

**MORAY COUNCIL
BUSINESS
PROPERTY NEEDS
STUDY
MAY 2023**

Ryden

01	INTRODUCTION
02	ECONOMIC BASELINE
03	ECONOMIC POLICY
04	KEY SECTORS
05	PLANNING POLICY
06	PROPERTY MARKET REVIEW
07	COUNCIL INVESTMENT PORTFOLIO
08	EMPLOYMENT LAND
09	BUSINESS SURVEY, CONSULTATION AND ENQUIRIES
10	FUNDING
11	SUMMARY AND MARKET NEEDS
	APPENDICES
A	EMPLOYMENT LAND SITE ASSESSMENTS
B	BUSINESS SURVEY
C	LIST OF CONSULTEES

01

INTRODUCTION

- 1.1 In January 2023, Ryden was appointed by Moray Council (the Council) to undertake a Business Property Needs Study to provide up to date information and analysis of current and future demand for business property (buildings and land) in the area. The aim of the study is to ensure that the supply of employment sites within Moray reflects the needs of current and future businesses. The study will be used to inform strategy, policy and designations within the next Moray Local Development Plan (LDP).
- 1.2 Moray is located in the north east of Scotland, with a coastline on the Moray Firth, and borders the Council areas of Aberdeenshire and Highland. The large majority of Moray's population live in the northern part of the district with Elgin being by far the largest town. In 2021, the population of Moray was 96,410¹, accounting for 1.8% of the total population of Scotland.
- 1.3 Employment land is 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
- 1.4 Retail, tourism and leisure uses are excluded from the definition of employment land. Having an adequate supply of employment land allows business to grow, invest and create jobs.
- 1.5 The adopted National Planning Framework 4 (NPF4) guides development and land use. It requires that LDPs 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. Allocations 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, in-keeping with the Scotland's National Strategy for Economic Transformation.
- 1.6 The study objectives are to:
- Understand and project demand for business property (land and buildings) in Moray for the Moray Local Development Plan 2027 plan period
 - Test demand against the available supply
 - Identify gaps in provision and highlight market failures
 - Highlight specific sectors with expansion and replacement needs, especially in relation to the growing renewables sector and opportunities available to Moray businesses through the Scottish Government's Just Transition Fund
- 1.7 The remainder of the report is structured as follows; sections 2-4 were prepared by BiGGAR Economics to provide an economic context for the business property market study:



¹ National Records of Scotland (2022), Mid-2021 population estimates Scotland.

- Section 2 provides the economic baseline context
- Section 3 details the economic policy context and key sectors,
- Section 4 details the key sectors which are expected to be key drivers of growth in Moray over the next few years
- Section 5 provides the planning policy context
- Section 6 contains a property market review which considers trends and evidence, supply, rents and viability
- Section 7 assesses the Council's own investment portfolio
- Section 8 provides a detailed assessment of allocated employment land
- The findings of the business survey and consultation are reported in Section 9
- Section 10 updates and summarises the employment land and property public funding landscape
- A report summary and market needs for Moray are provided in Section 11.

1.8 A copy of the full employment land site assessments is provided at Appendix A and a copy of the business survey is included at Appendix B.

02

ECONOMIC BASELINE

INTRODUCTION

- 2.1 The retention and expansion of Moray's working age population will require consideration of the land needed to enable growth in sectors which will generate employment opportunities. This section provides the economic baseline within this context. This section has been prepared by BiGGAR Economics.

POPULATION

POPULATION ESTIMATES

- 2.2 In 2021, the population of Moray was 96,410, accounting for 1.8% of the total population of Scotland. The share of the population in Moray aged 16-64 years old was 61.1%, lower than the working age population for Scotland as a whole (63.8%). The proportion of residents aged 65 and over in Moray (22.3%) was higher than the national average (19.6%).

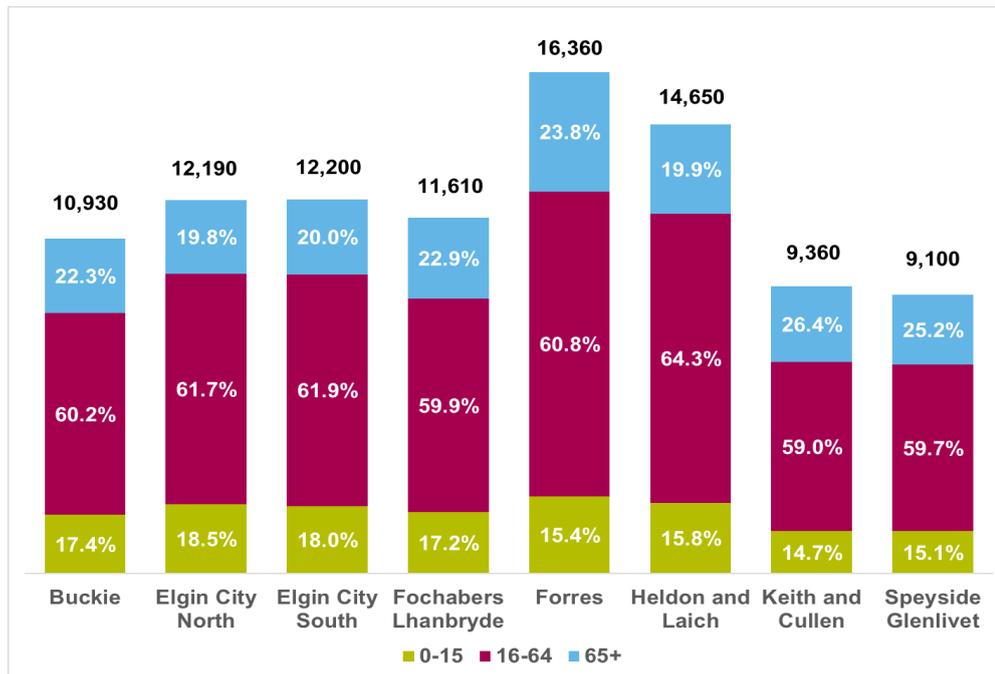
TABLE 1: POPULATION ESTIMATES, 2021

	MORAY	SCOTLAND
Total	96,410	5,479,900
0-15	16.5%	16.6%
16-64	61.1%	63.8%
65+	22.3%	19.6%

Source: National Records of Scotland (2022), Moray Council Area Profile & National Records of Scotland (2022), Mid-2021 population Estimates Scotland

- 2.3 Elgin City North (61.7%), Elgin City South (61.9%), and Heldon and Laich (64.3%) all have higher proportions of the population of working age compared to Moray as a whole (61.2%).
- 2.4 Keith and Cullen has the highest proportion of the population aged 64 and over (26.4%), with Fochabers Lhanbryde (22.9%), Forres (23.8%) and Speyside Glenlivet (25.2%) also having a higher proportion of the population aged over 64 compared to Moray as a whole (22.0%).
- 2.5 The availability of suitably skilled labour is an important consideration for any businesses. The distribution of Moray's working age population will therefore be one important influence on the locational decisions of local businesses.

FIGURE 1: MID-2021 POPULATION ESTIMATES, ELECTORAL WARDS IN MORAY



Source: National Records of Scotland (2022), Mid-2021 Electoral Wards Population Estimates

POPULATION PROJECTIONS

- 2.6 Population projections released by National Records of Scotland in 2018 suggest that Moray’s population will get smaller and older over the coming years. Between 2018 and 2043, the population of Moray is predicted to fall by 2.7%, while the population of Scotland is projected to increase by 2.5% over the same period.
- 2.7 Between 2018 and 2043, the working age population of Moray was also expected to fall. The projections estimated that by 2043, people of working age would account for just 55.2% of Moray’s workforce, lower than the expected share accounted for by this demographic nationally (60.3%).
- 2.8 This suggests that businesses in the region are likely to face an increasingly tight labour market which could create difficulties in filling roles over the coming years. However, these projections do not account for the ongoing expansion of RAF Lossiemouth and the Kinloss Barracks, which could have a considerable impact on Moray’s working age population. An increase in the military population can also bring with it an increase in civilian population with spouses able to provide labour for other important sectors in Moray. Whilst population contraction may still occur it may not contract as quickly as was initially projected in 2018.

TABLE 1: POPULATION PROJECTIONS, 2018-2043

	MORAY		SCOTLAND	
	2018	2043	2018	2043
Total	95,520	92,966	5,438,100	5,574,819
0-15	16.9%	13.5%	16.9%	14.8%
16-64	61.7%	55.3%	64.2%	60.3%
65+	21.4%	31.2%	18.9%	24.9%

Source: National Records of Scotland (2022), Population Projections 2018-2043.

ECONOMIC ACTIVITY

- 2.9 The economic activity rate in Moray is 78.8%, somewhat higher than Scotland as a whole (77.2%). This would be consistent with a relatively tight labour market.
- 2.10 The median annual gross wage of Moray residents was £29,666, lower than that of Scotland as a whole (£33,311).

TABLE 3: LABOUR MARKET INDICATORS 2021/22, MORAY AND SCOTLAND

	MORAY	SCOTLAND
Economic Activity Rate	78.8%	77.2%
Employment Rate	76.0%	74.4%
Economic Inactivity	21.2%	22.8%
Unemployment Rate	3.5%	3.5%
Median Annual Gross Wage (residents)	£29,666	£33,311

Source: ONS, (2022). Annual Population Survey. *Model-Based Estimates. **ONS, (2022). Annual Survey of Hours and Earnings.

PRODUCTIVITY

- 2.11 In 2020, GVA per hour worked in Moray (a common measure of productivity) was £36.0, slightly lower than the Scottish rate of £36.9 GVA per hour worked. However, Moray has a relatively high proportion of employment in low productivity sectors (see Table 4), which suggests productivity in other sectors is higher than average.

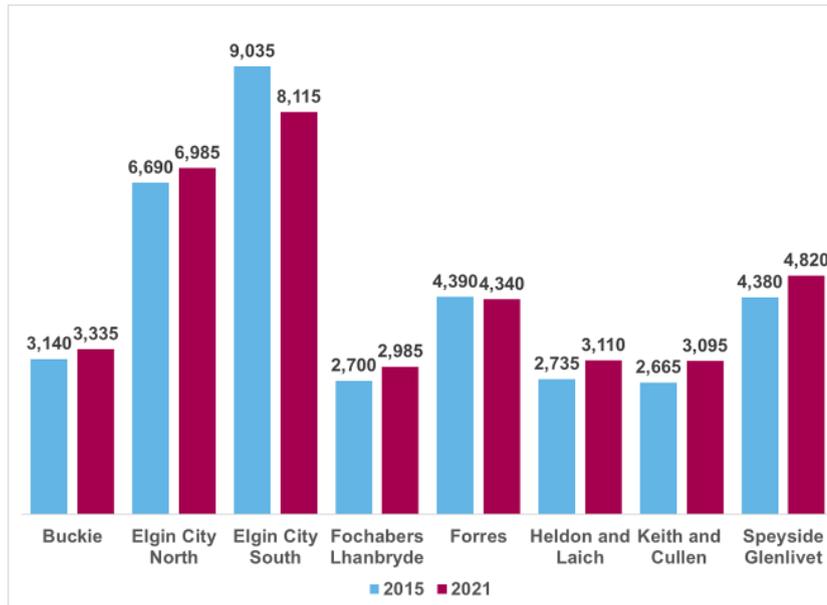
TABLE 4: PROPORTION OF EMPLOYMENT IN LOW PRODUCTIVITY SECTORS, 2021

SECTOR	MORAY	SCOTLAND
Accommodation and food services	7.7%	7.5%
Retail	11.5%	10.0%
Public sector	30.2%	29.9%
Total	49.4%	47.4%

Source: ONS (2022). Business Register and Employment Survey 2021

EMPLOYMENT TRENDS AND DISTRIBUTION

- 2.12 The total number of jobs in Moray increased by 7.2% between 2019 and 2021. More than one in five (22.1%) of these jobs was in Elgin City South, although employment here fell by 10.2% between 2015 and 2021. This was the largest decline in employment anywhere in Moray except Forres (where employment fell by 1.1%). Employment increased in all other areas, with Keith and Cullen experiencing the largest increase.

FIGURE 2: TOTAL EMPLOYMENT BY AREA IN MORAY, 2015 COMPARED TO 2021

QUALIFICATIONS

2.13 Overall, the level of qualification attainment in Moray is similar to Scotland as a whole. Moray has slightly higher than average shares of the working age population with qualifications at the NVQ1 - NVQ3 levels but is slightly below average in terms of attainment of NVQ4 qualifications. This labour market profile would tend to support expansion in elementary occupations and skilled trades rather than professional/managerial roles. This could have implications for the profile of demand for future employment space (i.e. favouring industrial rather than offices.)

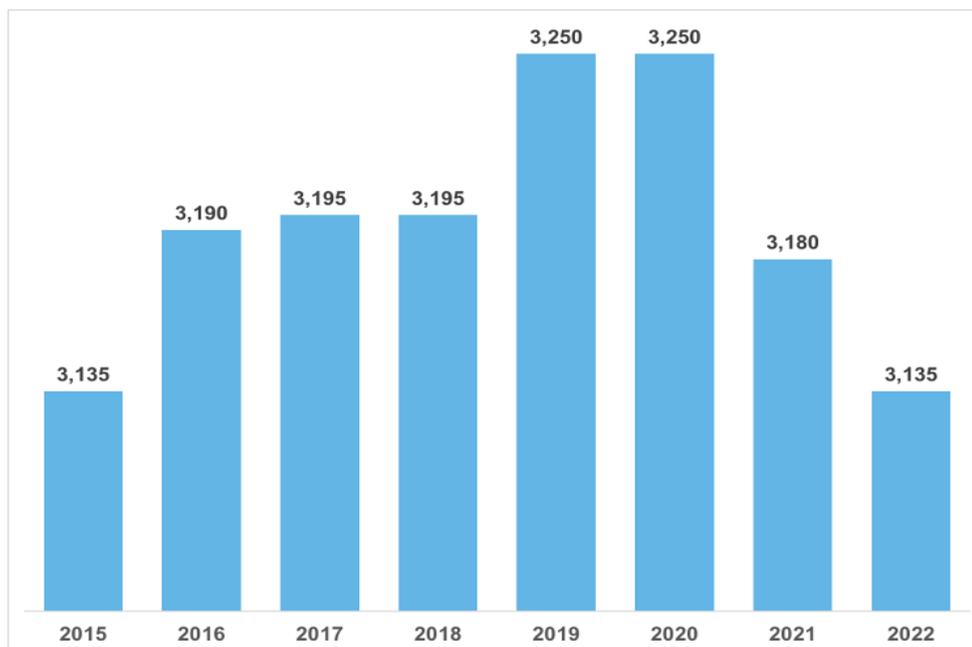
TABLE 5: QUALIFICATIONS, 2021

QUALIFICATION	MORAY	SCOTLAND
% with NVQ4+	48.2%	50.0%
% with NVQ3+	65.1%	64.8%
% with NVQ2+	80.9%	79.6%
% with NVQ1+	91.1%	86.4%
% with other qualifications	3.7%	5.8%
% with no qualifications	5.2%	7.8%

Source: ONS, (2022). Annual Population Survey.

IMPACT OF COVID-19

2.14 Prior to the Covid-19 pandemic, business numbers in Moray were growing, with the total number of businesses in the area increasing by 3.7% between 2015 and 2019. Since 2020, the number of businesses in Moray has fallen by 3.5%, with the total number of enterprises in 2022 equal to the total in 2015. This is a bigger decline than for Scotland as a whole, which experienced a fall of 2.3% over the same period.

FIGURE 3: TOTAL NUMBER OF BUSINESSES IN MORAY, 2015-2022

Source: ONS, (2023). UK Business Counts.

- 2.15 In 2022, 88.5% of businesses in Moray were micro businesses, employing fewer than 10 people. This type of business has borne the brunt of the recent economic contraction, with 115 fewer micro businesses in the area in 2022 compared to 2020.
- 2.16 This could have implications for the size of business units likely to be required in the future to the extent that the contraction released business property onto the market. The Council did note that a number of its tenants did terminate their leases due to Covid however new tenants have since been secured for the majority of those properties.

TABLE 6: COMPARISON OF BUSINESSES IN MORAY BY SIZE, 2020-2022

BUSINESS SIZE	2020	2022	DIFFERENCE
Micro Businesses (employing 0-9)	2,875	2,760	-115
Small Businesses (employing 10-49)	325	325	0
Medium Businesses (employing 50-249)	40	40	0
Large Businesses (employing over 250)	10	10	0
Total	3,250	3,135	-115

Source: ONS, (2022). UK Business Counts. *Figures may not sum due to rounding

BUSINESS BIRTH RATE

- 2.17 A total of 225 businesses started up in Moray in 2021, 13.5% fewer than in 2019. Business births decreased more sharply in Moray than across Scotland as a whole, where total business births fell by 8.6% between 2019 and 2021. The Covid-19 pandemic will have had an impact on these figures and this trend will not necessarily persist.

TABLE 7: BUSINESS BIRTH RATE, MORAY AND SCOTLAND

	MORAY	SCOTLAND
Business Births 2019	260	20,680
Business Births 2020	210	16,850
Business Births 2021	225	18,910
Change in Business Birth Rate 2019-2021	-13.5%	-8.6%

Source: ONS, (2022). UK Business Demography. (These figures do not include unregistered enterprises).

SUMMARY

- 2.18 The most recent projections suggest that the population of Moray is likely to fall in the coming years. Compared to Scotland as a whole, Moray also has a lower proportion of working aged people. While the total number of people in this demographic is likely to benefit from the expansion of the defence sector, the share it accounts for is still expected to fall overall at a faster rate than the national average in the coming years, particularly for the civilian population.
- 2.19 Access to an adequate supply of labour is an important consideration for any business so, other things being equal, these trends could dampen future demand for business space. However, new economic opportunities could stem or reverse these trends, making it particularly important they are considered within this assessment.
- 2.20 The current distribution of economic activity and working aged population in Moray is concentrated in and around Elgin. This could make this area relatively attractive to new/expanding businesses and influence future demand for business property. As a result, it is likely that development will be more viable in Elgin than some of the smaller towns.
- 2.21 The qualifications profile of the local workforce is skewed toward lower-level qualifications, which is likely to favour expansion of elementary occupations and skilled trades rather than professional and managerial roles. This could have implications for the type of business space required in the future, with industrial type space likely to be relatively more important than offices.
- 2.22 Most businesses in the region are micro-businesses, which will have implications for the size of units required in the future. However, micro-businesses bore the brunt of the recent economic contraction and the business birth rate has fallen significantly recently, which could imply reducing demand for this type of space, however it will be interesting to see if this trend persists post pandemic.
- 2.23 However, Moray's future prosperity will depend on the health of its business base. Productivity levels are already slightly lower than elsewhere in Scotland and addressing this will require innovative businesses with the capacity to grow. Such businesses will not be attracted to ageing, sub-standard accommodation.

03

ECONOMIC POLICY

INTRODUCTION

- 3.1 Achieving greater regional equality and managing the transition to net-zero will be important economic drivers in the near term. This is expected to create significant opportunities for Moray in renewable energy, life sciences and aerospace in particular. This section on economic policy has been prepared by BiGGAR Economics.

UK CONTEXT

LEVELLING UP²

- 3.2 In early 2022, the UK Government published its Levelling Up strategy. The strategy acknowledged inequalities between parts of the UK and established a set of missions to address these. The objective was to allow everyone the same opportunities in regard to health, education, work, and life chances no matter which part of the UK they live in. A common theme across several of these missions is the need to create more jobs outside London. To achieve this the strategy recognises a need to attract business investment to other parts of the UK.
- 3.3 As part of the levelling up agenda, the UK Government is investing £4.8 billion in infrastructure through the Levelling Up Fund. The aims of this fund are to support the regeneration of town centres and high streets, upgrade local transport, and invest in cultural and heritage assets. By helping to make areas more attractive to businesses the Levelling Up Fund is intended to lead to the creation of new employment opportunities, which would require employment land.
- 3.4 When the prospectus for the second round of funding was published, it was expected the fund would continue until 2024/25. While no changes to the level of funding or timeline have yet been announced, changes in administration since then may affect the strategic aims of the UK Government.
- 3.5 In 2022, Moray Council submitted a bid to the second round of the Levelling Up Fund. This bid was focused on improving the attractiveness of Elgin, Moray's principal settlement and administrative centre, as a place to live and invest. Although this bid was not successful Moray Council is now considering submitting a revised bid in 2023. If successful, this would help stimulate increased growth across the region.

SCOTTISH CONTEXT

NATIONAL PERFORMANCE FRAMEWORK

- 3.6 Scotland's National Performance Framework (NPF) sets out the Scottish Government's purpose of *"creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and inclusive and sustainable growth"*.
- 3.7 The NPF is based around 11 national outcomes, which are statements of the kind of nation Scotland wants to be and progress is assessed using 81 indicators. It sits at the top of Scotland's policy hierarchy, meaning all other policies and strategies should be contributing to the outcomes that it identifies.
- 3.8 In 2021, following recommendations from the Advisory Group on Economic Recovery, the four capitals of

² HM Government (2022) Levelling Up the United Kingdom. Ryden, May 2023

the economy (human, natural, social and economic) were incorporated into the NPF as necessary elements for the wellbeing of current and future generations³. Economic capital relates to the production of physical assets, such as (for example) business premises. An adequate supply of employment land therefore directly underpins this element of the Framework.

- 3.9 Business space is also particularly relevant to the 'economy' and 'fair work and business' outcomes in the Framework, which seek to ensure businesses can thrive and the economy is sustainable. Business space can also contribute to the 'reduction of poverty' outcome by enhancing opportunities in deprived areas.

SCOTLAND'S NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION

- 3.10 In March 2022, the Scottish Government published its National Strategy for Economic Transformation. The ten-year strategy sets out the Government's priorities and actions for achieving a wellbeing economy, which is defined as one that delivers economic prosperity across social, economic, and environmental dimensions. To achieve this the Government has emphasised the need to capitalise on key economic opportunities such as the transition to a net zero economy and the importance of reducing socio-economic inequalities between parts of the country.
- 3.11 The ambition of the strategy is for 'Scotland to be successful' over the next decade. To achieve this the strategy aims to create an economy in which all people can have access to skilled, well-paid, jobs, and businesses and entrepreneurs have the conditions necessary to flourish. These conditions will necessarily include access to an adequate supply of accommodation appropriate to business needs.
- 3.12 One aspect of the strategy's vision is for Scotland to be 'the best place to start and grow a business'.⁴ However a key issue highlighted is that Scotland falls behind other countries in terms of productivity. It notes that there are too few businesses scaling up or starting and that limited access to infrastructure is a factor in this.
- 3.13 Each of the priorities and proposals identified in the strategy are national objectives and, as such, all have implications for Moray. With a key focus of the strategy being on inclusive growth across, an adequate supply of employment land will be important for enabling the business growth required to support inclusive growth.
- 3.14 In relation to the productivity challenge, the strategy also notes low national levels of research and development (R&D) activity. Data collected by the Scottish Government on Business Enterprise Research and Development (BERD) shows that in 2020, businesses in Moray spent approximately £3.7 million on R&D, accounting for 0.3% of the total spend in Scotland during the year. The data also shows that R&D investment by businesses in Moray has grown in recent years, with spending on R&D increasing by 95.0% between 2015 and 2020.⁵ This suggests that future demand for business space will, to some extent, be driven by R&D focused businesses.
- 3.15 The transition to becoming a net zero economy also offers new market opportunities for Scottish businesses, most notably in the renewable energy sector. With a variety of renewable energy projects (particularly on-shore) either in development or already operational in the area⁶, Moray is well placed to benefit from these opportunities.

³ Advisory Group on Economic Recovery, 2020, Towards a Robust, Resilient Wellbeing Economy for Scotland

⁴ Scottish Government (2022). Scotland's National Strategy for Economic Transformation.

⁵ Business Enterprise Research and Development Scotland (2020). Expenditure on R&D performed within businesses in Scotland: Local Authority Level.

⁶ UK Government (2023), Renewable Energy Planning Database: quarterly extract
Ryden, May 2023

REGIONAL CONTEXT

HIGHLANDS AND ISLANDS ENTERPRISE MORAY SUMMARY REPORT⁷

- 3.16 In 2022, Highlands and Islands Enterprise published reports detailing the results of a large-scale survey aiming to understand the views and experiences of individuals living, working, and studying across eight regions of the Highland and Islands.
- 3.17 Amongst the report's findings were that fewer people in Moray were self-employed compared to the Highlands and Islands as a whole but that 11% of respondents wanted to start a business. The survey also found that the top priorities for communities in Moray included the availability of more job opportunities, and local businesses and trades. Furthermore, 20% of respondents felt the area required jobs in the area that pay better.
- 3.18 Facilitating employment opportunities and supporting local businesses will require a supply of employment land which accounts for and enables growth in sectors with the potential to effectively expand and offer high-quality employment to local people.

MORAY COUNCIL ECONOMIC RECOVERY PLAN

- 3.19 In 2020, Moray Council published its Economic Recovery Plan, aiming to outline the actions for Community Planning Partners to take to accelerate economic growth to support recovery from the impact of Covid-19 on the region's economy. The plan was developed with six main principles:
- Smart growth: business continuity and resilience will be at the heart of the recovery process;
 - Clean growth: transition to carbon free where opportunities arise including promotion of home-working to reduce commuting;
 - Inclusive growth: no geographic locations or sections of the community are left behind;
 - Fair work: employees are rewarded and benefit from economic recovery;
 - Targeting disadvantage: enabling early recovery particularly for those reliant on child care, public transport, access to broadband and those requiring to be reskilled; and
 - Smart procurement: public sector spend will be used to maximise local economic impact and opportunity.
- 3.20 If these principles are to be fulfilled, Moray will require employment land which enables businesses to grow effectively in the area, facilitating inclusive growth and fair work in Moray through improved access to well-paid jobs.
- 3.21 In aiming to understand the impact of Covid-19 on the major sectors in Moray to allow policy decisions to best support an effective economic recovery, the strategy highlights the unique importance of Moray's manufacturing sector, to both the region and Scotland. The manufacturing sector in Moray contributed 0.48% of Scottish GVA while accounting for just 0.15% of businesses and 0.25% of employees. It also has a higher GVA per employee than the Scottish average.
- 3.22 Growing Moray's high value manufacturing activity could therefore help to boost productivity in the region. Ensuring manufacturing businesses have access to an adequate supply of appropriate accommodation will be key to achieving this.

MORAY GROWTH DEAL⁸

- 3.23 The Moray Growth Deal, published in 2021, is a collaborative project between Moray Council, the Scottish and UK governments, and stakeholders from across the private, public and third sector. It aims to deliver

⁷ Highlands and Islands Enterprise (2022), My Life in the Highlands and Islands Research: Moray Summary Report

⁸ Moray Council (2021), Moray Growth Deal
Ryden, May 2023

transformational investment of over £100 million over ten years on eight strategic projects designed to improve the competitiveness of Moray's economy. The projects were chosen with aim of delivering the Moray Growth Deal's vision for the area that:

“By the year 2030 Moray is a destination of choice, the area being known and recognised as an outward-facing and ambitious community with a thriving and well-connected commercial base, and an environment in which quality of life is valued and supported.”

- 3.24 The projects within the Growth Deal focus particularly on the development of sectors such as manufacturing, aerospace and life sciences. It was estimated that the investment delivered through the Moray Growth Deal will:
- Directly and indirectly create over 3,500 jobs associated with the economic benefits accrued from growth deal projects;
 - Of these, 450 jobs will be directly created as part of growth deal project delivery;
 - Attract an additional 50,000 tourists;
 - Construct over 300 affordable new homes;
 - Support 450 businesses to scale up to increase the value of the Moray economy by £82 million;
 - Create new and improve existing facilities for businesses;
 - Create an enhanced culture and leisure offering for local people to make; and
 - Make Moray a more attractive place to live and work.
- 3.25 For these expectations to come to fruition, the sectors supported by the investment associated with the Moray Growth Deal will require suitable employment land to enable them to create jobs and scale up businesses activity.

THE MORAY ECONOMIC STRATEGY 2019-2029⁹

- 3.26 In 2018, the Moray Community Planning Partnership published a strategy outlining the aims for the economy for the period 2019-2029, maintaining the overall objective to grow and diversify the economy of Moray. Although the strategy was updated in 2022 to reflect important developments such as the Covid19 pandemic and Brexit (see section 3.31-3.35) it highlights important strategic priorities and opportunities that continue to be of relevance and bear repetition.
- 3.27 For example, the strategy highlighted four important strategic economic priorities for the region:
- Qualification levels: an increase across all ages and genders in qualifications
 - Small business growth: more small and medium-sized businesses employing between 10 and 100 people;
 - Talent attraction, retention and return: more skilled, higher paid jobs that deliver net in-migration in the 16-29 age range; and
 - Business competitiveness: an increase in capital investment and focused workforce development to strengthen competitiveness.
- 3.28 The strategy also highlighted a number of sectors that are expected to generate significant future opportunities for growth, in particular:
- The manufacture of food and drink - Moray is home to just under half of all the whisky distilleries in Scotland meaning this sector also plays an important role in supporting the local tourism sector.
 - Life sciences and technology – Moray has a growing reputation in digital health technologies.
 - Defence - Moray hosts RAF Lossiemouth, one of the largest and busiest Royal Air Force stations, as well as Kinloss Barracks.
- 3.29 The Moray Growth Deal aims to establish the region as a leader in these sectors. Two particularly important

⁹ Moray Community Planning Partnership (2018), The Moray Economic Strategy 2019-2029
Ryden, May 2023

projects include the Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC) and the Digital Health Institute. MAATIC will provide training, innovation and research development to build on local strengths in the defence sector and support the development of the aerospace sector while the Digital Health Institute will provide innovation support to companies in the life science sector.

3.30 An adequate supply of employment land will be needed to achieve these aspirations.

THE MORAY ECONOMIC STRATEGY 2022¹⁰

3.31 The Moray Community Planning Partnership updated its strategic aims in 2022, considering the effects on Moray of the Covid-19 pandemic, Brexit and the cost of living crisis. The Moray Economic Strategy outlines the updated aims for the region over the coming decade, with the overall vision to see Moray as:

“A distinctive and attractive place to live, work, operate a business or social enterprise, study and visit”.

3.32 The strategy highlights that, to achieve this vision, the unique challenges and opportunities faced by Moray must be acknowledged in forums and government at the regional and national level. In ensuring Moray’s distinctive needs are addressed, the strategy outlines five priority areas for action, including:

- Moray Growth Deal projects;
- A sufficient labour market;
- Ensuring alignment between skills provision and the changing economy;
- Integrated approach to delivering transition to net zero and community wealth building; and
- Supporting productivity growth.

3.33 As part of the aim to support productivity growth, the strategy highlights the need to increase the number of start-ups in the area, as well as the number and speed of scale ups to help them become larger local employers. To enable growth in start-ups and scale-ups, Moray will require suitable employment land which supports the development of small and medium size businesses.

3.34 The aim to deliver the transition to net zero and community wealth building through an integrated approach highlights the opportunities for the area in the renewable energy sector, with expected growth in onshore wind, offshore wind and hydrogen developments in the area. As these sectors grow, they are likely to create the need for employment land if Moray aims to ensure that the benefits created by these projects are maximised by supporting the development of relevant sectors along the supply chain of renewables projects.

3.35 The strategy also outlines the motivations behind supporting the Moray Growth Deal and its associated projects. The Growth Deal will build on existing strengths of Moray’s culture, tourism and manufacturing sectors, as well as supporting the development of other sectors, facilitating the type of economic growth the strategy aims to create; sustainable, fair and inclusive. The updated economic strategy further emphasises the benefits associated with MAATIC, which is expected to support aerospace and other manufacturing enterprises in the area, as well as engineering and aviation.

MORAY REGIONAL SKILLS ASSESSMENT

3.36 A Regional Skills Assessment for Moray published by Skills Development in Scotland in 2022¹¹ provided data on the industrial structure of the region to support strategic skills investment planning associated with the Moray Growth Deal. The assessment highlights various sectors with above average employment in Moray, including manufacturing, food and beverages and forestry and logging.

3.37 The assessment also includes projections of how employment could change in the region, in part as a result

¹⁰ Moray Economic Partnership (2022), The Moray Economic Strategy 2022

¹¹ Skills Development Scotland, (2022). Regional Skills Assessment: Highlands and Islands
Ryden, May 2023

of the Moray Growth Deal. Overall, it is expected that in the mid-term (2021-2024), employment in the region should grow by 800. However, it is expected that in the long term, the region will experience a contraction in employment, with projections suggesting that there will be 1,000 fewer people in employment in the Moray Growth Deal region in 2031 compared to 2024.

- 3.38 Mid-term projections suggest growth in sectors such as accommodation and food services, as well as arts, entertainment and recreation, both associated with the tourism sector. It is also expected there will be mid-term contractions in employment, particularly in the public administration, defence sector and manufacturing sectors, which projections suggest will experience a decrease of 100 in total employment between 2021 and 2024 as less labour intensive methods of manufacturing are adopted. The mid-term contraction in manufacturing is forecast to continue into the longer term, with projections suggesting there will be 800 fewer manufacturing jobs in the Moray Growth Deal region in 2031 compared to 2024.
- 3.39 To sustain the workforce as this major sector contracts will require a consideration of how to ensure workers in Moray have access to opportunities. This will be supported by enabling potential growth sectors in the area access to the type of employment land that will allow them to expand and create employment.

SUMMARY

- 3.40 The UK Government is aiming to Level Up communities across the UK, seeking to address regional inequalities and support local projects which will generate opportunities to improve the health, education, work and life chances of the population regardless of where they live in the UK. As part of this plan, local authorities are gaining more power through city growth deals to address the key challenges and opportunities of individual areas. This is further supported through the available funding mechanisms to drive investment in local authority areas.
- 3.41 Scottish strategic priorities have 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. This focus on generating economic prosperity for all people while ensuring a just transition to net zero will require regional consideration of current and potential demand for employment land which accounts for the opportunities this transition will create in sectors such as renewable energy.
- 3.42 Regional strategies highlight Moray's strategic aim to create work opportunities in the region which will support well paid work and retain the workforce. The local authority area has existing strengths in a variety of sectors, for which potential growth should be considered to effectively understand requirements for employment land. The region is also in the process of establishing itself across sectors such as life sciences and aerospace, the growth of which will result in demand for employment land which allows effective growth and supports the region's economy.

04

KEY SECTORS

INTRODUCTION

- 4.1 Building on Sections 2 and 3, this section considers the key sectors which will be important drivers of growth in the Moray economy over the next few years and could stimulate additional demand for business space. Aerospace and renewable energy are expected to be particularly key. As part of its property needs assessment Moray Council will need to consider potential demand for all types of employment land, including Planning Use Class 4, 5 and 6.
- 4.2 The key sectors identified in the previous section which should be considered as part of employment land decisions include:
- Manufacturing
 - Energy and renewables
 - Manufacture of food and beverages
 - Manufacture of wood products
 - Sustainable tourism
 - Life sciences
 - Defence activities
 - Aerospace
- 4.3 This section considers recent trends and emerging opportunities relating to each of these sectors and their potential implications for demand for business space. It has been prepared by BiGGAR Economics.

OVERALL INDUSTRIAL STRUCTURE

- 4.4 In 2021, total employment in Moray was 39,375.
- 4.5 Employment within the manufacturing sector (associated with class 5 land use) accounted for 15.4% of employment, higher than across Scotland as a whole, where the sector accounted for 6.8% of employment).
- 4.6 Wholesale and transport and storage sectors (associated with class 6 land use) employed around 2,300 people, accounting for 5.9% of employment. These sectors were relatively under-represented compared to Scotland as a whole (6.6%).
- 4.7 Office-based sectors (associated with class 4 land use), including professional, scientific and technical, ICT, financial and insurance and business administration and support services, account for over 3,000 jobs in Moray, 7.9% of total employment. This is around half the level across Scotland as a whole (14.7%).
- 4.8 Moray also has relatively a large proportion of employment within health (15.4%), retail (11.5%), and construction (7.7%).

TABLE 8: EMPLOYMENT IN MORAY AND SCOTLAND BY INDUSTRY, 2021

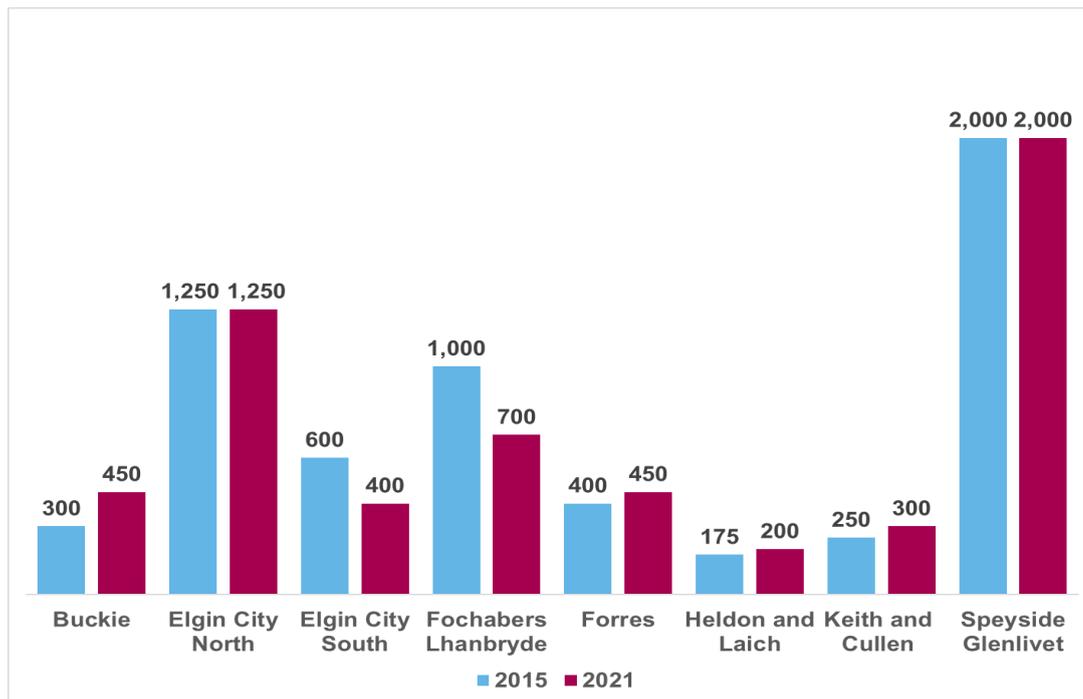
INDUSTRY	MORAY	SCOTLAND
Manufacturing	15.4%	6.8%
Health	15.4%	15.3%
Retail	11.5%	10.0%
Education	9.0%	8.3%
Construction	7.7%	6.0%
Accommodation & food services	7.7%	7.5%
Agriculture, forestry & fishing	6.4%	3.4%
Public administration & defence	5.8%	6.3%
Arts, entertainment, recreation & other services	3.8%	4.2%
Transport & storage	3.8%	4.1%
Professional, scientific & technical	3.2%	6.4%
Business administration & support services	3.2%	7.7%
Motor trades	2.3%	1.7%
Wholesale	2.1%	2.5%
Mining, quarrying & utilities	1.3%	2.4%
Information & communication	0.9%	3.0%
Property	0.9%	1.5%
Financial & insurance	0.6%	2.9%
Total	39,375	2,617,000

Source: ONS (2022). Business Register and Employment Survey 2021

MANUFACTURING

- 4.9 In 2021, around 6,000 people were employed in manufacturing jobs in Moray, more than a third (34.8%) of total employment in the sector. After a period of growth between 2016 and 2021, the number of businesses operating in the manufacturing sector in Moray fell by 9.5% between 2021 and 2022 to around 190.
- 4.10 Between 2015 and 2021 employment in the sector across the region was broadly constant, despite some fluctuation between wards. By far the greatest concentration of employment in the sector is in the electoral ward of Speyside and Glenlivet.

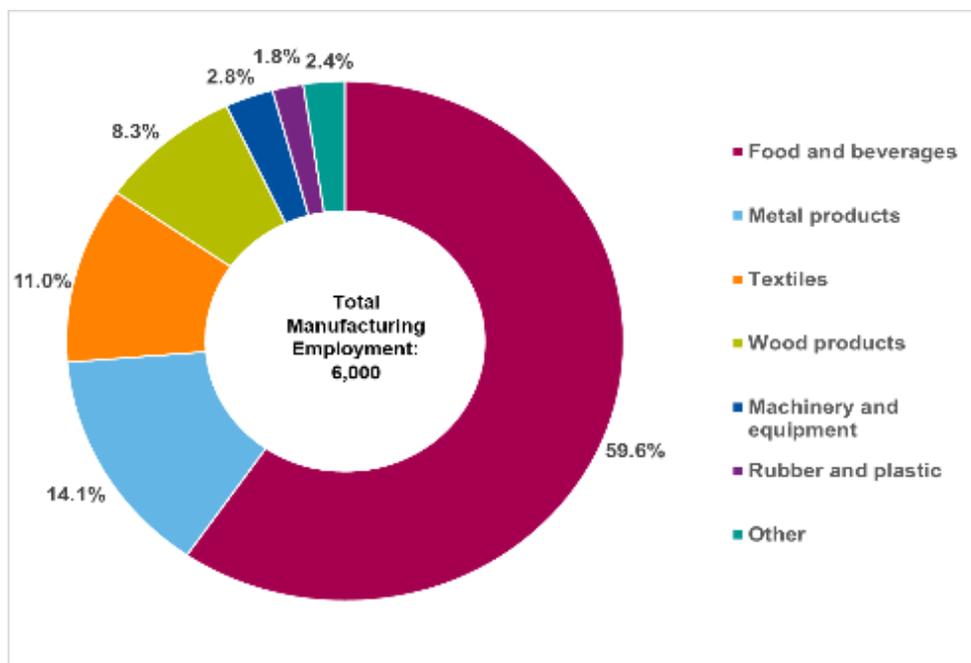
FIGURE 4: EMPLOYMENT IN MANUFACTURING BY AREA IN MORAY, 2015 & 2021



ONS, (2022). Business Register and Employment Survey. *Totals may not sum due to rounding.

4.11 In 2021, most of the manufacturing employment in Moray was in the manufacture of food and beverages, which accounted for 59.6% of all manufacturing jobs. Moray also has above average employment in the manufacture of wood products. This is consistent with the findings of Section 3.

FIGURE 5: EMPLOYMENT IN MANUFACTURING SUB-SECTORS IN MORAY, 2021



ONS, (2022). Business Register and Employment Survey.

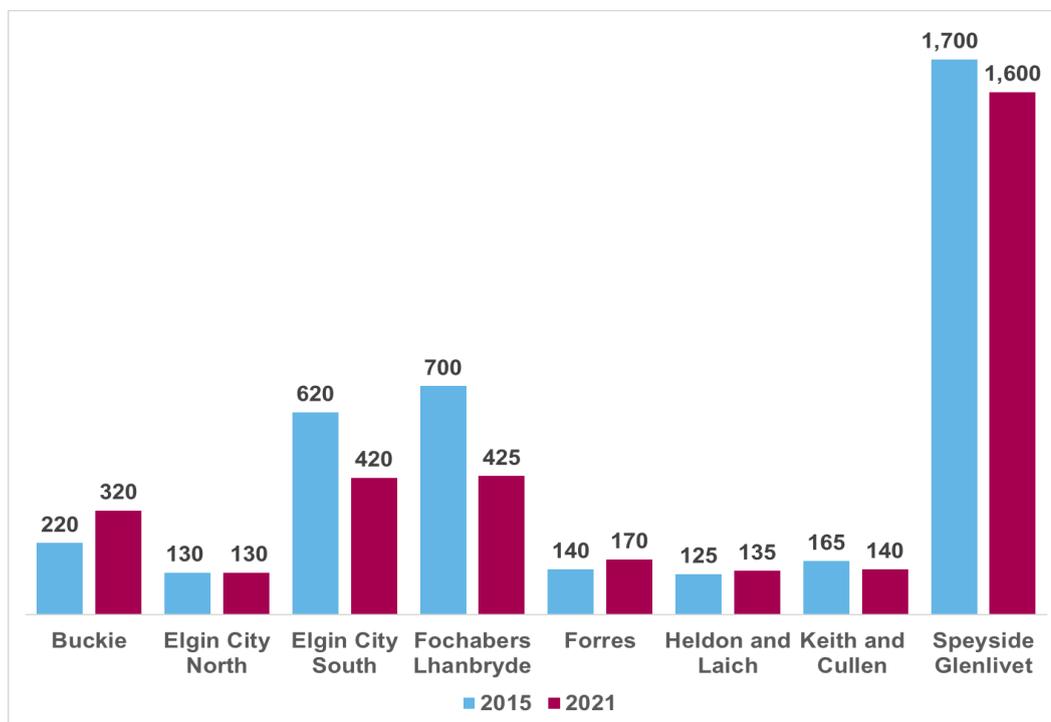
MANUFACTURE OF FOOD AND BEVERAGES

4.12 In 2021, total employment in the manufacture of food and beverages was 3,250 in Moray. The sector accounted for 8.3% of all employment in the local authority area, compared to 1.9% of employment across Scotland as a whole. Almost half of the jobs in the sector (1,600) were located in Speyside Glenlivet, which

hosts the Glenlivet, Glenfiddich and MacCallan distilleries which are the largest single-malt producers by volume globally, as well as the Walkers Shortbread factory.

- 4.13 Between 2015 and 2021, employment in the sector fell by 13.3% (500 jobs). The most significant fall in employment occurred in Fochabers Lhanbryde, where the number of jobs in the sector fell by 39.3%. It is noted that the Covid-19 pandemic has likely impacted these figures particularly seasonal visitor roles within the distilleries. In addition, we are aware that the food manufacturers Baxter's, which are located in this area, permanently closed its visitor centre at the start of the pandemic with all of these jobs lost.
- 4.14 The number of businesses in the sector remained constant between 2017 and 2022 and now stands at 35. However, it is understood that a number of distilleries have recently undergone significant expansion and numerous others are also exploring options for increasing the energy efficiency of their production, including through the construction of biomass facilities and there this is likely to have an impact on employment land required in the future.

FIGURE 6: EMPLOYMENT IN FOOD AND DRINK MANUFACTURING BY AREA, 2015 & 2021



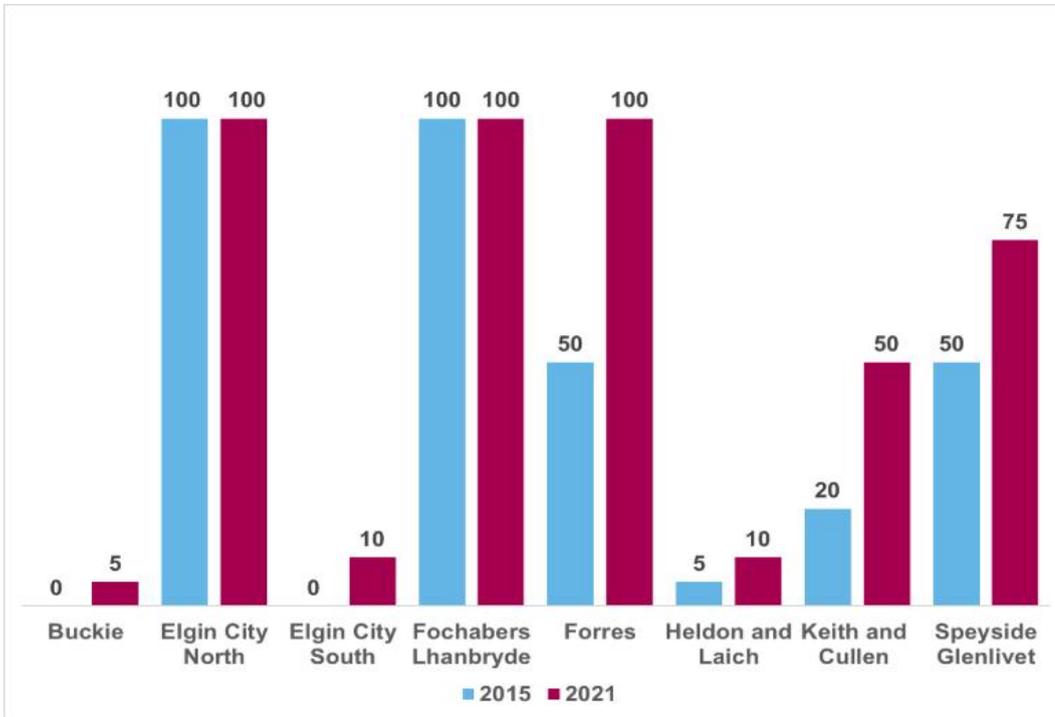
ONS, (2022). Business Register and Employment Survey.

MANUFACTURE OF WOOD PRODUCTS

- 4.15 The second largest component of the manufacturing sector in Moray was the manufacture of wood products. In 2021, total employment in this sub-sector was 450. This equates to 1.2% of total jobs in the region, higher than the share accounted for by the sector across Scotland (0.3%). Moray accounts for 5.0% of all Scottish employment in the manufacture of wood products.
- 4.16 In 2021, employment in the manufacture of wood products was most significant in Elgin City North, Fochabers Lhanbryde, and Forres, which all had total employment of 100 in the sector. This concentration of activity is likely linked to the presence of James Jones timber processing facilities in Forres and Mosstodloch.
- 4.17 Between 2015 and 2021, employment in the manufacture of wood products increased by 28.6%. This growth was experienced across the region with the most significant increase in Keith and Cullen. Recent announcements of planned expansion to James Jones facilities suggests this trend is likely to continue,

which may result in increased demand for employment land.

FIGURE 7: EMPLOYMENT IN THE MANUFACTURE OF WOOD AND WOOD PRODUCTS BY AREA IN MORAY, 2015 & 2021



ONS, (2022). Business Register and Employment Survey.

4.18 In 2022 there were estimated to be 35 businesses in Moray engaged in the manufacture of wood products, and increase of around 10 businesses since 2019. This suggests that existing businesses in the area are in the process of expanding, which may in future create the requirement for suitable employment land.

SUSTAINABLE TOURISM

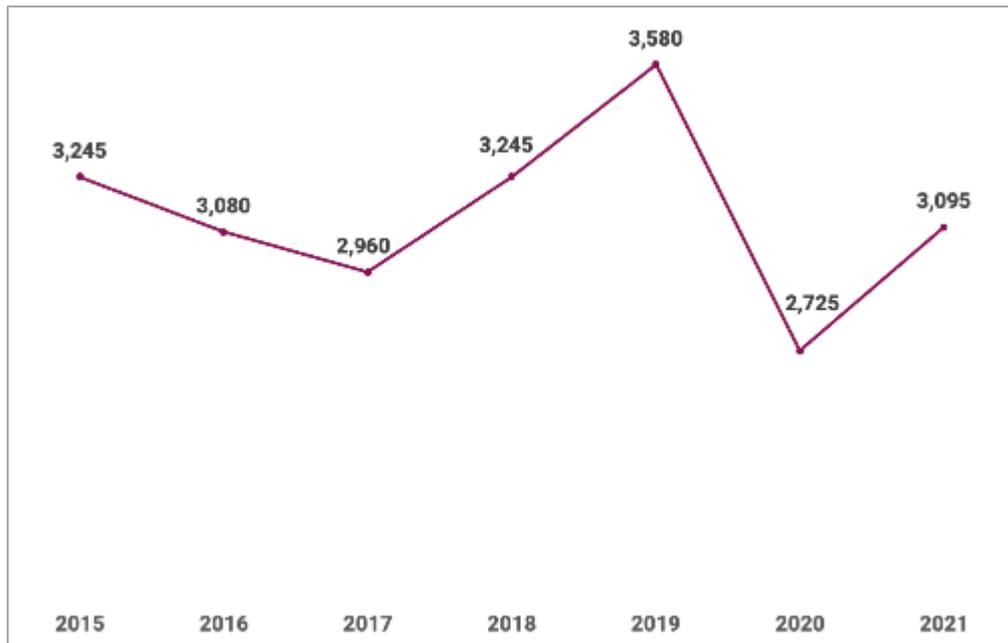
4.19 Tourism encompasses parts of various different sub-sectors and as such is difficult to capture entirely using the standard industrial classification (SICs) codes used by government statisticians. To overcome this the Scottish Government has defined the sustainable tourism sector using SIC codes¹² relating to several tourism-related sub-sectors including accommodation, food services, and attractions.

4.20 In 2021, total employment in sustainable tourism in Moray was 3,095, or 8.1% of all employment in the region. This is identical to the share of employment accounted for by the sector across Scotland as a whole.

4.21 Between 2015 and 2021, employment in sustainable tourism fell by 4.6%. This reduction can likely be attributed to the major effect that Covid-19 had on the tourism sector. Between 2015 and 2019, jobs in the sector had risen by 10.3%, with employment in the sustainable tourism sector in Moray then falling by almost a quarter (23.9%), between 2019 and 2020. While the sector had not yet recovered from the impacts of Covid-19, employment in the sector did increase by 13.6% between 2020 and 2021.

¹² Defined by the Scottish Government as SIC codes:55.1, 55.2, 55.3, 56.1, 56.3, 79.12, 79.9 91.02, 91.03, 91.04, 93.11, 93.199, 93.21 and 93.29.

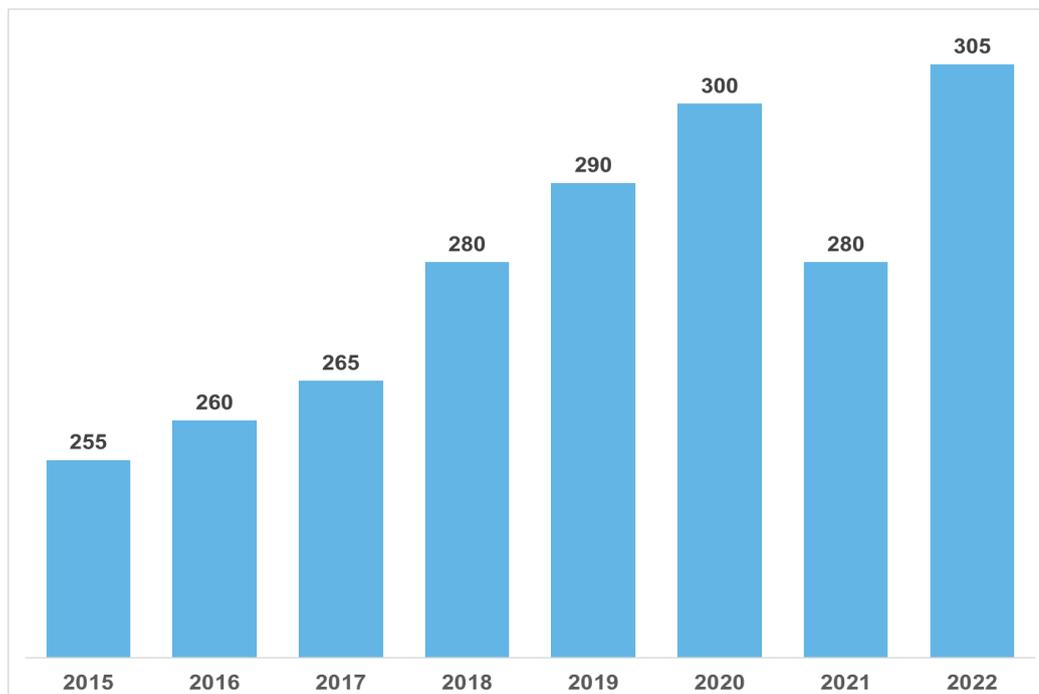
FIGURE 8: SUSTAINABLE TOURISM EMPLOYMENT IN MORAY, 2015-2021



ONS, (2022). *Business Register and Employment Survey*.

- 4.22 Recent employment patterns within the sector are broadly reflected in business numbers. After a period of steady growth between 2015 and 2020, the number of sustainable tourism businesses fell by 6.7% between 2020 and 2021. This was likely because of the significant impact of Covid-19 and the resulting lockdown. However, the number of businesses in the sector then increased by 8.9% between 2021 and 2022, with a larger number of sustainable tourism businesses in Moray in 2022 compared to 2020.
- 4.23 The uplift in both employment and business numbers recorded since Covid suggests that the sector may be entering a renewed period of growth, which could result in possible demand for employment land.

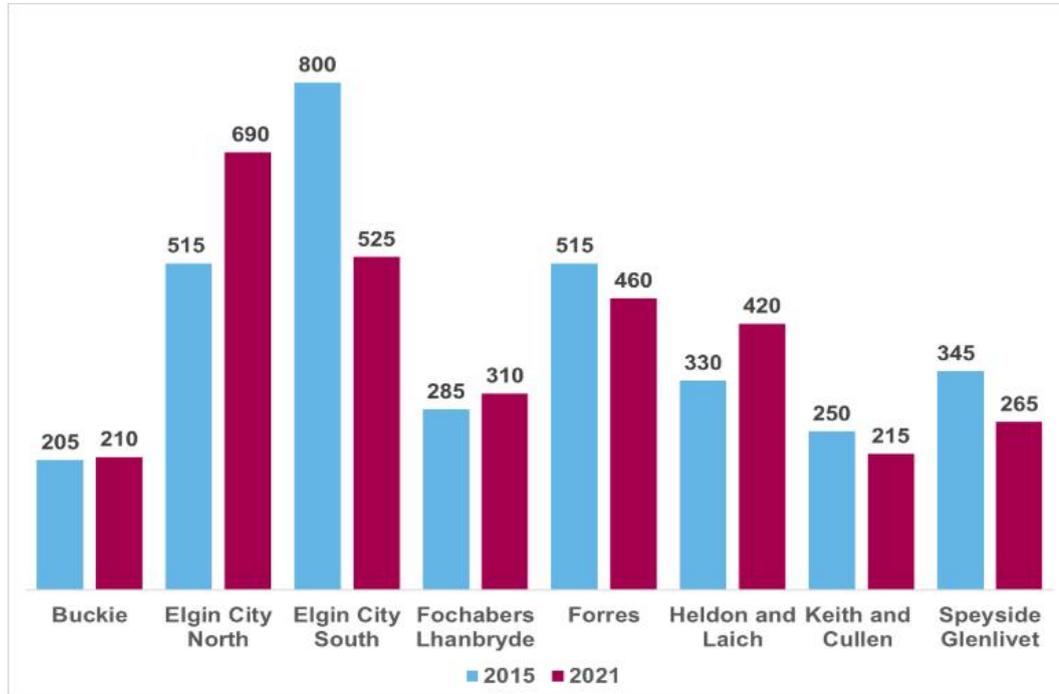
FIGURE 9: BUSINESSES IN SUSTAINABLE TOURISM IN MORAY, 2015-2022



ONS, (2023). *UK Business Counts*.

4.24 In 2021, employment in sustainable tourism was most significant in Elgin City North, where 690 people were employed in the sector. Proposals to create a new cultural quarter in Elgin using investment secured through the Moray Growth Deal are likely to stimulate additional growth for the sector that could result in increased demand for employment land in this part of the region in the future.

FIGURE 10: EMPLOYMENT IN SUSTAINABLE TOURISM BY AREA IN MORAY, 2015 & 2021



ONS, (2022). Business Register and Employment Survey.

ENERGY AND RENEWABLES

4.25 Scotland’s renewable sector is expected to triple in size between 2022 and 2030 with much of this growth expected to be driven by expansion in off-shore wind. This is expected to generate significant economic opportunities for Scotland both during the initial construction phase and subsequent operations.

4.26 Moray does not contain any of the major construction ports being used by the sector, either for farms that have already been completed or those that are under construction. However, Buckie is expected to be an important location for ongoing operations and maintenance activity.

4.27 An analysis of port capabilities undertaken on behalf of Crown Estate Scotland¹³ suggested that Buckie is likely to be particularly well suited to servicing longer range Service Operation Vessel (SOVs), which provide in-field accommodation for workers and platform assistance for wind turbine servicing and maintenance.

4.28 When ashore such vessels will have an on-going requirement for engineering and fabrication services, which is likely to lead to increased demand in the locality for class 5 industrial space. These vessels will also require access to refuelling services and large-scale storage facilities, which is likely to lead to demand for class 6 space. This demand is expected to be realised in the Buckie area.

LIFE SCIENCES

4.29 In 2021, total employment in scientific research and development in Moray was very low (c. 20 jobs). However, as discussed in section 3, life sciences has been identified as an area with significant future growth potential.

¹³ Crown Estate (2020), Ports for offshore wind
Ryden, May 2023

- 4.30 In 2021 it was confirmed that £5 million would be invested in developing the Moray Rural Centre of Excellence for Digital Health and Care in Elgin. The project is expected to include the creation of a state-of-the-art demonstration and learning and simulation environment and five “living lab” test beds across Moray.
- 4.31 As the sector becomes established this could create demand for additional employment space. This is likely to take the form of high spec offices and labs, which would correspond to class 4 use, and to be focused around Forres to take advantage of co-location opportunities. Any such additional demand is likely to take time to emerge so any additional land requirement would be a long-term prospect.

DEFENCE ACTIVITIES

- 4.32 RAF Lossiemouth has been the only operational RAF base in Scotland since the closure of RAF Leuchars in 2015 and is one of only two RAF Quick Reaction Alert stations which protect UK airspace. The base has undergone a significant development programme since 2015 and as a result by early 2022 was believed to support around 3,500 posts (including contractors), in the electoral ward of Heldon and Laich. In addition to this approximately 800 further posts, including both military personnel and civilian contractors, were based at the Kinloss Barracks in Forres.
- 4.33 Employment at the bases is expected to increase in the coming years because of increased government investment. While the expansion of military activity will have little direct impact on demand for employment land, it is likely to generate growth in parts of the supply chain, which could increase demand for employment land.
- 4.34 It is the expected that the skills developed by the current defence related workforce could provide a competitive advantage for the region in the aerospace sector. Moray is already home to a small concentration of activity in this sector thanks largely to the operations of Orbex, the Forres based commercial rocket developer.
- 4.35 In 2022, Orbex secured more than £40 million funding from the Scottish National Investment Bank to help it scale up operations. This has already resulted in an expansion of operations in the region and is likely to be a catalyst for further growth in the future. This growth will be supported by the planned investment in MAATIC (Moray’s planned aviation college) that was discussed in Section 3.
- 4.36 As the sector develops this is likely to result in additional demand for employment land, particularly of land use class 5.

SUMMARY

- 4.37 The manufacturing sector employs more than one in ten of all employees in Moray. Most of this employment is in the manufacture of food and beverages which is a well-established sector with a number of large businesses with a long association with the region. In particular, a number of whisky distilleries have recently undergone significant expansion with numerous others exploring options for their sites which may have an impact on employment land required in the future.
- 4.38 In addition, it is likely there will be some manufacturing employment land demand associated with the manufacture of wood products. This sector has benefited from recent investment, which has helped to stimulate additional activity in this sector. In time this could result in additional demand for class 5 employment land.
- 4.39 Sustainable tourism was particularly impacted by the effects of Covid-19, resulting in an overall reduction in employment in the sector between 2015 and 2021. However, employment increased between 2020 and 2021 and the number of businesses now exceeds pre-pandemic levels, suggesting that the sector is in a period of growth. This could result in additional demand for employment land, particularly class 4.

- 4.40 The renewable energy sector is expected to grow substantially in the coming years and Moray is one of the parts of Scotland expected to benefit from this. This activity is likely to be heavily concentrated around Buckie, which has been identified as an important location for operations and maintenance activity. This is likely to result in increased demand for both class 5 and class 6 employment land in the area.
- 4.41 The life sciences sector is another sector that has attracted investment recently and has the potential for future growth. Employment in this sector is currently low so the sector may not generate major demand for additional employment land in the short term, but longer-term growth could lead to increased demand for class 4 space. This demand is likely to be focused around Forres.
- 4.42 In 2021, 590 civilians were employed in defence activities in Moray, accounting for 6.7% of all Scottish employment in defence activities. Between 2015 and 2021, employment in the sector increased by 103%. With the addition of the military personnel at RAF Lossiemouth and the Kinloss Barracks, as well as expected investment, the contribution of the defence sector is likely to be significant in the coming years, to both direct employment in the sector and along the supply chain. Consequently, the sector is expected to create increasing demands on employment land, particularly for land uses classes 5 and 6. The region's strength in defence activities is also likely to enable the development of an aerospace sector in Moray as transferrable skills are utilised along with investment in projects such as MAATIC. This sector may then require employment land of land use class 5.

05

PLANNING POLICY

INTRODUCTION

- 5.1 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. The review identified 6 key outcomes to guide this planning reform: strong and flexible development plans; the delivery of more high quality homes; an infrastructure first approach to planning and development; efficient and transparent development management; stronger leadership, smarter resourcing and sharing of skills and; collaboration rather than conflict – inclusion and empowerment.
- 5.2 In June 2019, the Planning (Scotland) Act 2019 was passed which sets the future structure of the modernised planning system. Implementation of the Act runs alongside other planning reform workstreams, including: National Planning Framework 4 (NPF4); review of permitted development rights; digital transformation of planning and; the promotion of place. NPF4 is the national spatial strategy for Scotland and on 13 February 2023 it was adopted by Scottish Ministers. This replaces National Planning Framework 3 and Scottish Planning Policy. The statutory development plan for any given area of Scotland now consists of the National Planning Framework and the relevant local development plan(s).

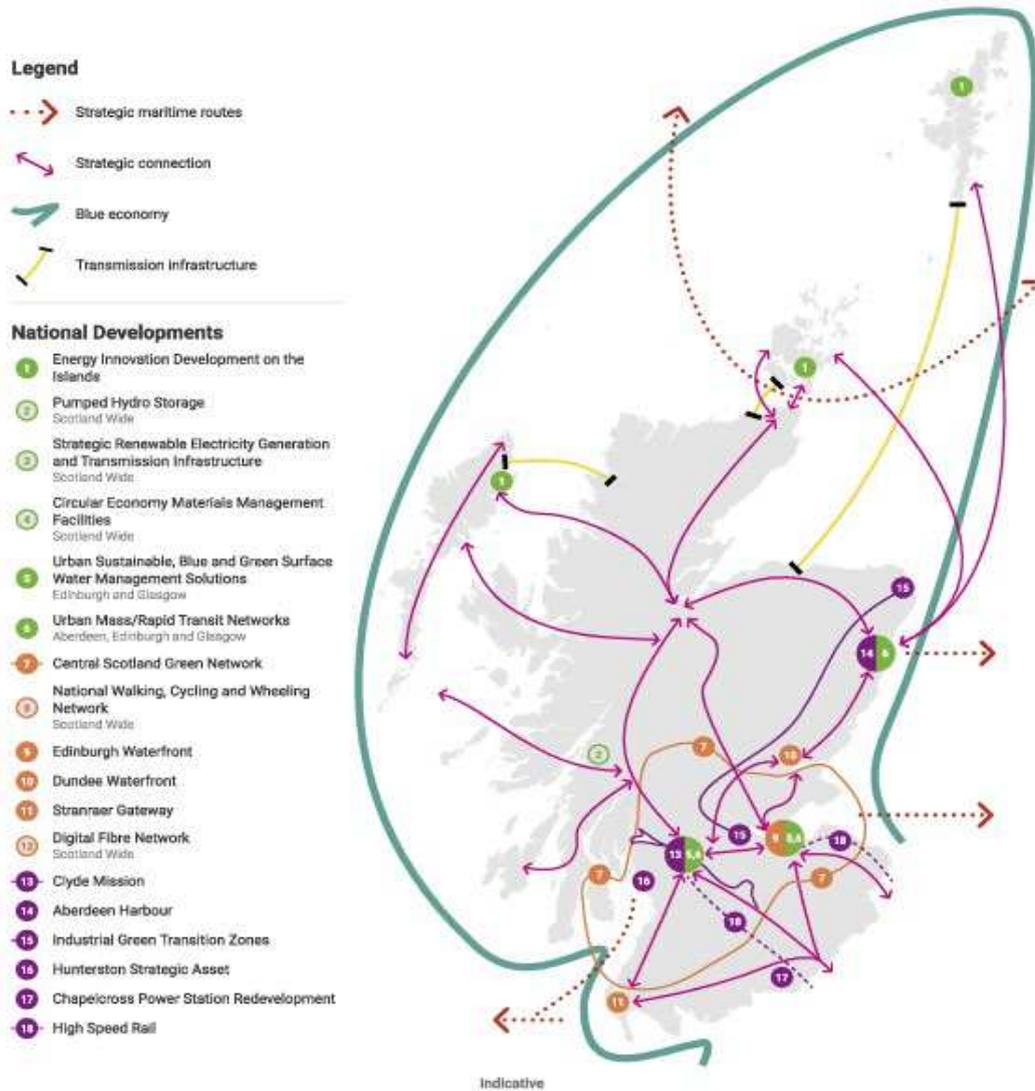
NATIONAL PLANNING FRAMEWORK 4

- 5.3 The now adopted NPF4 is the national spatial strategy for Scotland. It sets spatial principles, regional priorities, national developments and national planning policy and focuses on creating places that are sustainable, liveable and productive. Its 6 overarching spatial principles are:
- Just transition
 - Conserving and recycling assets
 - Local living
 - Compact urban growth
 - Rebalanced development
 - Rural revitalisation
- 5.4 These principles play a key role in delivering on the United Nations Sustainable Development Goals and Scotland's national outcomes as referenced earlier.
- 5.5 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. Moray will be a key location for strategic renewable electricity generation and transmission infrastructure which supports renewable electricity generation, repowering, and expansion of the electricity group. As well as capturing significant renewable energy potential transmission connections can also deliver social and economic benefits. Further work is underway to create guidance for industry and communities for developing community benefit packages.
- 5.6 Moray will also be required to contribute to other Scotland-wide targets, including the National Walking, Cycling and Wheeling network, circular economy materials management facilities, the digital fibre network, and pumped hydro storage.

- 5.7 The National Spatial Strategy is shown in Figure 11 alongside the 18 national developments. As well as the

transmission infrastructure between Moray and Shetland, the strategic connection between Aberdeen and Inverness, through Moray, is noted. The Scottish Government via Transport Scotland plans to dual the A96 between Inverness and Aberdeen which will involve the upgrade of 86 miles of single carriageway between the two cities. Plans are at a preparatory stage and an initial appraisal was published at the end of 2022.

FIGURE 11: NPF4 NATIONAL SPATIAL STRATEGY



Source: NPF4 (Revised draft)

5.8 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.

5.9 Moray sits within the North East region and it is noted this part of Scotland will play a crucial role in just transition to net zero. Aims for the area are to:

- Plan infrastructure and investment to support the transition from oil and gas to net zero whilst protecting and enhancing blue and green infrastructure and decarbonising connectivity
- Focus on continued regeneration through the principles of local living and 20 minute neighbourhoods to sustain the skilled workforce and improve local liveability
- Support continued economic diversification and innovation

5.10 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.

- 5.11 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. In addition, Policy 27 covering city, town, local and commercial centres could include provision of or conversion to offices in town centres.

MORAY LOCAL DEVELOPMENT PLAN 2020

- 5.12 Formally adopted on 27 July 2020, the Moray Local Development Plan (MLDP) 2020 sets how the Council sees the MLDP area developing over the next 10 years and beyond and covers the administrative area of Moray Council, minus the southern part which falls within the Cairngorm National Park which prepares its own LDP (see Figure 12). The Plan provides guidance to residents, developers and investors as to how much and where growth is proposed for land uses, such as housing and employment, and sets out a wide range of policies which are used to determine planning applications.

FIGURE 12: MORAY LOCAL DEVELOPMENT PLAN AREA/MARKET AREAS



Source: Moray Local Development Plan 2020

- 5.13 The current Growth Strategy for Moray is shown in Figure 13 and focuses new development in the primary growth centre of Elgin with growth to the north through the Findrassie Masterplan, to the south through the Elgin South Masterplan and to the south west through the Bilbohall Masterplan. The masterplans which include provision for employment land or include commercial uses are detailed later in this section.

FIGURE 13: MORAY GROWTH STRATEGY

Source: Moray Local Development Plan 2020

- 5.14 New growth has been identified in the Secondary growth areas at Lochyhill, Forres and south west Buckie, reflecting their role as key centres for their housing market areas. In the tertiary growth areas, the focus will largely be upon delivering existing designated sites which are either in the development process or have stalled in coming forward for development. The smaller towns and villages are expected to grow in proportion to their current size, and land designations have been made at a lower level and in accordance with existing supply. Some towns and villages have been proposed for no, or limited growth due to capacity, character or other environmental issues. Rural Groupings include development opportunities in rural areas and help to reduce demand for housing in the open countryside.
- 5.15 The formation of a new town as an option for accommodating growth is not supported in the MLDP however a longer term action to undertake preliminary investigations into suitable locations for a new town is included in the Action/Delivery Programme.
- 5.16 The preferred option for the dualling of the A96 will impact upon a number of designated sites, potentially bringing both opportunities and constraints. Additional land reserves have been identified as a contingency for the loss of any sites to this nationally important infrastructure project.
- 5.17 The MLDP spatial strategy is provided at Figure 14.

FIGURE 14: MORAY SPATIAL STRATEGY



Source: Moray Local Development Plan 2020

- 5.18 With regards to employment land, sufficient land and buildings for industrial and business uses is required. The MLDP states that demand for large sites from inward investors is small but large in terms of land take (40 hectares+). Demand is seen to come from a mix of small start-ups, renewables, digitally based businesses and decommissioning. MLDP states that demand is greatest within the Elgin area, followed by Forres and then Buckie, Keith and Speyside.
- 5.19 An annual requirement of 4-5 ha per year is identified in MLDP. The requirement has been split across Market Areas as follows:
- Elgin – 23 ha
 - Forres – 12 ha
 - Buckie – none required
 - Keith – 3.5 ha
 - Speyside – 4.8 ha
 - TOTAL = 43.3 ha
- 5.20 Within MLDP, a long term approach is taken to employment land whereby the annual employment land audit, the triggers in Policy DP3 (Long Term Land Reserves) and the new Delivery Policies will be used to monitor employment land and ensure an effective supply is maintained. It is important that a range of sites is available across Moray to accommodate inward investment, including sites for large scale users. On that basis land is identified in excess of the minimum employment land requirements in the form of long sites with strategic inward investment sites capable of accommodating large scale users identified in Elgin at Burnside of Birnie, West of Mosstodloch and at March Road in Buckie. The identification of these sites and their potential for longer term expansion allows for more strategic infrastructure and planning co-ordination between the relevant community planning partners and agencies.
- 5.21 DP5 is the policy associated with business and industry and a hierarchical approach is taken when assessing proposals for business and industrial uses:

- Business parks – to be kept predominantly for ‘high-end’ businesses such as those related to life sciences and high technology uses. These are defined as Class 4 (business) of the Town and Country Planning (Use Classes) (Scotland) Order 1997. This applies to new proposals as well as redevelopment within established Business Parks. Proposals for the development of new business parks must adhere to key design principles.
- Industrial Estates - to be primarily reserved for uses defined by Classes 4 (business), 5 (general) and 6 (storage and distribution) of the Town and Country Planning (Use Classes) (Scotland) Order 1997. This applies to new proposals as well as redevelopment within established Industrial Estates. Industrial Estates could be suitable sites for waste management facilities.
- Existing Business Areas - Long established business uses will be protected from non-conforming uses (e.g. housing). The introduction or expansion of non-business uses (e.g. retail) will not be permitted, except where the total redevelopment of the site is proposed.
- Other Uses - Class 2 (business and financial), 3 (food and drink), 11 (assembly and leisure) and activities which do not fall within a specific use class (sui generis), including waste management facilities will be considered in relation to their suitability to the business or industrial area concerned, their compatibility with neighbouring uses and the supply of serviced employment land. Retail uses will not be permitted unless they are considered ancillary to the principal use (e.g. manufacture, wholesale). For this purpose, ‘ancillary’ is taken as being linked directly to the existing use of the unit and comprising no more than 10% of the total floor area up to a total of 1,000 sq metres (gross) or where a sequential approach in accordance with town centre first principles has identified no other suitable sites and the proposal is in accordance with all other relevant policies and site requirements are met.
- Areas of Mixed Use Proposals - for a mix of uses where site specific opportunities are identified within Industrial Estate designations, these will be considered favourably where evidence is provided to the authority’s satisfaction that the proposed mix will enable the servicing of employment land and will not compromise the supply of effective employment land. A Development Framework that shows the layout of the whole site, range of uses, landscaping, open space and site specific design requirements must be provided. The minimum levels of industrial use specified within designations must be achieved on the rest of the site.
- Rural Businesses and Farm Diversification - Proposals for new business development and extensions to existing businesses in rural locations including tourism and distillery operations will be supported where there is a locational need for the site and the proposal is in accordance with all other relevant policies. A high standard of design appropriate to the rural environment will be required and proposals involving the rehabilitation of existing properties (e.g. farm steadings) to provide business premises will be encouraged.
- Inward Investment Sites - The proposals map identifies a proposed inward investment site at Dallachy which is safeguarded for a single user business proposal seeking a large (up to 40ha), rural site. Additional inward investment sites may be identified during the lifetime of the Plan.

5.22 Moray has a number of Special Landscape Areas which have been designated for areas of special character and quality. This is particularly the case for the Speyside area which is a popular location for whisky distilleries. Policy EP3 does allow development directly related to distilling where there is a locational need and no alternative location however design standard and visual/landscape impacts are a particular focus when applications are considered.

BUCKIE HARBOUR MASTERPLAN

5.23 In 2015, a masterplan was developed for Buckie Harbour. Buckie Harbour was built over 100 years ago to serve the fishing industry, growing over the years to include a significant cargo industry as well. The decline

of the fishing industry over the last 20 years in the UK has had an impact on the port, like many others. Offshore wind has been identified as a major opportunity that could act as a catalyst to the wider revitalisation of the harbour and surrounding area. The masterplan's objectives are to:

- Enable existing business to grow and develop, and property/landowners to fulfil their aspirations
- Make provision for inward investment, especially for operations and maintenance linked to planned offshore windfarms in the Moray Firth
- Inform future investment in port infrastructure

5.24 The masterplan demonstrates that investment by existing businesses and potential operations and maintenance can both be accommodated within the harbour. The Buckie Harbour Masterplan is currently being updated by the Council.

FINDRASSIE MASTERPLAN SUPPLEMENTARY GUIDANCE

5.25 Findrassie is a major land release in the north of Elgin which is allocated in the MLDP for housing and employment uses. The total land area is 112 hectares which comprises 100 hectares of housing land with an indicative capacity of 1,500 houses and 12 hectares of employment land for business uses. The site extends from Lossiemouth Road in the east to Duffus Road in the west and creates three new gateways into Elgin from the north. Findrassie has a 20-25 year timeframe for development.

ELGIN SOUTH MASTERPLAN

5.26 The Elgin South Masterplan has been updated and was approved at Committee in August 2021 following an online public consultation. Elgin South is a major land release to the south of Elgin which is allocated in the MLDP. The Masterplan provides a strategic framework for a large new neighbourhood planned as three connected villages including a mix of uses, a network of green and blue spaces, and connections to adjacent employment land opportunities.

BARMUCKITY BUSINESS PARK STRATEGIC FRAMEWORK

5.27 Now referred to as Elgin Business Park, this strategic framework provides landscape and land use terms which set the context for all future planning applications related to the site. Following grant funding from Highlands and Islands Enterprise infrastructure works were completed and Phase 1 is being developed via Springfield (Saltire Business Parks Ltd).

5.28 The industrial estate's primary function is for Class 4, 5 and 6 with a minimum of 14.69 ha reserved for these uses. A greater mix of uses is supported across 7.41 ha of the site adjacent to the A96. Within these areas use classes 4, 5, 6, 7 (hotel/hostel) and 11 (assembly and leisure) are permitted. Retailing is acceptable where it is ancillary to a main use.

SOUTH AND EAST OF KEITH MASTERPLAN

5.29 The Council is keen to understand the extent of any opportunities for energy related developments around the Blackhillock sub station near Keith. In recent years, the Council has received planning applications for large areas of designated and undesignated employment land for this purpose and there is concern that this pressure is reducing available land for job producing other users. The Council has recently commissioned a masterplan for the area to the south and east of Keith to help better understand this demand and how and where it can be accommodated. The masterplan will consider battery storage, data centre, solar and hydrogen.

MORAY LDP REVIEW AND CALL FOR IDEAS

5.30 As noted, Moray Council is preparing its Regional Spatial Strategy (RSS) and a new LDP which will set out

the long term vision for Moray. It is anticipated that the new LDP will be adopted in 2027. The first step in this work is to invite people to share their ideas, thoughts and views about how Moray should develop over the next 10 years and beyond.

- 5.31 The Council has issued a Call for Ideas via an online response form with ideas to be submitted by the end of June 2023. As part of this, ideas are sought on encouraging and facilitating employment, business and industry and what land should be developed over the next 10-20 years. The Call is open to individuals, businesses, landowners, developers/builders and community bodies and groups.

SUMMARY

- 5.32 The over-arching aim of 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. Moray has a key role to play in this ambition and will be a key location for infrastructure supporting renewable electricity generation.
- 5.33 NPF4 also notes the strategic connection between Aberdeen and Inverness, through Moray. The Scottish Government has made a commitment to dual the A96 by 2030 however the project has been faced with delays and a final decision on the project has yet to be reached. The proposed route will have an impact on the designation of employment land sites.
- 5.34 Moray Council is preparing its Regional Spatial Strategy and a new LDP which will set out the long-term vision for the area. In the meantime, the 2020 Moray LDP prevails which adopts a hierarchical approach to growth with the primary growth area noted to be Elgin. The secondary growth areas are Forres and Buckie with tertiary growth areas noted to be Lossiemouth, Keith, Fochabers, Aberlour and Mosstodloch.
- 5.35 Sufficient land and buildings are required for industrial and business uses with demand seen to come from a mix of start-ups, renewables, digitally-based businesses and decommissioning. Demand from inward investors is small but can be large in terms of land take (40 ha+). At the time of the last LDP employment demand was greatest in Elgin, followed by Forres and then Buckie, Keith and Speyside. This will be tested as part of this report.
- 5.36 The Moray LDP identifies an annual requirement of 4-5 ha per year, split across the market areas.
- 5.37 Moray has a number of Special Landscape Areas which have been designated for areas of special character and quality, particularly in Speyside. There are restrictions for development proposals within these areas which are particularly popular with those in the whisky industry.
- 5.38 Several masterplans are in place in order to guide the development of specific areas with employment allocations. These include Buckie Harbour, Findrassie, Elgin South and Elgin Business Park (Barmuckity).

06

PROPERTY MARKET REVIEW

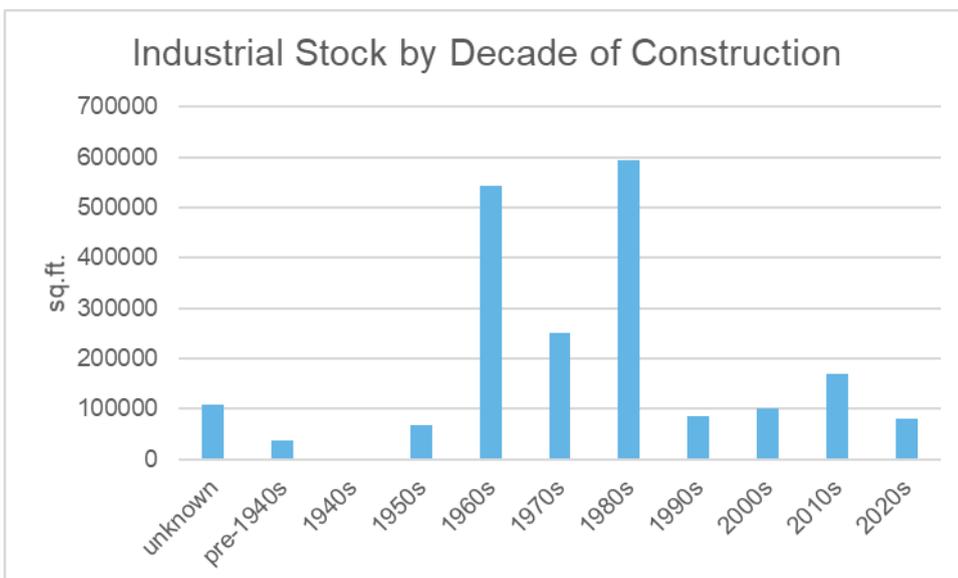
MARKET CONTEXT

- 6.1 This section provides a comprehensive business property market review for Moray. It considers the stock of employment property floorspace across the region (both occupied and vacant) and provides a fully detailed review of the supply and take up (sales and lettings) of industrial and office premises, including new development and proposals. Demand for premises ultimately drives demand for employment land.
- 6.2 Scotland’s **industrial** property market fundamentals remain strong. The demand profile is wide and includes different types of business requirement due to ongoing structural changes in the economy, for example online shopping requiring more storage and logistics buildings. However, very limited supply due to insufficient new development and current economic uncertainty are suppressing some demand, leading to short term lease renewals. Meanwhile, the looming issue of obsolescence and better building performance, particularly energy, will have to be addressed in the near future.
- 6.3 The flight to smaller, better quality **offices** to meet ESG requirements and hybrid and home working requirements post-pandemic is now fully evident across the market in occupier requirements and deals being struck.

MORAY’S EMPLOYMENT PROPERTY STOCK

- 6.4 Moray’s **industrial** property stock comprising Use Classes 5 and 6 totals 2.04 million sq.ft. This includes both occupied and vacant properties. The figure excludes bonded warehousing and distilleries of which there are many throughout the region.
- 6.5 The age of industrial property can provide a broad indication of its market potential, in terms of physical and functional obsolescence and reinvestment/refurbishment requirements. Figure 15 groups Moray’s 2.04 million sq.ft. of industrial floorspace into the decades in which it was built.

FIGURE 15: INDUSTRIAL STOCK BY DECADE BUILT

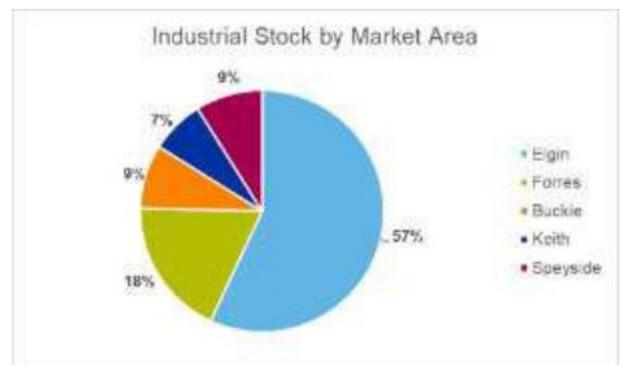


Source: Ryden/CoStar

- 6.6 Around half (41%) of the region’s industrial floorspace was built in the 1970s and in particular the 1980s, so is typically 33-53 years old. Many industrial estates across Scotland from this era were built by the public sector. Moray’ stock also includes speculative development by Moray Badenoch & Strathspey Enterprise from the 1990s. Although around 30% of stock was built during the 1960s, on closer inspection the majority of this is at the Baxters food processing facility in Fochabers.
- 6.7 Around 0.41 million sq.ft. of **office** stock is recorded in Moray. The office stock is comparatively old with 36% built pre-war. During the 1970s and 1980s, 12% of the regions office stock was built, while over the past 20 years 28% of the office stock has been constructed.
- 6.8 For the purposes of this market analysis, Moray is presented as a single region and as five market areas (Figure 12 in Section 5 above).
- Elgin Market Area, including Elgin, Lossiemouth, Mosstodloch and Troves
 - Forres Market Area
 - Buckie Market Area, including Buckie and Cullen
 - Keith Market Area
 - Speyside Market Area, which includes Aberlour and Rothes

6.9 In the **industrial** market over half of the floorspace stock is in Elgin (57%), followed by Forres with 18%. Other market areas have between 7 and 9% of the region’s stock. (Figure 16)

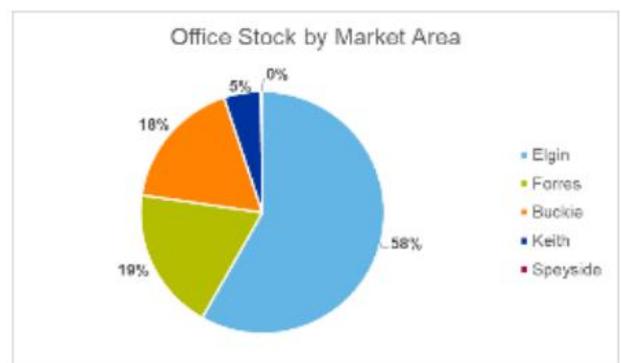
FIGURE 16



6.10 The Scottish Assessors valuation roll notes 606 properties on the roll classified as industrial uses ¹⁴. A similar spread of industrial units is noted throughout the region, although this time by number. Elgin has 49%, Forres has 18%, Buckie has 14%, Keith 12% and Speyside with 7% of units.

6.11 In the **office** market a similar pattern in the spread of office floorspace stock is seen, with over half in Elgin (58%), followed by 19% in Forres, and a larger 18% in Buckie. (Figure 17)

FIGURE 17



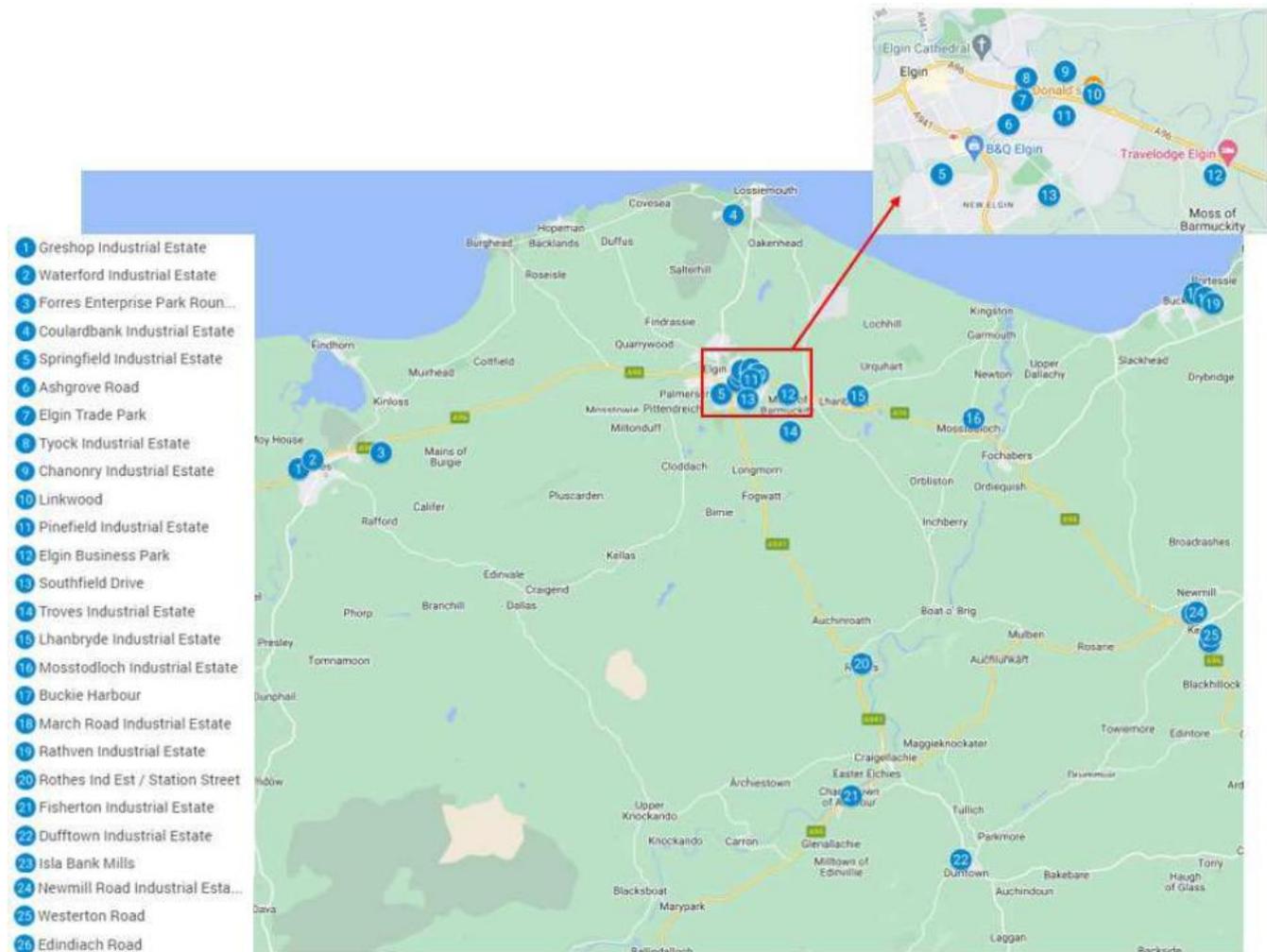
6.12 The Scottish Assessors valuation roll notes 435 properties on the roll classified as office(s). A similar spread of office properties is noted throughout the region, although this time by number. Elgin has 60%, Forres has 20%, Buckie has 8%, Keith 9% and Speyside with 4% of offices.

¹⁴ fields selected are depot, factory, studios(s), warehouse(s), and workshop
 Ryden, May 2023

MORAY INDUSTRIAL MARKET

6.13 The principal employment estates in Moray are mapped on Figure 18. Although there is a spread throughout the region there is a cluster in and around Elgin which aligns with the floorspace and units analysis summarised above.

FIGURE 18: PRINCIPAL EMPLOYMENT LOCATIONS



Source: Ryden / Google maps

INDUSTRIAL SUPPLY

6.14 In terms of **supply** there is currently 73,803 sq.ft. of industrial floorspace space in 28 units currently being actively marketed in Moray, these are in Table 9 across the following two pages¹⁵. This is a low floorspace vacancy rate of only 3.6%.

6.15 The majority of industrial properties on the market are older units, although there are modern units at Chanonry Court and Elgin Business Park in Elgin available.

6.16 Asking rents range from £2.60 per sq.ft. up to £8.50 per sq.ft. for new build units.

6.17 In addition, a further 11 units totalling 14,966 sq.ft. are currently under offer.

¹⁵ While Ryden has endeavoured to include all marketed properties, in a large, dispersed market area with many settlements and a rural hinterland, other properties may come on and off the market less formally and not be recorded.

6.18 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).

TABLE 9: CURRENT INDUSTRIAL SUPPLY

ADDRESS		SIZE (SQ.FT.)	DETAILS
ELGIN MARKET AREA			
Chanonry Court, Chanonry Road South, Chanonry Industrial Estate Elgin		8,732	6 modern terraced units for lease at c. £8.30 per sq.ft. 1 x 3,788 sq.ft., and 5 x 987 sq.ft. Due to the nature of the construction of the units do not require an EPC due to them being of low energy demand. Built 2021 by Excel Scotland.
12 Chanonry Road South, Chanonry Industrial Estate, Elgin		13,707	Modern detached trade counter unit. For assignment of sublease to July 2036 at £8.30 per sq.ft. Suitable for a builder's merchant or Use Classes 4, 5 and 6. Built 2011.
4 Wards Road, Elgin		5,491	Single storey industrial / trade counter / office. For lease £4.20 per sq.ft. Built 1970s.
Tower Place, Elgin Business Park, Elgin		5,275	5 new-build starter units, all 1,055 sq.ft. Rents £8.50 per sq.ft. Built 2021. Built by Saltire/Springfield.
Store 2, Burghead Harbour, Burghead		856	Single storey workshop of brick construction on a 783 sq.ft. yard. For lease at £2.60 per sq.ft.
Pinefield Business Centre, Pinefield Industrial Estate		3,207	Unit D Single storey end-terrace workshop/storage unit. For lease at £6 per sq.ft.
Unit 8 Chanonry Spur, Chanonry Spur Industrial Estate, Elgin		646	Unit G Single storey mid-terrace industrial workshop/storage unit. For lease at £7 per sq.ft. from 1-month upwards.
Unit 8 Chanonry Spur, Chanonry Spur Industrial Estate, Elgin		925	Single storey industrial/warehouse unit in the middle of a terrace of 3 units. For lease at £7.60 per sq.ft. from 1-year upwards.
Unit 14 Pinefield Parade, Elgin		1,027	Single storey unit with workshop and office space. For lease £12,000 pa.
Edgar Road, Elgin		5,917	Detached unit with warehouse space. Use Classes 5 & 6. For lease at £5.75 per sq.ft.
Linkwood Place, Elgin		1,465	Five offices available together on upper floor within Alan Milne Motors premises. For lease £30,000 pa.
FORRES MARKET AREA			
3 Bogton Place, Forres		11,876	Former car sales garage, the buildings have been converted to provide a series of business units suitable for a variety of uses from office, to sales/storage and workshop use. For lease. Built 1990.
Waterford Circle, Waterford Industrial Estate, Forres		2,368	Unit 1 Single storey detached factory unit on a 6,835 sq.ft. yard. For lease on a month by month basis at £7.40 per sq.ft.
		753	Unit 5 Single storey mid terraced workshop/storage unit, for lease from 1 month to 5 years at £8.30 per sq.ft.

4 Greshop Industrial Estate, Forres		1,313	Single storey semi-detached workshop/ storage unit on a 3,013 sq.ft. fenced yard. For lease from 1 month to 5 years at £8 per sq.ft.
4 Waterford Way, Forres		3,452	Industrial yard and workshops on an irregular site. For sale o/o £90,000, may be an option for re-development
BUCKIE MARKET AREA			
17 March Road East, Buckie		753	Single storey mid terraced workshop/storage unit. Use classes 5 & 6. For lease £6.80 per sq.ft. on a 1-month to 5 years term.
KEITH MARKET AREA			
Unit B, Balloch Road, Keith		2,647	Single storey industrial workshop unit with offices and stores on a 0.07 acre yard. For lease from 1 month upwards.
Unit B, Isla Bank Mills, Keith		3,146	Substantial brick/block built workshop with secured yard of 2,659 sq.ft. For lease from month to month upwards ar £2.70 per sq.ft.
SPEYSIDE MARKET AREA			
Aberlour Filling Station, High Street, Aberlour		1,000	Filling station with warehouse, shop and cottage, for auction. Possible redevelopment opportunity.

Source: Ryden / CoStar/ Zoopla/ Property agents

6.19 By sizeband the majority of available units are smaller, with 12% smaller than 1,000 sq.ft., and 37% between 1,000 – 5,000 sq.ft. There are no units available larger than 20,000 sq.ft. (Figure 19 and Table 10). The Elgin Market Area has the majority of market share for number of units on the market with 68%, due to the fact Elgin has attracted new development recently, followed by Forres with 18%.

FIGURE 19: INDUSTRIAL SUPPLY BY SIZEBAND AND MARKET AREA

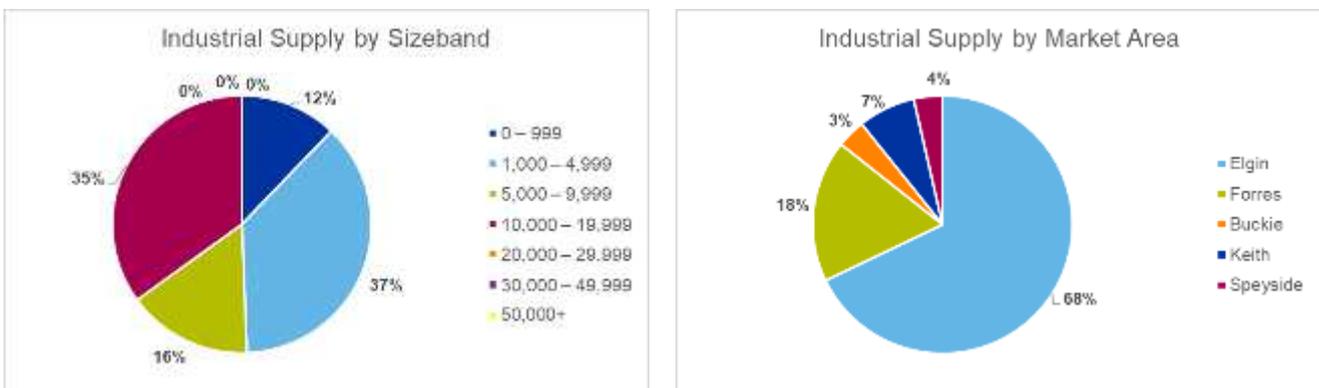


TABLE 10: CURRENT INDUSTRIAL SUPPLY BY SIZEBAND

SIZEBAND	FLOORSPACE SQ.FT. / (NUMBER)					TOTAL
	ELGIN	FORRES	BUCKIE	KEITH	SPEYSIDE	
0 – 999	7,362 (8)	753 (1)	753 (1)	-	-	8,868 (10)
1,000 – 4,999	13,297 (8)	7,133 (3)	-	5,793 (2)	1,000 (1)	27,223 (14)
5,000 – 9,999	11,408 (2)	-	-	-	-	11,408 (2)
10,000 – 19,999	13,707 (1)	11,876 (1)	-	-	-	25,583 (2)
20,000 and above	-	-	-	-	-	-
Total	45,774 (19)	19,762 (5)	753 (1)	5,793	1,000	73,082

Source: Ryden / CoStar/ Zoopla/ Property agents

6.20 Energy performance is an increasingly important feature of industrial buildings, both in terms of carbon emissions and the revenue costs of operation. Energy Performance Certificates (EPCs) are a statutory requirement for marketing of properties and provide a further guide to the modernity of industrial premises. The rating is based on the buildings characteristics (the fabric) and its services (e.g. heating, ventilation, lighting); A is best, G is worst.

- 12 of the available industrial units have a registered EPC rating (43%)¹⁶
- 5 buildings achieve A ratings. These buildings are very energy efficient. A B rating also indicated this.
- 5 buildings have mid-range EPC ratings of C, D or E.
- 1 building has a poor EPC rating of F, and 1 has G, which is the worst. These building could be termed 'environmentally obsolete' without appropriate improvements.
- 10 properties could not be identified on the EPC register. For 4 of them marketing particulars state 'The premises are unheated and therefore an Energy Performance Certificate will not be provided'.
- 6 do not require an EPC rating as the units are new build and of low energy demand

6.21 In addition to industrial units currently on the market, three trading businesses in industrial premises are for sale across the region (Table 11). Two are car/motorcycle garages both in Elgin, and one is a funeral director business in Buckie.

TABLE 11: CURRENT INDUSTRIAL BUSINESSES FOR SALE

ADDRESS	DETAILS
JR Motors, The Wards, Elgin	 Car garage and MOT centre business located in a purpose-built garage facility 1,000 sq.ft., available on a leasehold basis at £149,995 (Hilton Smyth)
Willie Young Motorcycles, 4 Parade Spur South, Elgin	 Sale and repair of motorcycles and motorcycle clothing and equipment, business for sale o/o £325,000 (CCL Property)
Joe Dawson Funeral Directors, 25 East Cathcart Street, Buckie	 Funeral directors business for sale, c. 3,580 sq.ft. (Stewart & Watson)

Source: Ryden / Zoopla / Rightmove

¹⁶ While these may have a rating, it is not recorded in either the marketing details or identifiable on the Scottish EPC Database <https://www.scottishepcregister.org.uk/>
Ryden, May 2023

6.22 Industrial units are also being marketed as redevelopment opportunities as per Table 12. Two have or had residential planning permission and one appears to be a residential-style building so it is probable that these be developed for residential rather than industrial uses. In addition, 4 Waterford Way, Forres and Aberlour Filling Station, High Street, Aberlour are marketed properties from Table 12 which are alternatively described as potential redevelopment opportunities.

TABLE 12: CURRENT INDUSTRIAL REDEVELOPMENT OPPORTUNITIES

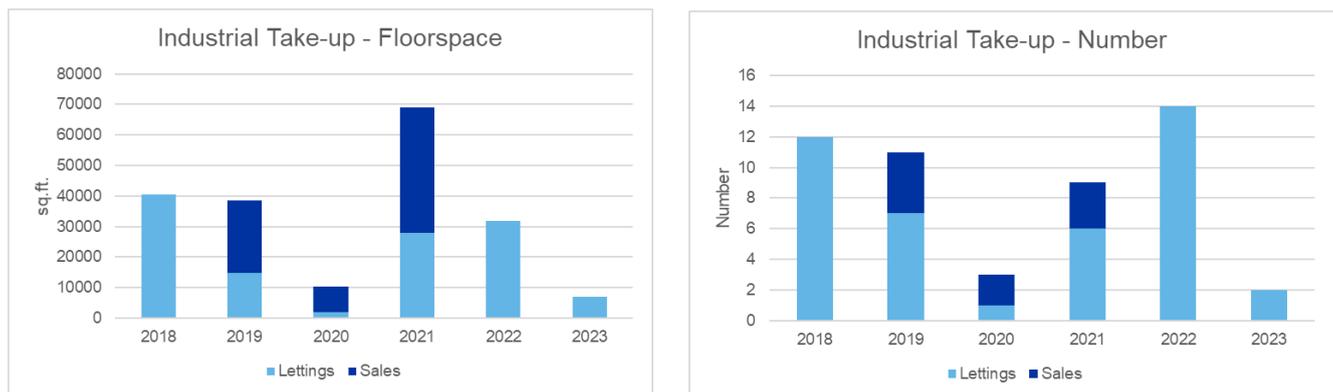
ADDRESS		DETAILS
Former Laundrette, 3-5 Gordon Street, Forres		Former laundrette in a commercial building and site which has had planning permission granted to demolish and build 6 luxury flats and 2 townhouses. (McEwan Fraser Legal)
Upper Hempriggs Farm, Kinloss		Former agricultural buildings on a 6.16 acre site. For sale £400,000. Has expired outline planning consent for residential development (J & E Shepherd)
Nicholson Building, St Catherines Road, Forres		Originally used as a coachbuilders and more recently a tractors dealer. Development opportunity. For auction, guide price £59,000 (Auction House Scotland)

Source: Ryden / Rightmove/ Zoopla

INDUSTRIAL TAKE-UP

6.23 A total of 197,173 sq.ft. of industrial floorspace in 51 transactions has been recorded as taken-up (sales and lettings) in Moray from January 2018 to February 2023 (Figure 20). This is an annual average of 38,040 sq.ft. in 10 units per annum. This is less than 1 deal per month however it is recognised that this could be due to a lack of supply and we are aware that the Council in particular has good demand for its vacant industrial properties and closing dates are often required due to multiple interests. The majority of transactions were lettings. The spikes in 2019 and 2021 were due to larger transactions rather than an increased number of transactions. Over the past five years, 2022 had the most transactions.

FIGURE 20: INDUSTRIAL TAKE-UP



Source: Ryden / CoStar

6.24 While Ryden has endeavoured to include all marketed properties and transactions, in a dispersed market area with many settlements and a rural hinterland, other properties may come on and off the market less formally and not be recorded.

6.25 Examples of recent industrial transactions in Moray are provided in Table 13 on the next page. Transactions tend to be on industrial estates, with lease lengths of between 2 to 20 years. Achieved rents range from a low of £4 per sq.ft. up to £8.50 per sq.ft. New-build units in Moray achieve £8.30 - £8.50 per sq.ft. Active sectors are motor trades, logistics, food and drink and trades suppliers.

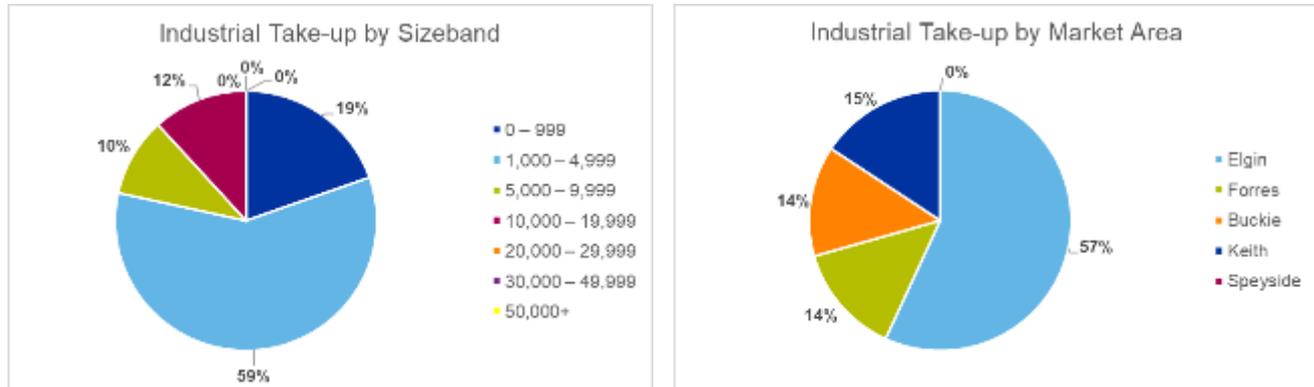
TABLE 13: RECENT INDUSTRIAL TRANSACTIONS

ADDRESS	SIZE (SQ.FT.)	DETAILS
ELGIN MARKET AREA		
Edgar Road, Springfield Industrial Estate, Elgin	 5,917	Let in February 2023 to Lima Auto Body Shop on a 20-year lease at £5.75 per sq.ft.
Tower Place, Elgin Business Park, Elgin	 1,055 1,055 1,585	New-build speculative units at rents of £8.50 per sq.ft. Unit 12 Let in January 2023 Unit 3 let in August 2022 to Moray Coast Couriers Unit 15 let in July 2022 Unit 10 let in January 2022
Chanonry Court, Chanonry Road South, Elgin	 3788 987 986 986 986 986 987 3,081	New-build speculative units, at rents of £8.30 per sq.ft. Let in December 2022 Let in June 2022 to Dream Events by Sarah Let in June 2022 to Magical Events Company on a 3-year lease Let in May 2022 to SM Electricals on a 3-year lease Let in May 2022 to Whisky Mad Ltd on a 2-year lease Let in May 2022 to McGregor Memorials on a 5-year lease Let in May 2022 to M & H Carriers on a 4-year lease Let in April 2022 to Megga Deals Moray
Chanonry Court, Chanonry Road South, Elgin	 8,463	Let in November 2022 to M & H Carriers
Unit 8 Chanonry Road, Chanonry Road South Industrial Estate	 3,788	Council property previously occupied as a Council store. Heads of Terms have recently been agreed for a letting to a local private company.
6 Chanonry Street, Elgin	 2,093	Let in July 2022, standalone industrial workshop with offices on 1f.
Unit 1 Edgar Road, Elgin	 5,761	Let in October 2021 on a 20-year lease at £7 per sq.ft. Trade counter / showroom, now Edgar Road Garage.
FORRES MARKET AREA		
6 Greshop Road, Greshop Industrial Estate, Forres	 2,082	Let in June 2022 at £4 per sq.ft. to D & M Winchester for a bonded warehouse
11 Forres Enterprise Park, Forres	 12,600	Let in August 2021 to Orbex Ltd
KEITH MARKET AREA		
5 Westerton Road, Keith	 12,455	Sold in May 2021. Modern unit with yard

Source: Ryden / CoStar

6.26 A breakdown of this take-up by sizeband and area is shown in Table 14. The majority of take-up has been for units smaller than 5,000 sq.ft., with 78% of units by number. (Figure 21 and Table 14). Industrial units in the sizeband 1,000 – 5,000 sq.ft. had the majority of take-up at 59% of all take-up by number. This matches supply noted above. The majority of take-up (57%) was in the Elgin market area, which also matches the distribution of industrial stock across Moray.

FIGURE 21: INDUSTRIAL TAKE-UP BY SIZEBAND AND MARKET AREA



Source: Ryden / CoStar

TABLE 14: INDUSTRIAL TAKE-UP

SIZEBAND	FLOORSPACE SQ.FT. / (NUMBER)					TOTAL
	ELGIN	FORRES	BUCKIE	KEITH	SPEYSIDE	
0 – 999	6,795 (8)	1,829 (2)	-	-	-	8,624 (10)
1,000 – 4,999	40,758 (16)	7,420 (3)	10,667 (4)	17,949 (7)	-	76,794 (30)
5,000 – 9,999	32,781 (5)	-	-	-	-	32,781 (5)
10,000 – 19,999	-	27,186 (2)	39,333 (3)	12,455 (1)	-	78,974 (2)
20,000 and above	-	-	-	-	-	-
Total	80,334 (29)	36,435 (7)	50,000 (7)	30,404 (8)	-	197,173 (51)

Source: Ryden / CoStar

INDUSTRIAL INVESTMENT PROPERTY MARKET

6.27 Industrial investment transactions, i.e. purchased by investors for income by investors rather than by occupiers, in Moray are shown in Table 15 on the next page. Both are new-built trade counter units.

6.28 In addition to these transactions an investment opportunity at Chanonry Court on Chanonry Road South in Elgin is currently for sale and is understood to be under offer.

TABLE 15: INDUSTRIAL INVESTMENT TRANSACTIONS

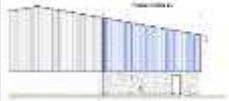
ADDRESS		SIZE (SQ.FT.)	DETAILS
Units 2 & 3 Ashgrove Road, Elgin Trade Park		6,106	Sold in October 2022 to The Hartley Trust Corporate Trustee Ltd for £1.35 million (5.10%)
Units 1 Ashgrove Road, Elgin Trade Park		10,149	Sold in November 2021 to Jilona Ltd for £1.4 million (5.66%). Pre-let to Howdens Joinery

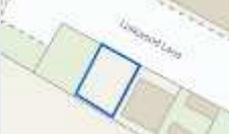
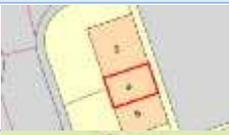
Source: Ryden / CoStar

INDUSTRIAL DEVELOPMENT ACTIVITY

- 6.29 There has been a number of recent new build industrial developments and proposals in Moray (Table 16A across the following two pages). New development is concentrated around Elgin. The activity comprises mainly private sector development built for, or to be built, for companies, totalling more than 111,500 sq.ft. across 26 developments. There are four speculative private sector developments – i.e. built at the developers' risk without occupiers in place - which total around 55,000 sq.ft.

TABLE 16A: RECENTLY COMPLETED AND PIPELINE DEVELOPMENT

DEVELOPMENT		DETAILS
ELGIN MARKET AREA		
Chanonry Court, Chanonry Industrial Estate, Elgin		Terrace of 18 new-build speculative industrial units totalling 22,022 sq.ft. in units from 987 sq.ft. ESL Developments. The site totals 1.84 acres and is held on a 99-year ground lease from Moray Council at £18,695 pa.
Chanonry Road South, Elgin		Warehouse built at No 2 in 2015 totals 8,500 sq.ft. Owned / built by ESL Investments.
Chanonry Road North, Chanonry Industrial Estate, Elgin		Industrial/Warehousing development sites Site 1 : 0.24 ha (0.592 acres) and Site 3 : 0.24 ha (0.593 acres) are available. Suitable for general purposes and industrial operations. Moray Council will consider offers to lease the sites on a long (99 years to 125 year) development lease basis. 21/00219/APP - Proposed container storage yard at 7 Chanonry Road North by MonStore Self Storage, permitted in May 2021.
1 Chanonry Spur, Elgin		22/00370/APP Erect extension for hammer head shed and store at Northern Fabricators Ltd for own use
Elgin Trade Park, Ashgrove Road, Elgin		Development of trade counter units on a 4 acre site adjacent to the A96 trunk road. Units totalling c. 16,000 sq.ft. were developed by Seamount Ltd for Howdens, City Plumbing and Crown Paints in 2020 and the balance of the site was sold to Macphersons of Aberlour. Upon completion the pre-let trade counter units were sold to investors.
Elgin Business Park	  	Development plots have been sold here. Tower Place by Saltire Business Parks has been developed. Two terraces of 14 new-build industrial starter units totalling c. 15,820 sq.ft. in units from 1,055 sq.ft. Use Class 5 General Industrial, and Class 6 Storage or Distribution. Site 12a. 18/01000/APP Recent developments and applications are : Site 1: 22/00607/APP - Construction of 7 attached storage units for Morlich Homes. Approved Site 2: 21/01587/APP - Formation of storage yard and erection of fencing/gateways for Seivwright Brothers Ltd. Approved Site 3: 21/00448/APP - New office and workshop of c. 21,000 sq.ft. for Morlich Homes. Approved and built Site 4: Sold but no planning application yet Site 5: Sold but no planning application yet Site 6: 22/00983/APP Proposed new workshop and display premises of c. 12,000 sq.ft. for Mr G Russell. Approved Site 7: 19/01195/APP Formation of storage yard including roadways, laydown areas and erection of fencing/gateways for Speyside Scaffolding Site 9: 20/00012/APP Construct warehouse for distribution use containing a small office with a collections point of c. 10,000 sq.ft. for Menzies Distribution, Approved and built Site 10: 19/01218/APP - Erection of a warehouse and distribution unit of c. 20,000 sq.ft. for RH Claydon. Permitted Site 11: 21/01588/APP - Formation of storage yard and erection of fencing/gateways for Seivwright Brothers Ltd. Approved Site 12: 22/00239/APP - Pot ale processing plant and associated reception office for Horizon Proteins approved September 2022 Site 13: 21/00207/APP Siting of temporary storage containers for S & D Harper Site 14: 22/01084/APP - Erect industrial unit of c 5,000 sq.ft. with yard for Moray Distillery Ltd. Approved March 2023 Site 14A: 22/01278/APP - Erect single storey office accommodation of c 9,000 sq.ft. for Johnston Carmichael, approved February 2023 Site 17: 22/00410/APP - Erect showroom warehouse and workshop building for MacGregor Industrial Supplies (MIS) of c 35,000 sq.ft.

		Approved Site 8, 13a, 14b, 15 and 16 remain available for sale In addition, a Travelodge, Starbucks and petrol filling station are located on the site.
Former Hopeman Service Station, Forsyth Street, Hopeman		Planning application by Saltire Business Parks (22/00842/APP) permitted in February 2023, for the demolition of existing service station and garage and erect 3 buildings consisting of 5 starter units for class 4, 5 & 6 uses with associated parking totalling c 9,000 sq.ft.
Unit 2B Linkwood Lane Linkwood Industrial Estate Elgin		A planning application (21/00860/APP) by MG Motors to erect a single storey double garage/workshop for own use
Adjoins 31 Grampian Road Adjoins 33 Grampian Road, Elgin		22/00457/APP - Proposed commercial storage facility including 3 steel containers by Laing & Sim, approved June 2022 22/00458/APP - Proposed industrial / commercial storage facility including 1 steel container by Laing & Sim, approved June 2022
FORRES MARKET AREA		
4 Waterford Circle, Forres		22/00110/APP Change of use of Class 1 retail element for sale of whisky to workshop for Speyside Whisky Auctions.
Berry Burn Wind Farm, Dunphail, Forres		22/00527/APP - Erect workshop for Statkraft at its wind farm here.
BUCKIE MARKET AREA		
28B Commercial Road, Buckie		22/01368/APP - New operations and maintenance base for Moray Offshore Windfarm (West) Limited to be constructed comprising office and warehouse building yard area. Approved February 2023
March Road Industrial Estate, Buckie		21/01629/APP - Erect a storage building for Boormalt at its facility at The Maltings, 20 March Road East 22/00781/APP - Site modular storage building on site for Lossie Seafoods 22/01257/APP - Develop 3 yards for class 4,5 and 6 uses and erect galvanised palisade security fencing with gated access by Moray Council
KEITH MARKET AREA		
ERDF Funded Business Development Sites, Westerton Road South, Keith		Sites 7 & 8 are currently under offer. Site 7 is 0.225 ha (0.55 acres) and site 8 is 0.575 ha (1.4 acres). A recent planning application (23/00314/APP) for these sites and including plots above them by Isla Cooperage to erect a cooperage including office staff facilities storage yard and associated works is awaiting a decision.
SPEYSIDE MARKET AREA		
Spey Bay Auto-Salvage, Nether Dallachy, Spey Bay, Fochabers		22/01587/APP - Erect 2(no) storage buildings at Spey Bay Auto-Salvage. Awaiting a decision

Source: Ryden / Moray Council Planning/ websites

6.30 In addition, there have been planning applications from the food & drink industry, particularly the whisky sector and mainly for storage. Table 16B below shows a summary of the most relevant applications.

TABLE 16B: RECENTLY COMPLETED AND PIPELINE DEVELOPMENT – FOOD & DRINK

ADDRESS	PLANNING REFERENCE	DESCRIPTION	STATUS
Wester Greens, Dunphail, Forres	21/00045/APP	Renovate existing farm sheds and convert to small craft Scotch whisky distillery with associated visitors centre erect new cask storage building	Permitted
Spey Valley Brewery, Mulben, Keith	21/00352/APP	Proposed storage extension	Permitted
Glenfarclas Distillery, Ballindalloch	21/00420/APP	Proposed bonded warehouses	Permitted
Glenburgie Distillery, Forres	21/01363/APP	Proposed new bunded spirit tanks with stair access and pipebridge to connect them to adjacent process building	Permitted
Macallan Distillery, Craigellachie, Aberlour	21/01435/APP 22/00091/APP	Erect timber cabin pump house Extension of amenities building extension of car park new access road and engineering workshop	Permitted Permitted
Coleburn Distillery, Longmorn, Elgin	21/00166/APP 21/01646/APP	Erect two storey extension to existing bonded warehouse Proposed removal of existing fuel tanks and erection of storage building	Permitted Permitted
Viewfield Farm, Craigellachie, Aberlour	21/02008/APP	Demolish 2 no agricultural sheds and erect 2 no whisky storage warehouses	Permitted
6 Greshop Road, Forres	22/00784/APP	Proposed change of use from vegetable processing business with ancillary cold storage facilities to bonded warehouse . D & M Winchester	Permitted
Allt A Bhainne Distillery, Glenrines	22/00867/APP	Demolish existing bunded tanks chemical store garage associated canopy and substation within the rear service yard erect a new bunded tank farm dedicated loading bays and construction of a HGV turning circle	Permitted
Tomintoul Distillery Kirkmichael Ballindalloch	22/01152/APP	Construction of a new whisky storage warehouse	Permitted
William Grant, Land to the South of Crisp Maltings, Port Gordon, Buckie	22/01269/APP	Erect storage warehouses and ancillary development	Permitted
Cabrach Distillery, Lower Cabrach, Huntly	22/01430/APP	Installation of malt silos to support the operation	Permitted
Glenrothes Distillery, Burnside Street, Rothes	22/01673/EIA	Erection of whisky maturation warehouses and associated works	Awaiting a decision
Tamdhu Distillery, Knockando, Aberlour	22/01804/APP	Demolish existing building and erect new office building	Permitted
Glenmoray Distillery Bruceland Road Elgin	22/01938/APP	Extend existing fermentation tank farm to provide up to 9 additional vessels	Permitted
Malcolmburn Bond, Mulben, Keith	22/00290/APP	Erect single storey shed to house forklift trucks	Permitted
Baxters Food Group Fochabers	22/00809/APP	Change of use from visitors centre restaurant and shop to e-commerce and storage	Permitted
Land at Greens of Rothes	21/01901/EIA	Proposed 100,000 tonnes per annum malt producing facility	Permitted

Source: Ryden / Moray Council Planning

OFFICE MARKET

- 6.31 Moray's office property market is largely concentrated in and around the main towns of Elgin and Forres where modern purpose built office pavilions have been constructed, along with offices in traditional buildings in and around the town centres. For other areas office stock is mainly in older buildings, on upper floors within town centres and townhouses on the fringes.
- 6.32 As noted above the total stock of offices in Moray, including both occupied and vacant properties, is around 410,000 sq.ft.
- 6.33 By market area over half is in Elgin (58%), followed by 19% in Forres and 18% in Buckie. Only 5% of the office stock is located in Keith, with minimal office stock in Speyside (although there are likely to be office components within major distillery complexes).
- 6.34 Table 22 later in this section notes modern office development at Southfield Drive in Elgin, at Elgin Business Park and Enterprise Park Forres with a number of business centres in Elgin and Fochabers operated by Gairland Business Centres. There has also been a recent conversion of Greenbrae Steading between Hopeman and Burghead, Elgin to co-working space.

OFFICE SUPPLY

- 6.35 There is currently 64,590 sq.ft. of office space actively being marketed in Moray, within 27 offices, as shown in Table 17 over the following two pages. This equates to a comparatively high floorspace vacancy rate of 16%. Scotland's office vacancy rate is 10.3%¹⁷. In Moray, available offices tend to be in traditional buildings or business centres. It is interesting to note the number of offices on the market is similar to in the industrial market but in a much smaller sector with lower demand levels (see below).
- 6.36 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).

¹⁷ CoStar Group, 4 April 2023
Ryden, May 2023

TABLE 17: CURRENT OFFICE SUPPLY

ADDRESS		SIZE (SQ.FT.)	DETAILS
ELGIN MARKET AREA			
5 Commerce Street , Elgin		1,094	Self-contained ground floor office suite, on a corner position within a traditional semi-detached stone building. Class 2 planning use. Available summer 2023. For lease.
66/68 High Street, Elgin		2,620	Office suites on first and second floors of traditional building. For lease at £3.80 per sq.ft. Available as a whole but may sub-divide. Class 4 business consent.
Prospect Lodge, 7 Mayne Road, Elgin		808	Three offices on first floor of Grade B listed building. For lease together or separately. Office 1 : 280 sq.ft. at £490 pcm; Office 2 : 248 sq.ft. at £400 pcm, Office 3 : 280 sq.ft. at £495 pcm., c £20 per sq.ft.
Southfield Drive, Elgin		1,090 1,690	Ground floor office in modern two storey office pavilion. For lease £16 per sq.ft. Built 2019.
149 High Street, Elgin		2,268	Offices on first, second and third floors in traditional B listed building, above retail unit. For lease, may sell.
Park House Business Centre, South Street, Elgin		95 160	Office 1A Serviced office on first floor of restored Georgian manor. For lease on an all-inclusive rent at £6,000 pa. Office 2B Serviced office on second floor. For lease on an all-inclusive rent at £530 pcm.
The Gairland Building, 14 Chanonry Road South, Elgin		278 197	Executive office on second floor in modern office building. For lease on an all-inclusive rent at £1,100 pcm. Office 2 For lease on an all-inclusive rent at £800 pcm.
Caledonian House Business Centre, High Street, Elgin		14 desks 104 96 192	Office 3 First floor office with space for 14 desks, £1,700 pcm Office 2 First floor office, space for 1 desk, £450 pcm Office 4 First floor office + store, soace for 4 desks, £650 pcm Office 5 Second floor office, space for 3 desks, £600 pcm All rents are all inclusive
250 – 258 High Street, Elgin		1,985	Seven cellular offices on the first floor in part of the Royal Main sorting office building. For lease as a whole of may be sub-divided into rooms from 89 – 279 sq.ft. at £5 per sq.ft.
25a High Street, Elgin		1,506	Second and third floors in mid-terrace Grade B listed building. Cellular rooms. For sale £100,000.

Commerce House, South Street, Elgin		16,602	Detached, three storey office over two blocks. For sale / may let. Possible development opportunity.
FORRES MARKET AREA			
Venture House, 1 Enterprise Court, Forres Enterprise Park, Forres		4,854	Suite on first floor of modern two story pavilion office on business park. Built in 2013. For lease £10 per sq.ft.
Strathcona House, Forres Enterprise Park, Forres		22,041	Modern single story detached office pavilion. Can be subdivided into two offices. For lease on a minimum of 5-years. Also available to purchase.
Unit 8, Horizon Scotland, 2 Innovation Way, Forres Enterprise Park, Forres		215	Small office for 3-4 people in managed business centre for lease at £19.50 per sq.ft.
The Elms, 29 St Leonards Road, Forres		1,695	Detached office building for lease at £13 per sq.ft.
108 High Street, Forres		353	Offices on first floor of traditional building. For lease £12.75 per sq.ft. on a minimum 3-year lease.
BUCKIE MARKET AREA			
19 East Church Street, Buckie		1,243	First floor office in traditional building. Provides 7 cellular offices. For lease £5.50 per sq.ft.

Source: Ryden / CoStar/ Zoopla/ Rightmove/ Property agents

6.37 By sizeband the majority of available units are small. A total of 48% are smaller than 1,000 sq.ft., and 44% between 1,000 – 5,000 sq.ft. There are no offices available between 5,000 – 10,000 sq.ft., or larger than 30,000 sq.ft. (Figure 22 below and Table 18 on the next page). The Elgin Market Area has the majority of market share for number of offices on the market with 53%, followed by Forres with 45%.

FIGURE 22: OFFICE SUPPLY BY SIZEBAND AND MARKET AREA

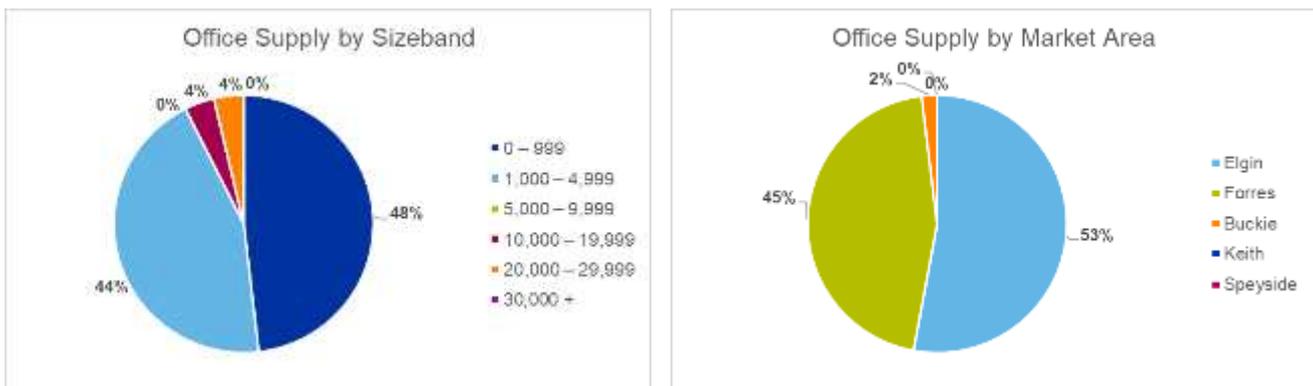


TABLE 18: CURRENT OFFICE SUPPLY

SIZEBAND	FLOORSPACE SQ.FT. / (NUMBER)					TOTAL
	ELGIN	FORRES	BUCKIE	KEITH	SPEYSIDE	
0 – 999	2,818 (11)	568 (2)	-	-	-	3,386 (13)
1,000 – 4,999	14,769 (9)	6,549 (2)	1,243 (1)	-	-	22,561 (12)
5,000 – 9,999	-	-	-	-	-	-
10,000 – 19,999	16,602 (1)	-	-	-	-	16,602 (1)
20,000 and above	-	22,041 (1)	-	-	-	22,041 (1)
Total	34,189 (21)	29,158 (5)	1,243 (1)	0	0	64,590 (27)

Source: Ryden / CoStar / Property agents

6.38 While energy performance is becoming important in the industrial sector as noted earlier, carbon emissions and energy costs are also relevant to offices. Of the current supply listed above:

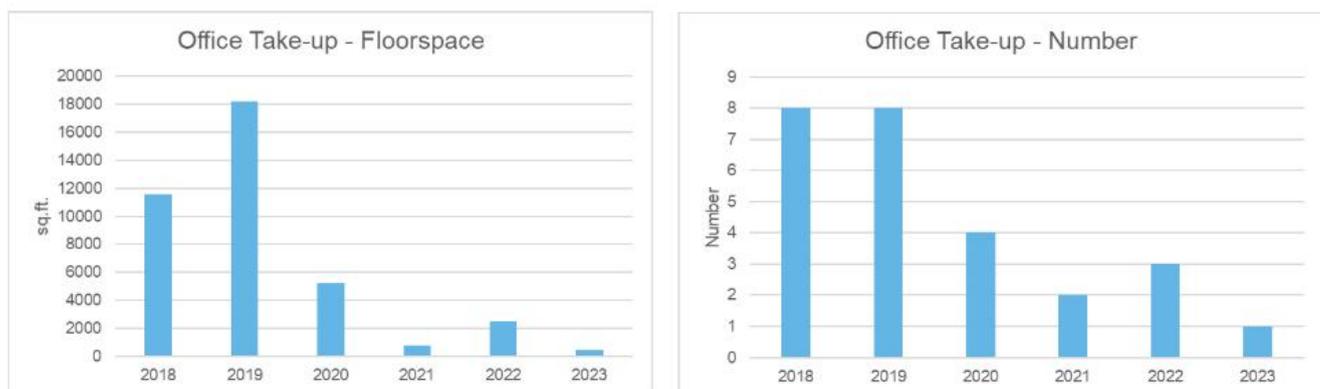
- 14 of the available offices have a registered EPC rating (52%)¹⁸
- 3 offices achieve A or B ratings. These buildings are very energy efficient.
- 9 buildings have mid-range EPC ratings of C, D or E.
- No buildings have a poor EPC rating of F. and 2 have G, which is the worst. This building could be termed 'environmentally obsolete' without appropriate improvements.
- 5 properties could not be identified on the EPC register
- 8 have ratings which do not reflect more recent refurbishments

OFFICE TAKE-UP

6.39 A total of 38,745 sq.ft. of office floorspace in 26 offices has been recorded as taken-up (sales and lettings) in Moray since January 2018 (Figure 23). This is an annual average of 7,649 sq.ft. in 5 offices. All transactions were lettings. The years 2018 and 2019 had most take-up by both floorspace and number.

6.40 While Ryden has endeavoured to include all marketed properties, in a large, dispersed market area with many settlements and a rural hinterland, other properties may come on and off the market less formally and not be recorded.

FIGURE 23: OFFICE TAKE-UP



Source: Ryden / CoStar

¹⁸ While these may have a rating, it is not recorded in either the marketing details or identifiable on the Scottish EPC Database <https://www.scottishepcregister.org.uk/>
Ryden, May 2023

6.41 Examples of recent office transactions in Moray are in Table 19. Transactions tend to be, with lease lengths of between 5 to 10 years at rents ranging from £5 to £16 per sq.ft. These rents are below the levels where developers could viably build new office space. Rents of £20-25 per sq.ft. would be required to support new-build office development. This would be on a serviced site in a business park/pavilion format rather than in a constrained town centre. Higher construction costs, building regulations and occupier requirements for ESG have pushed the required rent to these levels. Value engineering could minimise the cost, but not to the level where the current market could support new development, unless perhaps it was a pre-let or pre-sale to an occupier willing to pay the required rent.

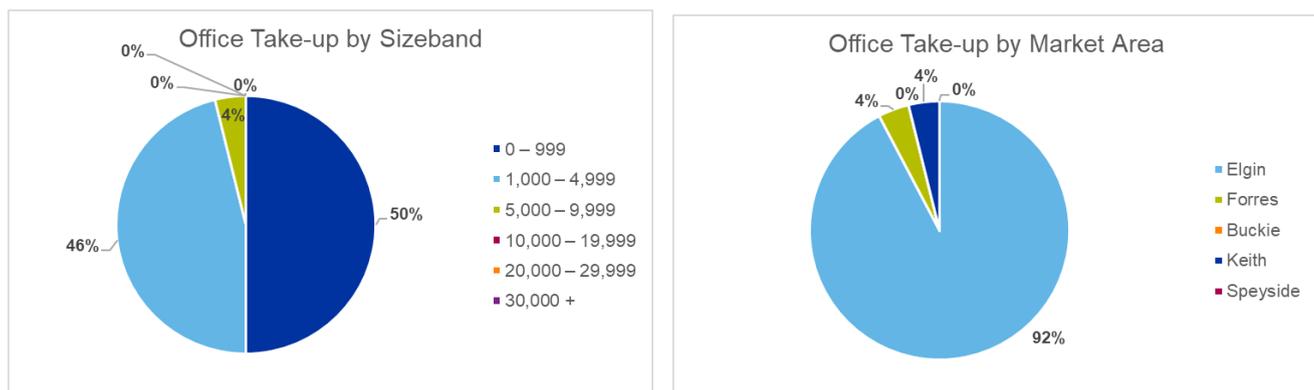
TABLE 19: RECENT OFFICE TRANSACTIONS

ADDRESS	SIZE (SQ.FT.)	DETAILS
ELGIN MARKET AREA		
35 Moray Street, Elgin	500	Let in March 2023
	370	Let in December 2021
	425	Let in July 2021
Moycroft House, Moycroft Road, Elgin	742	Let in November 2022 on a 5-year lease at £13 per sq.ft. To be used as a dog grooming business
Southfield Drive, Elgin	1,690	Let in November 2022 to Fairhurst and Partners LLP on a 10-year lease at £15.40 per sq.ft.
	1,690	Let in December 2020 to NFU on a 10-year lease at £16 per sq.ft.
The Park House, South Street, Elgin	95	Let in May 2022
KEITH MARKET AREA		
Gatehouse, Station Road	2,069	Let in October 2019 at £4.70 per sq.ft.

Source: Ryden / CoStar

6.42 A breakdown of this take-up by sizeband and area is shown in Table 20. The vast majority are for offices smaller than 5,000 sq.ft., the smallest sizeband 0 – 999 sq.ft. has 50% of take-up, with 1,000 – 4,999 sq.ft. having 48%. (Figure 24 and Table 20). The majority have been in the Elgin market area with 92% of transactions by number. Both office stock and supply are dispersed but the active market for demand is Elgin.

FIGURE 24: OFFICE TAKE-UP BY SIZEBAND AND MARKET AREA



Source: Ryden / CoStar
Ryden, May 2023

TABLE 20: OFFICE TAKE-UP

SIZEBAND	FLOORSPACE SQ.FT. / (NUMBER)					TOTAL
	ELGIN	FORRES	BUCKIE	KEITH	SPEYSIDE	
0 – 999	6,455 (12)	-	-	-	706 (1)	7,161 (13)
1,000 – 4,999	18,705 (11)	-	-	3,012 (1)	-	21,717 (12)
5,000 – 9,999	-	9,867 (1)	-	-	-	9,867 (1)
10,000 and above	-	-	-	-	-	-
Total	25,160 (23)	9,867 (1)	-	3,012 (1)	706 (1)	38,745 (26)

Source: Ryden / CoStar

OFFICE INVESTMENT PROPERTY MARKET

6.43 Office investment transactions in Moray are shown in Table 21. Three are traditional buildings while one is a modern pavilion. In terms of office investment currently being offered to the market, Phoenix House at 1 Wards Road in Elgin is available for investment sale at £550,000 (8.5%), the modern 2-storey office is let to SCRA, Mears Care (Scotland) Ltd and Allied Health Services Ltd.

TABLE 21: OFFICE INVESTMENT TRANSACTIONS

ADDRESS		SIZE (SQ.FT.)	DETAILS
7 Commerce Street, Elgin		2,920	Sold in September 2022 for £135,000 (14.55%). At the time of sale let to Cornerstone Community Care on a lease expiring 1 April 2025 at £20,000 pa
Elgin Business Centre, Maison Dieu Road, Elgin		8,423	Multi-let business centre with 19 offices sold at auction in May 2022. Asking price £430,000. Annual rent £79,440.
103 High Street, Forres		1,487	Sold in November 2018 for £80,000 (10.44%). Top 3 floors with cellular offices in traditional building at the time of sale let to Ritsons Accountants at £8,500 pa
Mansfield House, Land Street, Keith		5,648	Sold in September 2018, asking price £300,000. Modern, purpose built, two storey, detached office building. At the time of sale, ground floor let to National Farmers Union Mutual Insurance Society at £26,400 pa and first floor vacant

Source: Ryden / CoStar

OFFICE DEVELOPMENT ACTIVITY

6.44 There have been some recent planning applications and new build developments and conversions in the office sector (Table 22). The completed and pipeline developments comprise a mix of modern pavilions and business centres.

TABLE 22: RECENTLY COMPLETED AND PIPELINE DEVELOPMENT

DEVELOPMENT		DETAILS
ELGIN MARKET AREA		
Southfield Drive, Elgin		A modern office development in Elgin South built between 2010 and 2020. Office buildings are No 8, Alexander Fleming House (occupiers include Springfield, Scotgrain and the Scottish Government); No 9, c. 8,000 sq.ft. (occupiers include NHS and Marsh Commercial); and No 10, c. 7,000 sq.ft. (occupiers include Fairhurst and NFU). Alongside 3 office pavilions are retail, nursery and NHS uses.
Elgin Business Park		Site 14A: 22/01278/APP - Erect single storey office accommodation of c 9,000 sq.ft. for Johnston Carmichael, approved February 2023
Caledonian House Business Centre, High Street, Elgin		Conversion of former bank premises into a modern premium serviced business centre by Gairland LLP. The business centre opened in 2017 and comprises 10 offices. Rents are all inclusive.
Gairland Building, 14 Chanonry Road South, Elgin		New build office building. The Gairland LLP HQ, also offers serviced office space for lease.
Greenbrae Steading, between Hopeman and Burghead		Steading converted to co-working space , opened in 2021. Also incorporates community space 21/01787/APP - Change of use of former steading building from office and showroom to an office meeting/training room and event space
1 Pinefield Parade, Elgin		22/00292/APP Proposed office extension for Pinefield Glass at its factory premises
FORRES MARKET AREA		
Forres Enterprise Park		100 acre business park developed by HIE –Horizon Scotland is a business and innovation centre based on the park, comprises flexible business space, with individual units suitable for office, research and development, and clean manufacturing. Orbex, Gael Force, Maker Technologies, Phoenix Instinct, Life & Sole 20/01714/APP – A phased erection of eight office pods associated car parking and landscaping at Horizon Scotland, by Highlands and Islands Enterprise (understood to now be on hold) 20/00814/APP - Construction of flexible small business units with potential use classes 4/5/6, by HIE. To comprise 2 sustainable units of 1,600 sq.ft. each.

Source: Ryden / Moray Council Planning / websites

SUMMARY

- 6.45 The industrial property market in Scotland has strong underlying demand however supply is tightening and economic uncertainty is suppressing some of this demand. Meanwhile the office market has experienced a seismic shift following the Covid-19 pandemic and the flight to smaller, better quality offices is now evident across the market.
- 6.46 Within Moray, industrial stock totals 2.04m sq.ft and office stock totals 410,000 sq.ft. making industrial by far the largest sector of employment property in the area. The largest proportion of industrial and office property was built 30-50 years ago which means there could be an issue of looming obsolescence associated with some stock in the area, indeed a number of poor quality units are noted to be on the market currently. The majority of industrial and office floorspace is located in Elgin.
- 6.47 In the industrial sector there is a low floorspace vacancy rate of 3.6% and although as noted the majority are older units there have been some modern private developments undertaken at Elgin Business Park and Chanonry Court, Elgin. As a result, rents range widely from £2.60 - £8.50 per sq.ft. for poorer quality up to brand new industrial units. Average market rents for modern second hand stock are between £7-8 per sq.ft. The majority of available units are smaller than 5,000 sqft and there are no units available over 20,000 sq.ft. This could present a barrier to businesses which are looking to scale up.
- 6.48 In terms of industrial unit energy performance, it is a 'mixed bag' with new modern premises and other energy efficient premises on the market as well as a number which could be considered environmentally obsolete.
- 6.49 For the industrial market, the take-up rate is an average of 38,040 sq.ft. in 10 units per annum. This is just under 1 deal per month. Active sectors based upon recent transactions include motor trades, logistics, food and drink and trades suppliers. There are a number of recently completed industrial developments and an active future development pipeline of new industrial units, workshops and units for storage, predominantly for owner occupiers. The amount of planning applications for food and drink storage is particularly high. The provision for facilities of this nature is important for these businesses but they have comparatively low employment densities (jobs per unit of floorspace). There could be an opportunity to re-purpose larger, older, lower-quality industrial units which are lacking in energy efficiency to meet the needs of bonded warehousing although urban areas are unlikely to be appropriate given the flammable nature of whisky.
- 6.50 Moray's office property market is largely concentrated in and around the main towns of Elgin and Forres where modern purpose built office pavilions have been constructed, along with offices in traditional buildings in and around the town centres. For other areas office stock is mainly in older buildings, on upper floors within town centres and townhouses on the fringes. There has been modern development and a number of new business centres and co-working spaces created.
- 6.51 The office floorspace vacancy rate is high at 16% and those on the market lean towards traditional supply. The majority of available units are small and there is very limited supply above 5,000 sq.ft. Energy performance is less of an issue in the general office sector (although it can be to major corporate occupiers) and majority of available offices have mid-range EPC ratings.
- 6.52 For the office sector, there is an annual average take-up of 7,649 sq.ft in 5 offices suggesting a narrow market. There does appear to be ample supply for the levels of demand. Recent transactions show rents between £5-16 per sq.ft which is below the level at which private developers could viably build new space however there has been some facilities converted to offices and office extensions undertaken recently or in the pipeline. The active demand for offices is largely seen in Elgin.

07

COUNCIL INVESTMENT PORTFOLIO

INTRODUCTION

- 7.1 Moray Council owns and manages an industrial property portfolio comprising a range of industrial land and buildings throughout Moray including all of the principal settlements. The Council's operational portfolio of offices, depots and other facilities from which it provides local services are held separately.
- 7.2 The portfolio generates rental income for the Council and delivers economic benefits for the area. It is managed by the Council's Estates team.
- 7.3 Further analysis of the portfolio is provided within this section.

STOCK AND MIX OF PREMISES

- 7.4 At 31 March 2022, the Council's industrial portfolio comprised 175 industrial buildings with a total floor area of 327,858 sq.ft. making the Council a major landlord and provider of units to the market. In terms of land the Council owns 130 development and ground leases with a total site area of 20.70 ha and a stock of serviced and un-serviced land for future development totalling 21.12 ha. A summary of the portfolio is provided in the Table below. The development and ground leases are plots provided on a ground lease to businesses to either build their own premises or use as yards for storage.

TABLE 23: MORAY COUNCIL ANALYSIS OF PORTFOLIO AS AT 31 MARCH 2022

SETTLEMENT	INDUSTRIAL PREMISES		INDUSTRIAL SITES		FUTURE INDUSTRIAL DEVELOPMENT LAND	
	No.	Floor Area (Sq.ft)	No.	Total Area (Ha)	Serviced (Ha)	Un-serviced (Ha)
Elgin	66	114,108	72	9.99	0.87	0.94
Forres	24	32,378	15	3.61	0.00	0.00
Buckie	20	31,172	9	2.18	8.97	7.96
Keith	38	120,071	11	1.41	0.54	1.84
Lossiemouth	13	15,005	9	0.97	0.00	0.00
Other	14	15,123	14	2.54	0.00	0.00
TOTAL	175	327,857	130	20.70	10.38	10.74

Source: Moray Council, Industrial Portfolio Annual Report 2021/22

- 7.5 Key industrial estates which the Council holds industrial premises or sites include the following which can be identified on the previous map provided within Section 6 at Figure 19 via the reference numbers provided:

- Pinefield Industrial Estate, Elgin (11)
- Chanonry Industrial Estate, Elgin (9)
- Tyock Industrial Estate, Elgin (8)
- Linkwood Industrial Estate, Elgin (10)
- Waterford, Forres (2)
- Greshop Industrial Estate, Forres (1)
- March Road Industrial Estate, Buckie (18)
- Rathven Industrial Estate, Buckie (17)
- Isla Bank Mills, Keith (22)
- Westerton Road, Keith (24)
- Newmill Industrial Estate, Keith (23)

- Coularbank Industrial Estate, Lossiemouth (4)
- Mosstodloch Industrial Estate, Mosstodloch (16)
- Lhanbryde Industrial Estate, Lhanbryde (15)
- Rothes Industrial Estate, Rothes (19)
- Dufftown Industrial Estate, Dufftown (21)

- 7.6 The Council has significant ownership at over half of Moray's industrial estates.
- 7.7 The largest number of industrial units (37.7%) are located within Elgin, followed by Keith (21.7%). The Council's portfolio is less concentrated in Elgin and more dispersed across Moray than the market stock; this is consistent with its economic development role with the private sector being more active in Elgin as the main market centre.
- 7.8 In floorspace terms 36.6% of the Council's industrial holding is in Keith. This is skewed by the Council's largest industrial premises which is a former woollen mill complex at Isla Bank which totals 34,423 sq.ft. In terms of industrial sites, the majority are again in Elgin. Having regard to the Moray market areas presented earlier at Figure 2 there are notably less Council industrial sites and premises in the Speyside area. There is no future industrial development land in Forres, Lossiemouth or Speyside.
- 7.9 Industrial premises range in size from the 34,423 sq.ft Isla Bank former woollen mill complex to 270 sq.ft. offices within business centres. It is worth noting that although the portfolio is referred to as industrial it does also contain premises for sole or ancillary office use. This includes offices in the Council's 3 business centres at Chanonry (Elgin), Westerton Road (Keith) and Coularbank (Lossiemouth). Chanonry Business Centre comprises 5 studio/office units each of 270 sq.ft and Westerton Road business centre comprises four 270 sq.ft studio/office units and two 538 sq.ft units. Coularbank Business Centre comprises 4 studio/office units each of 270 sq.ft. and 2 workshop units of 538 sq.ft. This size of centre and number of units (and levels of rent presumably) would be uneconomic for the private sector therefore the Council is providing offices in areas of market failure.
- 7.10 The average unit size across the portfolio is 1,830 sq.ft. which tends to pertain to small and medium sized businesses and is in keeping on a portfolio which focuses on economic development. An industrial unit of this size would accommodate on average 5 employees using typical employment densities.
- 7.11 The Council describes the majority of its tenants as trades and they include motor repairs/garages, carpenters, joiners, shop-fitters, metal fabricators, builders, light haulage, electricians and plant hire etc. It is understood that units for the motor sector including repairs, de-tailing etc. is a growing sector. As well as these small to medium sized businesses, Council units/land are also home to a number of larger tenants including a cooperage.
- 7.12 In addition, a small number of units within the portfolio are occupied by Council services, which is contrary to the economic development objectives of the portfolio. However, it is understood that the majority of these properties are within the scope of a review of Council depots and stores. This may provide an opportunity to re-locate Council services to free up the industrial portfolio for letting to businesses. This would mean it may be possible to offer additional unit supply in local markets through portfolio management without incurring the costs and risks of new development.
- 7.13 In recent years, the Council has invested in general upgrading works to the industrial portfolio to ensure properties remain responsive to future business needs. During 2021/22, the Council invested £80,000 of revenue and £62,500 of capital in the Industrial Portfolio and in supporting industrial development across Moray through a range of projects including roof repairs, electrical repairs/upgrades, new heating systems, surface and foul water repairs/upgrades, estate road repairs and design work for new projects to create serviced sites. Further monies have been allocated in 2022/23 to carry out condition surveys and for the refurbishment of the portfolio. Condition surveys were delayed as a result of the Covid-19 pandemic.
- 7.14 Refurbishment works ensure properties continue to meet business needs and safeguard future rental income. The Council notes that officers continue to work with tenants on the most appropriate ways to

deliver improvements to properties, including agreeing where appropriate for tenants to do works in return for commensurate temporary reductions in rental, or capital payments.

- 7.15 Since 2018 in England and Wales there has been a prohibition on letting properties with Energy Performance Certificates (EPCs) worse than E ratings. In April 2023 the prohibition is due to have been extended to existing leases in England as well as new leases. In 2018 the Scottish Government consulted on draft proposals to make non-domestic properties more energy efficient and further consultations were delayed due to the coronavirus. It is likely that Scottish legislation will be brought in and this should be kept under review. In particular, this will affect Council industrial premises with heating systems.

OCCUPANCY AND INCOME

- 7.16 The occupancy levels of Council industrial buildings in recent years are set out below.

TABLE 24: OCCUPANCY LEVELS OF COUNCIL INDUSTRIAL BUILDINGS

YEAR	% OF FLOORSPACE OCCUPIED	% OF BUILDINGS OCCUPIED
2016/17	96.1%	95.4%
2017/18	94.4%	92.7%
2018/19	83.57%	93.18%
2019/20	93.54%	95.48%
2020/21	88.84%	93.71%
2021/22	92.45%	92.57%

Source: Moray Council, Industrial Portfolio Annual Report 2021/22

* The floor area occupancy figures for 2018/19 were skewed as a result of the former sawmill at Waterford Circle in Forres (which was by far the largest in the portfolio) becoming vacant.

- 7.17 At 31 March 2022 the occupancy rate in terms of buildings occupied was 92.57% compared to the Council target of 80%. The figures for 2022/23 have yet to be prepared however it is understood from discussions with the Council that there is only 1 vacant unit within the portfolio currently and therefore the portfolio is maintaining very high occupancy. This is consistent with the wider very low industrial vacancy rate of 3%. It is also interesting that the office occupancy rate may be high too which suggests that the Council's small affordable office premises are performing well despite a wider 16% vacancy rate.
- 7.18 Although around 10 tenants' leases terminated due to Covid, new tenants have since been secured for the majority of those properties.
- 7.19 The total gross rental income for the past 6 years is set out in Table 25 below.

TABLE 25: COUNCIL GROSS RENTAL INCOME

YEAR	GROSS RENTAL INCOME
2016/17	£1,753,000
2017/18	£1,756,000
2018/19	£1,930,000
2019/20	£1,954,000
2020/21	£1,940,000
2021/22	£2,066,000

Source: Moray Council, Industrial Portfolio Annual Report 2021/22

- 7.20 The Council reports that rental income was impacted by the Covid lockdown in 2020/21 and there was considerable uncertainty at that time over the medium/long term impact on the portfolio. However, as can be seen the total rental income increased by £126,000 in 2021/22, exceeding the budget target of £1,890,000. Part of this was due to the implementation of rent reviews which were deferred during Covid lockdown. The portfolio's annual income has increased by £787,000 over the last 10 years.
- 7.21 It is difficult to compare the rental of the industrial portfolio objectively over a number of years as its
Ryden, May 2023

composition changes due to the sale of properties, addition of new properties and the refurbishment and repair of existing properties. However, increases in rental achieved at rent review for industrial premises (3 yearly rent reviews) and for industrial sites (5 yearly rent reviews) have continued to outstrip the Consumer Prices Index over the corresponding periods, but to a lesser extent than previous years. There have been particular issues with rising inflation in 2022/23 and it may be that for the first time inflation will outstrip rental growth for the period.

- 7.22 Typical rents across the portfolio are between £6-8 per sq.ft. for industrial premises. However, rents can be as low as £2-4 per sq.ft at Isla Bank Mills due to the size and poorer quality of stock. This is in comparison with average market rents of £7-8 per sq.ft for second hand stock and £8.50 per sq.ft for new build.
- 7.23 The Council has commented that it often has to set closing dates for its industrial premises for lease as multiple offers can be received.

FUTURE DEVELOPMENT

- 7.24 The Council continually reviews its portfolio in terms of its effectiveness, disposing of properties where appropriate and taking steps to increase supply where demand dictates. The Council has concerns about a shortage of industrial development land and units in various locations.
- 7.25 The following actions are aimed at addressing supply issues:
- A major extension of March Road Industrial Estate in Buckie has provided a supply of industrial development land in East Moray
 - The Council acquired 36 Commercial Road, Buckie to facilitate its strategic plans for the Harbour to support the town's role in offshore wind developments
 - Officers continue to work with private developers to facilitate the provision of new business units
 - Existing properties will be repaired and refurbished as required
 - Continue to consider opportunities for the re-development of Vacant and Derelict Land and Buildings for business use
 - Officers continue to investigate the potential to secure external funding for industrial development, e.g. UK Shared Prosperity Fund, Place Based Investment Fund and the Just Transition Fund; this is considered further in Section 10
 - The Council had an allocation in its capital plan for the expansion of the portfolio in Forres and Speyside however the monies have been put back into the plan as the proposed projects encountered difficulties
- 7.26 In discussions with the Council it has been noted that the two main issues which prevent new developments are finding sites and construction costs. The prevalence of Special Landscape Areas in Moray can also restrict development in specific areas.

SUMMARY

- 7.27 At 31 March 2022, the Council's industrial portfolio comprised 175 industrial buildings with a total floor area of 327,858 sq.ft.; 130 development and ground leases with a total site area of 20.70 ha and a stock of serviced and un-serviced land for future development totalling 21.12 ha. The Council has a particular concentration of industrial premises and sites in Elgin however it is noted it has significant ownership in more than half of Moray's industrial estates. The scale of the Council's portfolio also means it is a significant landlord in the area.
- 7.28 As well as industrial premises and sites the Council's portfolio also includes office space within its three business centres at Chanonry (Elgin), Westerton Road (Keith) and Coulardbank (Lossiemouth).
- 7.29 It is understood that a small number of units within the portfolio are occupied by Council services however these properties are within the scope of a review of Council depots and stores. This may provide an

opportunity to re-locate Council services to free up the industrial portfolio for letting to businesses. If possible, re-use of these units would provide additional stock to the local market without incurring the costs and risks of new development.

- 7.30 The Council continues to invest in general upgrading and refurbishment works. Anticipated future changes to EPC legislation in Scotland may have an impact on the lettability of some Council units.
- 7.31 The Council portfolio benefits from very high occupancy (92.57%) and closing dates often have to be set where multiple offers are anticipated for popular units. This is consistent with the wider very low industrial vacancy rate of 3%. It is also interesting that the office occupancy rate may be high too which suggests that the Council's small affordable office premises are performing well despite a wider 16% vacancy rate.
- 7.32 Typical rents across the portfolio are between £6-8 per sq.ft. for industrial premises which is in comparison with average market rents of £7-8 per sq.ft for second hand stock and £8.50 per sq.ft for new build.
- 7.33 The Council has concerns about a shortage of industrial development land and units in various locations. In order to tackle this the Council is working in partnership with HIE and private developers to facilitate new provision. It has also undertaken strategic acquisitions to support key sectors such as offshore wind in Buckie.
- 7.34 Construction costs are currently very high and this is an issue for the Council in terms of creating new supply. It has also struggled to acquire appropriate sites for development. The prevalence of Special Landscape Areas in Moray can also restrict development in specific areas.

08

EMPLOYMENT LAND

INTRODUCTION

- 8.1 In accordance with NPF4, Councils 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 section assesses employment land supply and take-up in Moray. A comprehensive market assessment of employment land sites is also undertaken.

EMPLOYMENT LAND AUDIT

- 8.2 The Moray Employment Land Audit is undertaken annually by the Council in order 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.
- 8.3 The most recent audit was conducted in April 2022 and has been prepared from information gathered by Council planning officers through monitoring of the LDP, planning approvals and individual inspections.
- 8.4 All employment sites in the existing LDP have been recorded by the Council in a database, unless the site has been built out in its entirety. In addition to sites allocated in the Moray LDP 2020 any windfall sites with planning consent for employment uses have been added to the database unless these are constrained to a single user (e.g. a distillery). It is noted that land with buildings that are vacant is not included in the audit nor are redeveloped sites.
- 8.5 Once sites have been identified officers undertake a review of planning applications and collect information such as ownership, proposed use etc. for each site. Officers also undertake site visits to monitor development activity. This information is then updated in the database. The data is then analysed to produce the audit report.

DEMAND COMMENTARY

- 8.6 The latest Employment Land Audit for Moray provides a commentary on demand for employment land in the area, updated where relevant. The following key points are made:
- Despite the Covid-19 pandemic and impacts of Brexit demand continues to hold up relatively well. However, there may be signs that the level of space for uses like call centres may be reduced with continued homeworking and demand is increasing for technology and advanced engineering uses.
 - There have also been notable developments of new private sector small business units recently in Elgin with 14 units developed by Saltire at I7 Barmuckity/ Elgin Business Park and 18 by Excel at I2 Chanonry Industrial Estate.
 - The Moray Council Industrial Portfolio Annual Report 2021-2022 showed continued high levels of occupancy within the Moray Council Industrial portfolio with strong demand for smaller units (*this was reviewed in detail in Section 7*)
 - The provision of further serviced sites and units is an issue and a number of projects are being considered with a focus on Speyside where there are shortages and limited private sector interest in providing units on speculative basis.
 - Moray Council has worked with HIE to investigate opportunities in Forres to address deficiencies in supply. However these have not come to fruition due to site constraints, construction costs and funding issues.

- HIE has responded to demand at Forres Enterprise Park by obtaining consent for 8 office pods (now on hold) adjacent to the Horizon building and for two small business units. A road extension has been built to open up part of the site for development. HIE is also working to secure opportunities within the aerospace industry and around a North Highland and Moray space cluster. HIE also continue to support Elgin Business Park.
- The demand for employment sites and buildings is still considered to be greatest for smaller buildings with fewer businesses looking for larger sites. Demand for smaller sites and buildings are generally from small local businesses including builders, plumbers and plant and machinery supply. Demand for medium sized sites is from smaller businesses looking to grow and the demand for larger sites is generally from inward investors. There needs to be land and sites available at all levels to meet demand.
- The Moray Economic Strategy expects demand from existing businesses looking to expand and relocate. It also anticipates future demand within aerospace/space related businesses, life sciences, creative industries and digital, as well as the engineering sector.
- A key industry for Moray is the food and drink industry. Whisky distilling has seen considerable expansion over recent years, including bonded warehousing. These businesses are long established and often in rural areas. The Local Development Plan currently looks to support such expansion through its policy on rural business which supports proposals where there is locational justification.
- Sufficient land and buildings require to be available in to facilitate wider economic development and to support the vision of the Moray Economic Strategy and support economic recovery.

SUPPLY

8.7 Several categories of employment land supply are identified within the audit:

- Established employment land supply – this includes all un-developed land that is allocated for industrial/business/employment use in the adopted LDP or has a valid planning approval for these uses
- Marketable/Effective employment land supply - This is land that as well as meeting business requirements, has a secure planning status, can be serviced within 5 years and is accessible by walking, cycling and public transport. Land that is subject to user restrictions or that is held as 'option land' for existing companies' own expansion cannot be considered to be marketable. Such land is not constrained.
- Immediately available land supply - This is marketable/effective land that currently has planning permission, is serviced and has no other major constraints to immediate development. This definition is useful in the assessment of whether demand for land is being adequately met.
- Constrained employment land supply - This includes land for example, that has planning difficulties, land subject to ownership difficulties (e.g. multiple ownership/unwilling sellers), land with insufficient infrastructure provision, etc. This category therefore includes much of the land in the Established Employment Land Supply that is not Marketable (see above).
- LONG sites - The Moray LDP 2020 included LONG employment sites for the first time. These sites set out the direction of growth and assist in forward planning.

ESTABLISHED EMPLOYMENT SUPPLY

8.8 As at April 2022, Moray has a gross established employment land supply of 298.55 ha with a net established area of 226.48 ha across 36 sites¹⁹. There has been a decrease in the gross established supply by 1.22 ha since 2021. This decrease is due to development at Barmuckity/Elgin Business Park (I7), Chanonry Industrial Estate, Elgin (I2) and Greshop, Forres (I1). This is balanced against the addition of land at the former shipyard at Buckie Harbour (I5) which has now been cleared and land at Troves (I1) where

¹⁹ 76% gross: net ratio
Ryden, May 2023

construction has stalled.

- 8.9 The established employment land supply is broken down in the following table by market area. The majority of net established supply (63.1%) is located within the Elgin market area with 16.5% in the Buckie market area, 15.4% in Forres, 4.3% in Keith and 0.7% in the Speyside market area. The employment land supply appears consistent with the geographic distribution of the property market in the area.

TABLE 26: ESTABLISHED EMPLOYMENT LAND SUPPLY BY TOWN (2022)

TOWN	GROSS ESTABLISHED (HA.)	NET ESTABLISHED (HA.)	NO. OF SITES
ELGIN MARKET AREA	186.26	143.01	18
• Elgin	125.41	95.32	11
• Lossiemouth	12.8	10.24	1
• Mosstodloch	46.44	36.35	5
• Troves	1.61	1.1	1
FORRES	55.48	34.77	4
BUCKIE MARKET AREA	43.96	37.46	6
• Buckie	43.15	36.81	5
• Cullen	0.81	0.65	1
KEITH	11.1	9.64	6
SPEYSIDE MARKET AREA	1.75	1.6	2
• Aberlour	1	1	1
• Rothes	0.75	0.6	1
TOTAL	298.55	226.48	36

Source: Moray Council Employment Land Audit, April 2022

- 8.10 As shown in Table 27, the established employment land supply has been broken down by size of site to provide an indication of the range of site sizes available.

TABLE 27: ESTABLISHED EMPLOYMENT LAND SUPPLY BY SITE SIZE (2022)

SITE AREA	NET ESTABLISHED	NO. OF SITES
0-1 ha	3.75	6
1-5 ha	28.71	15
>5 ha	194.91	15

Source: Moray Council Employment Land Audit, April 2022

- 8.11 The greatest proportion (72%) of land is suitable for Class 4, 5 and 6. On some designations the whole area may be capable of accommodating higher amenity or a greater mix of uses but on some designations distinct areas within a site are identified. These tend to be uses within Class 4 that require a higher amenity setting or due to the location close to residential development general industrial uses would not be suitable. On some larger sites a greater mix of uses are identified on part of the site to help support delivery of the site as a whole.

MARKETABLE/EFFECTIVE EMPLOYMENT LAND SUPPLY

- 8.12 As noted above Moray has a marketable/effective employment land supply of 100.37 ha across 21 sites. Overall the marketable/effective area has decreased by 1.31 ha compared to 2021. The number of marketable/effective sites has remained the same. The decrease is again due to construction activity outlined above.

- 8.13 The marketable/effective employment land supply has been broken down by market area in the table below.

Ryden, May 2023

- 8.14 Annual requirements established through historic demand studies, build out rates recorded in previous audits, and from discussions with HIE and Moray Council Estates have been used to provide the estimated number of years supply available. It is noted that previously it was desirable to have a 5-year effective land supply at all times and therefore previous LDPs sought to designate a minimum of 10-year land supply. However, to ensure a generous supply, increase choice and a 10-year replacement period for future LDPs, the Moray LDP 2020 sought to designate a minimum of 15 years supply. The estimated annual requirements appear to be above the take-up actually achieved and noted at Section 8.38.

TABLE 28: MARKETABLE/EFFECTIVE EMPLOYMENT LAND SUPPLY BY TOWN (2022)

MARKET AREA	MARKETABLE/ EFFECTIVE (NET FIGURE IN HA)	NO. OF SITES	ESTIMATED ANNUAL REQUIREMENTS	AVAILABLE SUPPLY IN YEARS
Elgin	58.11	10	2.8	20 years
Forres	13.02	1	0.8	16 years
Buckie	22.34	4	0.8	28 years
Keith	5.3	4	0.4	13 years
Speyside	1.6	2	0.4	4 years

Source: Moray Council Employment Land Audit, April 2022

- 8.15 The Council notes that the level of effective supply in Elgin, and Buckie is currently good. However, the choice of sites is limited across all market areas. It is noted that within Elgin there are only small areas now available within I6 Linkwood East (I6) and Chanonry (I2). The level of interest and recent planning applications at Barmuckity/ Elgin Business Park (I7) also suggests availability will be limited in the future. In Forres whilst there is a good supply of land this is all at Forres Enterprise Park (BP1) only a small portion is able to accommodate general industrial uses. Whilst Keith has less than 15 years supply there is a LONG allocation that could be brought forward, however there is a limited choice of sites in Keith with these primarily being in the Westerton Road area. There is a shortage of sites in Speyside and finding suitable sites has been an ongoing issue. There will be a reliance on windfall proposals within this area.
- 8.16 The greatest proportion of land is suitable for Class 4, 5 and 6. As set out previously, some sites are wholly allocated for or have areas that would only be capable of accommodating higher amenity uses or a greater mix of uses, e.g. Forres Enterprise Park.

IMMEDIATELY AVAILABLE

- 8.17 There is currently (2022) 33.85 ha (net) of immediately available employment land supply across 6 sites. This has decreased by 1.49 ha since 2021 again due to construction at Barmuckity/Elgin Business Park (I7) and Chanonry (I2). As previously noted, take-up at Elgin Business Park has been very good and therefore the Council anticipates that the level of immediately available land in the Elgin market area will reduce significantly over the next few years. Bringing forward and servicing new sites will be critical to maintaining supplies.

LONG

- 8.18 As noted the Moray LDP 2020 included LONG sites for the first time. In 2022, the long supply was 48.06 ha (net) across 5 sites. These sites set out the direction of growth and assist in forward planning. LONG sites are designated at:

- LONG 3 Burnside of Birnie, Elgin (20.74 ha)
- LONG MU1 South of the A96 (8 ha)
- LONG 2 West of Mosstodloch (11.2 ha)
- LONG 2 Westerton Road, Keith (2.5 ha)
- LONG 2 March Road, Buckie (5.62 ha)

CONSTRAINED

8.19 The employment land supply which is subject to constraints is 78.03 ha (net) across 16 sites. The constrained supply has increased by 2.8ha compared to 2021. In the main, this is due to the addition of land at I5 Harbour Buckie at the former shipyard. The constrained supply can be broken down into the type of constraints identified in the following table. The predominate constraints relate to infrastructure (e.g. access and location of utilities etc.) and physical (e.g. contamination, steep slopes, flood risk, natural features of significance etc.).

TABLE 29: CONSTRAINED EMPLOYMENT LAND SUPPLY BY CONSTRAINT (2022)

CONSTRAINT	CONSTRAINED (NET FIGURE IN HA)	NO. OF SITES
Infrastructure	45.75	8
Ownership	14.15	4
Physical	44.23	11

Source: Moray Council Employment Land Audit, April 2022

SITE EFFECTIVENESS

8.20 Moray Council has supplied its latest employment land data which includes 'live sites' as at 1st January 2022 and tallies with the data for the Employment Land Audit 2022. Ryden has ranked the effectiveness of these sites on a desktop basis.

8.21 As such 36 sites were reviewed on a desktop basis. The sites review focused on 8 scoring categories:

- A. Strategic fit with economic development priorities and re-development policy aims and objectives
- B. Commercial market assessment of likely demand from occupiers, developers and investors
- C. Quality of public transport and access to the strategic road network
- D. Potential economic impact based on existing uses and the types of businesses which may be attracted
- E. Development potential in terms of whether a large proportion could be developed for marketable space
- F. Alternative use pressure is scored on a negative scale. Sites with significant alternative use pressure are given a low score and those with little or no alternative use pressure are awarded a high score

Additionally, limited assessments based upon Council information were made of:

- G. Ground conditions based on any information provided within the Employment Land Audit or LDP
- H. Utilities and Drainage information based on any information provided within the Employment Land Audit or LDP

8.22 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.

8.23 A detailed spreadsheet at Appendix A provides the full comments and scores against each site by category. The spreadsheet is designed to be a working document which the Council can utilise, update and expand as more information becomes available or as conditions alter over time. In particular, the technical assessments at criteria G and H as above are only tentative without more comprehensive information. The Council may also wish to consider weighting particular criteria depending on its own priorities. For the purposes of this report the analysis provides a robust desktop review of each site against relevant criteria.

8.24 A summary of the scoring is shown in Table 30. The overall results are:

- 10 sites scoring under 20 points
- 17 sites scoring 20-24 points

- 7 sites scoring 25-29 points
- 2 sites scoring 30 or above

- 8.25 With so few sites achieving a score of 30 or above, in general this shows the limited number of allocated employment sites in Moray which offer a promising combination of market appeal, development potential and (at this tentative stage) technical deliverability. The assessments can also have a combined effect, as in situations where market potential is limited, this introduces market failure (or simply uneconomic market conditions) to compound the costs of the technical investigations and remediation / servicing works which would be required to bring a site to market. It is worth noting that the sites that are highly rated include those that have had some form of intervention from the public sector.
- 8.26 It is recommended that more detailed desktop assessments of both ground conditions and utilities and drainage are undertaken. This would include the review of sources such as:
- The British Geological Survey online viewer for superficial deposits and bedrock
 - Online OS maps 1: 25,000 scale to review topography
 - Coal Authority online maps to review mineral stability constraints
 - SEPA flood maps
 - Scottish Water records on surface water drainage, foul water discharge and water supply servicing
 - SGN and Scottish Power records in relation to gas and electricity servicing
 - BT Openreach records for telecoms servicing information
- 8.27 This would allow scoring under these categories to be more accurate as there is limited information on these factors within the LDP and Employment Land Audit. Further investigation of these factors could have a significant impact on site effectiveness and subsequent scoring.
- 8.28 There is also an evolving need to look more closely at active travel to/from employment sites and consider this as part of the scoring with Category C.
- 8.29 With regard to Ryden's scoring for market assessment and development potential, sites have tended to score more highly where they would be the next phase in an estate with recent development, e.g. Forres Enterprise Park, Chanonry Industrial Estate in Elgin and March Road in Buckie etc. Whereas lower scoring sites are future opportunities dependent upon settlement expansion and market needs at that time, e.g. Burnside of Burnie in Elgin and Sunbank in Lossiemouth etc.

TABLE 30: SITE EFFECTIVENESS SUMMARY

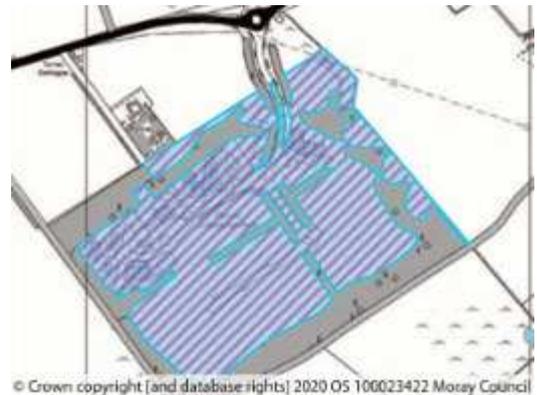
Ref	LPR	Location	Town	Gross Area (Ha)	A. Strategic Fit	B. Market Assessment	C. Transport & Accessibility	D. Economic Impact	E. Development Potential	F. Pressure for Alternative Use	G. Ground Conditions	H. Utilities & Drainage	TOTAL
M/FR/E/001	20/BP1	Forres Enterprise Park	FORRES	22.88	5	4	4	5	4	5	2	4	33
M/BC/E/004	20/I3	March Road (SE)	BUCKIE	17.69	4	4	4	3	4	5	3	3	30
M/EL/E/001	20/I7	Elgin Business Park, Barmuckity	ELGIN	33.83	5	4	3	4	4	3	2	2	27
M/EL/E/008	20/I2	Chanonry Industrial Estate	ELGIN	3.17	4	4	3	4	4	4	2	2	27
M/BC/E/006	20/I5	The Harbour Area	BUCKIE	1.77	5	4	3	4	3	3	2	2	26
M/MS/E/005	20/I2	North of Baxter's	MOSSTODLOCH	3.22	4	3	3	4	3	5	2	2	26
M/EL/E/012	20/I6	Linkwood East	ELGIN	1.71	4	4	4	3	4	2	2	2	25
M/EL/E/016	20/I8	Newfield	ELGIN	12	4	4	3	4	3	3	2	2	25
M/MS/E/003	20/I5	Baxters	MOSSTODLOCH	2.22	4	2	4	4	3	4	2	2	25
M/BC/E/007	20/LNG2	March Road (LONG)	BUCKIE	7.02	3	3	3	2	3	5	2	2	23
M/FR/E/013	20/I2	Waterford	FORRES	1	3	3	3	2	3	5	2	2	23
M/FR/E/014	20/I4	Easter Newforres	FORRES	27.6	4	3	3	4	3	4	1	1	23
M/EL/E/017	20/I16	Burnside of Birnie	ELGIN	22.3	3	3	3	3	3	3	2	2	22
M/EL/E/018	20/LNG3	Burnside of Birnie (LONG)	ELGIN	38.2	3	3	3	3	3	3	2	2	22
M/EL/E/019	20/MU2	Lossiemouth Road (NE)	ELGIN	7	4	3	3	3	3	2	2	2	22
M/BC/E/005	20/I4	Maltings	BUCKIE	10.3	3	2	3	2	2	5	2	2	21
M/EL/E/002	20/MU1	Riverview	ELGIN	4.12	3	3	3	3	3	2	2	2	21
M/FR/E/006	20/I3	Benromach Distillery	FORRES	4	3	3	3	3	3	2	2	2	21
M/KH/E/010	20/I2	Westerton Road South	KEITH	0.52	3	3	2	2	3	4	2	2	21
M/KH/E/011	20/I11	Westerton Road East Expansion	KEITH	1.74	3	3	2	3	2	4	2	2	21
M/EL/E/011	20/I5	Pinefield Industrial Estate	ELGIN	0.18	3	2	3	2	2	4	2	2	20
M/EL/E/020	20/OPP4	Ashgrove Road (Yard)	ELGIN	1.6	3	3	4	2	3	2	1	2	20
M/KH/E/004	20/I4	Bridge Street	KEITH	2.05	3	2	2	3	2	4	2	2	20
M/KH/E/012	20/LNG2	Westerton Road (LONG)	KEITH	3.2	3	2	2	3	2	4	2	2	20
M/LS/E/007	20/OPP1	Sunbank	LOSSIEMOUTH	12.8	3	3	3	3	2	3	1	2	20
M/MS/E/007	20/I3	West of Mosstodloch	MOSSTODLOCH	16	3	2	2	2	3	4	2	2	20
M/AB/E/005	20/R2	Speyview	ABERLOUR	1	3	3	3	2	2	2	2	2	19
M/CL/E/002	20/I1	South of Cemetery	CULLEN	0.81	2	2	2	2	2	5	2	2	19

M/MS/E/008	20/LNG2	West of Mosstodloch (LONG)	MOSSTODLOCH	14	3	2	2	2	2	4	2	2	19
M/RS/E/001	20/11	Back Burn	ROTHES	0.75	2	2	3	2	2	4	2	2	19
M/BC/E/001	20/MU	High Street (W)	BUCKIE	6.37	3	2	3	2	2	2	2	2	18
M/MS/E/006	20/MUL1	South of A96	MOSSTODLOCH	11	3	2	2	2	2	3	2	2	18
M/TV/E/001	20/11	Troves Industrial Estate	TROVES	1.61	2	2	2	2	2	4	2	2	18
M/EL/E/004	20/112	Glen Moray Distillery	ELGIN	1.3	3	2	3	2	2	1	2	2	17
M/KH/E/005	20/17	Isla Bank Mills	KEITH	1.84	2	2	3	1	1	5	2	1	17
M/KH/E/013	20/MU	Banff Road South	KEITH	1.75	3	2	2	2	2	2	2	2	17

8.30 An example of a full desktop assessment is shown below.

M/FRE/E/001, 20/BP1, FORRES ENTERPRISE PARK

8.31 The top scoring site is M/FRE/E/001, 20/BP1 Forres Enterprise Park which has a gross area of 22.88 ha and a net area of 13.02 ha. This site has received an overall score of 33. It is owned by Highlands and Islands Enterprise who are considering various options for the development of the site. The site is highlighted in bold in Table 30 above.



8.32 With regards to strategic fit, the site is located within a secondary growth area but is key for accommodating growth sectors such as advanced engineering and space. The market assessment reflects the fact the Park is an existing business location which has availability for office and industrial uses albeit they should conform to the high amenity and design standards of the Enterprise Park.

8.33 In terms of transport and accessibility the site is located on the eastern edge of Forres off the A96 which is part of the strategic road network. The Enterprise Park is an existing business location and internal roads have been provided. It is worth noting that development proposals will require to take into account the preferred option for the A96 dualling which may impact this site.

8.34 The potential economic impact of the site is significant as it is a proven high impact site accommodating key growth sectors. As the site is owned by Highlands & Islands Enterprise this increases its development potential and we are aware they are progressing several medium to long term options for the site.

8.35 There is potential pressure for alternative use in the form of a hotel or nursery however this provision would be complementary to the site.

8.36 The site ground conditions are not known and in terms of utilities and drainage it is understood that the strategic servicing is in place.

8.37 The site characteristics noted above show a site which is developable in market and technical terms but still requires public sector intervention to allow it to come to fruition. This illustrates the challenges associated with the large number of sites which achieve lower scores on market potential and/or technical deliverability.

EMPLOYMENT LAND TAKE-UP

8.38 Employment land take-up was 4.74ha across 6 sites in the year to 1st January 2022. This includes completion or occupation of sites at Barmuckity (17) for business plots and industrial units, Chanorny (12) for industrial units, Linkwood East (16) for sale of motor vehicles, Ashgrove in Elgin (OPP4) for an industrial building for Seamount and Greshop in Forres (11). A new road has also been completed at Forres Enterprise Park (BP1). This is a similar level of take up and construction as recorded in 2021 when 4.68 ha was recorded but is across a greater range of sites (6 compared to 4 in 2021). Historic employment land take-up is provided in the Table below and shows that take up in recent years is above historic levels although it is noted that Covid-19 may have affected the figures. The average take-up across the 6 year period is 2.4 ha per annum.

TABLE 31: MORAY EMPLOYMENT LAND TAKE-UP

YEAR	TAKE UP AREA (GROSS FIGURE IN HA)	NO. OF SITES
2022	4.74	6
2021	4.68	4
2020*	0.85	3
2019	1.29	5
2018	1.6	3
2017	1.23	Not recorded

Source: Moray Council Employment Land Audit, 2022, 2021, 2020, 2019, 2018

* there was a reliance on Development Management and Building Standards data rather than the usual site visits which were curtailed due to Covid-19 restrictions.

- 8.39 The Council is currently working on its Employment Land Audit for 2023 and notes that employment land take-up has slowed slightly to 3-3.5 ha over 3 or 4 sites (still to be confirmed). This is lower than levels achieved in 2021 and 2022 but still above historic levels.
- 8.40 These levels can be compared with other relevant (semi-rural) local authorities as per Table 32. Moray is performing well against its peers with average take up exceeding levels in Perth & Kinross, East Lothian and South Ayrshire and on par with that in Stirling. Fife is outperforming Moray however it is much larger in terms of population.

TABLE 32: COMPARABLE EMPLOYMENT LAND TAKE-UP

YEAR	PERTH & KINROSS TAKE UP (HA)	STIRLING TAKE UP (HA)	EAST LOTHIAN TAKE UP (HA)	FIFE TAKE UP (HA)	SOUTH AYRSHIRE (HA)
2022	0	N/A	N/A	N/A	N/A
2021	1.61	5.91	0	1.6	0.93
2020	1.15	4.56	6.7	1.6	0.93
2019	0		0	33.9	1.95
2018	1.92	2.99	0.45	35.05	N/A
2017	N/A	1.4	0.15	47.45	N/A

Source: Heads of Planning Scotland, Planning Performance Framework Reports

EMPLOYMENT LAND MARKET

- 8.41 The market for employment land in Moray comprises land which is being advertised for development for office, industrial or distribution use and land which is bought and sold for those purposes. The land market is a sub-set of all allocated employment land in the development plan, as analysed above, plus any windfall sites which were not allocated in planning but were marketed or taken-up for employment use.
- 8.42 There is currently 81.71 acres (33 hectares) of land over six locations actively being marketed in Moray. These are shown in Table 33 and are all employment land allocations within the LDP. The majority of sites are in the Elgin area however there are also sites available in Buckie and Forres. Contrary to what is being advertised it is understood from the owner of Elgin Business Park that all sites there are now sold or under offer. This site accounts for much of the serviced supply in Elgin and therefore it is likely there could be unmet demand in the area in the short term until further sites and serviced are made available.

TABLE 33: CURRENT EMPLOYMENT SITES SUPPLY

ADDRESS		SIZE (ACRES / HA)	DETAILS
ELGIN MARKET AREA			
Chanonry Road North, Chanonry Industrial Estate, Elgin		1.18 (0.48 ha)	No 1 0.592 acres (0.24 ha) No 3 0.593 acres (0.24 ha) Can be combined to a single site. Moray Council will consider offers to lease the sites on a long (99 years to 125 year) development lease basis. Suitable for general purposes and industrial operations
Elgin Business Park, Elgin		10 (4 ha)	Sites for sale on a 50-acre business park. Many sites sold but still being advertised are: Site 1C: 0.59 acres Site 2: 1.18 acres Site 8: 1.07 acres Site 10: 1.07 acres Site 11: 1.25 acres Site 14: 2.13 acres Site 15: 0.98 acres Site 16: 1.73 acres Discussions with owner suggests all sites are now sold or under offer.
Linkwood Park, Elgin		5 (2 ha)	Prime site available. From 1 acre. Identified within the extant and emerging Local Development Plans as an Opportunity Site suitable for a variety of uses including office, retail, leisure, trade counter, industrial and potentially education related uses
Findrassie Elgin North, Elgin		29 (12 ha)	Findrassie is a major land release allocated in the Moray LDP. The Masterplan covers a total area of c. 112 hectares, which will comprise c. 12 hectares of employment land for Use Class 4 (business) and c. 100 hectares of housing land. Land for sale or to let
BUCKIE MARKET AREA			
Rathven Industrial Estate, Buckie		26.7 (10.8 ha)	Phase 1 extends to 10.8 hectares (26.7 acres). Development sites available from 0.25 acres (0.1 ha) to 9.9 acres (4 ha). Short and medium term leases for storage yards and on long term leases for periods up to 125 years, for development purposes, at c. £9,000 pa per acre (£22,250 pa per ha) (Moray Council). Serviced site.
FORRES MARKET AREA			
Plot 2, The Enterprise Park, Forres		3.73 (1.51 ha)	High amenity development site. Generally rectangular and level. The site will be able to connect to mains electricity, water and sewerage, gas is available nearby. Suitable for Class 4 Business use. Possible sub-division. (HIE /Graham & Sibbald)
Plot 5, The Enterprise Park, Forres		6.10 (2.47 ha)	High amenity development site. Generally rectangular and level. The site will be able to connect to mains electricity, water and sewerage, gas is available nearby. Suitable for Class 4 Business use. (HIE / Graham & Sibbald)

Source: Ryden / CoStar/ HIE / Zoopla

8.43 Ten sites totalling 32.37 acres (13 hectares) have been recorded as taken-up for employment purposes since January 2018 (transactions) which equates to 2.6 ha per annum (correlating with earlier figures from the Employment Land Audit). These are at known employment locations in Elgin and Forres. (Table 34). Again, there is a caveat around potentially further sites having been taken up at Elgin Business Park.

TABLE 34: EMPLOYMENT SITES TAKE-UP

ADDRESS		SIZE (ACRES / HA)	DETAILS
ELGIN MARKET AREA			
Elgin Business Park		8 (3.2 ha)	Sold in January 2023 to MacGregor Industrial Supplies Ltd for £1.2 million, to be developed into a showroom
		1 (0.4 ha)	Sold in September 2021
		1 (0.4 ha)	Sold in July 2021
		1 (0.4 ha)	Sold in December 2020 to Whiterow Properties
		2.99 (1.21 ha)	Sold in June 2019 to Springfield Properties for £523,250
FORRES MARKET AREA			
The Forres Enterprise Park, Forres		11.131 (4.5 ha)	In November 2020 Highlands & Islands Enterprise purchased the freehold interest in The Enterprise Park, Forres comprising 11.131 acres from an unknown vendor for £408,476

Source: Ryden / CoStar

SUMMARY

- 8.44 The Moray Employment Land Audit was most recently undertaken in April 2022 and shows an established employment land supply of 298.55 ha with a net established area of 226.48 ha across 36 sites. Of this, the marketable/effective employment land supply is 100.37 ha (net) across 21 sites. The Moray LDP 2020 included LONG employment sites for the first time which in the latest audit total 48.06 ha (net) across 5 sites. These sites set out the direction of growth and assist in forward planning. With regard to constrained sites these total 78.03 ha (net) across 16 sites. Infrastructure and physical constraints dominate.
- 8.45 Employment land take-up was 4.74ha across 6 sites in the year to 1st January 2022. The average take-up across the last 6 years has been 2.4 ha per annum and therefore take up in recent years in above historic levels. The average employment land take-up in Moray is exceeding levels in Perth & Kinross, East Lothian and South Ayrshire and on par with that in Stirling. Fife is outperforming Moray however it is much larger in terms of population. Moray appears to be ‘punching above its weight’ in this regard.
- 8.46 Ryden has undertaken a desktop assessment of Moray Council’s established employment land supply which ranks their effectiveness based on 8 categories with a maximum score of 40. Just 2 sites scored 30 or above which shows the limited number of sites in Moray which offer a promising combination of market appeal, development potential and (at this tentative stage) technical deliverability. In addition, these two sites required public sector intervention in order to come to fruition which suggests there will continue to be a role for the public sector in terms of site servicing.
- 8.47 The supply of employment land in terms of those which are physically on the market does appear to be tightening over the short to medium term as the majority of sites at Elgin Business Park are understood to be sold or under offer. Again, further public sector intervention will be required in order to ensure there is an ongoing supply of appropriate land in the future.

09

BUSINESS SURVEY, CONSULTATION AND ENQUIRIES

INTRODUCTION

9.1 This section summarises the results of the business survey and consultation exercises which were undertaken. It also analyses enquiries data received from the Council and HIE to provide further evidence of demand. Taken together these items provide further evidence of demand.

BUSINESS SURVEY

9.2 In order to assess potential demand for business property in Moray, a survey of business property occupiers was undertaken during February and ran until 15 March 2023. This was promoted by Moray Council on its own website, on mymoray.co.uk and its Facebook page and in the local press. It was also shared with local business organisations for distribution amongst their members. This included Moray Chamber of Commerce, the Federation of Small Businesses and the Scottish Whisky Association. A copy of the survey questions can be found in Appendix B.

9.3 A total of 51 responses were received. Of these 9 were from industrial occupiers, 10 from office occupiers, but 32, although of interest, were less relevant to this study (i.e. retail, restaurants, accommodation services).

9.4 Positively these 19 business property responses provide a selective but detailed insight into the performance and constraints of existing business premises and potential future demand in Moray.

9.5 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 Elgin.

- 2 industrial occupiers are located in the Elgin Market Area, 1 in Forres Market Area, 3 in Buckie Market Area, with 2 in Keith Market Area.
- 9 office occupiers are located in the Elgin Market Area, with 1 in the Forres Market Area.

9.6 The **status** of each business was asked. The majority of industrial respondents are sole operators (6), while office occupiers are either Headquarters or sole premises. (Figures 25 and 26)

FIGURE 25

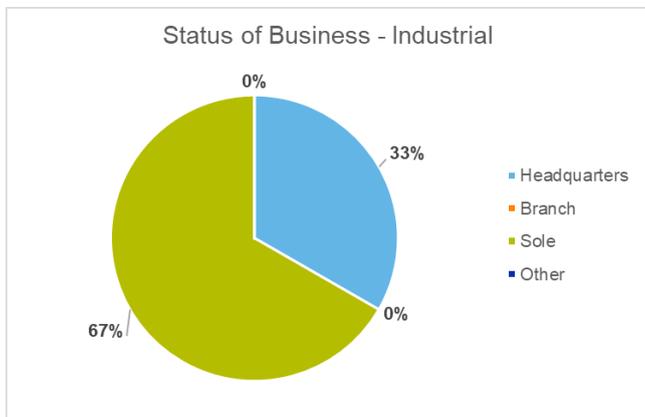
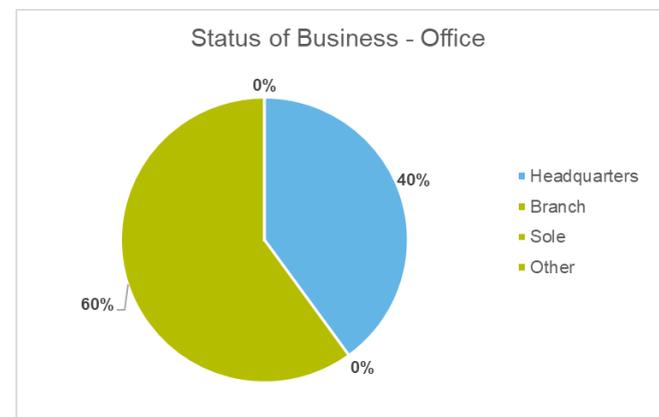


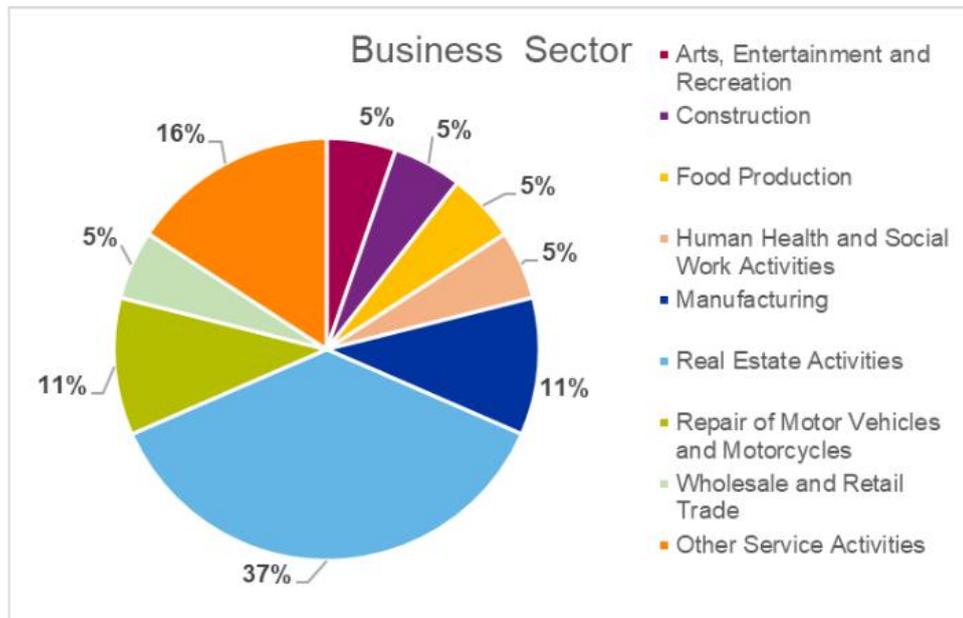
FIGURE 26



9.7 Eight **business sectors** are represented (Figure 27), with Real Estate Activities having the most (7, of which 2 are industrial and 5 office); followed by 'Other' Service Activities with 3 (1 is industrial and 2 are office); Repair of Motor Vehicles and Motorcycles has 2; and Arts, Entertainment and Recreation (industrial),

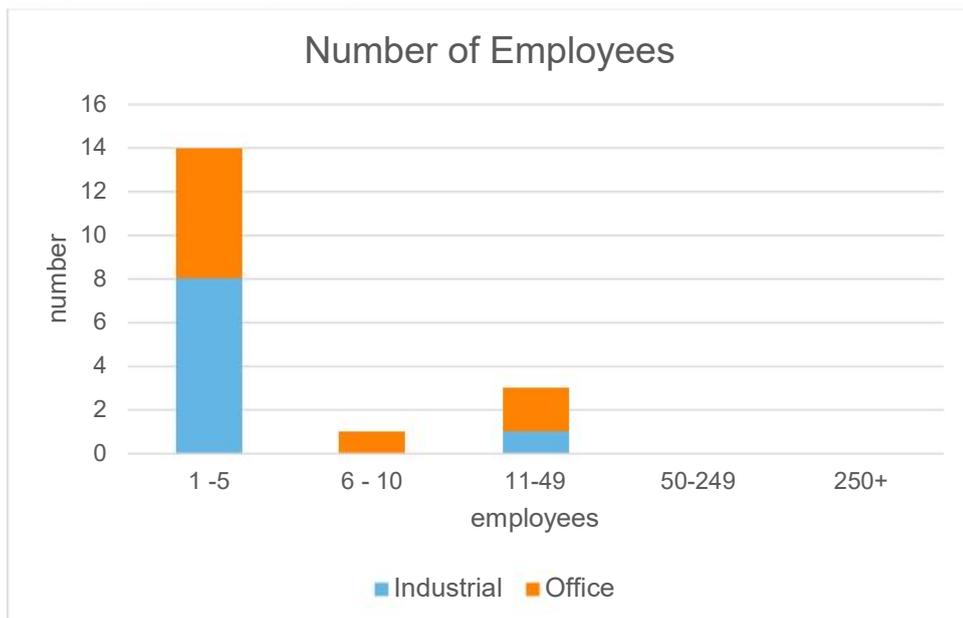
Construction (industrial), Food Production (industrial), and Human Health and Social Work Activities (office), Wholesale and Retail Trade (office) all have 1 each.

FIGURE 27: BUSINESS SECTOR



- 9.8 Survey questions turned to the occupiers' current premises, asking what is the **nature of the premises** occupied. As noted above this is 9 industrial occupiers, which includes one stating 'storage yard' rather than a unit, and two home based; and 10 office occupiers, with one of the office occupiers home based.²⁰
- 9.9 Three industrial occupiers stated the **size** of their premises: all 3 are in the 1,000 – 4,999 sq.ft. sizeband but one of these is the storage yard. Four office occupiers know the size of their premises: 3 are in the 0 – 999 sizeband, with the other 1 in the 5,000 – 9,999 sq.ft. sizeband.
- 9.10 All respondents are 'Small Businesses', i.e. with 0 – 49 **employees**. The smallest employee bracket of 1-5 employees had the majority at 14, with 8 for industrial and 6 for office sectors. The office sector had 1 business in the 6-10 employee band, while 1 business in the industrial sector and 2 businesses in the office sector fell within the 11-49 employee band (Figure 28). One did not state their employee numbers.

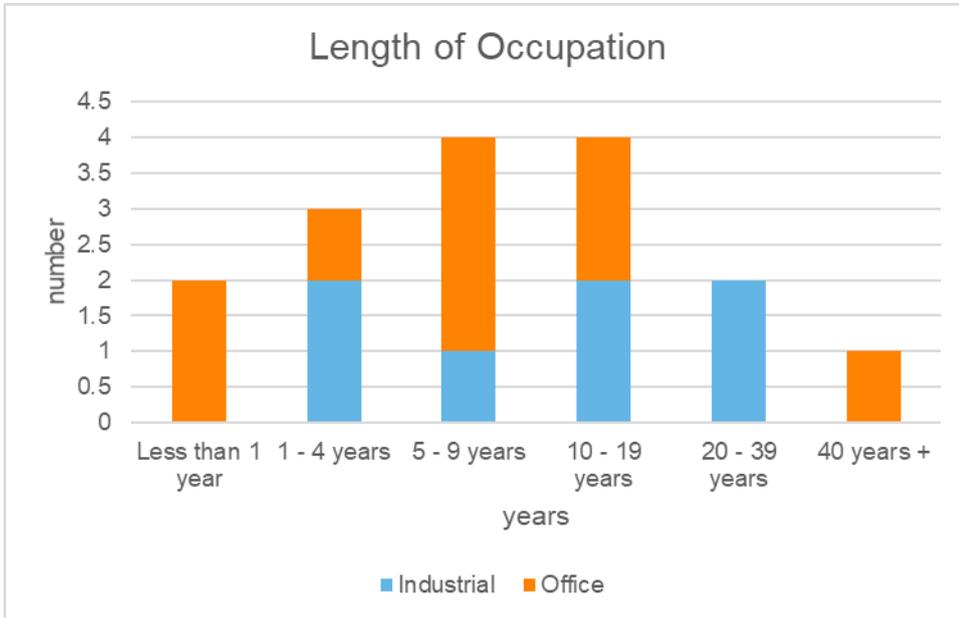
FIGURE 28: EMPLOYEES



²⁰ Only responses from relevant questions from the Home based occupiers were analysed.
 Ryden, May 2023

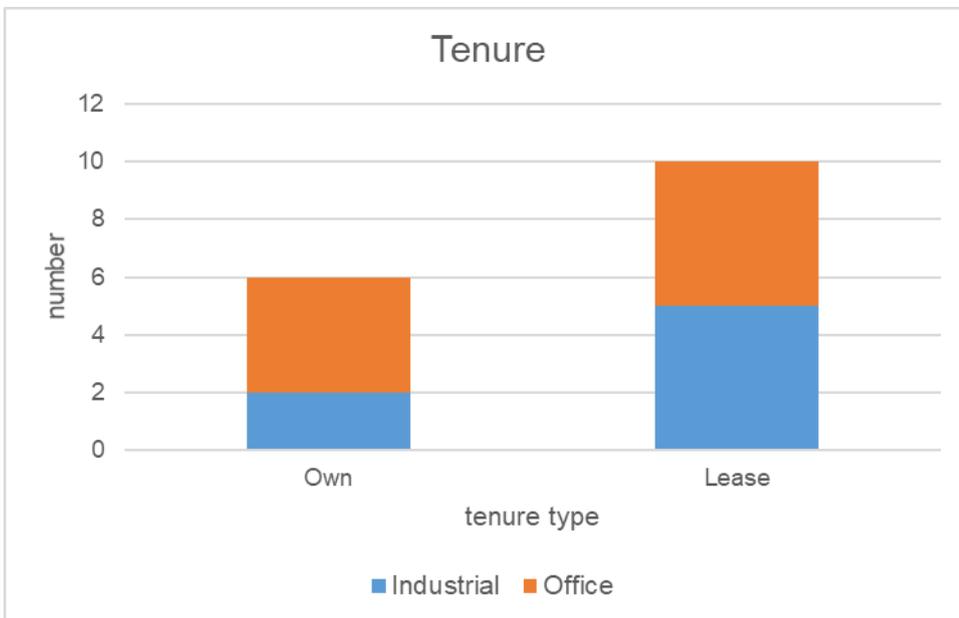
9.11 Respondents were asked the **length of occupation** in the current premises (Figure 29). Industrial and office occupiers have a similar spread in length of occupation. Six office occupiers have been in occupation for between 1 month to 9 years, with one over 40 years. Industrial occupiers have 2 in each of the 1 to 4 years, 10 to 19 years and 20 to 39 years categories.

FIGURE 29: LENGTH OF OCCUPATION



9.12 On **tenure** of property, a majority of respondents lease their property (10, with 5 for each sector), while 6 are owner occupiers (2 industrial and 4 office) (Figure 30).

FIGURE 30: TENURE



9.13 Respondents were asked to rate their **existing property and environment**. Overall industrial respondents considered this positively. Views on location, size, condition, road connection, parking, access, image/general environment, security, staff services/amenities and communications were viewed as Good or Satisfactory. While Energy efficiency, accommodation and public transport links were identified as Less than Satisfactory and Poor (Figure 31).

9.14 Office occupiers rated their properties more positively than industrial occupiers, with location, size, condition, accommodation, road connections, public transport links, parking, access/ circulation, image/

general environment and staff services/amenities all scoring well. With energy efficiency, security and communications scoring less well. (Figure 32)

FIGURE 31

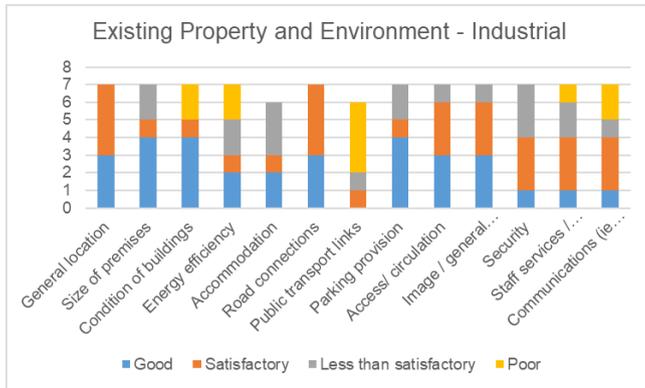


FIGURE 32



9.15 Fourteen of the respondents (73%) have a **requirement to expand/relocate**. This suggests a high propensity to move but it may be the case that there is some self-selection, with responses to the survey potentially more likely from those with a potential property requirement. In addition, one businesses (in an arts, entertainment & recreation building) has a requirement for an industrial property.

9.16 Nine have a requirement for an industrial property, with two of these for land, 3 of which are definitely considering expanding / relocation, with 6 stating a possibility. Table 35 below provides summary tables of these requirements. Smaller units and both the Elgin and Buckie Market Areas are the most popular.

TABLE 35: INDUSTRIAL REQUIREMENTS

When	Requirement Size	Location	Type				
In the next 12 months	4	0 - 999	0	Elgin Market Area	3	Industrial	2
After 12 months	4	1,000 – 4,999	3	Forres Market Area	1	Industrial / office mix	1
Don't know	1	5,000 – 9,999	1	Buckie Market Area	3	Land for storage	1
		10,000 +	0	Speyside Market Area	1	Land for development	2
		No response	4	Moray	1	Commercial unit	3
		1 – 5 acres	1				

9.17 The main reasons given for industrial occupiers with a requirement to relocate/expand are: property too small, configuration, out-of-date premises and location.

9.18 While two office occupiers are definitely considering expanding/relocation, with 4 stating a possibility. Table 36 below provides summary tables of these requirements. All would like space in and around Elgin.

TABLE 36: OFFICE REQUIREMENTS

When	Requirement Size	Location	Type				
In the next 12 months	3	0 – 999	1	Elgin Market Area	6	Office	1
After 12 months	3	No response	5			Office / industrial mix	1
						Office / retail	3
						Co-working space	1

- 9.19 The main reasons given for office occupiers with a requirement to relocate/expand are: property too small, location, building configuration, environment, out of date premises, other occupiers and pricing.
- 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, size and digital connectivity (mainly ranked 5)
- energy efficiency, quality of building and transport 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 cost (mainly ranked 5)
- location, quality of building, energy efficiency, transport connectivity, size and digital connectivity ranked high
- Onsite facilities ranked in the middle, neither not important or very important
- of least importance was the opportunity to share facilities

- 9.21 Looking at future **tenure**, four of the industrial respondents would like to purchase new premises, one would like to lease with a view to purchase, while 3 would like to lease. One already owns the land. In the office sector leasehold is the preference with 5 stating this as the preferred option, with only one looking to purchase.
- 9.22 Respondents were asked if they had any **specific requirements** from the new property. Industrial respondents selected mainly prominent location / visible to passing trade, vehicle access to the building, and yard space. Eaves height, alarms and trade / retail counter were also noted. While three phase electricity was an additional requirement. In the office sector, similar requirements of prominent location / visible to passing trade, vehicle access to the building were selected by most. Eaves, height alarms and trade/ retail counter were also noted. Heating was also noted by one.
- 9.23 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, costs, location, no land for sale and planning issues.
 - in the office sector: Cost, lack of and standard of available property, Non-domestic rates charges too high, and current lease arrangement.

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

- 9.24 Respondents were asked if they had any additional property related comments. The majority relate to the costs (both rent and rates), transport and access, regeneration required, and planning constraints. These comments are summarised below:

Additional property related comments: industrial

- I feel the council need to improve their current leased buildings to a better standard.*
- Cost is crippling to business in current climate.*
- Landowners around Dufftown unwilling to sell or rent. Dufftown Valley is owned by 5 named landowners. Totally constrained.*
- To look at the possibility of developing an area of my woodland for commercial use, such as shared-use office space/hot-desking, smaller industrial units*
- Better public transport and pedestrian access would help the town, along with improved & free car parking*

Additional property related comments: office

The high street will never recover without serious overhaul of the non-domestic rates system. It is archaic and has not been adjusted to move with the changing face of the high street and how the public has shifted in its shopping habits. We see regular demand for independent retailers looking to take on premises however once they see the cost associated with Rates it makes small business non-viable. Batchen Street only succeeds due to many of the shops being eligible for Small business relief. Previously the feedback from the council is landlords need to reduce rents. Most landlords are happy to be flexible regarding rates and offer discounted periods and reduced rents for long periods whilst the tenant gets established. The Empty Property Relief offers a very short window of assistance and then no assistance once it ends. The council also voted to bring in a charge for empty properties normally eligible for Small Business Relief when the property was empty. They did this with no consultation and via Zoom in April 2020 right at the start of the pandemic. Hardly a supportive decision for any of those properties affected and the business/landlord communities.

Elgin's high street has beautiful historical buildings many of which have been allowed to fall into disrepair by distant landlords. The lack of maintenance of the exteriors/roofs and upper floors is firstly so dangerous but incredibly sad. Legislation needs to be introduced to penalise neglectful landlords. You only need to look at The Thunderton to see the fantastic restoration work done there to see what can be achieved.

We have owned this property in the centre of Forres now for 15 months, we hoped to satisfy the demand for commercial space in Forres as there has been a lack of it for years. Unfortunately delays in replies from planning department is holding up tenants moving in.

Rates of retail premises along with high rents, just put the high street off limits for affordability to a small company like mine. Add the compulsory fee for Elgin Bid and it just isn't an option.

- 9.25 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

Local government needs powers to press on landlords - especially absent ones to maintain their premises. The bigger next step is to downsize the large High St units in Elgin (& other towns) to make them more appropriate for smaller businesses as there are plenty looking to open but not enough options. Lots of small businesses in a town centre keep it different and interesting

High street dirty and tired looking with poor quality expensive parking, difficulties getting deliveries as high street pedestrianised and shop units empty and uninviting.

Better public transport and pedestrian access would help the town, along with improved & free car parking

Access to the Town Centre is poor due to inadequate/expensive parking and lack of a traffic warden to police the illegal all day parking, is making the area inaccessible to some. Allowing drop off/pick up areas, instead of pedestrianising more areas would allow greater access to all and help create an atmosphere, air of vibrancy with more footfall and activity.

It's an excellent location for our upcoming business

Re- location to our new and superior premises, has greatly increased our profitability reflected by the very high level of service we can now provide to the wider Moray community. Regrettably, our plans for future development are being impeded by the high level of business rates currently inflicted by Moray Council.

Businesses will not be encouraged to expand, or to locate to Moray, unless high-level, non-domestic rate payers are given some incentive.

- 9.26 A number of these comments relate to changes to the retail environment which have been accelerating over the last few years and have had an impact on towns and their High Streets.

STAKEHOLDER CONSULTATION

- 9.27 In addition to the business survey, Ryden also consulted with members of the Moray Business Resilience Forum. The Business Resilience Forum includes representatives from Moray Council, Highlands and Islands Enterprise, Moray Chamber of Commerce, Moray Business Women, Elgin BID, Visit Moray Speyside, Business Gateway Moray, Skills Development Scotland, Federation of Small Business, Scottish Council for Development and Industry, and Department for Work and Pensions. Ryden undertook a workshop session with the Forum in March 2023 and picked up others from the group who couldn't attend separately via Teams meetings.

- 9.28 Consultations were also undertaken with local developers, HIE, the Scotch Whisky Association and Chivas Brothers who own several distilleries in the area. A full list of consultees can be found at Appendix 3.

- 9.29 There was discussion amongst consultees in terms of ‘winners and losers’ within the local economy. The ‘winners’ were noted to be organisations such as Orbex and the Ministry of Defence who are expanding in the area and capitalising on growth within the key sector of aerospace. Orbex is a key tenant at Forres Enterprise which is owned by HIE. Orbex occupy a number of properties within the Park and hope to increase staffing numbers from the current 100 to 400 over the next few years as they expand their rocket production but consultees noted there are constraints in attracting jobs to the area particularly because of a pressing need for housing in the area. HIE is keen to attract further space companies to the Park but large sites are required. HIE is also considering further complementary uses on the Park including childcare, an additional food offering and/or a budget hotel. Forres Enterprise Park will also be a key location for a number of the Moray Growth Deal projects and it is anticipated that incubation and “grow-on” space will be developed on site later this year as part of the Manufacturing Innovation Centre Moray (MICM). Consultees stated that there is uncertainty around Phase 2 of the Park as it may be affected by the dualling of the A96.
- 9.30 There was also noted to be a lot of activity at Elgin Business Park where, although visually there are notable areas of land still to be developed, all employment land plots for sale were noted to be sold or under offer. Businesses within the Park are diverse and will include (subject to planning consents) engineers, food and drink, construction, industrial suppliers and an accountant amongst others. The question was raised of “*where next*” if Elgin Business Park does become full. Consultees stated there is uncertainty over Phase 2 of Elgin Business Park because of flood risk issues.
- 9.31 A further key sector considered to be ‘winning’ in the area, was the whisky industry with over half of all of Scotland’s whisky distilleries found in Moray Speyside. Several distillery expansions have been undertaken in recent years and many are upgrading sites and considering facilities such as biomass to meet their own carbon neutral targets. Many are also upgrading their visitor experiences. This is positive not only for the industry but also for the local supply chain including farming and logistics and the tourist industry. Consultees considered there was future potential for synergies between the whisky industry and the Council’s plans for renewables in the area. Many distilleries already have lorries running on green gas and it was considered there could be better co-ordination between producers and the Council in this regard.
- 9.32 There was also considered to be a “*continuing and increasing demand*” in the area for whisky storage with one consultee commenting “*the industry can’t get enough*”. Whisky is a highly flammable product and therefore it was noted that rural locations can often be more suitable for this purpose. Consultees acknowledged that warehousing is not particularly employment generating in itself but again that the industry as a whole supports a wider supply chain as well as this global industry which was noted to be responsible for 77% of all Scottish food and drink exports²¹. It was noted by consultees that planning permission for warehousing could take a long time. Meanwhile, the industry was described as taking a very long term view and therefore has a good understanding of what their land and property requirements will be for the next decade.
- 9.33 Meanwhile, a number of businesses were considered to still be “*battening down the hatches*” following the impact of the pandemic, Brexit and the continuing effects of the energy crisis and inflation. This was considered to be true particularly of the retail and hospitality sector.
- 9.34 There was concern about those businesses ‘*stuck in the middle*’. One consultee noted that “*there is an appetite for business growth in Moray from SMEs but the current cost and skills pressures mean that many are happy to stick where they are*”. The labour market was noted to be tight in Moray with an example provided of a recent call centre closure (Kura contact centre, Forres) where all affected staff were quickly re-employed.
- 9.35 It was considered that more support could be provided to SMEs to enable them to gradually expand and move “*out of bedrooms and into property*”. Reference was made to a new co-working space (Greenbrae Steading, Elgin) where people can gradually step up their requirements from a desk space to a larger self-contained unit. This “*stepping stone*” approach, which also builds a business community at the same time,

²¹ Scotch Whisky Association
Ryden, May 2023

was considered to be important for Moray. Incubator premises were acknowledged amongst consultees to be part of the Growth Deal although it was noted they will be targeted at specific growth sectors.

- 9.36 Premises which were appropriate for the community and wellbeing economy were also noted to be important for the area going forward. An example was given of a martial arts club with over 100 members who cannot find appropriate premises yet is making a real difference in the community. Consultees noted change of use planning applications had been slow and reported many businesses had had to *“push quite hard to make them happen”*. This was particularly true of former retail premises.
- 9.37 There was considered to be a growing trend for mixed use businesses such as tap rooms which may also include the main brewery as well as a food and retail offering. Facilities such as these were also considered to be a potential test bed for start-ups.
- 9.38 There was also considered to be demand for larger bespoke premises including from the transportation sector. It was noted that currently it was unfeasible because of construction costs for businesses to build their own large bespoke premises and that developers are not building these units in the area currently. As a result, some companies were reported to be experiencing restricted growth within unsuitable premises.
- 9.39 More generally, it was raised that there is a lack of energy efficient buildings in Moray and that this is an area which will need to be considered further as Scotland aims to reach net zero carbon emissions by 2040. It was also realised that there will be a greater requirement for more energy efficient buildings not simply to create cost and carbon savings but also to attract businesses which will be part of the net zero revolution. Moray is a key location for Scotland’s transition.
- 9.40 Non domestic rates were also considered to be affecting businesses in the area. It was commented that *“small businesses pay nothing and while large ones simply absorb the costs; it is the middle ground businesses trying to expand which face the ‘cliff edge’”*. It was suggested rates should be tapered further to avoid this impact.

OCCUPIER ENQUIRIES

- 9.41 In order to further understand demand, Moray Council and HIE shared details of their business enquiries.
- 9.42 Since January 2022 **Moray Council** received 43 enquiries for industrial, yard or office premises, these total 22,440 to 29,395 sq.ft.²² Forty of the enquiries were for industrial property. Only one enquiry was specifically for offices and two enquiries were for yards. Enquiries received by an organisation can to some extent reflect the type of premises which they are marketing, so given the Council’s portfolio of small industrial units (see Section 7) it is not unexpected that this is the most common type of enquiry.
- 9.43 The 40 enquiries for industrial premises together total between 22,440 to 29,395 sq.ft. (where a size was stated). The market areas of Forres and Buckie were the preferred locations with 30% each of all industrial enquires. By sizeband 15 enquiries had no suggested size, 19 are in the 0 - 999 sq.ft. range, and 6 in the 1,000 – 5,000 sq.ft. range. No enquiries larger than this were received.

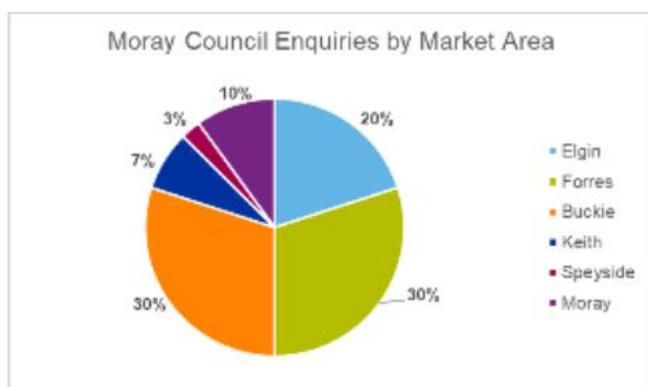


FIGURE 33

Source: Moray Council / Ryden

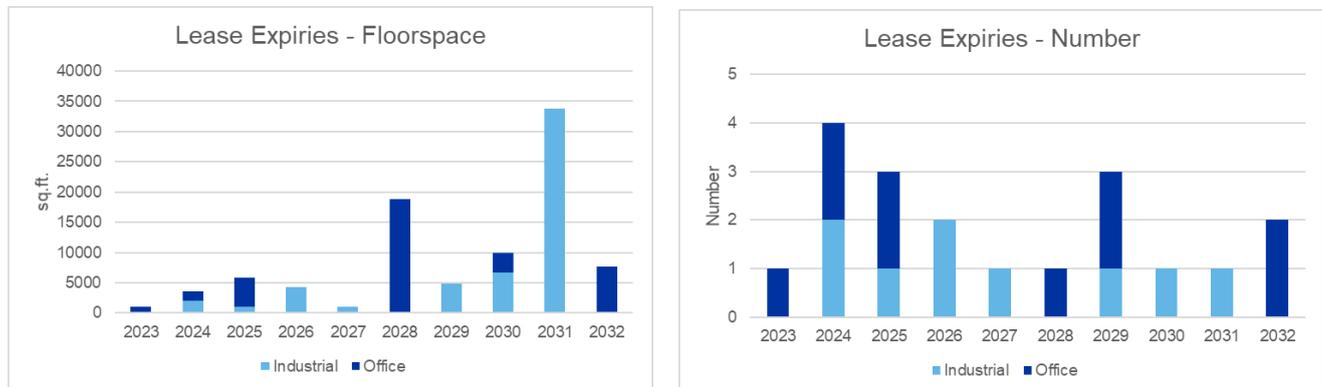
²² Not including yard sizes
Ryden, May 2023

- 9.44 Two enquiries were specifically for yards, one of c. 21,500 sq.ft. and the other with no specified size. Additionally, 10 of the enquiries for industrial property also stated they would like a yard with the premises, only one size (1,615 sq.ft.) was noted.
- 9.45 The one office enquiry was for an office in Elgin, no size was provided
- 9.46 Over the past six months Highland and Islands Enterprise (HIE) received 13 enquires.
 - for The Enterprise Park, Forres, with 3 for a 22,000 sq.ft. industrial unit and one for a 3.7 acre development plot
 - enquiries from the space sector, totalling 123,600 sq.ft.
 - 1 from the manufacturing sector, for a factory of 135,000 sq.ft.
 - enquiries for 5 offices at Horizon Scotland at The Enterprise Park, Forres

LEASE EXPIRIES

- 9.47 As a sample of potential future demand using available lease data, 19 leases totalling 91,008 sq.ft. are due to expire across the region in the next 10 years at a rate of 1-4 each year. Nine of these are for industrial units totalling 53,643 sq.ft. and 10 are for offices totalling 37,365 sq.ft. (Figure 34). In addition, there are a high number of Council tenants on rolling short term leases.

FIGURE 34: LEASE EXPIRIES



SUMMARY

- 9.48 A total of 51 responses were received to the business survey which sought to understand the views of business occupiers and their experiences of the property market. Responses from industrial occupiers were spread throughout the region however responses from office occupiers were concentrated in Elgin. The majority occupy small premises with only one in a unit above 5,000 sqft. In terms of existing properties and their environment, occupiers raised energy efficiency and standard of accommodation amongst features which were less than satisfactory or poor.
- 9.49 73% of respondents had a requirement to expand/re-locate with the majority seeking industrial property with a preference for the Elgin or Buckie area. Those seeking office properties were only interested in the Elgin area. Cost was a key consideration in deciding on new premises as was digital connectivity, size and energy efficiency. A lack of suitable properties was raised as a constraint by those who have started to look for new/additional premises.

- 9.50 Consultation described a dichotomy between those businesses in the area which are seeking to grow and expand and others which are experiencing economic, staffing and other pressures and *“happy to stick where they are”*. Further consultation with the whisky industry is recommended. There was considered to be a requirement for mixed use properties and for properties suitable for the wellbeing economy. The energy efficiency of buildings was again raised as an issue in the area.
- 9.51 Council enquiries focus on small industrial stock which represents its own portfolio. It is notable that a quarter of enquiries sought premises with a yard. HIE has received a mix of mobile enquiries as well as those with specific interest in their properties. Enquiries from the space sector totalled 123,600 sq.ft.

10

FUNDING POTENTIAL

- 10.1 This section provides an update and summary on the employment land and property public funding landscape. 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.
- 10.2 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.
- 10.3 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, 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 has also had an impact on funding streams.
- 10.4 Applicable funding sources for Moray are discussed within this section.

UK GOVERNMENT

LEVELLING UP FUND

- 10.5 Levelling Up is the UK Government's *"moral, social and economic programme which aims to spread opportunity more equally across the UK"*.
- 10.6 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.
- 10.7 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.
- 10.8 In Scotland, funding will be delivered through local authorities. Bidders are encouraged to collaborate with neighbouring authorities on cross boundary schemes where applicable.
- 10.9 Funding is competitive and will be 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. Moray sits in the Priority 2 Category.

- 10.10 Two rounds of the Levelling Up Fund have been awarded to date with £3.8bn awarded to 216 projects. To date, Scottish local authorities have been awarded funding for 18 projects with a total value of £349m. In Scotland to date, priority 1 areas have received 56% of the funding.
- 10.11 Projects have included:
- £38.7m to improve travel links between the Advanced Manufacturing Innovation District Scotland (AMIDS) and the towns of Paisley and Renfrew
 - £19m in Stirling which will go towards the regeneration of Forthside, helping to create 1,000 jobs
 - More than £9m for Cumbernauld to support the demolition and regeneration of two failing shopping centres and a vacant office block to help bring education, employment and homes
- 10.12 Unfortunately, Moray Council was unsuccessful in its bid to deliver on elements of the Elgin City Centre Masterplan which would have helped regenerate South Street and redevelop vacant and derelict buildings and sites for a mix of uses including offices, retail, commercial and residential.
- 10.13 Whilst this fund does not specifically target employment land and property it can play a role in the provision of employment property in a town centre regeneration context as per the Elgin bid. Linking in with ambitions around 20 minute neighbourhoods, the provision of local enterprise hub/co-working spaces could be relevant.
- 10.14 The UK Government has confirmed there will be a round 3 of the Levelling up Fund however no further details have been published at this stage.

UK SHARED PROSPERITY FUND

- 10.15 The UK Shared Prosperity Fund (UKSPF) is another pillar of the UK Government's Levelling Up agenda. 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.
- 10.16 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.
- 10.17 Moray will receive a total of £4.3 m from the Fund. This will be £3.6 m in core funding and £0.7 m for the Multiply programme which focuses on adult numeracy across the Region. A high level investment plan outlining the proposed interventions has been developed and approved by Moray Economic Partnership and the UK Government.
- 10.18 All interventions should end by March 2025 and match funding should be considered in order to fully leverage options when selecting communities and place and supporting local business interventions to fund.

GREEN FREEPORTS

- 10.19 Green Freeports are designed to boost innovation and inclusive growth within communities, while supporting Fair Work First practices, creating new green jobs, upholding the highest environmental protections and supporting economic transformation.
- 10.20 A Green Freeport is a large zoned area within a defined boundary which includes a rail, sea or airport. Operators and businesses in the zone can benefit from a package of tax and other incentives through a combination of devolved and reserved levers. They allow goods to be imported, manufactured and re-exported without being subject to checks, paper work or import taxes (tariffs). This means raw materials

can be imported, then engineered into whole products for export. Typically, companies operating in the zone pay lower taxes, such as reduced VAT and lower rates of employment tax.

- 10.21 Green Freeports are an adaptation of the UK Government's Freeport model and is backed by up to £52m of seed funding from the UK Government. The Green Freeports must contribute to four policy objectives:
- Promoting regeneration and high-quality job creation (lead policy objective)
 - Promoting decarbonisation and a just transition to a net zero economy
 - Establishing hubs for global trade and investment
 - Fostering an innovative environment
- 10.22 On 13th January 2023, it was announced that Opportunity Cromarty Firth and Forth Green Freeport have secured Green Freeport status in Scotland. The Inverness and Cromarty Firth Green Freeport will focus on industries around offshore wind, hydrogen and nuclear, covering sea ports in the region as well as Inverness Airport. It is expected to create 25,000 jobs and generate up to £4.8 billion in investment for the area. Whilst the Highland Council area will be the predominate benefactor of this project it is likely there may also be an impact on the Moray area as a neighbouring authority. This could take the form of supply chain opportunities resulting in demand for land and property. However, a common criticism of Green Freeports is that economic activity may also be displaced from other areas. This may also have a potential impact on Moray. There is no evidence currently as to which scenario will prevail.
- 10.23 The UK Government has also mooted the topic of Investment Zones however in Scotland the interaction between these and Green Freeports is to be agreed. It has been announced that there will be "at least one"²³ Investment Zone in Scotland. The investment zones will also have numerous tax benefits over five years, similar to Green Freeports, with enhanced rates for Capital Allowances and Structures and Buildings Allowance. The areas will be exempt from Stamp Duty Land Tax, Business Rates and employer National Insurance contributions. They will also have access to "flexible grant funding" for funding apprenticeships, supporting businesses operating in the zone and for local infrastructure projects. It is likely that local authorities will have to apply for Investment Zone Status and it will be competitive. Plans will need to demonstrate how the Investment Zone will support net zero ambitions. Further details are to be announced in due course.

SCOTTISH GOVERNMENT

JUST TRANSITION FUND

- 10.24 The Just Transition Fund is a £500m ten-year commitment that will support projects in the North East and Moray which contribute towards the region's transition to net zero. The Fund was announced in recognition of the particular need to diversify the regional economy away from carbon-intensive industries and to capitalise on the opportunities, including jobs and prosperity, that the transition to net zero will bring.
- 10.25 Year 1 projects were announced in October 2022 and included investments in research and innovation new green skills training facilities; pilots for emerging energy technologies and projects that will get businesses ready for the supply chain opportunities to come from the energy sector's transition to net zero. Over £50m has been awarded for Year 1.
- 10.26 As part of the awards, Moray Council will receive £881,000 for its Just Transition Masterplan which will fund 5 interlinked projects to support Moray's journey away from fossil fuels, including projects to support offshore renewables, creation of a local hydrogen economy, natural capital approach to offsetting, and redeveloping derelict land and premises. The 5 projects are:
- Buckie Harbour feasibility study

²³ Chancellor Jeremy Hunt, Spring Budget, 15th March 2023
Ryden, May 2023

- Blackhillock Masterplan
- Hydrogen feasibility study
- Carbon Offset feasibility study
- Vacant Land Development feasibility study

- 10.27 The funding for this stage of the work is for 2022/23 and the intention is that this feasibility work will result in costed plans for how these projects will be delivered.
- 10.28 Funding from the Just Transition Fund will be critical for Moray moving forward in order to ensure it can capitalise on the journey to net zero which will require careful planning of the employment land and property required, not only for direct property demand but also supply chain and induced economic activity.

PLACE BASED INVESTMENT PROGRAMME (PBIP)

- 10.29 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.
- 10.30 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.
- 10.31 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.
- 10.32 The allocation for Moray for 2021/22 was £770k capital funding and this was used for the purchase of property at Buckie Harbour to enable regeneration and employment associated with offshore wind. The funding allocation for 2022/23 is £466k with a similar allocation expected in future years. It is anticipated that further properties may be purchased at Buckie Harbour to facilitate harbour development and the supply chain for offshore wind which will create jobs and opportunities or to directly deliver harbour improvements associated with offshore wind.

VACANT AND DERELICT LAND INVESTMENT PROGRAMME (VDLIP)

- 10.33 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.
- 10.34 The VDLIP has four pillars of action: sustained place-based approaches; urban green spaces; community-led regeneration and; low carbon developments and renewables. The total level of funding over the 5 years is £50 million.
- 10.35 The VDLIP is available to all 32 Scottish Local Authorities and Clyde Gateway URC. Grants are for capital

works with the fund specifically targeting 'long term' (15 years+) VDL. 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' and 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.

- 10.36 In the 2021 Scottish Vacant and Derelict Land Register, Moray recorded 17 sites totalling 14.96 ha. This includes the former Jones shipyard in Buckie which is a designated site for mixed use including employment. It is noted there are no DUSTE sites in Moray.

REGENERATION CAPITAL GRANT FUND (RCGF)

- 10.37 The RCGF is part of the Scottish Government's Capital Investment Fund and is delivered in partnership with COSLA and local government. It supports locally developed place based regeneration projects that involve local communities, tackle inequalities and deliver inclusive growth in deprived, disadvantaged and fragile remote communities across Scotland. Local authorities must act as the lead applicant for RCGF bids.
- 10.38 The fund has been operative since 2014 and the funding made available across Scotland is c. £20m per annum. The 2023/24 allocations, recently announced, will provide funding for 23 different projects.
- 10.39 The RCGF has been used to pump prime a number of Council (or Council subsidiary) property developments particularly enterprise or community business hubs. However, it has also been used for more commercial projects by applicants. For example, Clyde Gateway has brought the Olympia Housing building in Bridgeton back into commercial business use as well as delivering flexible hybrid industrial space at Magenta Business Park, Shawfield. North Lanarkshire Council has also received funding for the refurbishment and renewal of the run-down and partially derelict Braidhurst Industrial Estate, ensuring its long-term viability and supporting local businesses and jobs.
- 10.40 In the 2023/24 funding round Moray Council was successful with its bid for Lossiemouth Community Hub and was awarded £270,200.

SCOTTISH NATIONAL INVESTMENT BANK (SNIB)

- 10.41 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
- 10.42 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 the total investment committed to date is £378.2m
- 10.43 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.

- 10.44 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).
- 10.45 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.
- 10.46 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.
- 10.47 To date monies have been provided to allow a number of companies to scale up production in turn expanding their footprint and creating jobs. As noted in Section 4, this has included funding for Orbex, headquartered in Forres, to help scale up operations. SNIB's role is in supporting the demand side through organisations and projects rather than any direct provision of employment land or property.

TAX AND INCREMENTAL FINANCING INITIATIVES

- 10.48 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.
- 10.49 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. A TIF project must therefore demonstrate that the enabling infrastructure will generate additional public sector revenues to repay the financing requirements.
- 10.50 As an example in the employment property market, the Falkirk TIF, led by Falkirk Council will deliver an initial phase of 53,582 sq.ft. of business space. The total area has the potential to deliver up to 400,000 sq.ft. of business space across a number of sites. Fife Council also has a TIF focused on industrial property.

GREEN GROWTH ACCELERATOR

- 10.51 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.
- 10.52 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.
- 10.53 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 has been mooted.

CITY REGION AND REGIONAL GROWTH DEALS

- 10.54 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.
- 10.55 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.
- 10.56 There are 6 City Region and 6 Regional Growth Deals which provide 100% coverage of Scotland. Moray has been awarded funding for the Moray Growth Deal which as noted in Section 3 has a focus particularly on the development of the manufacturing, aerospace and life sciences sectors. Specific business property projects include the Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC) and the Manufacturing Innovation Centre for Moray (MICM).
- 10.57 MAATIC will provide training, innovation and research development supporting aerospace and other manufacturing enterprises, and the development of advanced engineering skills in the region's workforce with specialisms in aviation, aerospace, and digital manufacturing. Meanwhile, MICM will bring world-leading research and development expertise in advanced manufacturing to increase productivity, create jobs, attract inward investment and grow the region's manufacturing outputs. Further support will also be offered for the scaling-up of existing small and micro-businesses through a Business Enterprise Hub. Full Business Cases are being finalised for the projects yet to commence delivery.

ENTERPRISE AGENCIES

- 10.58 Moray is covered by the Highlands and Islands Enterprise Agency (HIE) which works with businesses and communities of all sizes to help them grow. HIE is an active participant in the provision of employment land and property in Moray and are the owners of Forres Enterprise Park. Through grant support they have also helped to service employment sites including Elgin Business Park. The Council should continue to work collaboratively with HIE.

JOINT VENTURES

- 10.59 There are a number of instances of joint ventures being set up across Scotland to enable property development for specific sectors or sites. This is a model which has been used by Enterprise Agencies as well as a number of local authorities as a way of furthering their employment land and property ambitions. As well as the public sector, JV arrangements can also incorporate universities and the private sector.
- 10.60 For example, 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.
- 10.61 This includes the development of Gartcosh Industrial Park, situated at junction 2A on the M73, where Fusion Assets has entered into a JV with J Smart & Co. The JV – Gartcosh Estates LLP, has constructed three new speculative industrial units totalling 60,000 sqft. Fusion Assets purchased the land from SE in 2015 and have spent the last 2 years undertaking a programme of enabling works to bring the site up to a development ready condition. The works included construction of a new access road and ground consolidation and was financed through the Scottish Government's Vacant and Derelict Land Fund. Fusion Assets has drawn up plans for further phases of development on the site totalling some 160,000 sq.ft.

OTHER COUNCIL FUNDING SOURCES

PUBLIC WORKS LOAN BOARD

- 10.62 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.
- 10.63 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

- 10.64 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).

COMMUTED SUMS

- 10.65 A number of local authorities have a policy within their LDP that where employment land is lost to alternative land uses it is required to be either replaced in an appropriate location (to meet existing and future employment and business needs) or 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. This policy tends to be used on a limited and discretionary basis where a notable loss has to be compensated for.
- 10.66 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.
- 10.67 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 is used to structure the payment of the commuted sum.

- 10.68 A Planning Policy in line with the above could be considered in the next Moray LDP as a means of protecting employment land and enabling sites to be brought forward. This may be useful given the planned settlement expansions in Moray.

SUBSIDY CONTROL BILL

- 10.69 From 4 January 2023, public funding is subject to a new, UK-wide subsidy control regime which replaces EU State aid rules. The framework for this new regime is provided in the [Subsidy Control Act 2022](#). The Act represents a more flexible approach to subsidy control by adopting a principles based and self-assessment focused approach to compliance. This may have a positive impact on property interventions via aid for local infrastructure schemes.

FUNDING RAG

- 10.70 Ryden has placed the funding sources discussed in this section into a RAG (Red, Amber, Green) summary shown at Table 37 on the next page:
- Red indicates that it is unlikely that Moray Council could attract this funding
 - Amber indicates that there is some potential although there may be constraints
 - Green indicates that Moray Council is eligible and could pursue this funding source
- 10.71 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.
- 10.72 The Scottish Government's Just Transition Fund will be key in terms of maximising Moray's future economic potential however there are a number of other funding mechanisms available to Moray which should also be considered.

#

TABLE 37: MORAY FUNDING RAG

RAG	FUNDING SOURCE	SUMMARY
	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. Moray sits in Priority Category 2 (out of 3).
	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. Moray will receive £4.3m from the fund.
	Scottish Government Just Transition Fund	£500m 10-year commitment that will support projects in Moray and the North East which contribute to the region's transition to net zero. Critical for Moray moving forward in order to ensure it can capitalise on the journey to net zero which will require careful planning of the employment land and property required.
	Scottish Government Place Based Investment Programme	Funding for place based investment to target efforts in a particular geography. Ensure inclusive economic development. Moray received £770k for 2021/22 and £466k for 2022/23. Focus to date on Buckie Harbour site assembly.
	Scottish Government Vacant & Derelict Land Investment Programme	Funding to tackle persistent VDL sites. The Fund is competitive and available to all local authorities. Should align with Place Based Investment Programme. Moray has 17 registered VDL sites but no 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 Moray Growth Deal has a focus on the development of the manufacturing, aerospace and life sciences sectors. Specific business property projects include the Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC) and the Manufacturing Innovation Centre for Moray (MICM).
	Enterprise Agencies (Highlands & Islands Enterprise)	HIE is an active participant in the provision of employment land and property in Moray and are the owners of Forres Enterprise Park. Through grant support they have also helped to service employment sites including Elgin Business Park. The Council should continue to work collaboratively with HIE.
	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 could 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.
	Green Freeports	Opportunity Cromarty Firth has been awarded Green Freeport status in Scotland. Whilst Highland Council area will be the main benefactor it is likely there may also be an impact on the Moray which could take the form of supply chain opportunities resulting in demand for land and property.
	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. Moray does not have a pilot project however there could be further roll out of the model.
	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

10.73 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 as well as the Scottish Government's Just Transition Fund. 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. To date, where property and sites have been enabled this has tended to be on the back of Council/Enterprise Agency intervention. The Growth Deal will also be important. However, even in these circumstances it is likely a 'cocktail' of funding sources will be required. It is also noted that the Moray 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. This further emphasises the importance of using allocated funds well as the probability of securing competitive funding is potentially below average.

11

SUMMARY AND MARKET NEEDS

INTRODUCTION

- 11.1 Ryden was appointed by Moray Council to provide analysis of the local authority area's employment land and property market in order to help inform the development of the next LDP which is planned for 2027. This section summarises the work and market needs for Moray.

SUMMARY

- 11.2 The most recent projections suggest that the population of Moray is likely to fall in the coming years. Compared to Scotland as a whole, Moray also has a lower proportion of working aged people. Access to an adequate supply of labour is an important consideration for any business and new economic opportunities in the area could stem or reverse these trends. The current distribution of economic activity and working aged population in Moray is concentrated in and around its largest town of Elgin. This makes Elgin attractive to new and expanding businesses which will influence future demand for business property. It is also likely that development will be more viable in Elgin than some of the smaller towns. This correlates with the current LDP which notes that overall demand is greatest within the Elgin area, followed by Forres and then Buckie, Keith and Speyside.
- 11.3 The qualifications profile of the local workforce is skewed toward lower-level qualifications, which is likely to favour expansion of elementary occupations and skilled trades rather than professional and managerial roles. Alongside changes to working patterns including working from home it is likely that industrial space will be more important than office space in the future.
- 11.4 Most businesses in the region are micro-businesses however the Council is keen to enable growth in start-ups and scale-ups, which will have implications for the size of units required in the future. Premises up to 2,000 sqft would be desirable for micro-businesses in the area with larger premises (5,000 - 10,000 sqft) more suitable for scale-ups. There is significant opportunity associated with the renewable energy sector with expected growth in on and off shore wind and hydrogen developments in the area. The sites analysis confirms that the market is currently supplying plots of between 0.5 - 2 acres for general market use. The public sector is also providing larger opportunities of up to 6 acres (at Forres Enterprise Park). It will be important to maintain a supply and choice of these larger sites to deliver business growth and attract inward investment. Although lower value, there is also likely to be future demand associated with large open sites for uses such as forestry and logging or whisky cask storage. The requirements for whisky cask storage are often for large sites in rural areas.
- 11.5 Contributing to the UK Government and Scottish Government agendas, local authorities such as Moray are gaining more power through city and growth deals to address the key challenges and opportunities of individual areas. The Moray Growth Deal focuses particularly on the development of sectors such as manufacturing, aerospace and life sciences.
- 11.6 The Moray Regional Skills Assessment includes projections of how employment could change in the region, in part as a result of the Moray Growth Deal. Overall, it is expected that in the mid-term (2021-2024), employment in the region should grow by 800. However, it is expected that in the long term (2025-2031), the region will experience a contraction in employment, with projections suggesting that there will be 1,000 fewer people in employment in the Moray Growth Deal region in 2031 compared to 2024. The contraction is mainly due to decrease in job numbers associated with manufacturing which reflects the general trend of more capital intensive and higher value-added activity in the sector, which requires less labour intensive methods. Interestingly, this could drive land/property investment but without accompanying job growth – a current example of this is whisky storage.

- 11.7 Future decisions associated with the dualling of the A96 will have an impact on the employment land designations in a number of key locations. In addition, Moray has a number of Special Landscape Areas particularly in the Speyside area which means there is a particular focus on design standards and visual/landscape impacts associated with development proposals.
- 11.8 From a planning perspective, several masterplans are in place in order to guide the development of specific growth areas with employment allocations. This includes Buckie Harbour, Findrassie (north Elgin), Elgin South and Elgin Business Park (Barmuckity).
- 11.9 The existing Moray LDP identifies an annual employment land requirement of 4-5 ha per year, split across these market areas. This correlates with recent take-up levels noted in the Employment Land Audit. Take-up has increased to this level in recent years however it is understood this will potentially slip back to 3-3.5 ha for the 2023 Employment Land Audit.
- 11.10 There is strong demand for industrial property across Scotland however supply is tightening in many areas including Moray. Meanwhile the office market has experienced a seismic shift following the Covid-19 pandemic and the flight to smaller, better quality offices is now evident across the market. In terms of employment floorspace, 83% relates to industrial property making it by far the largest sector with office property accounting for the remaining 17%. The majority of industrial and office floorspace is located in Elgin.
- 11.11 The largest proportion of industrial and office property was built 30-50 years ago which means there could be an issue of looming obsolescence associated with some stock in the area. This is coupled with greater pressure for energy efficient properties. Much of Moray's office stock is contained within older town centre buildings which often have added complexities in terms of modernisation, e.g. conservation areas, listed buildings, access etc.
- 11.12 The industrial sector in Moray has a low floorspace vacancy rate of 3.6% while offices have a much higher level of 16%. Vacancies in both sectors lean towards traditional and in some cases very poor quality supply. Average industrial rents for modern second hand stock are between £7-8 per sq.ft. Rents are pushing up to £8.50 per sq.ft. for new build. In the office sector, rents range from £5-16 per sq.ft. It would be challenging to build viable new office or industrial premises with rents at this level, particularly considering current construction costs.
- 11.13 The majority of units in both sectors are small and there is a lack of stock above 5,000 sqft. This could have an impact on business ability to scale-up and perhaps to attract inward investors to the area.
- 11.14 There has been new development in the area recently including most notably at Elgin Business Park and Chanonry Court, Elgin. It is also notable that there are a high number of planning applications for food and drink storage. In the office sector, the majority of developments have been conversions or office extensions.
- 11.15 The Council operates its own sizeable industrial portfolio which includes industrial buildings, business centres, development and ground leases and serviced and un-serviced land for future development. The majority of premises are tailored towards SMEs in-keeping with the Council's economic development objectives.
- 11.16 The Council portfolio benefits from high occupancy of around 93%. The Council proactively reviews its portfolio to ensure it is meeting its objectives, disposing of properties where appropriate and taking steps to increase supply where demand dictates. It also undertakes strategic acquisitions to support key sectors such as offshore wind in Buckie. Current construction costs are a barrier to new Council development, as well as restricted public sector finance. The Council considers opportunities for the redevelopment of vacant and derelict buildings for employment use and continue to explore opportunities to access external funding to expand its portfolio.
- 11.17 A small number of units within the portfolio are occupied by Council services. A review of Council depots and stores may provide an opportunity to re-locate these services and free up the industrial portfolio for letting to businesses. This would create new supply without the outlay or risk of construction costs.

- 11.18 As per the Employment Land Audit 2022, Moray has an established employment land supply of 298.55 ha with a net established area of 226.48 ha across 36 sites. Of this, the marketable/effective employment land supply is 100.37 ha (net) across 21 sites. With regard to constrained sites these total 78.03 ha (net) across 16 sites. Infrastructure and physical constraints dominate.
- 11.19 As noted, demand in the area is generally focused on smaller units from small local businesses however there also needs to be larger sites available for inward investment and scale-up. Whisky distilling has seen considerable expansion over recent years, including bonded warehousing and the current LDP seeks to support this where there is locational justification.
- 11.20 Provision of further serviced sites and units is an issue and a number of projects have been considered by the Council with a focus on Forres and Speyside where there are shortages and no private sector interest in providing units on speculative basis.
- 11.21 Employment land take-up was 4.74ha across 6 sites in the year to 1st January 2022. The average take-up across the last 6 years has been 2.4 ha per annum and therefore take up in recent years is above historic levels. Moray appears to be 'punching above its weight' in this regard when compared to other comparable local authorities. Servicing sites throughout Moray will likely be reliant on externally leveraged public sector intervention.
- 11.22 Moray is a key benefactor of the Scottish Government's Just Transition Fund which will be key alongside the Growth Deal in terms of maximising Moray's future economic potential. However, there are a number of other funding mechanisms available to Moray which should also be considered as a 'cocktail' of funding sources is often required.
- 11.23 From the business survey, 73% of respondents had a requirement to expand/re-locate with the majority seeking industrial property. Cost was a key consideration in deciding on new premises as was digital connectivity, size and energy efficiency. A lack of suitable properties was raised as a constraint by those who have started to look for new/additional premises.

MARKET NEEDS

- 11.24 Regional strategies highlight Moray's aim to create work opportunities in the region which will support well paid work and retain the workforce. The strategy expects demand from existing businesses looking to expand and relocate, and future demand within key growth sectors and from inward investors. The sectors which should be considered as part of employment land decisions are shown in Table 38 on the next page.
- 11.25 In terms of volumes of employment land and property, the potential requirement for employment land and property in Moray over the period of the next LDP (2027-2037) is based upon the research and market analysis presented in this report. The projections are split into two 5-year periods: 2027-32 (25-30 ha) and 2033-2037 (25-30 ha). As the LDP start and end dates respectively are four and fourteen years from now, these are simply projections forwards from this 2023 baseline and market conditions can and will change (particularly as the property market in 2023 is currently in a period of post-pandemic adjustment to normalised interest rates).

TABLE 38: MORAY MARKET NEEDS

SECTORS	LAND AND PROPERTY REQUIREMENTS	LOCATIONS
SMEs (all general employment property sectors)	<p>Responsible for the majority of demand for employment land and property across Moray.</p> <p>The Council is seeking to increase the number of start-ups and mid-range businesses and therefore there will be a need for small business units and also for those expanding and modernising.</p> <p>Primarily small to medium standard industrial units and serviced sites for bespoke requirements. Also small modern office premises in service centres.</p>	<p>Across Moray, with Elgin as the regional centre accounting for c.60% of the market and a tiered focus on employment centres below that.</p> <p>Due to lack of development viability Council direct provision is expected to be required outside of Elgin.</p>
Energy & Renewables	Expected to grow substantially in the coming years. Sites ranging from battery storage to operations and maintenance hubs or production facilities which may include a requirement for laydown space and port access and infrastructure.	<p>Likely to be heavily concentrated around Buckie as an important location for operations and maintenance activity.</p> <p>Demand for battery storage around Keith which is in close proximity to the Blackhillock sub station</p>
Manufacture of food & beverages	Largest sector of manufacturing in the area. Moray is home to over half of all the whisky distilleries in Scotland and a number in the area have recently undergone significant expansion with others exploring options for their sites. In addition, there is a significant development pipeline for whisky storage/bonded warehouses. Hazardous Substances Consent required and particular requirements around ventilation.	Concentrated in Speyside which may require additional sites for storage or maturation in the near future however other locations may also be suitable
Manufacture of wood products	Above average and increasing job numbers and likely to be an increase in employment land. Land hungry and possibly site specific.	Most significant in Elgin, Forres and Mosstodloch.
Sustainable tourism	Numbers of businesses now exceeding pre-pandemic levels and could perhaps lead to some demand for Class 4 space, but more likely demand for Class 7 & 11.	Potentially around Elgin.
Life sciences	Has attracted recent investment but starting from a low base so may not generate significant demand in short term. Longer term growth could lead to increased demand. Growth Deal includes proposals for the Moray Rural Centre of Excellence for Digital Health and Care Innovation (now launched) as well as 5 'Living Lab' testbeds.	Demand is likely to be focused around Forres but 'Living Lab' testbeds will be across the region.
Defence activities	<p>Employment has more than doubled in recent years with the addition of military personnel.</p> <p>Additional expected investment will increase direct and indirect employment and thus demand for employment land. Demand for general employment land as well as at the two RAF bases.</p>	RAF Lossiemouth and Kinloss Barracks
Aerospace	<p>Strengths in the defence sector is also likely to enable development of an aerospace sector in Moray alongside projects such as MAATIC.</p> <p>The Moray space cluster is currently developing. Requirements to include premises for manufacturing and engineering and testing facilities. Large sites required.</p>	Potentially around Forres and wider supply chain.

11.26 Further investigation into the specific requirements of the above sectors is recommended. As noted previously in this report, further consultation with the whisky industry is particularly recommended.

11.27 Moray's **industrial stock** will require steady upgrade and in some cases replacement. While it does not appear to be obsolete on any major scale, a combination of building age (much of it is 40 years old),

environmental requirements and occupier modernisation will continue to drive change. Assuming a building lifespan of around 60 years, to include periodic refurbishment, the run rate to maintain a stock of approximately 2 million sq.ft. through full replacement or comprehensive refurbishment around a frame is c.333,000 sq.ft. over the proposed 10-year LDP.

- 11.28 This is a guideline to sustain the current market in modern industrial premises. Growth, new sectors and inward investment would be additional. In particular Moray has a number of land-hungry extraction and production industries as well as growth prospects at the other end of the spectrum in technology-rich sectors which require more space per job than traditional industrial premises. These require a generous approach to employment land estimates and allocations (below).
- 11.29 In terms of the need for modern premises on that scale, industrial property development has been positive in Moray recently, particularly in Elgin. The recent development cycle in Moray shown in this report is c.115,000 sq.ft., not including refurbishments. However, across the UK property market higher interest rates have reduced property values at the same time as costs have risen, suppressing developer activity for the short term at least. It is assumed that this alleviates and new development by the private sector is once again positive and viable again in Elgin before the LDP period in 2027, although public sector intervention will still be required in lower tier settlements and for specialist properties. Public sector intervention will also still be required for the servicing of land unless cross funding from large scale residential development is available.
- 11.30 Moray's **office** market is following the wider post-pandemic transition to greater hybrid working. In broad terms that involves contraction into smaller but higher quality premises on a more flexible basis. There can be variation by occupier type and location however and Moray is a comparatively thin market with only a few transactions each year and economic projections for office space as a distinct property type (rather than forming part of larger industrial-led premises) are not positive. The market and planning requirement is to support the adaptation of premises around flexible and possibly co-working as it continues to evolve. At the moment the private sector appears to be meeting the market needs, but a combination of older town centre buildings requiring new purposes and the high cost of offering best-in-class fitted out offices – 'CAT A-plus' – on a fully flexible basis could merit a public sector demonstration project in Elgin.
- 11.31 Moray's **employment land** demand is demonstrated in enquiries, take-up and development. It outperforms comparable regions and has increased recently, as occupier modernisation and growth take effect. As noted, Moray has existing and emerging land-hungry industries. To accommodate this trend, the currently adopted demand rate of 4-5 hectares per annum is inflated by 20-25% to 5-6 hectares per annum. In LDP periods this equates to:
- 25-30 hectares for the period 2027-2032, and subject to a mid-term review:
 - 25-30 hectares for the period 2032-2037
- 11.32 The current LDP directs 54% of its land requirement towards the Elgin market area with 15% for each of Forres and Buckie and 8% for each of Keith and Speyside (see Table 28). The research provided in this report shows no reason to change these levels dramatically and the levels noted still provide a good benchmark for the Council moving forward. Within the Elgin market area there should be an emphasis upon development in and around the town itself as the principal market focus. Flexibility will also be required as additional, ad hoc demand for larger sites above these take-up rates can be anticipated in particular locations from specific sectors such as whisky, renewables and aerospace.

APPENDIX 1

EMPLOYMENT LAND SITE ASSESSMENTS

Ref	LPR	Location	Town	Gross Area (Ha)	Supply Type	Constraint	Long Area	Proposed Use	Owner	Designations	A. Strategic Fit	B. Market Assessment	C. Transport & Accessibility	D. Economic Impact	E. Development Potential	F. Pressure for Alternative Use	G. Ground Conditions	H. Utilities & Drainage
M/AB/E/005	20/R2	Speyview	ABERLOUR	1	Effective		0	EMPL		SLA (Special Landscape Area)	Tertiary growth area.	1ha employment space to be provided as part of wider residential masterplan for 60 units. Distilleries nearby. Gateway into settlement suitable for higher amenity employment uses.	Emp land to be located to south of site. A95 runs along western edge and Ruthrie Road to south of site. Active travel connections to be provided.	Medium sized site depending on sector and user who would most likely be local.	Un-serviced dependent on wider residential delivery.	Part of wider residential masterplan. Could be commercial gateway potential.	Not known. Currently open space.	Drainage Impact and Flood Risk Assessment required.
M/BC/E/001	20/MU	High Street (W)	BUCKIE	6.37	Effective		0	BUSP	Private		Secondary growth area but restricted uses.	Mixed use site on edge of town that can accommodate Class 2 and 4. Site also appropriate for hotel and potentially residential. Not acceptable for general industrial use.	A98 currently runs along southern site boundary and A942 to eastern boundary. Transport Assessment for combined sites R5 and MU will be required. May require new roundabout.	Limited by service sector demand in local market area	May appeal to local business for office or employment generating use	Mixed use site	Not known. Currently open space.	Flood Risk & Drainage Impact Assessments required which may reduce developable area of the site
M/BC/E/004	20/I3	March Road (SE)	BUCKIE	17.69	Effective		0	EMPL	Moray Council		Secondary growth area.	Extension of popular March Rd industrial area (Ruthven) to east of town.	March Road runs along western boundary and new access road provided by Council.	Potential for medium to larger uses in proven market area	In Council ownership and site is serviced and access provided.	Industrial area with no known alternative use interest.	Serviced, assumed no major constraints but unconfirmed.	SUD system installed by Council
M/BC/E/005	20/I4	Maltings	BUCKIE	10.3	Constrained	Owner	0	EMPL	Boortmalt		Secondary growth area.	Undeveloped area around the maltings has in the past been reserved for expansion purposes and there may be scope for alternative compatible business activities to be introduced. Existing business area.	March Road runs along the eastern boundary of the site. Access is provided to maltings site.	Large site but uncertain depending on expansion land or future general industrial supply.	Depending on intentions of land owner (could remain undeveloped).	Industrial area with no known alternative use interest.	Not known. Currently open space.	Drainage Impact Assessment required.
M/BC/E/006	20/I5	The Harbour Area	BUCKIE	1.77	Part Constrained	Infrastructure, Physical	0	EMPL	Moray Council/ Private	Part SLA, Special Area of Conservation (SPC) and Special Protection Area (SPA).	Secondary growth area. Important area for renewables sector.	No longer restricted to harbour related uses but operational needs of harbour still have priority. Scope to redevelop and regenerate the area with the introduction of a wider range of uses. Important area for future renewables sector.	A Transport Statement or Assessment may be required.	Direct impact for harbour industries and strategic support for major renewables sector.	Mixed ownership and mix of sites and buildings so may be piecemeal or site assembly.	Proposals for retail, residential or tourist related developments will be considered on their merits inland.	Unknown but has been operational harbour and port for some time.	Flood Risk & Drainage Impact Assessment required. Development to be connected to mains water and sewerage, or demonstrate there will be no adverse effect on the integrity of the SPA
M/BC/E/007	20/LNG2	March Road (LONG)	BUCKIE	7.02	Effective 5years+	Infrastructure	5.62	MEDI	Moray Council	Close proximity to scheduled monument to the SE.	Secondary growth area.	Strategic reserve. Would be natural extension to March Rd/Ruthven industrial areas.	March Rd runs along western boundary of the site. Transport Assessment likely to be required as part of a wider masterplan with I3 to identify any junction/road improvements.	Large site for future demand if it continues in this market area.	To be determined in future market circumstances.	None known	Not known. Currently open space.	Drainage Impact Assessment required.
M/CL/E/002	20/I1	South of Cemetery	CULLEN	0.81	Effective		0		Moray Council / Lawtief Trust	SLA	Smaller towns/villages.	Small development opportunity for business uses within Class 4 or light industrial uses that are compatible with the scale of the site and the historic setting. The site is located within the Cullen House Garden and Designed Landscape and is adjacent to the formal entranceway.	Proposals must demonstrate suitable access into the site can be achieved which is not detrimental to the formal entranceway into the Designed Landscape. Access to be taken off B9018. Traffic Speed Survey required. Third party land owner agreement required to provide and maintain the visibility splay. Siting of bus stops to be investigated. New footways along the site frontage required.	Depending on local demand for site	Depending on local demand for site and/or Council promoting development.	None known	Not known. Currently open space.	Not known.
M/EL/E/001	20/I7	Elgin Business Park, Barmuckity	ELGIN	33.83	Part Constrained	Physical	0	MIXU			Primary Growth Area	Phase 1 already in progress with Springfield. Land plots selling well. Popular new estate.	Located to the east of the town. Existing site is serviced with access developed off A96. Access to remainder of site to be confirmed.	Large site for future demand for modern industrial and business premises	Significant potential for further modern development. Active developer.	A greater mix of uses is supported across the site.	Not known. Currently open space.	Level 2 Flood Risk Assessment required. No development within functional floodplain. Drainage Impact Assessment is required.

M/EL/E/002	20/MU1	Riverview	ELGIN	4.12	Constrained	Infrastructure, Physical	0	BUSP	Moray Council		Primary Growth Area	Mixed use site. Suitable uses are for business, hotel and/or residential. Development proposals must be compatible with the quality and high amenity setting of site.	Existing access must be used. A Transport Assessment required, the scope of which must be agreed with Transport Scotland and the Moray Council Transportation. Development proposals will require to take into account the preferred option for the A96 dualling route	Larger site though more likely to be commercial mixed rather than industrial and business	Depending on local demand for mixed use and/or Council promoting development.	Mixed use site.	Not known. Currently open space.	Level 2 Flood Risk Assessment required. No development within 6m of existing flood alleviation measures will be permitted.
M/EL/E/004	20/I12	Glen Moray Distillery	ELGIN	1.3	Constrained	Owner, Physical	0	EMPL	Glen Moray Distillery		Primary Growth Area	Reserved for distillery related uses.	Located on western edge of town. Close proximity to A96.	Medium site but uncertain depending on expansion land or future general industrial supply.	Controlled by owner	The site has consent for warehouses which Glen Moray have been implementing in stages.	Unknown	Level 2 Flood Risk Assessment required.
M/EL/E/008	20/I2	Chanonry Industrial Estate	ELGIN	3.17	Part Constrained	Infrastructure, Physical	0	EMPL	Moray Council		Primary Growth Area	Popular existing industrial estate. Suitable for light and heavy industrial operations. Limited land available. Remainder of site built out with new development likely to comprise redevelopment, extension or change of use.	To east of town. Close proximity to A96.	General employment use potential in proven market area.	Owned by Council. Would be continuation of development and re-development of estate.	None known but has been COU applications in estate	Unknown.	Flood Risk & Drainage Impact Assessments required.
M/EL/E/011	20/I5	Pinefield Industrial Estate	ELGIN	0.18	Effective	Owner	0				Primary Growth Area	Small area to NW of site identified for the expansion of Hendry Hydraulics	To east of town, close proximity to A96. Transport Statement required.	Local site potentially for owner	Controlled by owner	None known	Unknown.	Flood Risk & Drainage Impact Assessments required.
M/EL/E/012	20/I6	Linkwood East	ELGIN	1.71	Effective	Owner, Physical	0	EMPL	Private		Primary Growth Area	Edge of popular existing industrial area. Front of site along A96 frontage is built out for restaurant, café and retail uses. The remaining undeveloped land is suitable for Class 4, 5 and 6.	Access via roundabout junction on the A96 with Reiket Lane.	Medium sized site for general employment use.	Depending on local demand in popular estate	Site is partly built out for restaurant, café and retail uses.	Unknown.	Flood Risk & Drainage Impact Assessments required. Any proposal must not impact on the integrity of the Flood Alleviation Scheme. No development within 6m of the embankment.
M/EL/E/016	20/I8	Newfield	ELGIN	12	Effective		0	EMPL	Pitgaveny	In close proximity to SLA and SSSI	Primary Growth Area	Part of major land release associated with the Findrassie masterplan which also includes 1500 houses over next 20-25 years. Suitable for business uses within use Class 4 and 5 that are compatible with predominantly residential surroundings. Actively marketed with a reasonable level of interest	Located to the NE of the town. Transport Assessment required. The site may be impacted by the A96 dualling and development may require to take into account the preferred A96 dualling route.	Significant expansion site which is currently being actively marketed with a reasonable level of interest.	Potential alongside residential expansion	Potential but separated from residential area	Unknown currently open space.	Flood Risk & Drainage Impact Assessments required. Requirement to demonstrate that there will not be an adverse effect on the integrity of SPA.
M/EL/E/017	20/I16	Burnside of Birnie	ELGIN	22.3	Part Constrained	Infrastructure, Physical	0	EMPL			Primary Growth Area	The site's primary function is for Class 4, 5 and 6. Minimum of 9ha is reserved for these uses. A greater mix of uses is supported across 5ha of the site; these areas are adjacent to the A941. The site must provide a minimum of 30% open space. Development Framework required in conjunction with LONG3.	Located to the south of the town adjacent to LONG residential area Elgin South. A941 runs along eastern edge of the site and new junction would be required. Transport Assessment required. Development proposals will require to take into account the preferred option for the A96 dualling route which impacts on this site.	Significant expansion site but potentially longer term.	Future potential alongside future residential expansion	Potential but separated from residential area	Unknown currently open space.	Level 2 Flood Risk & Drainage Impact Assessments required. No development within the functioning floodplain. A Water Framework Directive waterbody specific objective will require to be addressed.
M/EL/E/018	20/LNG3	Burnside of Birnie (LONG)	ELGIN	38.2	Part Constrained	Physical	20.74	EMPL			Primary Growth Area	Development Framework required in conjunction with I16.	A941 runs along eastern edge of the site and new junction would be required. Transport Assessment required. Development proposals will require to take into account the preferred option for the	Significant expansion site but potentially longer term.	Future potential alongside future residential expansion	Potential but separated from residential area	Unknown currently open space.	Level 2 Flood Risk & Drainage Impact Assessment required. No development within the functioning

M/MS/E/003	20/15	Baxters	MOSSTODL OCH	2.22	Constrained	Owner	0	EMPL	Baxter's	Adjacent to SLA, SAC and SSSI	Smaller Towns and Villages	Baxter's existing business area. Major employer and significant tourist attraction. New development will comprise redevelopment, extension or change of use.	Just off A96. Access through Baxter's existing site.	Potentially significant in food and drink and visitor sectors	Depending upon Baxter's plans	None known	Not known	Demonstrate that there will be no adverse effect on the integrity of the SAC from development activity
M/MS/E/005	20/12	North of Baxter's	MOSSTODL OCH	3.22	Constrained	Owner, Infrastructure	0	EMPL			Smaller Towns and Villages	Site to provide for expansion of Baxter's. As access is through the existing Baxter's site development by others is not intended.	Just off A96. Provision of cycle and pedestrian links to the A96 and bus stops required. This may involve upgrading the Core Path to Redhall to the north. Transport Assessment may be required.	Potentially significant in food and drink sector	Depending upon Baxter's plans	None given restriction on access	The site slopes upwards from the existing Baxter's buildings	Drainage Impact Assessment required.
M/MS/E/006	20/MUL1	South of A96	MOSSTODL OCH	11	Effective 5years+	Infrastructure	8	EMPL	Crown Estate Scotland		Smaller Towns and Villages	Mixed use site. Residential and industrial. Embargoed from development in current LDP period unless DP3 conditions are met. Proposals must deliver a minimum of 8ha (net) of employment land. May suit a lower density user.	Runs adjacent to A96. Transport Assessment required. Consultation with Moray Council Transportation and Transport Scotland required. New cycle path provision required. Improvements required to provide safe routes to School and access to local shops. Development proposals will require to take into account the preferred option for the A96 dualling route which impacts on this site.	Dependent on scale and sectors of users	To be determined dependent upon user demand	Mixed use site	30% open space required due to the mix of residential and industrial and edge of settlement location. Archaeological evaluation of the site required.	Drainage Impact Assessment with SUDS plans required. Flood Risk Assessment required.
M/MS/E/007	20/13	West of Mosstodloch	MOSSTODL OCH	16	Effective		0		Crown Estate Scotland		Smaller Towns and Villages	Potential new industrial area. May suit larger lower density user.	Adjacent to A96. Transport Assessment required.	Dependent on scale and sectors of users	To be determined dependent upon user demand	None known	Minimum of 30% open space required. Archaeological evaluation of the site required.	Flood Risk & Drainage Impact Assessment required. A Water Framework Directive waterbody specific objective will require to be addressed.
M/MS/E/008	20/LNG2	West of Mosstodloch (LONG)	MOSSTODL OCH	14	Effective 5years+	Infrastructure	11.2	LARI	Crown Estate Scotland		Smaller Towns and Villages	LONG can only be brought forward if the Policy DP3 triggers are met. The scale of this site may be suitable for large scale inward investment.	Adjacent to A96. Transport Assessment required.	Dependent on scale and sectors of users	To be determined dependent upon user demand	None known	Minimum of 30% open space required. Archaeological evaluation of the site required.	Flood Risk & Drainage Impact Assessment required. A Water Framework Directive waterbody specific objective will require to be addressed.
M/RS/E/001	20/11	Back Burn	ROTHES	0.75	Effective		0	EMPL	Private	SLA. Adjacent to SAC.	Smaller Towns and Villages	Site bounded by distillery and other uses.	Close proximity to A941	Dependent on local demand	To be determined	None known	Not known	Demonstrate that there will be no adverse effect on the integrity of the SAC from development activity
M/TV/E/001	20/11	Troves Industrial Estate	TROVES	1.61	Effective		0	MEDI	Strathdee Properties		Rural grouping	Rural area but to the south of Elgin, close to expansion areas. Development must unify the existing building pattern be consistent in terms of materials, size/scale and overall design.	Access off Linkwood Road	Dependent on rural demand	Dependent on rural demand	None known	Not known	Options for waste water drainage should be investigated as options for discharge to the water environment are limited.

APPENDIX 2

BUSINESS SURVEY

Moray Business Needs Survey

Moray Council is undertaking analysis of the commercial property market in the area in order to help inform the future provision of these properties in Moray and ensure the development of a thriving and prosperous economy.

The Council is keen to understand your views as a local business and this survey is open to commercial tenants, leaseholders, property owners and key stakeholders who are either currently located in Moray or have an interest in locating in Moray in the future. We are particularly interested in anticipated demand for office and industrial space in the region.

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 15th March.

If you have any queries regarding this survey please do not hesitate to contact Rowena.MacDougall@moray.gov.uk

1. Please state the name of your Business

Short answer text

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

Short answer text

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
- Food production
- Distilling
- Renewable Energy
- 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 type of property do you occupy?

- Industrial unit
- Office
- Storage Yard
- Commercial / retail unit
- Home based
- Other..

6. If known please state the size of property occupied in sq. ft. or sq.m. (please state which)

Short answer text

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 property (years / months)?

Short answer text

9. What is the tenure of your property?

- Own the property
- Lease the property

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

	Good	Satisfactory	Less than satisfac...	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 buildi...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Energy efficiency	<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 lin...	<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 en...	<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 / am...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communications (...)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

- Definitely - go to question 12
- Possibly - go to question 12
- No - go to question 22
- Don't know - go to question 22

12. When might you move / expand?

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

13. What type of property would you prefer?

- Industrial space
- Office space
- Flexible office / co-working space
- Mix of both industrial and office space
- Commercial / retail unit
- Land for yard / storage
- Land for new-build
- Other...

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

Short answer text

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

Short answer text

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 property?

A. Location

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

Question

B. Quality of building

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

Question

C. Energy efficiency of building

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

Question

D. Cost

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

Question

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

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

Question

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

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

Question

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

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

Question

H. Size

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

Question

I. Digital connectivity

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

18. What tenure would you prefer for your new or additional property or land for your business?

- Ownership
- Leasehold
- Other...

19. Do you have any of the following specific requirements for your new property?

- Prominent location / visible to passing trade
- Vehicle access to building
- Yard space
- Eaves height
- Alarms
- Trade / retail counter
- Secretarial support
- Other...

20. Have you started looking for new or additional property or land for your business?

- Yes, please go to the next question
- No, please go to question 22

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

Short answer text

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

Long answer text

Thank you for your time and assistance

Description (optional)

APPENDIX 3

LIST OF CONSULTEES

During the course of this study, Ryden consulted with the following:

- Chris Muir, Senior Officer Economic Strategy & Development, Moray Council
- Rowena MacDougall, Senior Planning Officer, Moray Council
- Stuart Beveridge, Asset Manager – Commercial Buildings, Moray Council
- Lorna Williamson, Business Gateway Manager, Moray
- Richard Lothead, SNP MSP for Moray
- Mike Duncan – Development Manager, Federation of Small Businesses in Scotland
- Andrew Stanley, Head of Regional Development – Moray, Highlands & Islands Enterprise
- David Reid, Area Manager, Highlands & Islands Enterprise
- Ailsa Stinson, Moray Business Women
- Grant Campbell, Highlands & Islands Regional Manager, Scottish Council for Development Industry
- Sarah Medraf, Chief Executive, Moray Chamber of Commerce
- Gemma Cruickshank, Chief Executive Officer, Visit Moray Speyside
- Fraser Grieve, Deputy Director, Strategy & Communications, Scotch Whisky Association
- Brian Macaulay, Operations Director Chivas Brothers
- Alan Esson, Managing Director, Saltire Business Parks

EDINBURGH

7 Exchange Crescent
Conference Square
EH3 8AN
0131 225 6612

GLASGOW

ONYX
215 Bothwell Street
G2 7EZ
0141 204 3838

ABERDEEN

The Capitol
431 Union Street
AB11 6DA
01224 588866

LEEDS

Northspring Park Row
36 Park Row
LS1 5JL
0113 243 6777

LONDON

Suite 410, Linen Hall
162-168 Regent Street
W1B 5TF
020 7436 1212

MANCHESTER

2nd Floor
28 King Street
M2 6AY
0161 249 9778

Ryden

