

Guildford Economic Report

November 2017



GUILDFORD
BOROUGH



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Guildford - strong economy; uncertain times

The November Bank of England interest rate rise - the first for ten years after a period of extreme conditions - marks inflation out as a renewed focus for policy-makers. The ambiguous influence of pre-Brexit conditions challenges Guildford as it does the national economy, with the possibility of labour shortages on the horizon in, for example, the highly successful tourism and leisure sector. There is also evidence that companies continue to hold back on recruitment and investment.

The annual economic report for 2017 focusses on the current performance of our economy in comparison with two other growing and influential centres, Woking and Basingstoke. It is important to look at trends and see how we are performing in certain sectors and to help that shape our priorities, but comparisons come with a health warning as each of the centres have their own advantages (Basingstoke has Enterprise Zone status, Woking has less constraint on development, Guildford has a huge competitive edge with the University of Surrey).

Summary of findings:-

- Guildford still has the biggest economy of the three with a total Gross Valued Added (GVA) of £5.2bn (2015), and has grown more quickly than the other two since 2011. Guildford's GVA per head (GVA divided by the total population) is still the highest at £36,165, but declined slightly between 2014 and 2015. This could be due to a faster population growth or the overall level of people who are economically active which is quite a bit lower than the other centres – (almost certainly a reflection of the high student population) rather than a drop in productivity.
- Guildford's business base grew by 15% between 2012-2017, which was the smallest growth of the three and this was particularly marked in the micro businesses sector (companies 0-9). However Guildford still has the highest proportion of new businesses that could be described as high growth and quality is as important as quantity. The relatively lower growth in micro businesses in our Borough almost certainly reflects the relative shortage of affordable start-up space and move on A grade offices. The Borough also has the best survival rate of new business starts at 72%. Both Woking and Guildford have seen growth in large enterprises, but Basingstoke saw a significant decline of 11% between 2012-2017.



- In terms of sector growth by number of new businesses, Guildford saw a high growth in businesses in the construction sector, and continued expansion in ICT, Professional and Business Services, Scientific and technical sectors, but this was also mirrored by Woking and Basingstoke, with the strongest growth in the latter. Guildford still has the highest overall proportion of workers in these sectors overall. Both retail and food and drink saw declines (although Guildford's has seen a recent improved footfall - per Experience Guildford) and certainly Guildford retail occupancy has been weaker than other key shopping centres.
- Commercial floor space – Prime office rents in Guildford now sit at £33.50 sqft (a small annual decrease) and total costs per workstation (per 100sqft new office) at £7745 is the highest of the three (only £6377 in Basingstoke). The overall availability of office floorspace in Q1 2017 was 337,000 sqft (an increase from 256,000 sqft a year ago), but take up over the whole year was lower.

Conclusions:-

- Guildford needs to ensure that it works closely with its big employers and key growth companies in the post Brexit environment. Although the Borough remains an attractive location with the strength of the offer in the Thames Valley and the emergence of enterprise zones within the Enterprise M3 area, we must not rest on our laurels.
- A shortage of both start-up and later stage good quality office space, does seem to be limiting the number of new enterprises emerging in the Borough. We need to ensure we protect our existing commercial floor space and push on with a Council supported incubator project.
- Skills shortages and ensuring our education system is future proofed for the future economy are high priorities as we go forward.
- Strong collaborative PR and marketing to support inward investment will also be increasingly important.



1.1 Enterprises by Employment Size Band Guildford, 2017

Employment Size Band	No.	% Total	Change 2012-17	% Change
Guildford				
Micro (0 To 9)	6,690	90%	930	16%
Small (10 To 49)	605	8%	40	7%
Medium (50 To 249)	120	2%	15	14%
Large (250+)	25	<1%	5	25%
Total	7,440	100%	995	15%

Basingstoke & Deane				
Micro (0 To 9)	6,995	91%	1,105	19%
Small (10 To 49)	560	7%	45	9%
Medium (50 To 249)	105	1%	5	5%
Large (250+)	40	<1%	-5	-11%
Total	7,700	100%	1,155	18%

Woking				
Micro (0 To 9)	4,590	90%	875	24%
Small (10 To 49)	390	8%	25	7%
Medium (50 To 249)	90	2%	25	38%
Large (250+)	25	<1%	5	25%
Total	5,090	100	920	22%

Source: UK Business Counts - Enterprises

1.2 Businesses by Sector 2017

	Guildford		Basingstoke & Deane		Woking	
Sector	No. Enterprises	Changes 2012-17	No. Enterprises	Changes 2012-17	No. Enterprises	Changes 2012-17
1: Agriculture, forestry & fishing (A)	130	25	280	20	25	0
2: Mining, quarrying & utilities (B,D and E)*	45	20	25	0	5	0
3: Manufacturing (C)*	235	5	365	15	200	40
4: Construction (F)	900	130	905	95	465	80
5: Motor trades (Part G)	170	0	205	30	125	30
6: Wholesale (Part G)	265	-10	290	-20	175	5
7: Retail (Part G)	375	-15	315	-30	250	0
8: Transport & storage (inc postal) (H)	115	0	260	100	115	35
9: Accommodation & food services (I)	240	-10	235	5	200	25
10: Information & communication (J)	955	175	1,195	265	900	245
11: Financial & insurance (K)	170	20	150	15	110	35
12: Property (L)	270	55	200	30	140	15
13: Professional, scientific & technical (M)	1,940	335	1,720	345	1,320	260
14: Business administration & support services (N)	675	155	665	145	445	85
15: Public administration & defence (O)	20	5	35	15	0	0
16: Education (P)	150	35	135	15	85	20
17: Health (Q)	285	40	280	80	200	35
18: Arts, entertainment, recreation & other services (R,S,T and U)	510	30	440	20	325	0
Column Total	7,440	995	7,700	1155	5,090	920

*See Annexe A for further breakdown

Source: UK Business Counts - Enterprises

1.3 Births and Deaths of Guildford Enterprises 2010 to 2014

	2010	2011	2012	2013	2014	2015
Guildford						
Births of New Enterprises 2010 to 2015	685	735	785	845	890	970
Deaths of Enterprises 2010 to 2015	720	620	725	670	620	695
Births less Deaths	-35	115	60	175	270	275
Basingstoke & Deane						
Births of New Enterprises 2010 to 2015	785	805	775	1,020	970	1055
Deaths of Enterprises 2010 to 2015	670	580	715	640	625	695
Births less Deaths	115	225	60	380	345	360
Woking						
Births of New Enterprises 2010 to 2015	475	620	565	695	745	760
Deaths of Enterprises 2010 to 2015	495	440	500	450	475	530
Births less Deaths	-20	180	65	245	270	230

Source: ONS Business Demography

1.4 Count of High Growth Enterprises for 2010 - 2014

Enterprises with average annualised employment growth greater than 20% per annum, over a three-year period.	2010	2011	2012	2013	2014
Guildford	45	35	40	40	45
Basingstoke & Deane	40	35	25	40	40
Woking	20	15	25	25	35

Source: ONS Business Demography

Employment by Industry Sector, 2016

Industry	Guildford			Basingstoke & Deane			Woking		
	2016	Change 2015-16	% Change	2016	Change 2015-16	% Change	2016	Change 2015-16	% Change
Agriculture, forestry & fishing	35	-190	-84%	75	-225	-75%	15	-85	-85%
Mining, quarrying & utilities	700	250	56%	1250	0	0%	50	-25	-33%
Manufacturing	4,500	1000	29%	6000	0	0%	4000	0	0%
Construction	3,500	500	17%	5000	500	11%	2250	250	13%
Motor trades	1,750	-250	-13%	1500	0	0%	700	0	0%
Wholesale	4,000	500	14%	8000	2000	33%	1750	250	17%
Retail	7,000	0	0%	8000	0	0%	4500	-500	-10%
Transport & storage (inc postal)	2,500	750	43%	3000	750	33%	1750	500	40%
Accommodation & food services	5,000	-1000	-17%	4500	0	0%	3000	-500	-14%
Information & communication	4,500	-500	-10%	6000	0	0%	5000	500	11%
Financial & insurance	2,500	0	0%	1750	-750	-30%	600	-100	-14%
Property	1,500	250	20%	1500	0	0%	800	0	0%
Professional, scientific & technical	11,000	1000	10%	7000	0	0%	7000	0	0%
Business administration & support services	4,500	1500	50%	8000	2000	33%	4500	500	13%
Public administration & defence	4,000	0	0%	1750	0	0%	1000	0	0%
Education	9,000	0	0%	7000	0	0%	3500	0	0%
Health	9,000	0	0%	10000	0	0%	4500	0	0%
Arts, entertainment, recreation & other services	5,000	0	0%	5000	500	11%	4000	0	0%
Column Total	81,000	4000	5%	83000	3000	4%	48000	0	0%

Source: Business Register and Employment Survey



3.1 Population, 2016

	Guildford	Basingstoke & Deane	Woking
All People	148,000	174,600	99,700
People Aged 16-64 %	65.9%	63.1%	61.7

Source: ONS Population Estimates

3.2 Economic Activity, Guildford, 2016

	Guildford	Guildford	Basingstoke & Deane	Woking
	No.	%	%	%
Economically Active†	78,600	76.1%	86.5%	84.7%
In Employment†	74,800	72.2%	85.6%	84.0%
Employees†	61,600	59.6%	75.5%	73.5%
Self Employed†	12,500	11.9%	10.1%	10.5%
Unemployed (Model-Based)	2,200	2.9%	2.7%	2.4%

Source: ONS Annual Population Survey

Numbers are for those aged 16 and over, % are for those aged 16-64

3.3 Economic inactivity (Apr 2016-Mar 2017)

	Guildford (No.)	Guildford (%)	Basingstoke & Deane (%)	Woking (%)
All People	78,600	76.1%	86.5%	84.7%
Total	23,500	23.9	13.5	15.3
Wants A Job	8,000	34.0	#	#
Does Not Want A Job	15,500	66.0	70.8	76.7

Source: ONS Annual Population Survey

Numbers and % are for those of 16+; % is a proportion of all persons in employment

3.4 Occupational Structure, Guildford Residents, Jul 2016 to Jun 2017

	Guildford	Guildford	Basingstoke & Deane	Woking
	(No.)	(%)	(%)	(%)
Soc 2010 Major Group 1-3	45,500	61.4	47.7	62.3
1 Managers, Directors and Senior Officials	8,100	10.8	11.0	14.3
2 Professional Occupations	20,500	27.4	24.8	29.6
3 Associate Professional & Technical	16,900	22.6	11.9	18.4
Soc 2010 Major Group 4-5	11,000	14.8	24.1	16.8
4 Administrative & Secretarial	8,300	11.1	14.1	9.1
5 Skilled Trades Occupations	#	#	10.0	#
Soc 2010 Major Group 6-7	8,000	10.9	12.4	9.5
6 Caring, Leisure and Other Service Occupations	#	#	6.4	#
7 Sales and Customer Service Occs	#	#	6.0	#
Soc 2010 Major Group 8-9	9,600	12.9	15.8	11.4
8 Process Plant & Machine Operatives	#	#	8.9	#
9 Elementary Occupations	#	#	6.9	#

Source: ONS Annual Population Survey

Sample size too small for reliable estimate (see definitions).

Numbers and % are for those of 16+; % is a proportion of all persons in employment.

3.5 Qualification Levels, Guildford Residents, 2016

Qualifications (Jan 2016-Dec 2016)	Guildford	Guildford	Basingstoke & Deane	Woking
	(Level)	(%)	(%)	(%)
NVQ4 And Above	44,500	45.2	38.6	51.3
NVQ3 And Above	57,400	58.4	62.4	71.5
NVQ2 And Above	71,800	73.0	80.5	86.0
NVQ1 And Above	82,700	84.1	93.4	89.7
Other Qualifications	9,600	9.8	3.7	#
No Qualifications	6,000	6.1	#	#

Source: ONS annual population survey

Sample size too small for reliable estimate (see definitions).

Numbers and % are for those of aged 16-64; % is a proportion of resident population of area aged 16-64.

4.1 Average Earnings, Guildford 2016

Average Gross Pay, Full Time Workers	Guildford	Basingstoke & Deane	Woking
Residents Analysis	£	£	£
Weekly pay - gross	662.6	647.2	630.8
Workplace Analysis	£	£	£
Weekly pay - gross	643.9	618.8	575.0

Source: ONS Annual Survey of Hours and Earnings - Workplace Analysis

4.2 Gross Value Added (GVA)

	2011	2012	2013	2014	2015
GVA Total £m	£m	£m	£m	£m	£m
Guildford	4,426	4,759	4,910	5,297	5,283
Basingstoke & Deane	4,549	4,538	5,165	5,136	5,169
Woking	2,840	3,039	3,079	3,515	3,562

GVA £ per head	£s	£s	£s	£s	£s
Guildford	32,173	34,061	34,824	37,053	36,165
Basingstoke & Deane	28,546	30,579	30,921	35,348	35,823
Woking	26,987	26,618	30,055	29,709	29,734

Source: Regional Accounts, Office for National Statistics

5.1 Vacant Office Floorspace, Guildford

	Guildford
Take up 2016	84,000 sqft
Take up Q1 2017	22,000 sqft
Office availability Q1 2017:	337,000 sqft
<i>Of which:</i>	
<i>Grade A stock</i>	65%
<i>Town centre & edge of town</i>	77,500 sqft
Office space under construction Q1 2017	213,000 sqft
Years supply Q2 2017	4.4

Source: Lambert Smith Hampton

5.2 Prime Office Rents

	Guildford
Prime office rents Q2 2017	£33.50 sqft

Source: Lambert Smith Hampton – Thames Valley Report

5.3 Total Office Costs

	Guildford	Basingstoke & Deane	Woking
New	£s	£s	£s
Net Effective Rent	29.31	21.88	27.63
Total Cost per Workstation (100sqft)	7745	6377	7328
Old (20 years)			
Net Effective Rent	21.45	12.38	20.83
Total Cost per Workstation (100sqft)	6753	5525	6684

Source: Lambert Smith Hampton Total Office Cost Survey 2017

Guildford Manufacturing Enterprises Businesses by Sub-Sector, 2017

Industry	Guildford	Basingstoke & Deane	Woking
	Enterprises	Enterprises	Enterprises
10: Manufacture of food products	10	10	10
11: Manufacture of beverages	10	5	0
12: Manufacture of tobacco products	0	0	0
13: Manufacture of textiles	5	10	5
14: Manufacture of wearing apparel	5	5	5
15: Manufacture of leather and related products	0	0	0
16: Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	20	25	10
17: Manufacture of paper and paper products	0	5	0
18: Printing and reproduction of recorded media	25	40	20
19: Manufacture of coke and refined petroleum products	0	0	0
20: Manufacture of chemicals and chemical products	5	5	5
21: Manufacture of basic pharmaceutical products and pharmaceutical preparations	5	0	0
22: Manufacture of rubber and plastic products	5	5	5
23: Manufacture of other non-metallic mineral products	5	5	5
24: Manufacture of basic metals	0	0	0
25: Manufacture of fabricated metal products, except machinery and equipment	40	75	40
26: Manufacture of computer, electronic and optical products	20	45	20
27: Manufacture of electrical equipment	10	15	5
28: Manufacture of machinery and equipment n.e.c.	15	20	10
29: Manufacture of motor vehicles, trailers and semi-trailers	5	10	10
30: Manufacture of other transport equipment	5	5	10
31: Manufacture of furniture	10	10	5
32: Other manufacturing	15	25	15

Source: UK Business Counts – Enterprises

Guildford Business News - Economic Dashboard - November 2017

BAE Systems to cut almost 2,000 jobs nationally, including roles in Guildford, but detailed information has not been forthcoming.

Researchers in **Surrey's 5G Innovation Centre (5GIC)**, have developed a novel technique that enables mobile phone users to view 4K ultra-high definition video uninterrupted, regardless of where the content source is located on the public internet. The new technique is based on Mobile Edge Computing technology and works by intelligently pre-fetching an optimised number of video segments to a local cache in real time. With this solution, as long as the radio access network has adequate capacity, mobile users can always enjoy assured 4K video quality thanks to the availability of these video segments at the mobile 'edge'.

The Naked Pharmacy, based on the Research Park and a recipient of a Council business development grant, has won its first major award, having been voted Britain's Best Natural Pharmacy by the 260,000 strong healthcare organisation, Global Health and Pharmaceuticals. To be voted best Natural Pharmacy is a significant achievement for the online Pharmacy that is pioneering the use of evidence-based natural medicines and food supplements.

Debenhams has revealed plans to trial gyms in its stores in partnership with **Guildford**-based gym operator **Sweat**. Initially this will be trialled in three stores from spring 2018.

MR Solutions is a Queen's Award-winning SME at the cutting-edge of MRI research based in Guildford and recently received a new award from the Lord Lieutenant of Surrey. Due to its reputation for high quality and innovation, there is a high international demand for its products among academic and medical institutions. The company recently received help from UK Export Finance (UKEF) to finance a high-value contract with Sydney University that it may otherwise have had to turn down, resulting in a successful deal worth in excess of over £1 million

Historic property consultancy **Bruton Knowles** has unveiled a new company structure to support future growth. The firm operates from 13 offices including in **Guildford**.

Petards, the **Guildford**-based software developer of advanced security and surveillance systems, is sitting on a strong order book after enjoying a solid start to the year. For the six months to 30 June 2017, the company reported revenue of £7.97 million, up from £7.41 million in 2016. Pre-tax profits were £503,000.

Low cost fitness chain the **Gym Group** which is based in **Guildford**, has acquired 18 gyms, primarily in the Midlands and North of England, from Lifestyle Fitness for £20.5 million.

A **Guildford**-based software developer which counts John Lewis among its clients has hailed a transformational year. **Eagle Eye Solutions** has created a platform to allow retailers to offer promotions, coupons and rewards to customers. In the year to 30 June 2017, the business generated revenues of £11.1 million, up from £6.5 million 12 months earlier. Pre-tax losses also narrowed to £3.9 million.

The **University of Surrey** is launching an Innovation Voucher Scheme. The scheme will fund (between £5K and £10K) collaborative projects between small and medium enterprises and the University's academic expertise. Projects can be used to address specific technical challenges, develop or test products or introduce innovative new business processes.

Guildford-based **Alexander Dennis** has won a significant export deal to Mexico City.

Guildford-based **Alexander Dennis**, a bus and coach - builder, has won a significant export deal to

Mexico City. This will see 90 low-emission double-deckers built. The deal supports more than 2,000 jobs across the UK, including around 1,000 in Falkirk and 320 in Guildford. The Prime Minister visited Guildford to celebrate the order.

Guildford-headquartered healthcare and personal health giant **Philips Electronics UK** has returned to the black following a multimillion-pound increase in annual revenues in its latest financial year. Philips reported turnover of £542 million for the year ended 31 December 2016, up from £523 million a year earlier. The business recovered from a pre-tax loss of £251 million in 2015 and posted a profit of £9 million last year.

Criterion Adjusters Ltd, a **Guildford**-based company which specialises in high net worth property, antiques and fine art insurance has been taken over by Charles Taylor Adjusting for £13.1 million.

Guildford-based investment management, accountancy and tax advisory group **Smith & Williamson** is in talks regarding a possible £2 billion merger with rival **Rathbone Brothers**. A merger would create a combined company with more than £50 billion of assets under its management.



Guildford

open for business



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