

# **PERTH AND KINROSS COUNCIL**

## **Kinross-shire Local Committee**

**24 November 2022**

### **SUPPLY AND DEMAND FOR SERVICED EMPLOYMENT LAND IN THE KINROSS WARD**

**Report by Head of Planning and Development  
(Report No. 22/290)**

#### **1. PURPOSE**

- 1.1 The purpose of this report is to provide information to the Committee on the current situation regarding the supply and demand of serviced employment land in the Kinross area. It also covers progress the Council is making in relation to developing its own existing employment land.

#### **2. RECOMMENDATION**

- 2.1 It is recommended that Committee:
- Observes the contents of this report.

#### **3. STRUCTURE OF REPORT**

- 3.1 This report is structured over the following sections:
- Section 4: Background/Main Issues
  - Section 5: Proposals
  - Section 6: Conclusion
  - Appendices

#### **4. BACKGROUND / MAIN ISSUES**

- 4.1 The Kinross-shire Area Committee requested information on the current market situation in relation to the supply and demand for serviced employment land in the Kinross area. Employment land is defined using the Town & Country Planning Use Classes Order that is: Class 4 (Business), Class 5 (General Industrial) and Class 6 (Storage/Distribution). Class 1 (Shops) is not normally regarded as an appropriate use of allocated employment land.
- 4.2 The Perth and Kinross Employment Land and Property Market Analysis is currently being produced by Ryden Commercial Property Agents and Chartered Surveyors on the instructions of Perth & Kinross Council. Part of its findings will focus on the Kinross area. The finalised Ryden report is intended to inform and underpin the development of the new Local Development Plan (LDP3), the review of Perth & Kinross Council's Commercial Property

Investment Strategy, its commercial land and property portfolio, and the Commercial Property Investment Programme (CPIP).

## Planning Policy Context

- 4.3 Scottish Planning Policy and the National Planning Framework (NPF) currently define planning policy and set out the Scottish Government's planning policies in relation to economic development. 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.
- 4.4 The draft NPF4 was published in Autumn 2021 with the over-arching aims of managing development and land use in the long-term public interest and ensuring Scotland meets its goal of achieving net zero emissions. A key element is the national spatial strategy and associated regional action areas. The national spatial strategy focuses on creating places that are sustainable, liveable, productive and distinctive.
- 4.5 It identifies 5 geographic 'action areas', which establish development priorities for each area. Kinross is within the Central urban transformation area defined as areas for "transforming and pioneering a new era of low carbon urban living". There is therefore an expectation that the Local Development Plans will ensure sufficient land is designated to deliver this development priority.

## Kinross Local Area

- 4.6 As in other areas of Perth and Kinross, Kinross has a growing population as illustrated below:

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

LOCALITY	POPULATION 2011 (CENSUS)	POPULATION 2016 (ESTIMATE)	POPULATION 2020 (ESTIMATE)	% CHANGE
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

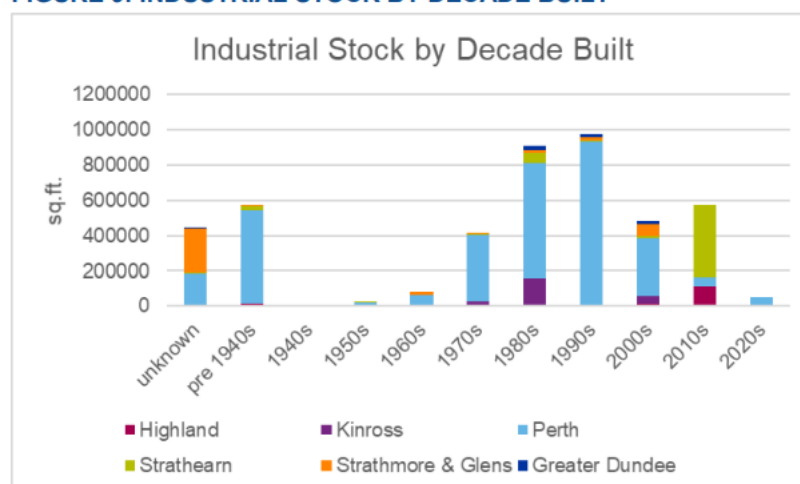
Data zone code	2022 Electoral Ward Name	2011 Electoral Ward population	2021 Electoral Ward population	Change	% change
S01012003	Almond and Earn	8,366	9,734	1,368	16.35%
S01011994	Blairgowrie and Glens	10,858	11,409	551	5.07%
S01011968	Carse of Gowrie	9,586	10,029	443	4.62%
S01012018	Highland	9,245	9,363	118	1.28%
S01011880	Kinross-shire	12,978	14,945	1,967	15.16%
S01011948	Perth City Centre	18,082	18,041	-41	-0.23%
S01011925	Perth City North	12,436	12,318	-118	-0.95%
S01011914	Perth City South	16,597	15,825	-772	-4.65%
S01011877	Strathallan	10,266	12,191	1,925	18.75%
S01011870	Strathearn	11,131	11,014	-117	-1.05%
S01011978	Strathmore	15,152	15,728	576	3.80%
S01012008	Strathtay	12,153	13,213	1,060	8.72%

Source: National Records of Scotland

## SUPPLY OF INDUSTRIAL LAND AND BUILDINGS

- 4.7 The majority of industrial space in Kinross was built in the 1980s, as with most places in Scotland. 7% of available floorspace in Perth and Kinross is in Kinross, with the majority in Perth itself. 7% of the industrial space is currently vacant. The tables below show industrial stock by decade built, followed by current industrial supply. The quantities and size bands are given in square feet.

**FIGURE 9: INDUSTRIAL STOCK BY DECADE BUILT**



Source: Ryden/CoStar

**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
<b>Total</b>	<b>0</b>	<b>17,986 (1)</b>	<b>226,742 (33)</b>	<b>6,363 (2)</b>	<b>3,745 (3)</b>	<b>0</b>	<b>254,836 (39)</b>

Source: Ryden / CoStar

## EMPLOYMENT LAND AUDIT

- 4.8 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. The land is categorised into the following criteria:

- total available employment land
- marketable land

- major constrained land
- minor constrained land
- immediately available land

**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

## KINROSS AND MILNATHORT

4.9 In Kinross area, there are 9 sites allocated in the current LDP totalling just over 19 ha. The majority of these are near the M90 with the others along the A977. All the undeveloped sites are considered to have some development constraints and, as such, none are immediately available. The principal employment sites are:

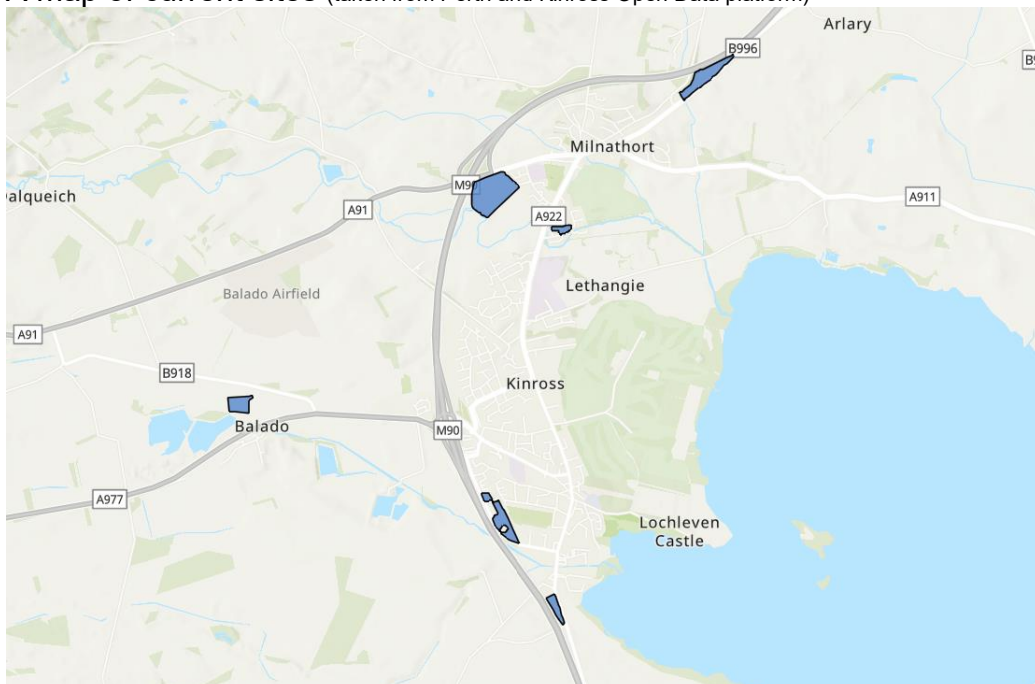
- The largest site is 7.75 ha at Stirling Road, Milnathort (E19 in the LDP) part of which contains 2 vacant warehouse buildings and is therefore partially serviced. There is M90 access to/from the north but no southbound access and no prospect of new slip roads within the next 10 years. The site is divided between 3 owners with varying ambitions for the site. This site is potentially a location for a small or rural focused business.
- Also in Milnathort, a site on Old Perth Road has been allocated extending to 2.9 ha. (E20 in the LDP). Despite its location, access to the M90 is limited and the site is un-serviced. Although there is demand in this general area the owner currently has no intention to develop. There are also potential flood risk and landscape issues. The future of this site will be re-considered in the next LDP.
- At Auld Mart Road, (E21 in the LDP), Aldi has submitted a planning application 22/01004/FLL for a supermarket in Milnathort. The proposal for retail use is contrary to the spatial strategy in the Local Development Plan. The planning application is on an allocated/safeguarded employment land site. If permitted, it would involve loss of 2 office buildings (Market House – approx. 196sqm, and Kingfisher House, 538sqm), and 0.5ha of safeguarded employment land/buildings, plus 0.7 ha of allocated future employment land.
- Balado Bridge in Kinross is 1.9ha and a former MOD site. The site has been in the plan since LDP1 with no progress. It is serviced and in private ownership. Aero Space Kinross is in the process of acquiring

the building, having been allocated £1.6m from the Tay Cities Region Deal.

- South Kinross -1.2ha, and Old Perth Road - 2.9ha, requires flood risk assessments, and noise attenuation measures.
- At Junction Road (Kinross West), there were 5 sites which were created and serviced by Perth & Kinross Council over the last 8 years. The particulars of the site are attached at **Appendix 1**.
  - Site 1 was subject to a development lease which did not proceed. On re-marketing, a closing date was set for 28 October 2022 and 4 offers have been received. These are currently being considered.
  - Site 2 was purchased in March 2016 for the creation of a new dance studio which was completed in 2018.
  - Site 3 was sold In February 2017 to Kipper Plant Hire who have built a new commercial plant hire facility within the curtilage of the site.
  - Site 4 was under offer to be developed as speculative units. However, the purchaser backed out due to recent changes in the economic climate. Recent consideration of proposed flood mitigation works in the area show that part of this site may not be developable until these works are complete. Council officers are considering options for this site within the restricted area.
  - Site 5 is under offer to Alan Mackay Machinery Ltd, after a closing date in February of this year. The purchaser is bound to develop out the building under a development licence prior to taking title.

4.10 Regarding the other undeveloped sites in the area, there are identified issues of ownership and landscape impacts associated with the Local Landscape Area designation, as well as ensuring any employment uses complement nearby residential properties.

A map of current sites (taken from Perth and Kinross Open Data platform)





## DEMAND FOR INDUSTRIAL LAND AND BUILDINGS

- 4.11 The industrial property market is performing well across Scotland with strong demand, low vacancy rates and rising rents.
- 4.12 In Perth and Kinross vacancy levels are low at the main industrial estates and known asking rents range from £2.50 up to £6.30 per sq.ft, with reported peak rents of £8 for new-build small units.
- 4.13 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, most 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. Most industrial enquiries were for Perth itself. There was one enquiry made to Invest in Perth, in July last year, for 2,000 sq ft of industrial space in Kinross.
- 4.14 The marketing agents for Kinross West are Graham & Sibbald and they have recorded a considerable number of enquiries over the years with regards to selling the sites. Not all these enquirers have followed through to being potential purchasers, but there has been consistent interest in the sites. At the most recent closing date in February 2022, offers were received from 3 parties who were able to purchase the land. Two of these offers were from developers who advised that they had potential tenants to take some of the developed space. The third and successful party was an owner occupier, as mentioned above.

## 5. PROPOSALS

- 5.1 This paper is for information purposes and makes no proposals for further action within it other than noting that work on LDP3 will include an assessment of supply and demand for employment land in the Kinross-shire area.

## 6. CONCLUSION

- 6.1 Members to observe the information supplied within this report, and to consider the recent changes in market conditions which could affect future supply and demand.

### Author

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### Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	11 November 2022

## APPENDICES

- Appendix 1 – Kinross West marketing particulars

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>None</b>
Corporate Plan	<b>None</b>
<b>Resource Implications</b>	
Financial	<b>None</b>
Workforce	<b>None</b>
Asset Management (land, property, IST)	<b>None</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>None</b>
Strategic Environmental Assessment	<b>None</b>
Sustainability (community, economic, environmental)	<b>None</b>
Legal and Governance	<b>None</b>
Risk	<b>None</b>
<b>Consultation</b>	
Internal	<b>None</b>
External	<b>None</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

### 1. Strategic Implications

#### Community Plan/Single Outcome Agreement

1.1 N/A.

#### Corporate Plan

1.2 N/A.

### 2. Resource Implications

#### Financial

2.1 N/A.

#### Workforce

2.2 N/A.

#### Asset Management (land, property, IT)

2.3 N/A.



### **3. Assessments**

#### Equality Impact Assessment

3.1 N/A.

#### Strategic Environmental Assessment

2.2 N/A.

#### Sustainability

3.3 N/A.

#### Legal and Governance

3.4 N/A.

#### Risk

3.5 N/A.

### **4. Consultation**

#### Internal

4.1 N/A.

#### External

4.2 N/A.

### **5. Communication**

5.1 N/A.

## **2. BACKGROUND PAPERS**

2.1 Perth and Kinross Council, Employment Land and Property Market Analysis Draft Report September 2022.

2.2 Perth and Kinross Local Development Plan 2019.