterprise.
- 8.26 A further opportunity was noted by a consultee around the improvements to be made at Perth Station which could open up opportunities for office (and other) occupiers. It is unclear if these improvements will result in faster journey times between Perth and Edinburgh as consultees felt this could undoubtedly help improve Perth’s connectivity. *“Perth’s connectivity is its USP, we should build on that as much as we can and it needs to also include rail and active travel”* stated a consultee. Confirmed commitments associated with the dualling of the A9 and the Cross Tay Link Road were welcomed by consultees.

MIXED USE

- 8.27 Consultees stated that more needed to be done with regard to mixed use development in Perth & Kinross. *“We need to get better at integrating housing and employment”* stated one consultee with another commenting *“there needs to be much better integration of mobility, digital connectivity and energy”*. Reference was made by consultees to Broxden Business Park with one stating *“the Council eventually softened the Class 4 use here and other use classes have been allowed in which in the long term actually make this area more sustainable”*. It was also considered there was a potential issue with mixed use in terms of its viability out with Perth itself.

EMPLOYMENT LAND

- 8.28 Some issues associated with employment land have already been referred to above. Consultees stated that with employment land *“it is all about its effectiveness”* and that many of the designated sites have servicing or large infrastructure requirements associated with them. Again it was recognised the private sector market won’t do this as *“costs don’t stack up”* and yet the land was *“vital for downstream industry”* in the area. It was agreed there is *“a lack of sites ready to go”*.
- 8.29 Where the Council owns the land, consultees did consider that these sites are generally being brought forward but where sites are in private ownership it was felt that many landowners are holding onto sites for alternative (more profitable) uses such as residential. Consultees acknowledged the Council is seeking to unlock further employment land including its endeavours at Perth West and Kinross.

INTERVENTIONS

- 8.30 All consultees felt that greater intervention by the public sector was required in the industrial market with one consultee stating *“industrial doesn’t stack up so the Council should intervene”*. Another commented that *“the Council is competing with other local authorities in Scotland, England and occasionally abroad they need to be much more competitive and offer incentives for businesses to develop and locate in Perth”*. Incentives such as rates holidays and underwriting construction costs were mentioned. However, it was also acknowledged that *“a lot of European contemporaries have greater fiscal powers”*. *This report picks up on this via the funding review and review of public land and property ownership.*
- 8.31 Regarding the Council's own industrial portfolio, it was considered this needs to *“adapt to the market”* and provide more up to date industrial units.
- 8.32 A further idea for intervention came from one consultee who stated there are a number of agricultural buildings which are not being fully utilised and it was considered whether the Council might play a role in coordinating a dialogue to see if these could be re-purposed for business space.
- 8.33 Comments were also made regarding the Council's preferences around ground leases on its own land. *“Ground leases are a great source of income for the Council”* stated one consultee but another considered *“ground leases do nothing to help development in Perth as businesses would almost always rather own the land”*. Another commented that *“in more recent marketing exercises the Council seems to be moving towards employment land for sale rather than ground lease... this has undoubtedly made the land more popular and developable by businesses”*.
- 8.34 The availability and effectiveness of employment land was a key area where consultees considered further intervention was required specifically in relation to servicing sites. It was recognised that the Council needs to maximise income but also that private sector can't pay for large infrastructure requirements. The importance of receiving outside funding for example via the Levelling Up Fund or other public sector funds and also entering in partnership or joint ventures with private developers was seen as critical in making employment land market ready. Comment was made around private sector investment and that this often required projects of scale or *“big ticket items”* and perhaps wouldn't be applicable on the smaller employment land sites. One consultee stated that *“the Council should focus on servicing sites and leave the building of units to owner occupiers or developers, it takes them too long and they can't do development as efficiently as the private sector who know what the market wants”*.
- 8.35 The core issue for the industrial sector is closing the viability gap associated with development. How proactive the Council should be in this regard was a core question for consultees.
- 8.36 Making better use of the Council's purchase power was also mentioned by consultees. For example, consultees were interested in whether there was a role for the Council in terms of local energy systems etc. which can help reduce energy costs for businesses. The example of Michelin Innovation Parc¹⁴ in Dundee was cited.
- 8.37 In terms of office accommodation, it was considered the Council could play a greater role in coordinating touchdown space in the larger towns. Beyond business and property such initiatives can have a wider impacts, e.g. vitality and viability, re-use of vacant/derelict buildings, contribution to 20 minute neighbourhoods etc.
- 8.38 It was also considered that Perth & Kinross would benefit from a one stop shop for enterprise where businesses can call in and access support. It was commented that at the moment *“Perth has no business*

¹⁴ A JV between Michelin, Dundee City Council and Scottish Enterprise which will provide large flexible space for business and provide tenants with access to an innovation campus, a skills academy, business innovation support and competitive green energy delivered on site.

proposition” and all relevant partners should be signposting that Perth & Kinross is “*open for business and has a more assertive identity*”. It was further felt that a distinctive enterprise premises would help make self-employment a more attractive option.

- 8.39 There was enthusiasm throughout the Council to “*do more*” but it was also recognised that in the context of restricted budgets it can be hard for them to attract the expertise required to tackle some of these larger issues and potential projects. It was suggested that greater partnership working with organisations such as Scottish Enterprise, Scottish Futures Trust, Chamber of Commerce etc. could perhaps assist in these endeavours. Others considered the Council has “*a real desire to implement ideas and they are making good attempts*” with reference being made to Kinross West (as well as its efforts to kickstart the city centre).

SUMMARY

- 8.40 An extensive consultation exercise was undertaken as part of this property market analysis. Consultees confirmed that the majority of demand in the local authority area is in Perth itself with Inveralmond Industrial Estate in particular seen as a core industrial location alongside North Muirton Industrial Estate. Small units (under 5,000 sq.ft.) were understood to be most in demand however it was also commented there is a lack of next step accommodation or employment land for larger or expanding businesses.
- 8.41 The expansion of Inveralmond Industrial Estate and new employment locations such as Perth West were considered to be very positive however it was recognised by consultees that there are often key infrastructure requirements associated with larger employment land provisions which can delay these sites coming to market.
- 8.42 Outwith Perth, consultees report local demand in the larger towns with Pitlochry, Aberfeldy, Kinross, Crieff and Auchterarder all mentioned. Kinross was seen as particularly attractive for larger businesses and there was a desire from consultees for more serviced land in this area.
- 8.43 In terms of other future opportunities, it was considered that Perth & Kinross could have a key role to play in the transition to net zero carbon emissions. There was also considered to be demand in Perth for more warehouse and storage space predominately associated with the strong food and drink sector in the area.
- 8.44 The lack of industrial supply in Perth & Kinross was attributed to an increase in demand for small affordable units largely as a result of changing business operations due to the pandemic but also that there are very few companies delivering new industrial stock at the moment largely due to rents not being high enough to justify unsubsidised private sector development.
- 8.45 In comparison with the industrial property market, the office market was stated to be “*slow*” and that there is now an oversupply of historic office property in Perth city. The “*flight to quality*” which resulted in many established occupiers re-locating to Grade A space outwith the town centre at Broxden Business Park has accelerated as a result of the pandemic. There has been no speculative office development in Perth for a number of years however there are reportedly existing companies which need to move. The Council itself is grappling with similar issues as it considers its own future office footprint and occupation of Pullar House in the city centre.
- 8.46 There was a desire amongst consultees to keep offices in the city centre but the costs associated with upgrading or refurbishing traditional premises, to provide a more desirable product, in an uncertain market were considered to be unfeasible.
- 8.47 Outwith Perth there was considered to be no demand for larger office premises. However, reference was made to a number of existing flexible/co-working office spaces which are proving popular in Crieff and

Dunkeld in particular.

- 8.48 A further opportunity was noted by a consultee around the improvements to be made at Perth Station which could open up opportunities for office (and other) occupiers.
- 8.49 In terms of employment land, it was recognised that it is the effectiveness of this land which is key. It was recognised that the private sector is unlikely to be able to service or provide infrastructure for large sites. Where the Council owns the land, consultees did consider that these sites are generally being brought forward.
- 8.50 Several ideas for interventions were provided including greater incentives for developers and occupiers and greater partnership working in terms of site servicing. It was recognised that additional sources of funding should be utilised wherever possible in this regard.
- 8.51 The Council's preference for ground leases rather than site sales was seen as a potential stumbling block for development in the area.
- 8.52 In terms of office accommodation, it was considered the Council could play a greater role in coordinating touchdown space in the larger towns. It was also considered that Perth & Kinross would benefit from a one stop shop for enterprise where businesses can call in and access support.
- 8.53 Consultees noted there was a requirement for more expertise within the Council to tackle some of these larger issues and potential projects. The costs associated with in the context of restricted budgets was noted and it was suggested that greater partnership working with organisations such as Scottish Enterprise, Scottish Futures Trust, Chamber of Commerce etc. could perhaps assist in these endeavours.

09

BUSINESS SURVEY

9.1 In order to assess potential demand for business property in Perth & Kinross, a survey of business property occupiers was undertaken. This online survey was sent to 1,445 local businesses on 11 May 2022 and promoted on Invest in Perth’s bulletin and on social media, along with follow up requests for participation. The survey ran until 22 June 2022. A copy of the survey questions can be found in Appendix A.

9.2 As a blanket survey its content would not be applicable to many of the recipients. A total of 38 responses were received (a 3% response rate but the response rate among relevant recipients will be much higher). Of these 11 were from industrial occupiers, 12 from office occupiers, but 15, although of interest, were not relevant to this study (i.e. retail, restaurants, accommodation services).

9.3 Positively these 23 business property responses provide a selective but detailed insight into the performance and constraints of existing business premises and potential future demand in Perth & Kinross.

9.4 Respondents were asked for their postcode to gauge the spread of **locations** within the region. Industrial occupiers are more widely spread throughout the region, while office occupiers are concentrated in Perth.

- 7 industrial occupiers are located in Perth area, 1 in Strathearn, with 3 in Highland area.
- 8 office occupiers are located in Perth area, 2 in Strathmore & Glens, 1 in Highland area, with one unknown.

9.5 The **status** of each business was asked. The majority of industrial respondents are a branch (7), while office occupiers are mainly either Headquarters or sole premises (5 each). (Figures 20 and 21)



FIGURE 20

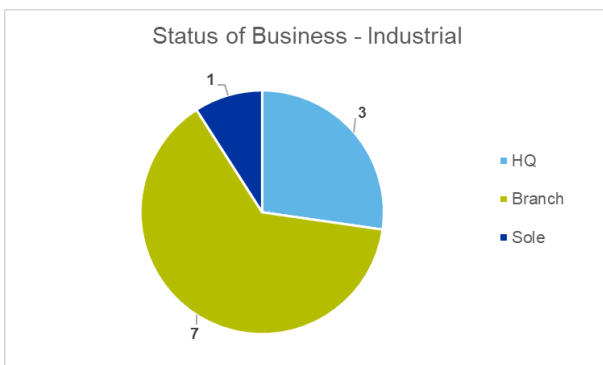
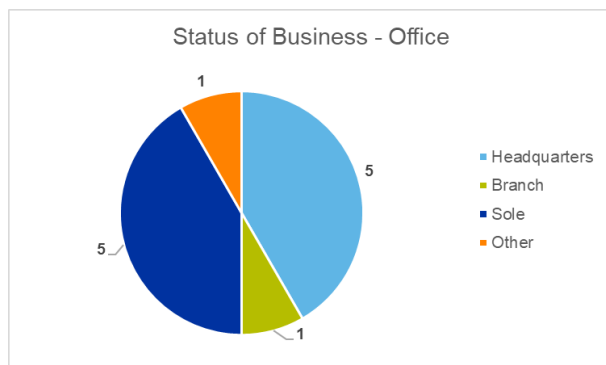


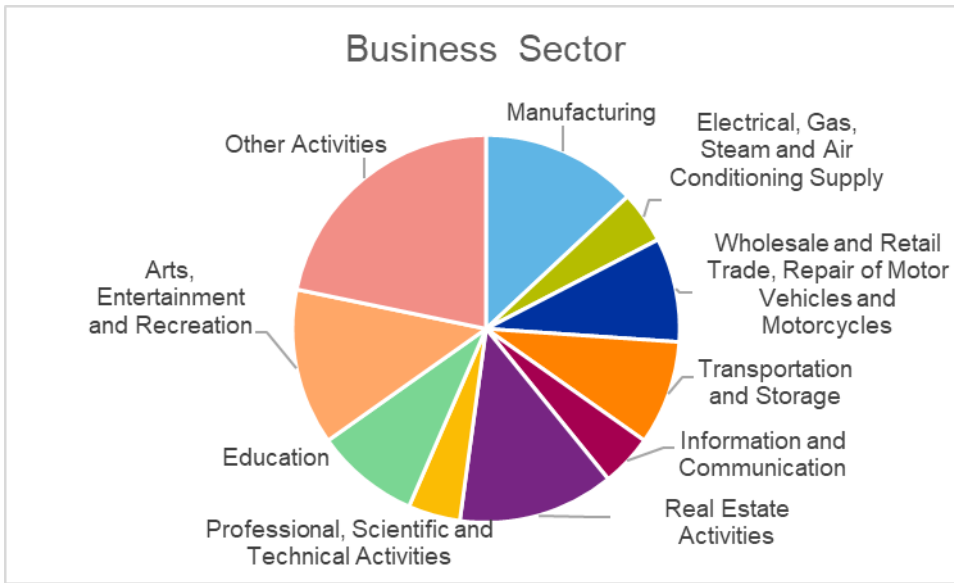
FIGURE 21



9.6 Ten **business sectors** are represented (Figure 22), with ‘other’ activities having the most (5, of which 2 of industrial and 3 office); manufacturing (industrial), Real Estate Activities (office), and Arts, Entertainment and Recreation (industrial) all have 3 each; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles (industrial), Transportation and Storage (industrial and office) and Education (office) have 2 each; while the remaining noted sectors have 1 each - Electrical, Gas, Steam and Air

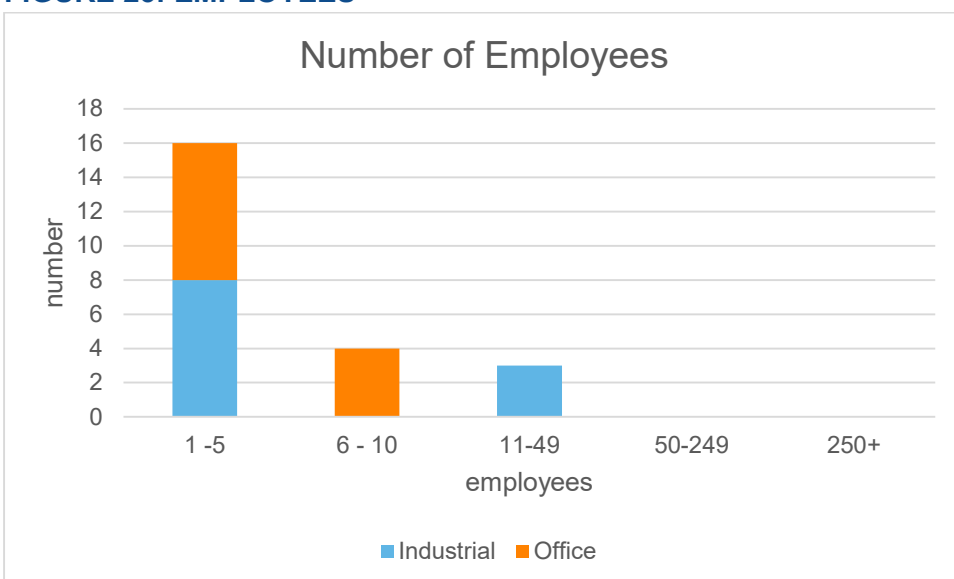
Conditioning Supply (office), Information and Communication (office) and Professional, Scientific and Technical Activities (office).

FIGURE 22: BUSINESS SECTOR



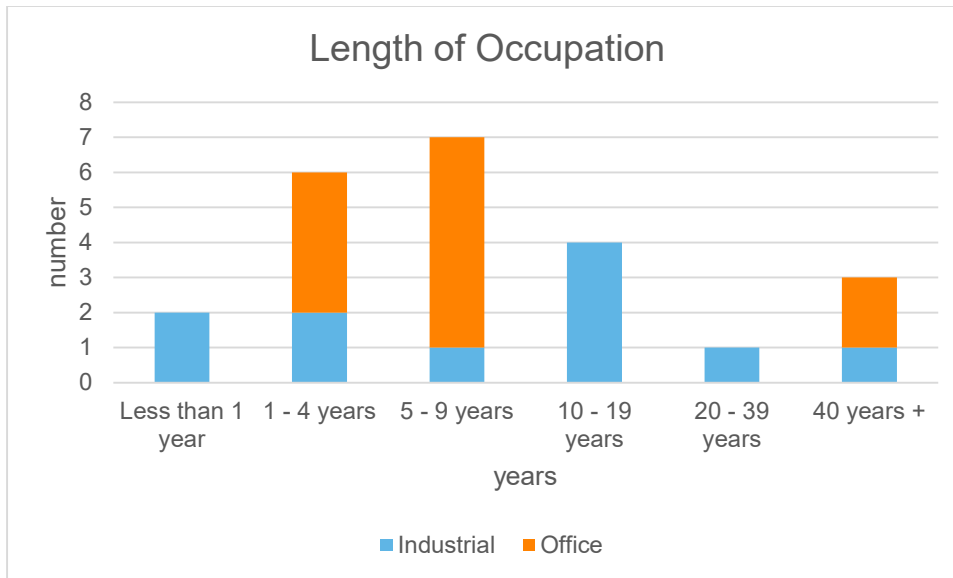
- 9.7 Survey questions turned to the occupiers' current premises, asking what is the **nature of the premises** occupied. As noted above this is 11 industrial occupiers and 12 office occupiers.
- 9.8 Eight industrial occupiers stated the **size** of their premises: 2 are in the 0 – 999 sq.ft. sizeband, 4 are in the 1000 – 4999 sq.ft. sizeband, 1 in the 5000 – 9999 sq.ft. sizeband, with 1 in the 10,000 – 29,999 sizeband.
- 9.9 Only four office occupiers know the size of their premises: 2 are in the 0 – 999 sizeband, with the other 2 in the 1000 – 4999 sq.ft. sizeband.
- 9.10 All of the respondents are classed as 'Small Businesses', i.e. with 0 – 49 **employees**. The smallest employee bracket of 1-5 employees had the majority at 16, with 8 each for industrial and office sectors. The office sector had 4 businesses in the 6-10 employee band, while 3 businesses in the industrial sector fell within the 11-49 employee band (Figure 23).

FIGURE 23: EMPLOYEES



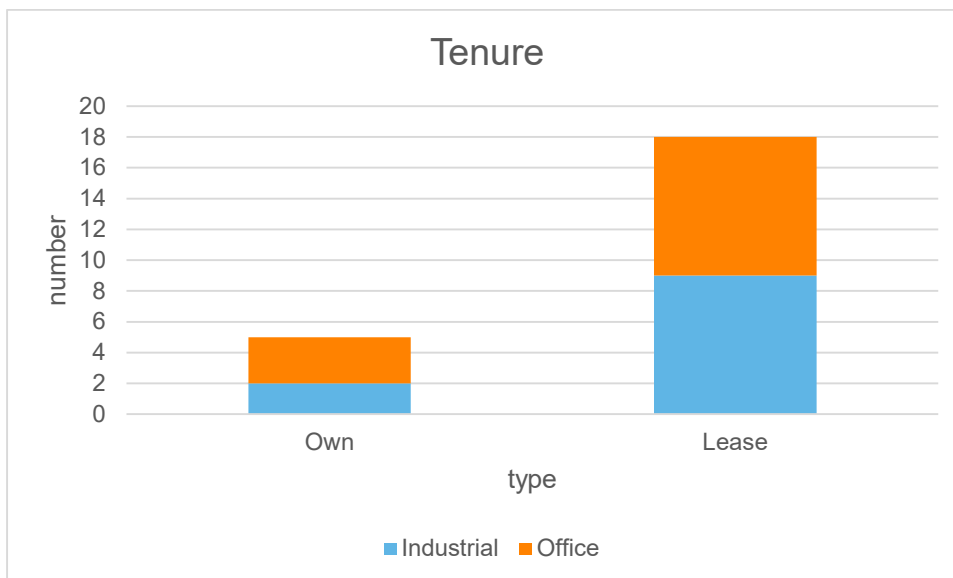
9.11 Respondents were asked the **length of occupation** in the current premises (Figure 24). Industrial occupiers tend to have been in their premises longer than office occupiers. Ten office occupiers have been in occupation for between 1 to 9 years, with two over 40 years. Industrial occupiers have a wider spread, with 10-19 years having the largest response.

FIGURE 24: LENGTH OF OCCUPATION



9.12 On **tenure** of property the majority of respondents lease their property (18, with 9 for each sector), while 5 are owner occupiers (2 industrial and 3 office) (Figure 25).

FIGURE 25: TENURE



9.13 Respondents were asked to rate their **existing property and environment**. Overall industrial respondents considered this positively. Views on location, condition, road connection and security were viewed as Good or Satisfactory. While staff services and communications were identified as Less than Satisfactory and Poor (Figure 26).

9.14 Office occupiers rated their properties more positively than industrial occupiers, with location, size, condition, road connections, parking, access/ circulation, image/ general environment, security and communications all scoring well (Figure 27).

FIGURE 26

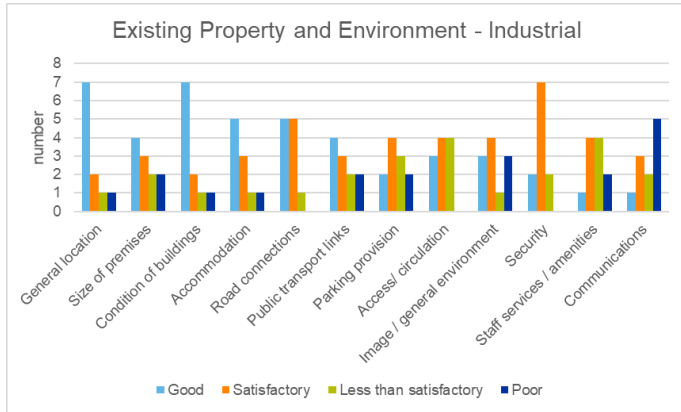
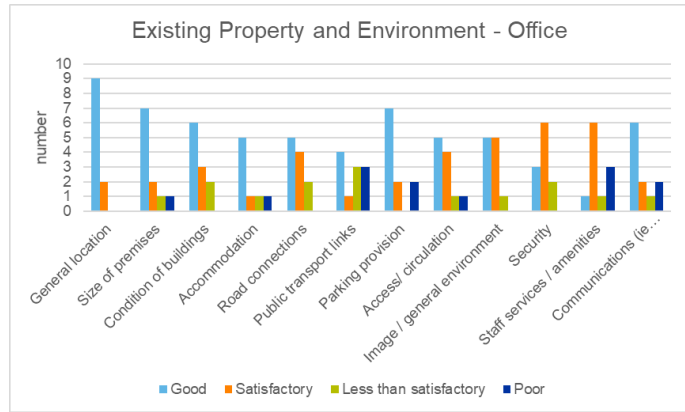


FIGURE 27



- 9.15 Of the 23 responses, 43% of occupiers have a **requirement to expand/relocate** with a further 17% possibly requiring to move. This suggests a high propensity to move but it may be the case that there is some self-selection, with responses more likely from those with a potential property requirement. In addition, two businesses (in retail premises) have a requirement for an industrial property.
- 9.16 Ten respondents have a requirement for an industrial property, 7 of which are definitely considering expanding / relocation, with 3 stating a possibility. Table 33 below provides summary tables of these requirements. The popularity of the Highland region is notable as it the requirement for an industrial/office mix.

TABLE 33: INDUSTRIAL REQUIREMENTS

| When | Requirement Size | Location | Type | | | | |
|-----------------------|------------------|---------------|------|------------------|---|-------------------------|---|
| In the next 12 months | 6 | 0 - 999 | 2 | Perth | 4 | Industrial | 4 |
| After 12 months | 4 | 1,000 – 4,999 | 3 | Highland | 5 | Industrial / office mix | 4 |
| Don't know | 0 | 5,000+ | 2 | Strathearn | 2 | Land for new-build | 1 |
| | | No response | 3 | Outwith the area | 1 | Other | 1 |

- 9.17 The main reasons given for industrial occupiers with a requirement to relocate/expand are: too small, configuration, out-of-date premises, environment and location.
- 9.18 While four office occupiers are definitely considering expanding/relocation, with 2 stating a possibility. Table 34 below provides summary tables of these requirements

TABLE 34: OFFICE REQUIREMENTS

| When | Requirement Size | Location | Type | | | | |
|-----------------------|------------------|---------------|------|-------|---|-------------------------|---|
| In the next 12 months | 2 | 0 - 999 | 4 | Perth | 6 | Office | 2 |
| After 12 months | 1 | 1,000 – 4,999 | 0 | | | Office / industrial mix | 3 |
| Don't know | 3 | 5,000+ | 0 | | | Office / retail | 1 |

- 9.19 The main reasons given for office occupiers with a requirement to relocate/expand are: building configuration, size, environment, out of date premises and business expansion/additional premises.

9.20 On a scale of 1 to 5, where 1 is not important and 5 is very important, respondents were asked to rate what is **important in deciding new premises**. The results are noted below.

Industrial:

- of greatest importance was location, cost and size (mainly ranked 5)
- quality of building, transport connectivity and digital connectivity ranked high
- on site facilities ranked in the middle, neither not important or very important
- of least importance was the opportunity to share facilities

Office:

- of greatest importance was digital connectivity (mainly ranked 5)
- location, quality of building, cost, transport connectivity and on site facilities ranked high
- size ranked in the middle, neither not important or very important
- of least importance was the opportunity to share facilities

9.21 Seven industrial respondents and 5 office respondents have started to look for new / additional premises. The **constraints** those businesses have found are:

- in the industrial sector: Lack of suitable properties, too expensive, buildings on the market which cannot be sub-divided, poor connectivity and Planning (industrial);
- in the office sector: Cost, lack of availability, location, traffic, parking, lack of quality flexible space.

Constraints for both property sectors are similar i.e. Cost and the lack of suitable quality and flexible premises.

9.22 Respondents were asked if they had any additional property related comments. The majority relate to the lack of premises throughout the region, costs (both rent and rates), regeneration required, and Planning constraints. These comments are summarised below:

| Additional property related comments: industrial |
|--|
| <i>We're finding it really hard to find a suitable property to relocate to and need more support (industrial)</i> |
| <i>It's very expensive, potentially prohibitively so in the recovery from the pandemic, not just the rent but the rates too (industrial)</i> |
| <i>Lack (to nil) space available. High cost in Highland Perthshire. Connectivity poor. (industrial)</i> |
| <i>Industrial property is Perth centric and from the outside it appears council led investment and marketing follows this trend. As a result, there is no space where we operate and the rent is 50% higher with added challenges (connectivity, public transport, "highlands and islands" shipping rates). We are ready to double our size in terms of property and production/employment opportunities/turnover etc. Availability of space is the biggest challenge we face (industrial)</i> |
| <i>The Council should do their best to ensure redundant, unutilised units that are suitable for economic activity (and business rates) become productive</i> |
| <i>Bridgend area requires major regeneration to improve the business sector</i> |
| <i>Perth currently needs a really big shake up. It could be the York of Scotland but underutilises the beautiful river area passing through with mainly offices or park looking over the Tay. Bridgend has been in dire need of help for a long time and the town is losing visitors badly due to a lack of tourism interest. Building some business premises in the completely under used yet sunny east shore of the Tay between the two bridges would encourage people to circulate through Bridgend to bars/cafes/restaurants located on that side of the river while seriously utilising the park area for outdoor seating and enjoying the view of the river and town.</i> |
| <i>Planners need to approve more or without silly constraints imposed about access times or noise levels, due to 1 or 2 holiday homes complaining in the past in different locations</i> |
| <i>Need opportunity to have informal face-to-face meetings with planners, before knowing how best to proceed with planning applications. Not just doing a written exchange of papers.</i> |

Additional property related comments: office

We are looking to downsize, it's clear that much of our office space is wasted now and people's needs have changed.

In Kinloch Rannoch there is a need for small industrial units/office facilities for people who would like to work near home but have no room in their own homes. It would encourage start-ups, too.

- 9.23 The other property sectors (not of interest for the main survey), provided some valid comments. Those of particular interest are:

Additional property related comments: miscellaneous

Business rates & lease for larger properties is astronomical. Hard to warrant when trade in Perth City Centre is so bad. Perth & Kinross Council need to review their support for independent retailers.

Public transport integration is a major issue. Rail station to city centre needs better links. Evening transport options need to be expanded for staff and customers and parking options for late night workers very difficult.

Retail rent is very high compared to similar units in other cities. Not in line with market rates.

SUMMARY

- 9.24 A survey of local businesses was undertaken during May and June of 2022. A total of 38 responses was received across a wide range of business sectors however all are classed as small businesses (0-49 employees). The largest proportion of respondents had been in their current premises for 5-9 years however it was noted that industrial occupiers tend to have been in their premises longer than office occupiers. The majority lease their current property.
- 9.25 Respondents were asked to rate their existing property and environment. Overall industrial respondents considered this positively. Views on location, condition, road connection and security were viewed as Good or Satisfactory. However, staff services and communications were identified as Less than Satisfactory and Poor. Office occupiers rated their properties more positively than industrial occupiers, with location, size, condition, road connections, parking, access/ circulation, image/ general environment, security and communications all scoring well.
- 9.26 Of the relevant responses, 43% of occupiers have a requirement to expand/relocate with a further 17% possibly requiring to move. There were ten requirements for industrial property with the majority looking for a property in Perth or Highland. All are requirements for under 5,000 sq.ft. There were four requirements for an office property all of which had a preference for Perth. In terms of size, all occupiers were looking for space below 1,000 sq.ft. There was a notable interest in properties which offered an industrial/office mix in terms of space required.
- 9.27 Respondents were asked to rate what is important in deciding new premises. Of greatest importance for industrial occupiers was location, cost and size. Quality of building, transport connectivity and digital connectivity also ranked highly. Of greatest importance for office occupiers was digital connectivity. Location, quality of building, cost, transport connectivity and on site facilities also ranked highly.
- 9.28 Those who had already starting looking at alternative premises found constraints including lack of suitable properties, costs and a lack of flexible space.

10

BENCHMARKING

- 10.1 This section compares Perth & Kinross Council's land and property with that of other local authorities in order to better understand how it is performing against comparable local authorities.
- 10.2 The review focuses upon detailed analysis of a select number of local authority areas. The areas and reasons for selecting them are:
- Angus: An adjoining local authority of slightly smaller population base than Perth & Kinross, also within the Tay Cities region, with a similarly successful economy across a small city and rural/ small town hinterland.
 - Stirling: A slightly smaller population than Perth & Kinross with a small city and dispersed towns hinterland. In the same Family Group on the Local Government Benchmarking Framework for Environmental, Culture & Leisure, Economic Development, Corporate and Property indicators.
 - Fife: An adjoining local authority, with a larger population base than Perth & Kinross. But in the same Family Group on the Local Government Benchmarking Framework for Environmental, Culture & Leisure, Economic Development, Corporate and Property indicators

ANALYSIS

- 10.3 Table 35 on the following pages sets out the comparative analysis for Perth & Kinross, the three selected local authority areas, and Scotland as a whole. Following population as a broad indicator, the table compares employment land, industrial, office, the Council portfolio and high level economic indicators. By theme:
- 10.3.1 Perth & Kinross has a below average claimant count (percentage of people claiming unemployment related benefits)
- 10.3.2 Perth & Kinross has a high proportion of self-employed people (10.8% of those aged 16-64) in comparison with the Scottish average and also the figures recorded in the comparator areas
- 10.3.3 Each of the local authority areas has an apparently high supply of marketable employment land. This uses the standard definition of land which is immediately developable or has only minor constraints.
- 10.3.4 Perth & Kinross has a modest take-up rate for employment uses, although it is similar to other areas (excluding Fife which is much higher).
- 10.3.5 Perth & Kinross has 1.9% of Scotland's **industrial stock** with 2.8% of its population, highlighting the concentrations elsewhere which are known to be around cities and strategic transport networks.
- 10.3.6 Perth & Kinross does though have a total industrial stock larger than Angus and the small city area of Stirling. It is however much smaller than the stock in Fife.
- 10.3.7 Perth & Kinross has the second highest industrial property take-up rate of floorspace, but lower than Fife. This is also the same for the number of units. It does not however prevent Perth & Kinross having the highest industrial floorspace vacancy rate.
- 10.3.8 Average industrial rents in Perth & Kinross, Angus, Stirling and Fife are well below viable levels

for new development. Each local authority has adopted particular interventions as a result.

- 10.3.9 Perth & Kinross has 1.6% of Scotland's stock of **offices**. This stock is much smaller than Fife's, but similar to the Stirling, another small city and service sector cluster. It is larger than the stock in Angus.
- 10.3.10 Perth & Kinross has higher take-up of office floorspace than its comparators, but lower deal numbers than Fife indicating that properties sold or leased in Perth & Kinross may be larger (or skewed by very large one-off deals).
- 10.3.11 Office rents in Perth & Kinross are of a similar range to those in Stirling and Fife, while Angus is by far the lowest among the local authorities. The upper range in Perth & Kinross is the highest. This is again below the level required to support new-build office development.
- 10.3.12 Of the comparator local authority areas, Fife may provide the best model for Perth & Kinross in terms of the scale of stock and examples of modern business space interventions.
- 10.3.13 The comparison of **local authority economic development property portfolios** in Table 35 is limited by the public availability of information. Some authorities publish committee or consultancy reports containing portfolio information, while others simply have total asset figures in their published accounts. This means that the most commonly missing figures are total floorspace and the related vacancy rate; it may well be that Perth & Kinross Council could directly request these from the authorities' estate management teams, as well as management information such as how rental income is spread across estate costs and the costs of service provision.

SUMMARY

- 10.4 This section compares various benchmark statistics with those in the comparable local authorities of Angus, Stirling and Fife. In comparison with these local authorities Perth & Kinross has a noticeably higher marketable employment land supply. This uses the standard definition of land which is immediately developable or has only minor constraints. Perth & Kinross has a modest take-up rate for employment land which is similar to Angus and Stirling, but not Fife which is much higher.
- 10.5 Perth & Kinross has 1.9% of Scotland's industrial stock with 2.8% of its population, highlighting the concentrations elsewhere which are known to be around cities and strategic transport networks.

TABLE 35: LOCAL AUTHORITIES BENCHMARKING

| INDICATOR | PERTH & KINROSS | ANGUS | STIRLING | FIFE | SCOTLAND |
|--|-----------------|---------|----------|---------|----------------|
| Profile | | | | | |
| Population | 151,900 | 115,800 | 94,100 | 374,100 | 5,446,000 |
| Claimant Count | 2.2% | 2.8% | 2.2% | 3.4% | 3.1% |
| Earnings by place of residence | £574.90 | £614.60 | £652.50 | £611.60 | £622.00 |
| Earnings by place of work | £632.70 | £590.30 | £649.30 | £599.20 | £622.40 |
| Hourly pay (by place of work) | £16.51 | £15.20 | £16.94 | £15.31 | £15.99 |
| Economically Active: In Employment | 73,600 | 53,400 | 45,300 | 161,800 | - |
| Economically Active: In Employment, as a % of those aged 16-64 | 78.9% | 74.4% | 74.2% | 68.7% | 74.4% |
| Economically Active: Self-employed | 11,000 | 4,800 | 5,000 | 17,400 | - |
| Economically Active: Self-employed, as a % of those aged 16-64 | 10.8% | 5.6% | 7.6% | 7.0% | 7.7% |
| Jobs density | 0.77 | 0.59 | 0.87 | 0.64 | 0.80 |
| Employment Land | | | | | |
| Marketable supply (ha.) | 286.14 | 125.78 | 87.13 | 214.7 | - |
| Employment land take-up (8-year average) (ha.) | 2.1 | 1.88 | 1.48 | 29 | - |
| Years' supply (based on current take-up level) | 136 | 67 | 59 | 7 | - |
| Industrial | | | | | |
| Industrial stock (sq.ft.) | 4.55m | 3.3m | 3.2m | 14.5m | 244m |
| Industrial stock (number of properties) | 354 | 182 | 197 | 729 | 11,623 |
| 5 year average take-up (sq.ft.) | 98,655 | 86,377 | 73,993 | 334,955 | 6.9m |
| 5 year average take-up (number) | 27 | 14 | 19 | 59 | 988 |
| Industrial rents (per sq.ft.) | £2.50 - £6.30 | £4 - £9 | £4 - £10 | £3 - £8 | £2.50 - £13.50 |
| Industrial vacancy rate | 6% | 4% | 1.4% | 4% | 4.1% |

| INDICATOR | PERTH & KINROSS | ANGUS | STIRLING | FIFE | SCOTLAND |
|--|--|---|---|---|--|
| Office | | | | | |
| Office stock (sq.ft.) | 1.61m | 0.77m | 1.4m | 3.1m | 103m |
| Office stock (number of properties) | 184 | 109 | 134 | 377 | 8,285 |
| 5 year average take-up (sq.ft.) | 58,187 | 11,197 | 33,411 | 48,961 | 3.45m |
| 5 year average take-up (number) | 24 | 6 | 12 | 37 | 932 |
| Office rents (per sq.ft.) | £5 - £17 | £4 - £11 | £8 - £13.50 | £4.80 - £15 | £4 - £36 |
| Office vacancy rate | 14% | 2.4% | 1.1% | 10% | 9.3% |
| Development activity and proposals | Industrial at Friarton Road; North Muirton; Inveralmond; Kinross West; Perth Airport; Errol; and Logierait. Offices at Broxden; Perth West; and Aberuthven | Industrial proposals in Montrose; Forfar; Brechin; and Kirriemuir. Office proposals in Carnoustie | Office proposals at Kildean Business Park; and Craigforth Campus, Stirling | Industrial at Fife Interchange and Axis Point, Dunfermline; HADIE, Dalgety Bay; Rosyth Waterfront; Dunnikier/Mitchelston, Kirkcaldy; Queensway, Glenrothes. Offices at JSBP, Kirkcaldy; Guardbridge | New build speculative industrial units, from c 500 sq.ft. Limited new build office development |
| Local Authority economic development property portfolio | | | | | |
| Property stock (sq.ft.) | - | 193,788 | - | - | - |
| Mix | Ground leases, industrial, shops, offices, misc | Industrial, offices, business centres, retail, ground leases, storage | | Business centres, terraced industrial space, food production units and HQ offices | |
| Property stock (no. of properties) | 215 | 89 | 177 (2015) | 350 | c.2,500 |
| Vacancy rate | 4% | 12%*** | - | 9% | - |
| Rental income | £1.815m | £0.829m | £1.417m | | - |
| Investment and intervention models/ programmes | Piecemeal servicing of land and development of units. A more structured programme of interventions and | £26.5m Angus Fund driven by the overarching ambition of the Mercury | Funding from Stirling & Clackmannanshire City Deal for infrastructure works at Callandar and Kildean. | Industrial Innovation Investment programme (i3) as part of the ESECR Deal. 10 year £9.4m investment into | |

| INDICATOR | PERTH & KINROSS | ANGUS | STIRLING | FIFE | SCOTLAND |
|-----------------|---|--|--|--|----------|
| | funding sources is required. | Programme. Focuses on interventions in relation to clean growth, low carbon and agri-tech. Funded by the Tay Cities Deal. | New digital hub in Stirling enabling further growth of digital sector and providing additional business space. | new buildings and serviced sites in Mid and South Fife. Fife is eligible for the Vacant & Derelict Land Fund which can help fund infrastructure for employment land projects. | |
| Financial basis | Income from the commercial portfolio is not ring-fenced for further commercial projects | Disposal of non-performing assets, JVs for the creation of new business units in priority locations, use of external funding for infrastructure in strategic locations | Understood to be managed by subsidiary company Stirling Development Agency (formed by joint venture in 2003) | Creation of a reinvesting Employment Land Fund with an initial investment by Fife Council | n/a |

Source: Ryden / CoStar / local authorities / NOMIS / HOPS

***Angus Council economic development portfolio vacancy rate discounts obsolete premises. Date 2020.

Number of properties: note this is number of buildings not necessarily units / suites

11

FUNDING POTENTIAL

- 11.1 This section provides an update and summary on the employment land and property public funding landscape. This will be important to many of Perth & Kinross' potential land projects and historically has helped to support the market across the region.
- 11.2 Public sector intervention in the property market is often required in areas where market failure exists in order to support economic development. Market failure is common in Scotland outside of city centres and strategic transport corridors. Public sector intervention has moved from large scale development in the 20th Century to selective support for target locations and sectors, allied to economic strategies.
- 11.3 However, in recent years this landscape and the funds available has altered as a result of Brexit and the Covid-19 pandemic. Britain's exit from the European Union in January 2020 means it cannot participate in the next round of European Union Structural Funds for which the Scottish Government was the managing authority. This has affected funds such as SPRUCE and LEADER with SPRUCE in particular being a previously important funding source for the refurbishment or conversion of employment space. In its commitment to fully replacing European funding levels, the UK Government has introduced several new funding streams as part of its Levelling Up agenda which are applicable to the whole of the UK. This means that the UK Government is now more actively involved in economic development in Scotland than was the case previously.
- 11.4 With regard to the Covid-19 pandemic a number of funders have had to change their funding objectives to simply maintain business-as-usual and a number of one-off emergency funds were created by the Scottish Government.
- 11.5 The policy landscape has also moved on. In Scotland, there is an increased focus on net zero and other agendas including a greater focus on place, e.g. Clyde Mission, community wealth building and natural capital which has resulted in a number of funders reviewing their objectives and re-casting grant programmes. The recovery from the pandemic is set to be green and inclusive.
- 11.6 Applicable funding sources for Perth & Kinross are discussed within this section.

UK GOVERNMENT

LEVELLING UP FUND

- 11.7 Levelling Up is the UK Government's moral, social and economic programme which aims to spread opportunity more equally across the UK.
- 11.8 The Levelling Up Fund was launched in 2021 and is a capital fund designed to directly support communities across the UK with capital investment in local infrastructure. It is open to all areas of the UK and seeks to regenerate town centres and high streets, invest in local transport schemes and create, renew and upgrade local cultural and heritage assets. Projects should also be aligned to and support net zero goals. The Fund is jointly managed by Her Majesty's Treasury, Ministry of Housing, Communities and Local Government and the Department for Transport.
- 11.9 The Fund will provide £4.8bn of capital investment across the UK over the next 5 financial years for local infrastructure projects with £800m of this ring-fenced for Scotland, Wales and Northern Ireland. It is anticipated that all funding provided from the Fund will be spent by 31 March 2024 with the potential

exception of larger schemes into 2024-25.

- 11.10 The focus is on projects that require up to £20m of funding however bids between £20m-£50m will be accepted for transport projects only, e.g. roads schemes.
- 11.11 In Scotland, funding will be delivered through local authorities and all areas are eligible. Bidders are encouraged to collaborate with neighbouring authorities on cross boundary schemes and to submit joint proposals across their local areas where appropriate. Relevant local stakeholders should be consulted and evidence of local engagement is required as part of each project's strategic case.
- 11.12 The amount of funding each area receives will be determined on a competitive basis with funding targeted towards places with the most significant need as measured by an index which takes into account need for economic recovery and growth, need for improved transport connectivity and need for regeneration. This index places areas into a category 1, 2 or 3, with category 1 representing places with the highest level of identified need. The Levelling Up Index for Scotland is shown below. Perth & Kinross sits in the **Priority 3** Category which is at the lower end of the 'need' hierarchy albeit the work in this report suggests there are clear areas where markets are not fully responding and public sector intervention is required (Table 36).

TABLE 36: LEVELLING UP INDEX

| Priority Category | Local Authorities |
|-------------------|---|
| 1 | Dumfries & Galloway, Dundee City, East Ayrshire, Falkirk, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, Scottish Borders, South Ayrshire, South Lanarkshire, West Dunbartonshire |
| 2 | Aberdeen City, Angus, Argyll & Bute, Clackmannanshire, East Lothian, East Renfrewshire, Fife, Midlothian, Moray, Na h-Eileanan Siar, Stirling, West Lothian |
| 3 | Aberdeenshire, City of Edinburgh, East Dunbartonshire, Highland, Orkney Islands, Perth & Kinross , Shetland Islands |

- 11.13 These bandings form part of the criteria for assessing bids.
- 11.14 The first round of successful bidders was announced in October 2021 with c. £1.7bn awarded across the UK. Eight projects led by Scottish local authorities received funding worth just under £172m (around 10% of the total value of awards). In the first round five of the eight projects in Scotland were in Priority 1 areas.
- 11.15 The application deadline for second round of the Levelling up Fund was August 2022. We understand Perth & Kinross Council has submitted a bid for infrastructure in relation to Perth West.

UK SHARED PROSPERITY FUND

- 11.16 The UK Shared Prosperity Fund (UKSPF) is another pillar of the UK Government's Levelling Up agenda and a component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.
- 11.17 The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. Underneath this overarching aim there are three UKSPF investment priorities: communities and place; supporting local business; and people and skills.
- 11.18 All places across the UK will receive a conditional allocation from the UKSPF and will be asked to set out measurable outcomes that reflect local needs and opportunities. These should inform the interventions they wish to deliver. Within the context of the Fund's aims, each place will have flexibility to invest across a range of activities that represent the right solutions to improve local pride in place, increase life chances, to help spread and create opportunity, and a sense of community and belonging. The balance of priorities should reflect local need and opportunity. These interventions will be set out in an investment plan submitted to the

UK government for approval.

- 11.19 Investment made under this Fund should also demonstrate the extent of contribution to net zero and nature recovery objectives.
- 11.20 PK will receive a total of £5.7m from the Fund. Delivery will be supported through Regional Economic Partnerships (City and Regional Growth deal areas) where this is the preference of local areas. Funding is available to prepare the investment plans as well as monies for day to day fund administration.
- 11.21 The submission window for investment plans opens on 30 June 2022 and closes on 1 August 2022. The Fund can support investment in interventions that start from 1 April 2022 where they fit with the relevant interventions and all Fund requirements set out in the Fund Prospectus.
- 11.22 Funding is confirmed for three financial years – 2022-23, 2023-24 and 2024-25. All interventions should end by March 2025, or have a break clause allowing for closure by March 2025 if required (for example, yearly renewable funding).
- 11.23 Although match funding is not required and will not form part of the investment plan assessment criteria, in Scotland, all lead local authorities are strongly encouraged to consider match funding from the private, public and third sectors and leverage options when selecting communities and place and supporting local business interventions to fund. This will maximise the value for money and impact of the Fund.

SCOTTISH GOVERNMENT

PLACE BASED INVESTMENT PROGRAMME (PBIP)

- 11.24 Announced in February 2021, the PBIP is being used to link and align place-based funding initiatives within the Scottish Government. Its aim is to ensure that all place based investments are shaped by the needs and aspirations of local communities and accelerate Scottish Government ambitions for place, 20-minute neighbourhoods, town centre action, community led regeneration and community wealth building. It includes the continued delivery of the Regeneration Capital Grant Fund as well as Place Based Investment Programme funding to local government, and the ongoing sponsorship of Clyde Gateway Urban Regeneration Company. It replaces the previous Town Centre Capital Fund.
- 11.25 The Place Principle, which underpins this approach, was adopted by Scottish Government and COSLA as a basis for collaborative working to ensure that future local investment is relevant to local communities for the benefit of local people. Bringing relevant services, enterprise, and communities together to make towns, villages, and neighbourhoods more viable. The PBIP alongside the developing Place Framework are designed to make the Place Principle real.
- 11.26 A coherent programme approach to place based investment will provide the structure to challenge, coordinate and target efforts in any particular geography. It is designed to make sure that all place based investments understand the place in which they are made, how their contribution will help deliver the changes needed, and how local communities shape their future.
- 11.27 The main objectives of the programme are:
- Link and align place-based initiatives and establish a coherent local framework to implement the Place Principle
 - Support place policy ambitions such as town centre revitalisation, community led regeneration, 20-minute neighbourhoods and Community Wealth Building
 - Ensure that all place-based investments are shaped by the needs and aspirations of local communities

- Accelerate ambitions for net zero, wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership

11.28 The PBIP is supported by an initial £325m capital over 5 years (commencing 2021/22) with funds being allocated to local authorities by the Scottish Government. Allocations are based on a weighted formula based on the number of towns and population in a local authority area and deprivation indices.

11.29 The PBIP aims to invest in centres or neighbourhoods connected with 2 categories of settlement:

i. Rural settings with smaller populations, dependent on larger geographical areas for support, for example:

- Small Towns with a limited range of non-specialised facilities
- Villages with very limited, or non-existent, access to facilities

ii. Urban settings with sizeable populations, for example:

- Regional Capitals with extensive provision supporting a wide geographical area
- Larger Towns with a comprehensive range of dedicated services and facilities.
- Individual Neighbourhoods with limited access to relevant local provision.

11.30 Perth & Kinross Council will receive a total allocation of £4.6m over five years and received an allocation of £1.265m for 2021/22 and £1.089m for 2022/23. To date, the Council has focused its allocation on community hubs and restoration of community assets. It should be noted that other local authorities have used a proportion of their allocation for employment property projects including upgrading and making energy efficiency improvements to stock. To date the fund hasn't been used for employment land

VACANT AND DERELICT LAND INVESTMENT PROGRAMME (VDLIP)

11.31 The VDLIP is a Scottish Government capital programme scheduled across five years to help with tackling persistent VDL and supporting place based approaches to delivering regeneration and sustainable inclusive growth, as part of a 'just transition' to net-zero by 2045. It is being established in the context of Scotland's economic recovery being a green recovery, i.e. tackling climate change and providing opportunities for new work and growth in today's challenging global market.

11.32 The VDLIP has been established in the above context and with four pillars of action:

- Sustained place-based approaches
- Urban Green spaces
- Community-led regeneration
- Low carbon developments and renewables

11.33 The total level of funding over the 5 years is £50 million. This has been indicatively divided up across the 5 years as shown in Table 37.

TABLE 37: VDLIP FUNDING – INDICATIVE ANNUAL ALLOCATIONS

| FY 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|------------|---------|---------|---------|---------|
| £5m | £5m | £10m | £15m | £15m |

Source: Scottish Government

11.34 The budget forward plan allows for multiyear project delivery, where appropriate and justified in project proposals, recognising that some sites are more complex than others to tackle and take more time.

11.35 The VDLIP is available to all 32 Scottish Local Authorities and Clyde Gateway URC. Proposals should align

with the high level criteria agreed with COSLA for the Place Based Investment Programme, including net zero, wellbeing and inclusive economic development, the place principle, tackling inequality and disadvantage, community involvement and ownership, as well as support for town centre revitalisation, better places, and 20 minute neighbourhoods.

- 11.36 There is the expectation that proposals for funding are brought forward with involvement and support of the involved or impacted communities as well as third sector and private partners where applicable.
- 11.37 Grants are for capital works with the fund specifically targeting 'long term' (15 years+) VDL. Where a site has obvious potential to become long term vacant and derelict by that definition, a project proposal may be able to justify bringing forward investment to unblock its reuse.
- 11.38 It is to be noted that the Investment Panel may prioritise proposals that involve DUSTE (Derelict and Urban Sites unused since Two Thousand or Earlier) sites, as identified by the VDL Taskforce. Essentially these are Scotland's 'stuck sites'. Many DUSTE sites have been on the Scottish VDL Register for decades and are located in areas of multiple deprivation, which are negatively impacting the area and wellbeing of residents. These sites are captured on the [Scottish Land Commission's DUSTE map](#). There are however many sites that meet the DUSTE criteria but because of their size (>0.1 ha) have never been formally recorded on the register. Proposals for both registered and unregistered DUSTE sites are welcome.
- 11.39 With regard to onward management of the treated site, evidence should be provided in terms of how it will be managed and maintained to attract further investment (community or development) to secure and sustain its productive future use.
- 11.40 According to the VDL Site Register 2021, Perth & Kinross has 63 registered sites totalling 52.96 hectares. This includes 2 DUSTE sites as follows:
- Ladeside Industrial Estate, St Catherines Road, Perth, 0.19ha, derelict but developable, owned by the Council
 - Ericht Mills, Haugh Road, Rattray, 1.41 ha, derelict but developable, private owner
- 11.41 The full list of VDL sites in Perth & Kinross is included at Appendix B.

REGENERATION CAPITAL GRANT FUND (RCGF)

- 11.42 The RCGF is part of the Scottish Government's Capital Investment Fund and is delivered in partnership with COSLA and local government. The fund aims to support projects that:
- Focus primarily on areas that suffer from high levels of deprivation and disadvantage
 - Demonstrate clear community involvement
 - Deliver large scale transformational change with strong regeneration outcomes
 - Encourage additional investment and address market failure
- 11.43 The fund has been operative since 2014 and has since resulted in 136 projects across Scotland receiving support. The funding made available across Scotland is c. £20m per annum and in recent years' total grant awards have been as follows:
- 2019/20 - £20.5m
 - 2020/21 - £23.3m plus additional economic recovery stimulus of £11.9m
 - 2021/2022 - £20.3m
 - 2022/23 - £27.0m
- 11.44 The 2022/23 allocations, recently announced, will provide funding for 22 different projects.

- 11.45 The fund is open to applications from all of Scotland's 32 Local Authorities individually or alternatively if they exercise their functions through Urban Regeneration Companies or other Special Purpose Vehicles.
- 11.46 The RCGF has been used to pump prime a number of Council (or Council subsidiary) property developments particularly enterprise or community business hubs. A number of examples of the types of projects which have been funded in recent years are provided in the table below. However, it has also been used for more commercial projects such as those undertaken by Clyde Gateway and North Lanarkshire Council detailed again in Table 38.

TABLE 38: RELEVANT RCGF PROJECTS

| | LOCAL AUTHORITY | PROJECT NAME | FUNDING ALLOCATED | BRIEF DESCRIPTION |
|---------|---------------------------|--------------------------------|-------------------|---|
| 2021-22 | Aberdeenshire Council | No. 30 the Square | £2.4m | Transform vacant and dilapidated space in Huntly into a high quality centre which will provide space for a mix of opportunities in enterprise, skills development, training and learning with much needed leisure and recreation activities |
| | Argyll and Bute Council | Kilmory Park Zones 1, 2 & 4 | £650k | Unlock 5.9 ha of undeveloped vacant, employment land in Lochgilphead to create a business hub - a range of fully serviced sites for the provision of circa 188,379 sq.ft. of business premises for up to 10-15 new and expanding S.M.E's. |
| | Argyll and Bute Council | Scalasaig Business Units | £335k | The project will deliver business units in Scalasaig which is the main settlement on the Isle of Colonsay. This is in conjunction with the development of an affordable housing scheme and improvements to the tourism offering. |
| | City of Edinburgh | Granton Station Enterprise Hub | £1.2m | Reuse a 'B' listed former railway station and comprehensively restore it to deliver a new 604 sq.m. enterprise/creative hub that will offer flexible, affordable, high quality, accessible workspaces along with new meeting spaces and outdoor events space. |
| | Glasgow City Council | Meat Market Sheds | £2.6m | Deliver the regeneration and development of buildings within the wider site of the original Glasgow Meat Market Abattoir and Slaughterhouse. Redevelopment will provide capacity for a children's nursery, gym, market street, housing association offices, business start-up and creative industry space (with associated retail), multi-use enclosed events space, food and drink retail at the café/bar, along with catering facilities. |
| | South Ayrshire Council | Enterprising Carrick | £729k | Renovation and remodelling of the 16th Century Maybole Castle which will deliver long-term economic and social benefits for Maybole and the surrounding area. The project will bring the Castle into community use, create economic opportunities, and secure its future. |
| | Aberdeenshire Council | Tiree Community Business Hub | £565k | Deliver a new Community Business Hub, which will be made up of four separate business units. Each unit will have a high level of thermal insulation, sustainable material cladding, with a renewable heat pump heating system, LED lighting, double glazing at minimum, with provision for 3-phase power and future addition of vehicle charging points. Once complete, the Hub will offer affordable and flexible lease terms. |
| | City of Edinburgh Council | West Shore Studios | £1.7m | Deliver the refurbishment of a disused 1970s industrial unit in Granton into a creative enterprise and third sector hub. It will make an important contribution to the regeneration of Edinburgh's Granton Waterfront, and will create new jobs by providing affordable premises for a wide range of tenants, including boutique manufacturers, art collectives, and social enterprises. |
| | Clyde Gateway URC | New Olympia House | £650k | This project will bring the Olympia House building in Bridgeton back into commercial use, creating a modern and flexible internal working environment. The repurposing of the building will offer 393sqm gross internal floor area of commercial business space with the capacity of accommodating 20 FTE jobs. |
| 2022-23 | Clyde Gateway URC | Magenta Technology Hub | £4m | This project will deliver a total of 2,000sqm of flexible hybrid industrial space at Magenta Business Park, Shawfield, which will support new employment within the Clyde Gateway area. The development will provide 4 units of 500sqm of floorspace however it has the ability to be further subdivided should the market demand. The buildings will be targeted at engineering development, medical, and digital research sectors. |

| | | | |
|-----------------------------|--------------------------------------|-------|---|
| Dumfries & Galloway Council | Kelloholm Skills & Innovation Centre | £2.3m | Transform a derelict site in the centre of Kelloholm by constructing a new build Skills & Innovation Centre. The Centre will consist of flexible community project space, office accommodation for third sector and SME, food manufacturing/engineering training space including training kitchen, and a digital learning centre. |
| Dumfries & Galloway Council | Thornhill Hub | £1.1m | Community-led redevelopment of the derelict, Grade C listed Old School in Thornhill to form an innovative, creative and entrepreneurial community Hub. The Hub will contain creative studios, offices and business space for use by small local business and charities, a community hall for public events, communal kitchen, flexible "clean" room for learning and wellbeing activities, community 'permaculture' garden, and bike hire/storage/repair facilities. |
| East Ayrshire Council | Creative Cyber Campus | £1.3m | Redevelopment and conversion of a distinctive Kilmarnock town centre building into a Creative Cyber Campus. It will deliver a community owned, viable asset that will offer a flexible, high quality, multi-purpose space, built to the highest environmental standards, designed and equipped for the digital age. It will include a world café, showcase and exhibition space, and will host creative, cyber and social enterprise businesses, with learning and training facilities on site. |
| North Lanarkshire Council | Braidhurst Industrial Estate | £1.8m | Refurbishment and renewal of the run-down and partially derelict Braidhurst Industrial Estate, ensuring its long-term viability and supporting local businesses and jobs. The project will act as a demonstrator project for the modernisation of similar small-scale industrial estates across North Lanarkshire, by creating 10 new net-zero incubator units for start-ups and microbusinesses. The project will also refurbish 6 outdated industrial units, extending the life of the existing infrastructure, and provide EV charging infrastructure. |

Source: Scottish Government

11.47 Over the life of the fund, Perth & Kinross Council has been awarded funding for 3 projects (2.2% of all projects awarded) totalling £2,835,000. This includes funding for:

- Creative Exchange (£335,000) – transformation of a derelict former primary school in Perth city centre to provide a home for artist studios, creative industries, business incubation, community education, workspaces, gallery and cafe
- Letham Hub (£1m) – transformation of Letham Recreation Hub into new community wellbeing hub incorporating gym and sports hall, flexible meeting and social space, space for small enterprises and businesses as well as co-location for a range of public and third sector services
- Y Centre (£1.5m) - re-purposing vacant and derelict buildings in central Perth to provide youth centre, community hub and residential accommodation

SCOTTISH NATIONAL INVESTMENT BANK (SNIB)

11.48 The Scottish National Investment Bank (SNIB) is a development investment bank, established and funded by Scottish Ministers on behalf of the people of Scotland. SNIB has been established to operate commercially, and is operationally dependent from the Scottish Government. It invests in Scottish business, projects and communities to deliver environmental, social and financial returns. Investments in debt and equity are made on commercial terms and all investments must support at least one of SNIB's missions. These are:

- Achieving a just transition to net zero by 2045 – rebalancing the economy towards leadership in sustainable technology, services and industry
- Extending equality of opportunity through improving places by 2040 – invest in places and regeneration to reduce inequalities and improve opportunities and outcomes for people and communities
- Harnessing innovation to allow Scotland's people to flourish by 2040 – invest in innovation and industries of the future for a healthier, more resilient and productive population

11.49 SNIB provides patient (long term) capital to businesses and projects throughout Scotland to support the

development of a fairer, more sustainable economy. SNIB launched in November 2020 and since then has been allocated £275m of public capital to invest. The total investment committed since the launch of SNIB is £191.4m

- 11.50 Typically, the Bank will invest in businesses and projects seeking more than £1m in investment support (debt or equity). The maximum level for projects is £50m. The Bank does not provide grants and is unable to offer investment on sub-commercial terms.
- 11.51 The Bank invests in businesses based in Scotland, projects based in Scotland, or businesses seeking to move to Scotland. It can invest in all stages and sizes of business but expects to focus its business, demonstrating commercial progress. SNIB's particular focus is on small and medium sized Enterprises (SMEs).
- 11.52 The Bank may also undertake project investment which is distinct from business investment as it typically brings together a number of parties to deliver a project. Project finance is typically associated with infrastructure and energy investment.
- 11.53 The Bank will also support investment in communities and the third sector, e.g. charitable businesses, clean energy projects, local affordable housing developments, local regeneration projects.
- 11.54 SNIB will also support the Scottish tertiary education sector with investment in specific capital projects in Scottish universities and colleges to ensure they maintain their reputations as internationally leading tertiary education and research providers; and, in supporting the development of university developed and incubated innovative businesses and projects.
- 11.55 Relevant projects invested in to date include:
- £30 million of funding for the expansion of Aberdeen Harbour, the largest marine infrastructure project in the UK.
 - £6m investment to allow Sunamp to scale up production of innovative heat batteries and progress international expansion from their East Lothian base.
 - Investment to expand manufacturing base of Nova Innovation, enabling production of innovative tidal turbines, generating zero carbon energy in remote communities.
 - £3m investment in IndiNature will enable the company to scale up production at a new manufacturing facility in the Scottish Borders.
 - £1m investment in Internet of Things communication and data service provider, R3 IOT, will enable the business to scale up.
 - £12.5 million investment in Glasgow-based photonics and quantum technology company M Squared.
- 11.56 In reference to employment land and property, SNIB's role is in supporting the demand side through organisations and projects rather than any direct provision.

TAX AND INCREMENTAL FINANCING INITIATIVES

- 11.57 The Scottish Futures Trust leads the Tax Incremental Financing (TIF) programme for Scotland as a way of securing infrastructure investment in order to unlock regeneration and inclusive economic growth. TIF seeks to capture locally generated, incremental public sector revenues (e.g. business rates) that would not have arisen were it not for investment in the delivery of 'enabling' public sector infrastructure.
- 11.58 The use of TIF is normally predicated on a 'but for' test i.e. that but for TIF, the anticipated outcomes from a regeneration and economic perspective would not occur or not occur in the time frames which TIF would enable.

- 11.59 A TIF project must therefore demonstrate that the enabling infrastructure will generate additional public sector revenues to repay the financing requirements.
- 11.60 Examples of TIF projects in Scotland include:
- Glasgow City Council's City Centre TIF. A TIF is also being considered for the proposed re-development of Buchanan Galleries.
 - Fife Council will invest TIF enabling funding to improve vehicle and marine access to Energy Park, Fife, allowing the potential for further renewable, offshore and wind project capability to be developed. There is also a TIF project at Fife Interchange close to the Forth bridgehead area.
 - Argyll & Bute Council's Lorn Arc TIF is aimed at further enabling Oban's wider economy and ensuring the economic infrastructure which will act as a catalyst to grow marine tourism, renewables and aquaculture is in place
 - Falkirk Council is investing to support commercial activity in manufacturing, distribution and support sectors in Grangemouth. This will include strategic road improvements and flood defences to enhance and protect the region

GREEN GROWTH ACCELERATOR

- 11.61 The Green Growth Accelerator was launched in June 2021 as a new investment programme to help deliver Scotland's just transition to a net-zero emissions economy. The Green Growth Accelerator will speed up delivery of low carbon infrastructure projects across Scotland and provide extra resources and technical support to local authorities to get projects off the ground more quickly. Once fully opened the programme will unlock £200m of public sector investment to drive the transition to net zero – with further investment from private sector also anticipated.
- 11.62 Developed in collaboration with COSLA, it builds on the principles of the Growth Accelerator model which has already supported major economic investment opportunities including the St James Quarter in Edinburgh and the Waterfront in Dundee.
- 11.63 Six pilot projects are currently underway to help test the Green Growth Accelerator model. The pilot projects include a hydrogen refuelling module in Aberdeen; hydrogen production infrastructure in the Western Isles; building efficiency upgrades in Edinburgh; natural coastline adaptations in the Highlands; and a water source heat pump retrofit at Strathclyde Park in North Lanarkshire. A further rollout of the model is anticipated for 2022/23.

CITY REGION AND REGIONAL GROWTH DEALS

- 11.64 City Region and Regional Growth Deals are bespoke packages of funding and decision making powers negotiated between the Scottish Government, the UK Government and local government designed to bring about long-term strategic approaches to improving regional economies. They are implemented by regional partners and overseen by the Scottish City Region and Growth Deal Delivery Board.
- 11.65 Each of the Deals agreed in Scotland is tailored to its region, reflecting its individual economic strengths and weaknesses, and comprises a programme of interventions to support positive, transformative change.
- 11.66 There are 6 City Region and 6 Regional Growth Deals which provide 100% coverage of Scotland.
- 11.67 As noted in the economic policy overview, Perth & Kinross Council is part of the Tay Cities Deal which comprises the 4 local authority areas of Fife, Angus, Dundee, and Perth & Kinross. The Scottish Government and the UK Government have each committed up to £150m over 10 to 15 years towards the Tay Cities Deal. Together with regional partners' contribution, this deal has the potential to secure more than 6,000 jobs and attract £400m of investment. The overall deal seeks to transform the region by focusing

on inclusion, innovation, internationalisation, connectivity and empowerment.

- 11.68 Signed in 2020, the Deal's investments will include a skills and employability programme, growing the region's biomedical sector and supporting the region's culture and tourism offerings.
- 11.69 Specific to employment land and property in Perth & Kinross Council, the Tay Cities Deal includes funding for the James Hutton Institute in Invergowrie which is planning the creation of an International Barley Hub and an Advanced Plant Growth Centre. The Deal also includes a low carbon transport and active travel hub which will be built near Perth on the motorway network and funding of construction costs to open up 10 ha of land for development at Perth Eco Innovation Park (Perth West).

JOINT WORKING ARRANGEMENTS

- 11.70 A number of local authorities across Scotland have entered into Joint Venture agreements as a way of furthering their employment land and property ambitions. Joint Venture partners include Scottish Enterprise and Universities where they are land owners as well as the private sector.
- 11.71 Fusion Assets Limited is a special purpose vehicle developed by North Lanarkshire Council following the closure of Boots' manufacturing operation in Airdrie. Fusion Assets works together with private sector partners through establishing joint ventures for the delivery of property development and land reclamation initiatives.
- 11.72 Angus Council has a JV with Hermiston Securities (Muir Group) at Orchardbank Business Park in Forfar. This is an established business and commercial location adjacent to the A90 trunk road.
- 11.73 It is our understanding that there is a JV between Springfield Properties and the landowner at Bertha Park, Perth. Bertha Park is a 333 hectare (823 acre) greenfield development project promoted and developed by Springfield Properties Ltd. and supported by Perth & Kinross Council within its Local Development Plan (LDP). The development will be built out in three phases over 30 years and will see delivery of more than 3,000 new homes and employment land encompassing various uses.
- 11.74 Springfield Properties is investing a substantial sum of £1 billion in the development of Bertha Park. In addition to the JV, Springfield Properties and the Council have formed a working group with representatives from both organisations to ensure an effective procedural structure from the outset. While the amount of private investment is significant the development of Bertha Park was made possible largely through advanced funding for infrastructure provided by the Council. Through the Perth Transport Futures Project (PTFP), the Council is upgrading the road network in and around Perth.
- 11.75 Although not a JV at this stage, the Council is also working closely with partners on Perth West where it will develop public transport infrastructure to enable the development of the site. Agreements will be required with third parties.

OTHER COUNCIL FUNDING SOURCES

PUBLIC WORKS LOAN BOARD

- 11.76 Councils are able to borrow from the Public Works Loans Board, a national government body and arm of the Treasury, at interest rates lower than those commercially available to the private sector. It is mainly targeted towards capital projects and funding cannot be used to plug gaps in everyday funding of services. CIPFA guidelines are in place however there is no upper limit on borrowing. It is the responsibility of Councillors to ensure funds borrowed appropriately and responsibly. Guidelines for the scheme were tightened at the end of 2020 and local authorities are no longer able to purchase assets purely for yield or investment income. Perth & Kinross Council has prior experience using funding via this method however it

is unclear if this has previously been used in relation to employment land.

- 11.77 A relevant example is of the City of Edinburgh Council which borrowed from the Public Works Loan Board for part funding of the £85m redevelopment and expansion of the Edinburgh International Conference Centre. Completed in 2013, the development includes office and retail space alongside the conference venue. Atria One and Atria Two together comprise almost 200,000 sq.ft. of Grade A office and retail accommodation. At the time, Atria was the largest speculative office development over 100,000 sq.ft. outside of central London and satisfied the need for new Grade A office space in central Edinburgh during the market crash. The buildings are now home to a variety of high quality tenants. In 2016, the Council sold Atria for £105m to Deka Immobilien. Proceeds from the sale were used to pay off borrowing costs, with profits going to a City Strategic Investment Fund which was used (amongst others things) for East Hermiston Business Park. This development, completed in 2017, comprises 16 light industrial units (17,200 sq.ft.) on Council-owned land in Sighthill. The development is fully let and generates c. £140,000 pa in rental income for the Council.

COUNCIL'S CAPITAL PROGRAMME

- 11.78 Local authorities in Scotland receive the majority of their funding from the Scottish Government with the level of support for each authority determined by the Cabinet Secretary for Finance and Constitution. Councils obtain additional income through Council Tax, that the Council sets itself. Councils produce a Capital Expenditure Plan which details their capital funding priorities for a set period (usually 10 years).
- 11.79 At its meeting on 2 February 2022, Perth & Kinross Council's Strategic Policy & Resources Committee approved the Composite Capital Budget to 2028/29, totalling £606.199 million. This includes funding for a new Perth High School, Blairgowrie Recreation Centre, primary school at Bertha park and flood protection schemes. The budget does not appear to include any proposals in relation to employment land or property. Previous programmes have included funding as part of the Corporate Property Investment Programme as well as locating specific capital receipts to develop proposals.

COMMUTED SUMS AND SECTION 75 AGREEMENTS

- 11.80 Where employment land is lost to alternative land uses some local authorities have a policy which requires it to be either replaced in an appropriate location to meet to meet existing and future employment and business needs. Where this is not possible a commuted sum payment is often required. The commuted sum is ring-fenced and used only for bringing forward the implementation, or upgrade, of existing and planned employment sites.
- 11.81 Fife Council is one local authority who currently implements this policy. A commuted sum was required as part of the planning conditions associated with the new Dunfermline Learning Campus which is currently being built on the site of the former Hyundai manufacturing facility. The site was designated as an employment/development opportunity site within the Fife LDP however there were material considerations which outweighed planning policy. This included the redevelopment of brownfield land which had been vacant for some time, limited success in the prior marketing of the site for employment use and that the education institution in itself would directly support employment sites through providing training and future labour.
- 11.82 The loss of 16.63 hectares of employment land to education uses was compensated against by a commuted sum totalling £1.64m (£99,000 per hectare). This figure is equivalent to the replacement value of the gross area lost, calculated at serviced land value at the time of the decision arbitrated by the District Valuer. A Legal Agreement will be used to structure the payment of the commuted sum.
- 11.83 A Planning Policy in line with the above could be considered in the next Perth & Kinross LDP as a means of protecting employment land and enabling sites to be brought forward.

- 11.84 The servicing of employment land can also be a planning condition associated with a wider planning consent, mainly residential development.
- 11.85 In a small number of specific cases, local authorities have been able to include planning conditions whereby if employment land is not serviced within a specified timescale ownership reverts to the Council. This was the case for a site at Barbachlaw Farm, Salter's Road, Wallyford in East Lothian which has a complex planning history. East Lothian Council granted planning permission (01/00892/FUL) for the erection of a greyhound stadium as part of a new development area also intended to provide land for business and industry and new housing. That permission was subject to a Section 75 Agreement which required the steel structure for the stadium to be erected and the business land serviced before any housing could be constructed. This condition was breached, the Section 75 amended and then further breached. Beyond a steel structure for the stadium no further progress was made on that nor the servicing of the employment land. The stadium is now longer considered viable. In 2021, a planning application (21/00001/OBL) was sought for a meat processing facility including food-hall and deli on the entire stadium site. A Section 75 Agreement was put in place whereby prior to 1 September 2022 the owner will demolish and clear the stadium structure and prior to 1 August 2026 the owner will have constructed and commenced commercial operation of a Class 4/5 development on the site. If this condition is not complied with ownership of the site will pass to the Council at zero cost.
- 11.86 It is accepted this is potentially a unique situation however this type of Agreement could prove useful where there is a history of non-compliance with planning conditions.

SUBSIDY CONTROL BILL

- 11.87 It is worth noting that the Subsidy Control Bill is due to take affect later in 2022 and will affect the payments the public sector can make to private entities. The Bill will act as a replacement to the EU State aid rules.

FUNDING RAG

- 11.88 Ryden has placed the funding sources discussed in this section into a RAG (Red, Amber, Green) summary shown at Table 39 on the next page:
- Red indicates that it is unlikely that Perth & Kinross Council could attract this funding
 - Amber indicates that there is some potential although there may be constraints
 - Green indicates that Perth & Kinross Council is eligible and could pursue this funding source
- 11.89 The purpose of the RAG is to help summarise for the Council how it may wish to prioritise these funds when considering the delivery of future projects. This is primarily based on current eligibility and whether a partnering arrangement would be required, but also some of the funds are time limited so this is also considered where relevant.
- 11.90 While there are a good number of greens and ambers, the Council's position as Tier 3 for Levelling Up flags the point that for many public funds it will be considered comparatively affluent next to other regeneration candidates and thus will need to compete hard and often to secure funding success.

TABLE 39: PERTH & KINROSS FUNDING RAG

| RAG | FUNDING SOURCE | SUMMARY |
|-----|---|---|
| | UK Government's Shared Prosperity Fund | All areas of the UK will receive a share via a funding formula rather than a competition. Supporting local businesses is one of the investment priorities. PK will receive £5.7m from the fund. |
| | Scottish Government Place Based Investment Programme | Funding for place based investment to target efforts in a particular geography. Ensure inclusive economic development. Perth & Kinross Council will receive £4.6m over 5 years. Can fund employment land as well as other initiatives. |
| | Scottish Government Vacant & Derelict Land Investment Programme | Additional funds to tackle persistent VDL sites. The Fund is competitive and applicable to all local authorities and Clyde Gateway. Should align with Place Based Investment Programme. PK has 63 registered VDL sites of which 2 are DUSTEs. |
| | Scottish Government Regeneration Capital Grant Fund | All local authorities are eligible however it is competitive and primarily focuses on areas that suffer high levels of deprivation. |
| | Growth Deals | The Tay Cities region has a Growth Deals in place with allocations available for employment land in PK. |
| | Joint Ventures with the public and private sector | JV can be a way of bringing sites forward which are out with Council ownership. JVs can be with both the private and public sector. |
| | Public Works Loan Board | Available to every local authority for a range of capital projects |
| | Council capital and portfolio | The Council has access to their own capital and portfolio subject to internal approval/discussions |
| | Commutated Sums | This is not currently in place for lost employment land. This should be reviewed as part of the next LDP. Commuted sums tend to be ring-fenced and used only for bringing forward the implementation, or upgrade, of existing and planned employment sites. |
| | UK Government's Levelling Up Fund | Does not specifically target employment land however could play a role in provision in a town centre regeneration context. £800m ring-fenced for Scotland. PK sits in Priority Category 3 (out of 3). |
| | Green Growth Accelerator | Allows for the delivery of public sector enabling (emissions reducing) infrastructure in order to stimulate private sector investment and the wider economy. Six pilot projects are currently underway. PK does not have a pilot project however there could be further roll out of the model in 2022/23. |
| | Tax Incremental Funding | All pilot projects have been awarded. Focus on infrastructure investment primarily on vacant and derelict land. |
| | Scottish National Investment Bank | Available across Scotland with a focus on green investment, placemaking and innovation. Focus is on SMEs and targets the demand side through organisations and projects rather than direct provision. In order to be eligible the Council would need to partner with private sector. However, the bank operates commercially and therefore likely the Council would achieve better interest rates elsewhere, e.g. PWLB. |

SUMMARY

11.91 The RAG provided within this section suggests how available funds could be prioritised for employment land and property purposes. There are a number of 'new entrants' to the funding landscape largely associated with the UK Government's Levelling Up Agenda. However, funding streams are not exclusively available for employment land and property and therefore there is a requirement to prioritise a wide range of potentially applicable projects within the Council. It is also noted that the Perth & Kinross council area is often considered comparatively affluent next to other regeneration candidates and thus will need to compete hard and often to secure funding success.

12

SUMMARY AND RECOMMENDATIONS

INTRODUCTION

- 12.1 Ryden was appointed by Perth & Kinross Council to provide analysis of its employment land and property market in order to help inform the development of the new LDP as well as its investment property strategy and programme. This section summarises the work and provides market projections and recommendations.

SUMMARY

- 12.2 The economic policy context in Scotland has altered over the last few years. There is now a much greater focus on creating a wellbeing economy encompassing greater attention on areas such as net zero carbon and a more equitable distribution of wealth across the country. Growth in Scotland's productivity is a key part of this delivery and the supply of employment property and land is one such way in which this can be supported.
- 12.3 Planning policy is also adapting to this changing narrative. Many employment locations are along key transport corridors and the revised draft NPF4 states that new approaches may be required as investment transitions away from locations that can only be reached by car, towards more accessible areas that are connected by low-carbon and active travel options properly supported by appropriate services. There is further emphasis on local living and 20 minute neighbourhoods.
- 12.4 Perth & Kinross is part of the Tay Cities Region deal which will see major investment into the area over 15 years. Specifically associated with employment property and land, the City Deal will fund infrastructure costs at Perth West, provide a low carbon transport and active travel hub at Broxden Park & Ride, fund two plant science centres at the James Hutton Institute, and support for the waste hub at Binn Eco-Park and an engineering innovation hub at Perth College/University of the Highlands & Islands. In addition, the Cross Tay Link Road and the dualling of the A9 will provide new major road infrastructure to support the growth of Perth and the future development of employment areas. Rail and station improvements are also proposed and the Council is considering the much greater requirement for active travel across the region.
- 12.5 Perth & Kinross' population of 151,900 is expected to decline slightly (-1%) by 2043. However, the population of Perth itself is expected to increase by 20% and there have been population increases in the majority of larger towns. This concentration of population is relevant to future provision of employment land and property, particularly in light of the emerging planning and transport policy on sustainable locations.
- 12.6 Perth & Kinross has above average levels of employment in sectors such as forestry, fishing, quarrying and utilities which are not generally sectors with large employment land/property requirements (in terms of planning use classes). Meanwhile the area has below average levels of employment in health, business administration and professional services which are generally heavier users of employment premises and land. Perth & Kinross potentially therefore has a lower overall employment land and property requirement as a proportion of its economy than an 'average' Scottish local authority.
- 12.7 The industrial property market is performing well across Scotland with strong demand, low vacancy rates and high rents. Perth & Kinross is no exception and its core employment locations are performing well with low vacancies. However, its industrial rents are slightly below that of comparable local authorities and with an ageing stock of 4.55 million sq.ft. of existing industrial premises there is a coming viability issue around the replacement/refurbishment of buildings as they approach the end of their lifespans. The majority of units on the market are below 10,000 sq.ft. which shows activity at the lower end of the market but raises a concern about where larger or expanding businesses can be accommodated within Perth & Kinross.

- 12.8 The office market has suffered a substantial shock since March 2020 due to the pandemic and the post-pandemic sustained trend towards hybrid working. Perth & Kinross' office market is largely concentrated in and around Perth itself and offices are generally on upper floors and older buildings in town centres and on dedicated business parks such as Broxden. Perth & Kinross has a higher office vacancy rate than comparable local authorities and this is rising due to premises being vacated.
- 12.9 There have been a number of new build developments and proposals, mainly in Perth but also at a smaller scale in other locations. Further pipeline development includes the extension of Inveralmond Industrial Estate (I&H Brown and Rosasco Properties), extension of the Food & Drink Park (Perth & Kinross Council) as well as other plots on Arran Road in North Muirton Industrial Estate. Outside of the City new industrial units are planned at Perth Airport and Errol Airfield (Morris Leslie Ltd) and Logierait (Atholl Estates). Serviced development plots have also recently been sold at Kinross West (Perth & Kinross Council). Over the longer term there are proposals for employment land at Perth West. SSE plans a new office development in Perth and new co-working hubs have been developed in Crieff and Dunkeld.
- 12.10 The Council has its own investment portfolio containing a large number of ground leases which generate the majority of rental income. A large number of these are held at Inveralmond Industrial Estate and tenants have gone on to develop premises on the majority of these sites via Development Agreements. The Council also holds a number of ground leases at Perth Harbour. In bringing new sites to the market the Council has departed from its previous ground lease model and is offering these sites for sale. The Council also operates business units including at the Harbour (where there are some quality issues), Inveralmond, Perth Food and Drink Park and in some of the larger towns.
- 12.11 The Perth & Kinross Employment Land Audit for 2021 shows a total area of identified employment land of 288.54 hectares across 53 sites. The majority (73%) of allocated land is located in Perth. The total area of effective employment land (immediately available plus minor constrained) was reported to be 286.14 hectares which is broadly comparable with the 2020 Audit. The 2021 Audit shows that 1.61 hectares of employment land was taken up between June 2020 and July 2021. This included 3 windfall sites and 1 partial site. It is notable that none of these was a significant, marketed economic development site. Take-up over the longer term (8 years) averaged 2.1 hectares per annum.
- 12.12 There are presently eight employment sites being marketed in Perth & Kinross, totalling 32.72 acres (13.24 hectares). This includes sites at Arran Road and the Perth Food and Drink Park in North Muirton Industrial Estate, the former Travis Perkins' site on Inveralmond Road (Inveralmond Industrial Estate), Pitheavlis (former Aviva training centre and hotel) and sites at Kinross West and Brioch Road in Crieff. This is an encouraging mix of developable plots although it does total less than 5% of allocated employment land.
- 12.13 The Council has developed an assessment tool for examining its employment land sites. It is considered that more information on ground conditions and active travel could be part of this process. Specifically, on the issue of ground conditions, greater information on possible abnormal costs which could potentially affect the marketability of a site is desirable as that can further inform the level of intervention the Council may wish to adopt.
- 12.14 The majority of allocated employment land supply is constrained to some extent and is unlikely to be developed in the short-medium term without intervention. Indeed, even when constraints are minor this can be a challenging barrier for owner occupier development, and an absolute barrier alongside lack of viability for new market development.
- 12.15 It is understood that the Council is currently undertaking a review of its depots and also of its car parks. Although rationalisation is not necessarily the objective of these reviews, surplus land may be identified which could prove suitable for employment sites particularly in locations where the availability of land is scarce. Likewise, the portfolio of vacant and derelict land across Perth & Kinross may offer potential for redevelopment for employment uses.

- 12.16 An extensive consultation exercise was undertaken. Several ideas for interventions were provided including greater incentives for developers and occupiers and greater partnership working in terms of site servicing. It was recognised that additional sources of funding should be utilised wherever possible in this regard.
- 12.17 A survey of local businesses was also undertaken. Of the relevant responses, 43% of occupiers have a requirement to expand/relocate with a further 17% possibly requiring to move. There were ten requirements for small industrial premises and four for small office premises with the majority looking for a property in Perth. There was a notable interest in properties which offered an industrial/office mix. Of greatest importance for industrial occupiers was location, cost and size. Quality of building, transport connectivity and digital connectivity also ranked highly. Of greatest importance for office occupiers was digital connectivity. Location, quality of building, cost, transport connectivity and on site facilities also ranked highly. Those who had already starting looking at alternative premises found constraints including lack of suitable properties, costs and a lack of flexible space.
- 12.18 A funding review which suggests how available funds could be prioritised for employment land and property purposes. There are a number of 'new entrants' to the funding landscape largely associated with the UK Government's Levelling Up Agenda. However, funding streams are not exclusively available for employment land and property and therefore there is a requirement to prioritise a wide range of potentially applicable projects. Perth & Kinross is often considered comparatively affluent next to other regeneration candidates and thus will need to compete hard and often to secure funding success.

MARKET PROJECTIONS AND RECOMMENDATIONS

- 12.19 The potential requirement for employment land and property in Perth and Kinross over the period to the anticipated end point of the next LDP (2038) is based upon the research and market analysis presented in this report.
- 12.20 In the industrial property sector, a combination of gradually ageing stock and high occupancy rates due to high demand meeting limited new development is continuing to create the conditions for positive market activity. In the office sector though, contraction into smaller but higher quality flexible premises is clearly evident. For employment land, the requirement is to capitalise on large and well-located allocations by undertaking early works to activate sites and deliver a steady stream of serviced plots.
- 12.21 The projections have the advantage of being based upon detailed analyses and clear planning and economic development commitments. However, as markets continue to adjust post-pandemic and the policy and funding landscapes are changing, there is insufficient certainty to offer fixed projections, hence two scenarios are used:
- A market scenario continuing current levels of activity.
 - A policy-on scenario whereby delivering sites and premises to meet latent market demand and accommodating future growth including through economic development strategies and project funding combine to raise the level of market activity. A figure of 50% above current levels is selected as an achievable target for the Perth & Kinross market area.
- 12.22 Perth & Kinross' **industrial** stock is ageing and will require upgrade and in some cases replacement. Assuming a building lifespan of around 60 years (including periodic refurbishments), approximately 75,000 sq.ft. per annum of new or fully refurbished would be required to maintain and over time replace the entire stock. Adaptation of existing buildings will reduce this as potentially will more efficient use of premises, while some of the stock is comparatively modern so upgrade can take place over time. The projections are:
- Market scenario: 25,000 sq.ft. of industrial floorspace annually to 2038, totalling 375,000 sq.ft.
 - Policy-on (+50%): 37,500 sq.ft. of industrial floorspace annually to 2038, totalling 562,500 sq.ft.

The market scenario is equivalent to 8.2% of the region's industrial stock and the policy-on scenario 12.4%.

- 12.23 These levels of development would require net land areas of 12.1-18.2 hectares. The gross land area equivalent at 80% gross:net ratio is 12.1-22.8 hectares; say 16.2-24.3 hectares as the ratio is to some extent site-specific.
- 12.24 This indicative requirement would include medium to larger demand, but could still be boosted substantially by individual large requirements for manufacturing or distribution/logistics premises. In addition to this new development, a steady churn of second-hand premises would continue to underpin the market.
- 12.25 The most pressing issue for the industrial property market is the very low vacancy rate and regular demand for small industrial units/workshops on short leases and affordable rents, particularly on established estates. Without action this has the potential to frustrate potential occupiers and constrain economic activity. These occupier requirements are for speculative terraces of units which will be multi-occupied development, rather than plots, although some, particularly those expanding/relocating will require plots for self-build.
- 12.26 The current development pipeline does indicate that very small terraces of units can be built by the private sector if they control prime land and have suitable finance. Overall, the mix and scale of the emerging industrial development pipeline is positive, particularly in the Perth Core Area including the satellite villages.
- 12.27 Rents for the best second-hand units in Perth can be above £6 per sq.ft. and for very small brand new units around £8 per sq.ft. To fully fund new development however including purchase of land, all build costs, financing and developers' profit, rents of around £10 per sq.ft. may be required. The funding gap in Perth may be marginal given constrained demand, and higher in the other service centres where rents are lower and demand is thinner. The wider industrial development market is currently adjusting to higher interest rates which are causing yields to rise and investment values to fall, which in association with stable rents and stabilising build costs is putting downward pressure upon land values.
- 12.28 High level costs for the projected scenarios are provided below:
- Market scenario:
- Build cost: 375,000 sq.ft. @ £110 per sq.ft. = £41.25 million
 - Land (net developable): 30 acres @ £125,000 per acre = £3.75 million plus say 100% remediation, servicing and optimism bias = £7.5 million
 - Total = £48.75 million (£3.25m pa. over 15 years)
- Policy-on scenario (+50%) = £73.125 million (£4.875m pa. over 15 years)
- 12.29 Required intervention rates would be project-specific; build cost rates for example vary significantly by unit size and specification while site costs vary enormously. As a broad guide, industrial development intervention rates range from zero in prime markets to around 50% in regeneration areas. In Perth & Kinross it is expected that sub-10% intervention rate could apply to the city and 25% or above in outlying areas; to reflect a focus on Perth a blended rate of 15% is adopted:
- Market scenario: 15% of £3.25 million pa = say £0.5m pa.
 - Policy-on scenario: 15% of £4.875 million pa = say £0.75m pa.
- 12.30 Intervention in strategic land supply rather than new development will have a different profile, due to the potentially substantial strategic servicing and infrastructure costs which will fall within a funding deal, or form part of a planning gain agreement through cross-funding, or be delivered via a commuted sum for lost employment land should the Council choose to adopt that policy approach.
- 12.31 The risks around the industrial development programme are:

- Market demand: A short, shallow recession is currently anticipated 2022/23, which could weaken demand and potentially increase vacancy, although that would be from currently high occupancy levels. Mitigations include detailed market monitoring, timing and phasing of developments and flexibility of buildings in use and size terms.
- Development economics: Increased site servicing, build and finance costs, exacerbated by higher investment yields, are working against speculative industrial development. Mitigations include phasing, securing external funding and procurement routes.
- These demand and development economic risks could conspire in particular against the provision of serviced sites. The mitigation is detailed monitoring of markets and careful timing and targeting of land market interventions, ideally at well-located sites requiring mainly minor works and promotion only. Equally of course, weaker land markets and prices could present acquisition opportunities.
- The supply-side risk to the market is judged to be very low given the current high occupancy rates and lack of viability of new development; it is highly unlikely that a large wave of competing speculative development will emerge.

12.32 Perth City accounts 70% of the industrial market (and 73% of employment land) and also 90% of the office market. The City is predicted to see its population grow. In planning terms, it is the Tier 1 Core Area where the majority of new development should happen. Perth is also the most viable location for new development, which is important for a region on the lower tiers of the funding hierarchy. In addition, though, regional and local service centres also have ageing property and very low vacancy rates, and have clear prospects to build on their roles as sustainable local employment hubs. Accordingly:

- 75% of new industrial development should target the Perth area. The balance of 25% should be allocated to locations according to their individual market demand and investment needs, provisionally 5% to each of the three regional service centres, 5% to the Highland area and the residual 5% to other local service centres as required. Alternatively:
- The policy agenda supporting rural areas and regional and local service centres may drive a desire to deliver wider dispersal of market activity. Under that scenario a 60% to Perth, 40% to the regional and service centres spatial development mix could be considered. The distribution of new development outside of Perth would rise to 8% in each of the regional service centres, 8% for Highland and 8% for other local centres as required.

12.33 It should be noted however that industrial occupiers congregate in larger centres to access labour markets, supply chains, customers and transport networks. Encouraging greater activity in regional (and local) service centres may meet emerging, wider policy objectives, but would also require greater market intervention and funding support, and to avoid suppressing natural demand in Perth.

12.34 Perth & Kinross' **office market** requirement is for supported transition to more modern and well-located space. Market demand remains uncertain and slow, other than the general trend towards smaller and higher quality flexible premises and some large-scale consolidation among employers in Perth.

12.35 The direct office market consequences requiring a response are vacancies (or low occupancy) among some larger purpose-built offices around Perth and older offices. The latter do include some quality period buildings and indeed conversion or redevelopment of surplus offices for alternative uses is now emerging. On the positive side of the office market is the expectation that the increased demand for small, flexible, high quality serviced office premises will continue. This is apparent in recent investments and should be a growth market for Perth itself and the key service centres. In addition, recent market trends and ongoing retail capacity work in Perth suggest a net negative demand for floorspace, which may also lead to good opportunities for reuse of notable city centre buildings for high quality small and serviced office space, either in their entirety or as part of mixed employment / commercial / residential solutions.

- 12.36 The Council should take the opportunity to build further upon the growth of this sector to identify and appraise a suitable opportunity in the city centre for high specification serviced/flexible office space, modelled on examples in cities such as Glasgow and Edinburgh, to support existing and growing SMEs, corporate hubs and attract mobile investment. This will require market intervention and partnering for development and/or operation. Local provision in other service centres may also be high quality and flexible but at a specification to suit occupiers' needs in those markets. In the post-pandemic there are two main types of flexible office space being offered:
- Fully-serviced flexible office space (the traditional business centre model). Occupier options range from monthly membership through to self-contained office suites. Office space is fully furnished, data ready and has access to communal facilities such as a coffee lounge, photocopying services, telephone answering and so on. Some public sector models may also provide business support. The charging structure is usually a desk rate per month plus add-on services. The overall cost can be considerably more than traditional office space, but for high quality offices and maximum flexibility.
 - Cat A Plus offices are a recent landlord response to occupier requirements for greater flexibility. Fully furnished and serviced suites are offered on licences of typically 1-3 years. Costs are higher than traditional office leases but for occupier-ready office space covering rent, service charge, data, furnishings and dilapidations (but not non-domestic rates).
- 12.37 The **employment land** market in Perth & Kinross benefits from a generous allocation. A comparatively high proportion of this allocated employment land is marketable, i.e. has minor constraints which are judged to be capable of being overcome within the short to medium term. However, the supply of immediately-developable serviced plots in areas with good demand – “oven-ready” in property industry terms – is low.
- 12.38 Delivering Perth & Kinross' market potential - including the industrial property projections above - and creating capacity for mobile and unanticipated projects will require more of the land supply to move beyond allocation into servicing and marketing. Where development viability is weak or marginal, even small constraints to development of land such as survey costs and risks, minor works, landscaping/ parking/ paths or plot servicing can become absolute constraints to occupiers or developers making their investments.
- 12.39 The target should be to sustain employment land take-up at above the historic rate of 2.1 hectares per annum, at c.3-4 hectares as strategic sites come on-stream. The overarching aim should be to provide a constant pipeline of fully serviced employment land across a mix of major employment locations and plot sizes. Employment land should be serviced not only at the strategic estate level but also capable of easy sub-division into plots down to 0.5 to 1.0 acres (0.2 to 0.4 hectares). As remediation and servicing costs increase it is even more important that sites on the market to developers and prospective owner-occupiers are immediately developable plots and not simply allocated land.
- 12.40 Table 40 on the next page summarises Perth and Kinross' employment land and property requirements.

TABLE 40: PERTH & KINROSS EMPLOYMENT LAND AND PROPERTY REQUIREMENTS

| EMPLOYMENT LAND & PROPERTY REQUIREMENT | LOCATIONS AND MIX | DELIVERY |
|---|---|--|
| <p>Progress a 15-year industrial development programme for Perth & Kinross:</p> <ul style="list-style-type: none"> • 375,000 sq.ft. (market) or • 562,500 sq.ft. (policy-on) <p>The net developable land requirement to support this is 30 acres (12 hectares) market scenario and 45 acres (18 hectares) policy-on scenario.</p> <p>Large manufacturing or logistics projects may be additional to this.</p> | <p>Target spatial programme:</p> <ul style="list-style-type: none"> • 75% Perth Core Area • 5% regional service centres (3no.) • 5% Highland area • 5% local service centres <p>Terraced industrial units, including options to combine to 'trade up' from 1000-2000 sq.ft. up to 3000-5000 sq.ft. and combine for larger SME needs.</p> <p>Refurbishment opportunities for viable existing industrial stock (estates and buildings to be identified).</p> <p>Alternative dispersed scenario:</p> <ul style="list-style-type: none"> • 60% Perth Core Area • 8% regional service centres (3no.) • 8% Highland area • 8% local service centres | <p>Total programme cost c.£43-71 million.</p> <p>Blended intervention rate is suggested at 15%, to reflect a focus on Perth but wide range of projects and markets. This would indicate costs of £0.5 – 0.75 million annually over 15 years.</p> <p>Forms of intervention range from supplying developable plots to the market (see below) to grants, guarantees, third party funding and direct provision (Council or JV).</p> <p>Under the alternative dispersed scenario the required intervention rate is expected to be higher than would be the case if development is more concentrated around Perth.</p> |
| <p>Support office market adaptation to smaller, flexible, higher-specified and quality office and business premises over the medium to long term.</p> <p>There is no formal calculation of the floorspace requirement as the market continues to adapt, however there will be a requirement for available buildings and potentially sites.</p> | <p>Market-wide but particularly in Perth where the majority of the market is located and in accessible locations.</p> | <p>Support the conversion and use of buildings to managed office space.</p> <p>Identify, appraise and promote a Perth city centre opportunity for a city-quality highly serviced flexible office development (or conversion), to be delivered with development and/or management partner(s).</p> <p>Planning policy support for conversion from offices to alternative uses for acceptable locations and buildings.</p> |
| <p>Sustain employment land take-up at above 2 hectares per annum and increase to 3-4 hectares through release of new sites and delivery of above industrial development programme.</p> <p>Ensure sites being brought forward are fully serviced to plot levels: 'oven-ready' for developers and owner-occupiers at major employment locations offering a range of plots sizes.</p> | <p>As above, 75% market focus on Perth as the most viable and high demand location. Appropriate provision (25%) in other service centres for their investment needs and demand.</p> <p>Maintain current programme of bringing forward employment locations and expansions, undertaking strategic servicing then marketing as plots from larger down to 0.2-0.4 parcels as market requirements dictate.</p> <p>As above, alternative dispersed scenario providing 60% of supply in Perth and 40% across the regional and local service centres.</p> | <p>Market intervention will be required in some instances to complete site remediation and servicing. This will vary by location, viability, ownership and the wider area delivery plans (where sites form part of a larger planning consent).</p> <p>As above, a more dispersed approach would be expected to require a greater degree of market intervention.</p> |

APPENDIX A

BUSINESS SURVEY

Office, Industrial and Commercial Business Property Survey Perth & Kinross

Perth and Kinross Council is undertaking analysis of the commercial property market in the area with an emphasis on office space and industrial units. This survey is open to both commercial tenants, leaseholders and property owners.

We are keen to understand your views as a local business on your existing property as well as anticipated demand for office/industrial space in the region.

This will help inform the future provision of properties in Perth and Kinross, ensuring the development of a thriving and prosperous economy.

We would be grateful if you would take the time to complete the short survey below to help inform future property projects. The survey should only take 5 minutes to complete and will be open until Wednesday 22nd June.

The survey is being conducted by Ryden on the Council's behalf and therefore should you have any queries please do not hesitate to contact karen.forsyth@ryden.co.uk

1. Please state the name of your Business

Your answer _____

2. What is the post code of your business address?

Your answer _____

3. Please indicate the status of the business at this address

- Headquarters
- Branch
- Sole premises
- Other: _____

4. Which Business Sector do you operate in?

- Agriculture
- Mining and Quarrying
- Manufacturing
- Electrical, Gas, Steam and Air Conditioning Supply
- Water Supply; Sewerage, Waste Management and Remediation Activities
- Construction
- Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles
- Transportation and Storage
- Accommodation and Food Service Activities
- Information and Communication
- Financial and Insurance Activities
- Real Estate Activities
- Professional, Scientific and Technical Activities
- Administrative and Support Service Activities
- Public Administration and Defence, Compulsory Social Security
- Education
- Human Health and Social Work Activities
- Arts, Entertainment and Recreation
- Other Service Activities
- Other: _____

5. What is the nature of the premises you occupy?

- Industrial unit
- Office
- Commercial / retail unit
- Home based
- Other: _____

6. Please state the size of premises occupied in sq.ft. (if known)

Your answer _____

7. How many staff work at this address?

- 1 - 5
- 6 - 10
- 11 - 49
- 50 - 249
- 250+

8. How long have you occupied your current premises (years / months)?

Your answer _____

9. What is the tenure of your premises?

- Own the property
- Lease the property

10. How do you rate your existing property and environment?

| | Good | Satisfactory | Less than satisfactory | Poor |
|--------------------------------|-----------------------|-----------------------|------------------------|-----------------------|
| General location | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Size of premises | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Condition of buildings | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Accommodation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Road connections | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Public transport links | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Parking provision | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Access / circulation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Image / general environment | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Security | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Staff services / amenities | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Communications (broadband etc) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

11. Are you considering expanding / relocating your existing business premises in the next 5 years?

- Definitely - go to question 12
- Possibly - go to question 12
- No - go to question 20
- Don't know - go to question 20 and provide details as relevant.

12. When might you move / expand?

- In the next 12 months
- After 12 months
- Don't know

13. What type of property would your preferred premises comprise?

- Industrial space
- Office space
- Mix of both
- Land for new-build
- Other: _____

14. What size of premises / land are you likely to require? (please specify below and note if sq.ft. / sq.m. / acres / hectares)

Your answer _____

15. What estate/ town/ area would you consider as a potential location?

Your answer _____

16. If you intend to move / expand please indicate the main reasons why (please tick all that apply)

- Property too small for current requirements
- Property too large for current requirements
- Building configuration no longer suitable
- Out-of-date premises
- Location not suitable for the business
- Environment not suitable
- Other: _____

17. What will be important in deciding on new premises?

A. Location

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

B. Quality of building

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

C. Cost

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

D. On-site facilities (eg. cafe, events space, childcare)

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

E. Transport Connectivity (access to public transport and strategic road network)

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

F. Opportunity to share facilities with other businesses (eg. meeting / training rooms, reception, kitchen facilities)

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

G. Size

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

H. Digital connectivity

| | | | | | | |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Not important | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Very important |

18. Have you started looking for new or additional premises or land for your business?

- Yes, please go to next question?
- No

19. If yes, what, if any, constraints have you faced?

Your answer _____

20. Do you have any other comments related to property?

Your answer _____

Thank you for your time and assistance

Submit

Clear form

APPENDIX B

PERTH & KINROSS VACANT AND DERELICT LAND REGISTER 2021

| Site Code | Site Name (If Supplied) | Address (If Supplied) | East | North | Site Size (Hectares) | Site Type | Location of Site | Owner 1 | Period when site became Vacant or Derelict | Previous Use of Site | Development Potential | Datazone |
|-----------|----------------------------------|---------------------------|--------|--------|----------------------|-------------|---|-------------------|--|-----------------------------------|--|-----------|
| 402 | ERICHT MILLS | HAUGH ROAD RATTRAY | 318403 | 744893 | 1.41 | Derelict | Site in settlement with population equal to or over 2,000 | Other Private | 1980 or earlier | Manufacturing | Developable - Undetermined | S01011980 |
| 630 | HILLSIDE HOSPITAL | DUNDEE ROAD PERTH | 312438 | 722926 | 1.76 | Vacant Land | Site in settlement with population equal to or over 2,000 | Health Boards | 1996-2000 | Community & Health | Developable - Medium Term | S01011944 |
| 803 | FORMER WAVERLEY HOTEL | YORK PLACE PERTH | 311305 | 723535 | 0.13 | Vacant Land | Site in settlement with population equal to or over 2,000 | Other Private | 2015 | Residential - Hotels, Hostels etc | Developable - Short Term | S01011943 |
| 805 | FORMER BROXDEN FARM STEADING | BROXDEN PERTH | 308667 | 722562 | 0.95 | Vacant Land | Site in settlement with population equal to or over 2,000 | Other Private | 2008 | Agriculture | Developable - Short Term | S01011899 |
| 806 | FORMER SPITTAL OF GLENSHEE HOTEL | SPITTAL OF GLENSHEE | 311055 | 769919 | 1.04 | Derelict | Site in countryside | Unknown Private | 2014 | Residential - Hotels, Hostels etc | Unknown (uncertain/insufficient information) | S01011981 |
| 807 | WEST CROMWELL PARK | ALMONDBANK PERTH | 305306 | 726960 | 0.56 | Derelict | Site in settlement with population under 2,000 | Unknown Private | Unknown | Defence | Developable - Medium Term | S01011875 |
| 808 | CROMWELL PARK | ALMONDBANK PERTH | 305867 | 726548 | 1.55 | Derelict | Site in settlement with population under 2,000 | Unknown Private | Unknown | Defence | Developable - Medium Term | S01011875 |
| 809 | MANOR FARM AND FARMHOUSE | INCHYRA ST MADDOES | 318485 | 720493 | 1.04 | Derelict | Site in countryside | Unknown Private | 2013 | Residential - Housing | Developable - Undetermined | S01011957 |
| 810 | WESTFIELDS OF RATTRAY FARM | BALMORAL ROAD RATTRAY | 317760 | 746634 | 1.02 | Derelict | Site in countryside | Other Private | 2001-2004 | Agriculture | Developable - Medium Term | S01011985 |
| 811 | ARDONACHIE FARM | BANKFOOT PERTH | 307485 | 734700 | 0.94 | Derelict | Site in countryside | Ownership unknown | Unknown | Agriculture | Developable - Undetermined | S01011995 |
| 812 | FORMER GARTWHINZEAN HOTEL | POWMILL KINROSS | 301747 | 697941 | 1.12 | Vacant Land | Site in settlement with population under 2,000 | Ownership unknown | 2001-2004 | Residential - Hotels, Hostels etc | Developable - Medium Term | S01011833 |
| 814 | DUNALASTAIR HOUSE | KINLOCH RANNOCH PITLOCHRY | 271048 | 758859 | 0.21 | Derelict | Site in countryside | Unknown Private | 1980 or earlier | Residential - Housing | Developable - Undetermined | S01012016 |
| 815 | KIRK O' THE MUIRS | MURTHLY | 311228 | 737051 | 0.11 | Derelict | Site in countryside | Unknown Private | Unknown | Other | Developable - Undetermined | S01011995 |
| 816 | CULDEES CASTLE | MUTHILL CRIEFF | 288492 | 716097 | 0.37 | Derelict | Site in countryside | Unknown Private | 1980 or earlier | Residential - Housing | Developable - Undetermined | S01011851 |
| 817 | EAST DRON FARM | INVERGOWRIE | 329650 | 732253 | 0.14 | Derelict | Site in countryside | Unknown Private | Unknown | Agriculture | Developable - Undetermined | S01011967 |
| 818 | FERNTOWER STABLES | CRIEFF | 287461 | 723134 | 0.14 | Derelict | Site in countryside | Unknown Private | Unknown | Agriculture | Developable - Undetermined | S01011860 |
| 819 | FORMER POMARIUM PLAYPARK | POMARIUM STREET PERTH | 311420 | 723265 | 0.2 | Vacant Land | Site in settlement with population equal to or over 2,000 | Unknown Public | 1996-2000 | Passive Open Space | Developable - Medium Term | S01011943 |

| | | | | | | | | | | | | |
|------|--------------------------------|--------------------------------|--------|--------|-------|-------------|---|-------------------------------------|-----------------|-----------------------------------|----------------------------|-----------|
| 820 | LYNEDOCH FARM BUILDINGS | DALCRUE | 303533 | 728907 | 0.1 | Derelict | Site in countryside | Unknown Private | 1980 or earlier | Agriculture | Developable - Undetermined | S01012006 |
| 1001 | LADESIDE INDUSTRIAL ESTATE | ST CATHERINE'S RD PERTH | 310889 | 724351 | 0.19 | Derelict | Site in settlement with population equal to or over 2,000 | Local Authority | 1991-1995 | Unknown | Developable - Undetermined | S01011935 |
| 1007 | POULTRY HOUSES | THE GRANGE ERROL | 327354 | 725369 | 1.58 | Derelict | Site in countryside | Other Private | 2001-2004 | Agriculture | Developable - Medium Term | S01011962 |
| 1010 | SAWMILL | BAMFF ROAD ALYTH | 324306 | 748686 | 0.71 | Derelict | Site in settlement with population equal to or over 2,000 | Ownership unknown | 2001-2004 | Forestry/Woodland | Developable - Medium Term | S01011976 |
| 1012 | BRIDGEND EAST | BRIDGEND EAST KINROSS | 311420 | 701936 | 2.58 | Vacant Land | Site in settlement with population equal to or over 2,000 | Other Private | 2001-2004 | Unknown | Developable - Medium Term | S01011834 |
| 1029 | FORMER CAR SHOWROOM | RIGGS ROAD PERTH | 310880 | 723685 | 0.63 | Derelict | Site in settlement with population equal to or over 2,000 | Other Private | 2005 | Retailing | Developable - Short Term | S01011893 |
| 1034 | TAYVIEW INDUSTRIAL ESTATE | FRIARTON ROAD PERTH | 312466 | 721378 | 0.82 | Derelict | Site in settlement with population equal to or over 2,000 | Ownership unknown | 2005 | Storage | Developable - Medium Term | S01011878 |
| 1041 | GOODS YARD1 | STATION ROAD MURTHLY | 310026 | 738387 | 0.72 | Derelict | Site in settlement with population under 2,000 | Ownership unknown | Unknown | Transport | Developable - Undetermined | S01011998 |
| 1058 | KINNON PARK FARM | METHVEN | 303964 | 724686 | 0.66 | Derelict | Site in countryside | Unknown Private | Unknown | Agriculture | Developable - Medium Term | S01011872 |
| 1067 | FORMER GASWORKS | BROICH ROAD CRIEFF | 286016 | 721090 | 0.55 | Derelict | Site in settlement with population equal to or over 2,000 | Private Gas | 2005 | Storage | Developable - Medium Term | S01011870 |
| 1074 | MILTON HOUSE AND GARAGE | NEWBURGH ROAD ABERNETHY | 319340 | 716707 | 1.29 | Vacant Land | Site in settlement with population under 2,000 | Other Private | Unknown | Other General Industry | Developable - Short Term | S01011885 |
| 1075 | FORMER BUILDERS YARD | RIGGS ROAD/LONG CAUSEWAY PERTH | 310833 | 723788 | 0.18 | Derelict | Site in settlement with population equal to or over 2,000 | Ownership unknown | 2008 | Other General Industry | Developable - Short Term | S01011893 |
| 1078 | GOODS YARD | TULLOCH ROAD PERTH | 310241 | 725124 | 10.66 | Vacant Land | Site in settlement with population equal to or over 2,000 | Network Rail/ Rail Franchise Holder | 2009 | Transport | Developable - Medium Term | S01011923 |
| 1081 | FORMER ERROL SAWMILL | ERROL AIRFIELD B953 ERROL | 326903 | 724841 | 1.51 | Derelict | Site in countryside | Other Private | 2010 | Forestry/Woodland | Developable - Undetermined | S01011962 |
| 1086 | FORMER ABP | STRATHTAY ROAD PERTH | 309014 | 724842 | 0.35 | Derelict | Site in settlement with population equal to or over 2,000 | Ownership unknown | 2013 | Other | Developable - Medium Term | S01011911 |
| 1095 | FORMER HOSTEL | NECESSITY BRAE PERTH | 309886 | 722421 | 0.48 | Derelict | Site in settlement with population equal to or over 2,000 | Other Private | 2017 | Residential - Hotels, Hostels etc | Developable - Short Term | S01011878 |
| 1096 | FORMER LEVENGLLEN NURSING HOME | GLENLOMOND | 316977 | 704900 | 0.92 | Derelict | Site in settlement with population under 2,000 | Other Private | 2017 | Community & Health | Developable - Short Term | S01011837 |
| 1097 | FORMER LOMOND HOTEL | MAIN STREET KINNESSWOOD | 317582 | 702850 | 0.24 | Derelict | Site in settlement with population under 2,000 | Other Private | 2017 | Residential - Hotels, Hostels etc | Developable - Short Term | S01011836 |

| | | | | | | | | | | | | |
|------|---------------------------------|------------------------|--------|--------|------|-------------|---|-----------------|-----------------|------------------------|----------------------------|-----------|
| 1098 | LITTLE FINDOWIE FARM | AMULREE | 294858 | 738611 | 0.45 | Derelict | Site in countryside | Other Private | 2015 | Agriculture | Developable - Undetermined | S01012008 |
| 1099 | AUCHLOY FARM | ABERCAIRNY | 290953 | 723897 | 0.35 | Derelict | Site in countryside | Other Private | 2006 | Agriculture | Developable - Undetermined | S01011857 |
| 1100 | LAND 60M WEST OF FIRHILL | AUCHTERARDER | 292100 | 711815 | 1.1 | Derelict | Site in settlement with population equal to or over 2,000 | Other Private | 2015 | Other General Industry | Developable - Short Term | S01011850 |
| 1101 | NEWMAINS FARMHOUSE | BALTHAYOCK | 317384 | 723833 | 0.36 | Derelict | Site in countryside | Other Private | 2006 | Agriculture | Developable - Undetermined | S01011957 |
| 1102 | LITTLE TULLYBELTON FARM | BANKFOOT | 303598 | 734411 | 0.31 | Derelict | Site in countryside | Other Private | 2013 | Agriculture | Developable - Undetermined | S01012006 |
| 1103 | CORRIELEA FARM | BANKFOOT | 301981 | 734129 | 0.25 | Derelict | Site in countryside | Other Private | 2013 | Agriculture | Developable - Undetermined | S01012006 |
| 1104 | BENTICK | BRACO | 280697 | 708834 | 0.16 | Derelict | Site in countryside | Other Private | 2005 | Agriculture | Developable - Undetermined | S01011847 |
| 1105 | HOLLOWDUB | KINFAUNS | 316813 | 723524 | 0.11 | Derelict | Site in countryside | Other Private | 2011 | Agriculture | Developable - Undetermined | S01011957 |
| 1106 | KNOWHEAD FARM | KINFAUNS | 316549 | 724004 | 0.4 | Derelict | Site in countryside | Other Private | 2008 | Agriculture | Developable - Undetermined | S01011953 |
| 1107 | RUIN OF SIGGENDEN HOUSE | KINFAUNS | 316667 | 721535 | 0.54 | Derelict | Site in countryside | Other Private | 1980 or earlier | Residential - Housing | Developable - Undetermined | S01011957 |
| 1108 | KIRKLAND GARAGE | 10 HIGH STREET KINROSS | 311848 | 702460 | 0.11 | Derelict | Site in settlement with population equal to or over 2,000 | Other Private | 2019 | Other General Industry | Developable - Short Term | S01011838 |
| 1109 | SPOUTWELLS FARM | MEIKLEOUR | 313501 | 741768 | 0.25 | Derelict | Site in countryside | Other Private | 2017 | Agriculture | Developable - Medium Term | S01011979 |
| 1110 | LAND NORTH OF HONDA PERTH | THE TRIANGLE PERTH | 309775 | 726281 | 1.21 | Vacant Land | Site in settlement with population equal to or over 2,000 | Other Private | 2014 | Passive Open Space | Developable - Short Term | S01011925 |
| 1111 | SITE 6 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 310035 | 726510 | 0.8 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |
| 1112 | SITE 7 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 310127 | 726545 | 0.86 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |
| 1113 | SITE 8 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 310169 | 726479 | 1 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |
| 1114 | SITE 9 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 310235 | 726415 | 0.55 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |
| 1115 | SITE 10 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 310143 | 726379 | 0.57 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |
| 1116 | SITE 11 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 310073 | 726360 | 0.41 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |
| 1117 | SITE 12 PERTH FOOD & DRINK PARK | ARRAN ROAD PERTH | 309920 | 726518 | 4.1 | Vacant Land | Site in settlement with population equal to or over 2,000 | Local Authority | 2014 | Passive Open Space | Developable - Medium Term | S01011925 |

| | | | | | | | | | | | | |
|------|--|-----------------------|--------|--------|------|-------------|---|---------------|-----------|-----------------------|----------------------------|-----------|
| 1119 | STRONCHAVIE FARMHOUSE | STARLOCH | 300487 | 763667 | 0.21 | Derelict | Site in countryside | Other Private | 2007 | Agriculture | Developable - Undetermined | S01011981 |
| 1120 | NORTH BRIDGEND EAST | BRIDGEND EAST KINROSS | 311297 | 702128 | 0.37 | Vacant Land | Site in settlement with population equal to or over 2,000 | Other Private | 2001-2004 | Unknown | Developable - Short Term | S01011834 |
| 1121 | ROSEBANK | 1 FEUS AUCHTERARDER | 295292 | 713295 | 0.13 | Derelict | Site in settlement with population equal to or over 2,000 | Other Private | 2013 | Residential - Housing | Developable - Short Term | S01011853 |
| 1122 | POTHILL | AUCHTERARDER | 296115 | 711275 | 0.11 | Derelict | Site in countryside | Other Private | 2005 | Residential - Housing | Developable - Medium Term | S01011850 |
| 1123 | KILKNOCKIEBANK FARM | BRIDGE OF EARN | 315479 | 715130 | 0.58 | Derelict | Site in countryside | Other Private | Unknown | Agriculture | Developable - Medium Term | S01011884 |
| 1124 | DRUMCHARRY COTTAGE | FORTNIGALL | 275990 | 748070 | 0.3 | Derelict | Site in countryside | Other Private | 2001-2004 | Agriculture | Developable - Medium Term | S01012017 |
| 1125 | CRAMFLAT FARM | LUNCARTY | 308426 | 730239 | 0.28 | Derelict | Site in countryside | Other Private | 2017 | Agriculture | Developable - Medium Term | S01011995 |
| 1130 | STEADING 30 METRES NORTH OF WOODFIELD FARM HOUSE | KINCLAVERN | 314565 | 738469 | 0.23 | Derelict | Site in countryside | Other Private | Unknown | Residential - Housing | Developable - Short Term | S01011995 |

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