Using Employment Densities to Forecast Job Outputs

One of the basic aims of RDA Single Programme and EP development activity is to create and safeguard jobs. The definition of a job for the purpose of the Single Programme is provided in the relevant Technical Note on Tier 3 Outputs. This OffPAT note gives advice on forecasting the job outputs of physical development projects in advance of occupation to feed into the value for money assessment.

Scope

In cases where the project is being developed for a known occupier the jobs forecast should, wherever possible, be based on a critical appraisal of the business plan, discussions with the intending occupier, and a comparison with other similarly occupied premises.

If however the project is speculative, so at the time of the appraisal the occupiers are unknown, the jobs forecast should be based on the attached table of employment densities for the various types of premises listed.

Definitions

Employment density means the average amount of floorspace sq. m per full time equivalent job. (Jobs as defined in the Tier 3 Note)

Floorspace is defined as the gross internal area of the building in square meters. (Not the gross external or the net lettable area)

Sources

It is not possible to specify average job densities which are in any sense accurate. This is because there is substantial variation from business to business even within the same sector. Densities will also vary with the size, style and age of the building, the location - within a city centre or a business park for example – the form of tenure, business technology, and over the economic cycle. Various pieces of research have been carried out from time to time and the attached table (Annex A) represents an attempt to average out their results. The table summarises research carried out by Arup Economics and Planning[1]. This was commissioned by EP from whom copies can be obtained. It must be emphasised that the figures are merely a guide to forecasting future jobs in cases where there is no more specific information to go on.

[1] Employment Densities: A Full Guide, undertaken by Arup Economics & Planning for English Partnerships, September 2001

They provide a means of comparing projects on a common basis and a benchmark for assessing suggestions that a particular project will produce more or fewer jobs.

Forecasting

To forecast jobs as part of an appraisal of a proposed project where there is no detailed information about its future occupation all that is needed is to determine which group the project falls into, estimate the gross internal area, apply the relevant density from the table, and then to make any reasonable adjustment to the result to allow for any special circumstances.

Evaluation

Once the project is completed and occupied it should be possible to count the job outputs directly. This would normally be covered by arrangements in the funding agreement. If for some reason it is not possible to get a verifiable job count it may be necessary to fall back on the job density table after checking that the building is being used for the forecast purpose, has delivered the forecast floorspace, and appears to be in more or less full occupation.

Feedback

Agencies may find it helpful to use verified job counts from completed projects to calculate outturn job densities to inform their forecasting of future projects. If this hard evidence shows that the table needs adjustment, please advise OffPAT.

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ANNEX A: **Employment Density (Per Workspace*)** All figures are gross internal floorspace unless otherwise indicated.

USE TYPE	Sq. m.	Sq. ft.	Major factors creating variations
INDUSTRY			
General	34	365	Nature/sector of occupier and the degree of automation Higher densities in areas of high land value e.g. London 27 sq. m., South East 31 sq. m.
Small Business	32	340	
High tech / R&D (non-Science Park)	29	310	
Science Park	32	340	
WAREHOUSING AND DISTRIBUTION	Gross external figures		
General Warehousing	50	540	Wide variations may exist between industrial sectors
Large Scale and High Bay	80	860	Technological developments are reducing densities. Long-term storage has much lower densities than short-term storage.
OFFICE			
General	19	205	Densities vary according to location. Non-town and non-city centre developments e.g. business park developments have higher densities. Town and city centre densities are often lower than might be expected given occupancy costs. Changing working practices are affecting densities.
Headquarters	22	240	
Serviced Business Centre	20	215	Densities within units may be high but common areas reduce the overall density
City of London	20	215	
Business Park	16	170	Suburban densities have similar figures (high density). However town/city fringe locations have lower densities.
Call Centre	12.8	140	
RETAIL			
Town/City Centre (net internal figures)	20	215	Some variance with retail type. Small shops (less than 50 sq. m.) may have much higher densities of around 10 sq. m)
Food Superstores (net internal figures	19	205	
Other Superstores/ retail warehousing (incl. wholesale but not storage) (gross internal figures)	90	970	
LEISURE AND VISITOR ATTRACTIONS			
General Hotels (3 star)	1 employee per 2 bedrooms		
Budget Hotels	1 employee per 3 bedrooms		
4/5 star Hotels	0.8 employees per bedroom		
General Restaurants	13	140	Densities may be lower in fast-food restaurants and higher in high standard restaurants
Cultural Attractions	36	390	
Cinemas (including multiplex)	90	970	
Amusement and entertainment centres	40	430	
Sports centres	90	970	
Private sports clubs	55	600	

*The prospective or actual number of occupied workspaces should be used as for some developments there may be more Full-Time Equivalent employees than workspaces (e.g. in call centres).