



LB Camden Employment Land Study Final Report

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1 INTRODUCTION

1.1 Context

URS Infrastructure and Environment UK Ltd (URS), with Ramidus Consulting, was commissioned by London Borough of Camden to update their 2008 employment land review.

The Employment Land Study (ELR) assesses the quantity, quality and viability of the borough's employment land. The review forms an integral part of the evidence base needed to update information contained within the adopted Core Strategy (2010-2025) and Development Policies (2010-2025). It advises on the appropriateness of existing Core Strategy policy and Development Policies and makes recommendations on the portfolio of employment land regarding the provision, protection, management and enhancement of employment land and premises required to meet the needs of businesses over the Local Plan period to 2031.

The National Planning Policy Framework (NPPF)¹ outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies. The Greater London Authority's (GLA) Land for Industry and Transport Supplementary Planning Guidance (SPG) provides more London specific directions on provision requirements. The need for Local Planning Authorities to produce an up to date Employment Land Study and the suggested format is outlined in National Planning Practice Guidance (NPPG) published on the 6th March 2014. The methodology applied in this review is in line with NPPF, NPPG and GLA Land for Industry and Transport SPG.

Prospects for Growth

The significant growth of London in recent years is well documented. Population growth in London has accelerated over the past decade and projections indicate that by 2031 the capital's population will exceed 10 million (Census 2011). Consequently, demand for housing and employment, amongst other land uses and services, will increase leading to economic growth.

Economic growth in LB Camden is expected to be much faster than London as a whole. The draft Further Alterations to the London Plan (2014) estimates that by 2036 employment in LB Camden will have grown by 22.4%, almost 5% higher than the London wide rate. This is perhaps unsurprisingly since some of London's most important development proposals, including Crossrail, and growth areas such as King's Cross and Euston Station, are located in LB Camden. Recent confirmation that Google Inc. are to develop their UK Headquarters at King's Cross is testament to the borough's locational advantages and attractiveness to multi-national companies, and indicates the potential for a step change in employment space growth.

The aim of this ELR is to evidence what the potential scale of employment growth could be for B uses in LB Camden and how this growth could be accommodated. The scale of demand will vary over the economic cycle of the Local Plan period and will be intrinsically linked to the delivery and completion of major development projects. It is important therefore that this ELR and planning policy recommendations is focused and encouraging balanced growth over the long term.

¹ NPPF, paragraphs 160 to 161

LB Camden Employment Land Review, 2008

The 2008 Employment Land Review (2008 ELR) was commissioned by LB Camden to assess the future demand for employment land versus supply. The review forms part of the evidence base to the Core Strategy 2010 – 2025 and Development Policies DPD.

The 2008 ELR identified that areas of LB Camden, such as Midtown, had succeeded in attracting a stronger base of diverse corporate occupiers, although there were very few large buildings for single occupiers. Most of the available supply of premises was medium sized and multi-let. It was recognised that the single greatest threat to office supply was the pressure of conversion to residential uses which was occurring on a piecemeal basis even in areas of high value for commercial offices.

The review identified that there was a growing occupier and investor demand for office floorspace, particularly in the central London area. If LB Camden were to meet demand then it would need to provide a continuing supply of small and refurbished space, as well as large new developments such as those proposed at King's Cross and Euston.

With regard to industrial floorspace, the 2008 ELR found that Camden had the lowest stocks of industrial and warehousing space in London, where only Kensington & Chelsea, Westminster and the City of London had less (as at 2008). The 2008 ELR concluded that if more industrial/warehousing was provided in LB Camden then it would be readily taken up at comparatively high rents. Low stocks were considered to be prevalent as a result of constrained supply, rather than lack of demand. The 2008 ELR highlights one major reason for the lack of industrial floorspace: competition from higher value land uses (the most obvious being residential) and lack of industrial stock renewal.

Overall the 2008 ELR concluded that planning for employment in LB Camden will always raise difficult issues due to the prevailing physical and other land use constraints. The review also recognised that, inevitably, housing will have a strong claim, both in terms of market demand and policy targets.

The 2008 ELR's recommendations centred on:

- Continued use of restrictive policies, safeguarding all existing industrial/warehousing land which is still suitable and viable for these uses.
- Creation of opportunities for small-scale industrial development.
- Stock renewal through development and redevelopment growth opportunities in clean industries to serve the expanding central London business market. Such markets included building services, catering, cleaning, courier services, design, hospitality services, IT back-up services, printing and others.
- Monitoring of the implementation of employment policies with regard to the take up and loss of employment land.

LB Camden Core Strategy and Development Planning Policies

The Core Strategy and Development Policies DPD were adopted on the 8th November 2010. The Core Strategy sets out the key elements of LB Camden Council's planning vision and strategy for the period 2010 – 2025. The economic strategy contained within the Core Strategy, and supported by detailed policies contained in the Development Policies DPD, was in part based upon the findings of the 2008 ELR.

With regard to LB Camden's economic strategy, Policy CS8 confirms that the Council will promote the provision of 444,000 sqm of permitted office floorspace at King's Cross

and approximately 70,000 sqm of office provision at Euston. This equates to over 80% of projected employment demand in LB Camden. The Core Strategy promotes further provision in the other growth areas and central London to meet the total forecast demand of 615,000 sqm to 2026.

Policy CS8 states that the Council will support industries by:

- safeguarding existing employment sites and premises in the borough that meet the needs of modern industry and other employers;
- safeguarding the borough's main Industry Area; and
- promoting and protecting the jewellery industry in Hatton Garden.

Policy CS8 also expects the delivery of a mix of employment facilities and types (including the provision of facilities suitable for small and medium sized enterprises) and recognises the importance of other employment generating uses such as retail, leisure and education. Policy CS8 seeks to protect areas of specialist activity such as Museum Street and Hatton Garden. Policy CS9 confirms the Council's intention to allocate sites within central London for appropriate uses, including offices and housing.

The Development Policies DPD sets out detailed planning policies to support the implementation of the Core Strategy. The Development Policies DPD generally encourages a mix of uses within new developments. In particular, contributions towards housing supply is sought in the central London Areas (except Hatton Garden) and the town centres. In these locations up to 50% of all additional floorspace is to be housing (if proposals are over 200 sqm of gross floorspace).

Policy DP13 is particularly relevant to the provision of employment premises and sites. The overall thrust of Policy DP13 is to retain buildings that are suitable for continued business use and resist change to non-business uses. Where changes of use can be justified then Policy DP13 requires some business use to be retained on site; there is a preference for flexible space that it is suitable for a variety of business uses. When it can be demonstrated that a site is not suitable for any business use, other than B1(a) offices, Policy DP13 confirms that the Council may allow a change to permanent residential or community uses. However, in Hatton Garden the Council expects mixed use developments to include light industrial premises, suitable for use as jewellery workshops.

1.2 Scope of the 2014 Employment Land Study and Objectives

The scope of this employment land study focuses on the B use class orders, that is: B1a (Offices), B1b (Research and Development) and B1c (Light Industry); B2 (General Industrial); and B8 (Storage or Distribution). Wider employment users of employment land, such as utilities, land for transport, waste management and retail, are also taken into account as per NPPF and GLA Land for Industry and Transport SPG guidance.

In addition this ELR touches upon the role of industrial (B1c, B2 and B8) uses in supporting the Central Activities Zone (CAZ), and whether some of these functions could be met in other parts of inner London, as well as the potential demand for provision of premises to support the growth of small and medium sized enterprises (SME) such as workspace hubs.

The area of assessment is the whole borough of Camden. Within the borough we have surveyed clusters of employment land identified using the LB Camden Core Strategy Proposals Map, which indicated where designated employment land and growth areas were located, the 2010 GLA Industrial Land Baseline and officer and consultants' knowledge of the borough. The review includes all clusters surveyed as part of the 2008 ELR in addition to a number of clusters comprising non-designated employment land.

The specific objectives of this review as agreed with the LB and in accordance with relevant national and regional guidance are as follows:

- To consider the statutory and strategic policy context for employment provision in the borough, with particular consideration given to how the policy approach can harness the benefits of economic growth, as outlined in the Camden plan;
- To review the supply of employment space in the borough;
- To review monitoring data relating to the loss and/or creation of employment uses;
- To identify current and projected local need for employment space;
- To develop options on how to meet the overall quantitative and qualitative needs for employment space in the borough to 2031 by maintaining existing employment space where appropriate, and securing the delivery of additional employment space where necessary;
- To advise on the appropriateness of our existing Core Strategy policy and Development Policies approach;
- To advise on the extent to which non-office space (B1c, B2 and B8) employment space is needed in LB Camden to support central London functions and the Central Activities Zone, and the extent to which these functions could effectively be supported by premises in other parts of Inner London;
- To gauge the role of SME's within LB Camden and develop options to meet any demand for such space in terms of scale, form and location, and how space can meet the needs of growing businesses;
- To gauge the scale and nature of demand for workspace hubs within the borough; and
- To consider all of the above within the LB Camden context, particularly with regard to the wider strategic objectives of the Council as outlined in the Camden Plan.

1.3 Report Structure

Following this introduction, this report is structured as follows:

Section 2: Details of our approach to the review of employment land.

Section 3: A summary review of national, regional and local policy context.

Section 4: An analysis of socio-economic baseline conditions in LB Camden.

Section 5: Key findings of LB Camden's employment land.

Section 6: Analysis of the employment land market defining the regional and local property markets and any trends in the commercial and industrial property sectors.

Section 7: A projection of employment land demand over the planning period to 2031.

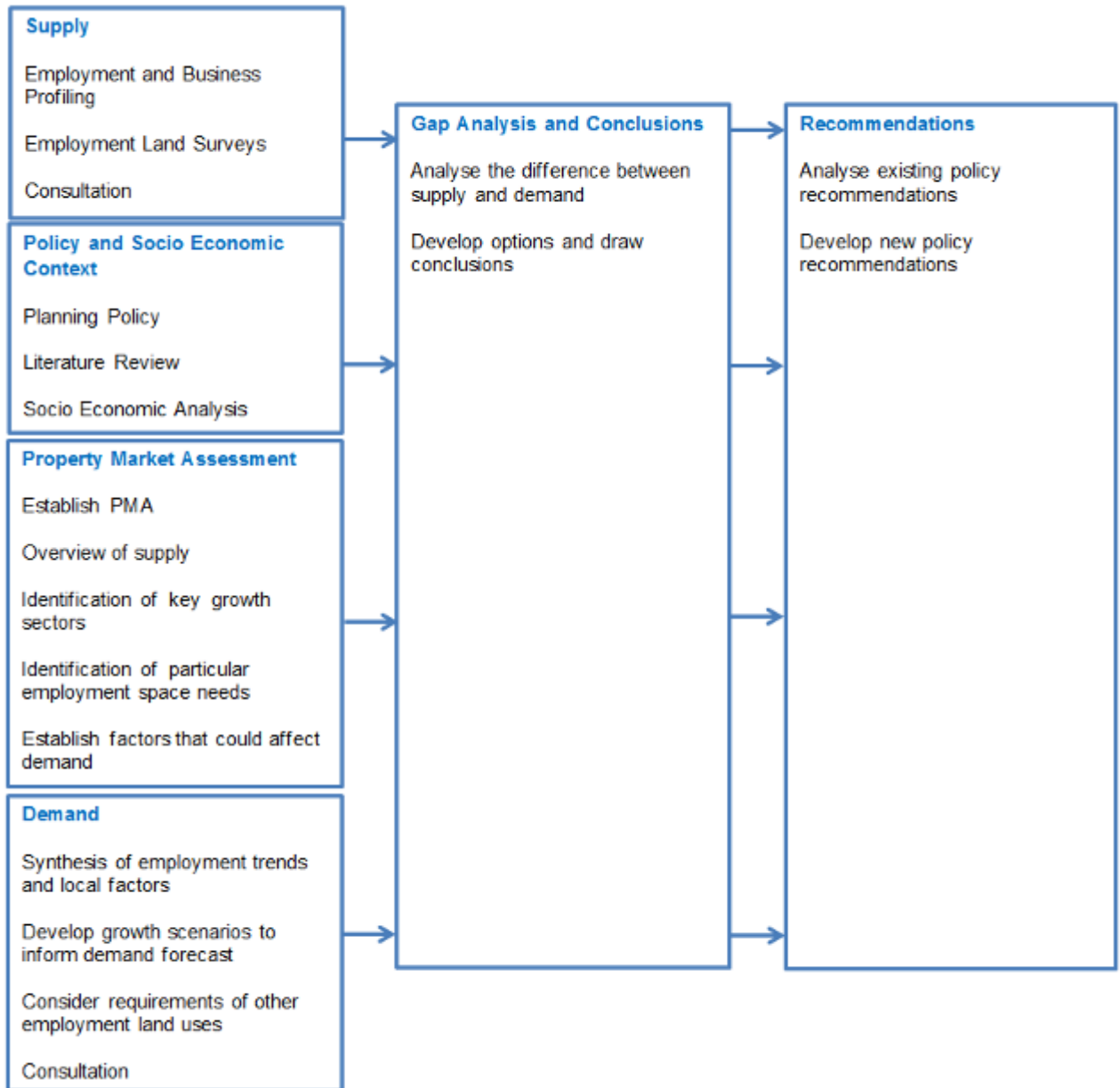
Section 8: Conclusions and proposed recommendations on the employment land strategy.

2 APPROACH

2.1 Introduction

This section sets out the main research elements of this employment land study as illustrated in Figure 2.1. Each element is summarised in the following sub-sections.

Figure 2.1 Component Parts of the Employment Land Study



Source: URS

2.2 Policy Context and Socio-Economic Profile

In order to understand the drivers of demand and supply of employment sites and premises across LB Camden, and the potential constraints and opportunities, we first investigate the policy context and framework and the socio-economic context.

The policy review takes account of relevant national, regional and local policies and strategies as these have the potential to influence future supply and demand for employment land. The socio-economic analysis is undertaken for LB Camden set within the context of the North London sub-region in order to provide an in-depth understanding of the current population and socio-economic make-up of the borough. A number of information sources are reviewed including ONS data.

In addition a baseline assessment of the existing economic structure and key trends in employment related development was completed. This work involves:

- A review of historical employment information for the borough, including information on workforce characteristics, unemployment, occupation, earnings and travel to work information; and
- Relevant literature providing information on the local economy and business trends within the borough.

2.3 Survey of Employment Sites and Premises

A survey of employment land in LB Camden was carried out to assess its suitability for continued employment use. Clusters were selected and agreed in consultation with the Council. They consist of designated employment areas described in LB Camden Core Strategy (2010) and LB Camden's Site Specific Allocations document (2013), and other significant non-designated employment areas in the borough as identified from the GLA Industrial Land Baseline (2010) and the previous Employment Study (2008).

The survey covered the use classes:

- B1a and B1b (Office);
- B1c and B2 (General Industry);
- B8 (Storage and Distribution);
- Sui generis uses which display similar characteristics.

Each cluster was visited and appraised against an agreed set of economic, planning and property market criteria to assess their fitness for purpose. The survey methodology and criteria are based on factors and issues set out in NPPG notes, the GLA Land for Industry and Transport SPG (2012) and the NPPF.

Surveyors used a structured questionnaire, a survey manual and a map of each employment area. The questionnaire included a series of tick-box style and open-ended questions to capture qualitative and quantitative information. Site surveys were undertaken week commencing 17th February 2014.

2.4 Employment Market Analysis

To help enhance the understanding of the supply and demand characteristics of the local employment land market, the views of local property market agents were sought. It was considered more effective and efficient to speak to a group of commercial property agents rather than speaking only to one commercial agent in order to broaden and moderate the response compared to that which would have been received by contacting just one commercial agent. Discussions were held with four locally-based firms of chartered surveyors.

The exercise supplemented desk-based research and survey findings, and sought to test the emerging findings and conclusions relating to the demand and provision of office and industrial sites and premises in LB Camden. Consultation with local property

agents took the form of a semi-structured interview by telephone around topics including: LB Camden employment property market area; the demand and supply of sites and premises, the characteristics of sites and their suitability for employment uses; opportunities and constraints to growth; and inward investment and regeneration. The outputs of the consultation exercise are an important piece of evidence that provides real market intelligence from professionals working day to day with commercial property in LB Camden.

2.5 Employment Land Forecast

Our forecasting approach involves a synthesis of trends over an economic cycle:

- Sub-regional floorspace (Valuations Office Agency data);
- Historic and forecast employment based on regional economic forecasting (Office of National Statistics and GLA Economics data); and
- Assessment of other local factors not reflected within recent historic trend data such as major regeneration or transport investment commitments leading to a step change in local economic activity. Consideration here is also given to findings from the commercial market assessment and consultations.

Trends were assessed against a property market area (PMA) for office and industrial uses which is discussed in more detail in Section 7.3.

High, medium and low growth rates were developed and tested to present different potential growth scenarios.

2.6 Gap Analysis, Conclusions and Policy Recommendations

The gap analysis involves an assessment of the balance between supply and demand, and informs the position of whether there should be retention or release of employment land. This analysis and the preceding sections inform the proposed recommendations.

3 POLICY AND LITERATURE REVIEW

3.1 Introduction

This section provides an overview of the policies and strategies relevant to employment and employment land in LB Camden. The review frames the context to the research in terms of national, regional and local policy.

A more detail assessment of relevant planning policy and literature is set out in **Appendix A**.

3.2 Summary of Planning Policy and Literature

At the national level, the National Planning Policy Framework (NPPF) replaced the Planning Policy Statements and Planning Policy Guidance from March 27th 2012, with the aim to make the planning system less complex and to promote sustainable growth. The NPPF recognises that the planning system plays an important role in promoting economic growth and building a strong, competitive economy. The NPPF sets guidelines for the preparation of local plans which includes setting out a clear economic vision and strategy; identifying strategic sites for investment; supporting existing businesses; and planning positively for the location, promotion and expansion of economic clusters. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances. The NPPF is supplemented by new National Planning Practice Guidance (NPPG) published on the 6th March 2014. A summary of which is contained in Appendix A.

The recent adoption of new permitted development rights, which came into force on 30th May 2013, allows the change of use from B1(a) office to residential (C3) without the need for planning permission. Local authorities were given an opportunity to seek an exemption from office to residential uses for specific geographies. LB Camden was successful in their application to exempt the part of the borough located within the Central Activities Zone (CAZ).

Key regional policy on employment land-use is contained in the London Plan (Mayor of London, 2011) and the Land for Industry and Transport SPG (GLA, 2012). The London Plan sets out its vision for the Inner London policy area which centres on sustaining and enhancing economic and demographic growth while improving the environment, quality of life and addressing unique concentrations of deprivation. The London Plan also requires borough Council's to support the unique international, national and London-wide role of the Central Activities Zone (CAZ) (which includes parts of LB Camden). In addition, the London Plan seeks to optimise development within identified Opportunity Areas (which include Euston, King's Cross, Tottenham Court Road and Holborn). LB Camden is identified as being a 'Restricted Transfer' borough where limited loss of industrial land is advised (a 'Restricted Transfer' borough is considered to 'typically have low levels of industrial land relative to demand').

The Draft Further Alterations to the London Plan (FALP) published on the 15th January 2014, which sets out development goals up to 2036, identifies that LB Camden's ten year housing target is to increase by approximately 30% to 889 homes per annum. This increase is in line with proposals to increase the overall London housing target, in response to the 2011 Census. The FALP expects that additional homes will be provided through higher housing densities on previously developed land and on sites within and around transport hubs, such as Crossrail. Opportunity Areas and Areas of Intensification are expected to make a significant contribution. To ensure that housing output is optimised the FALP requires employment capacities to be reviewed, if necessary, in the light of strategic and local employment projections. Regarding employment the FALP includes a requirement to ensure that within Inner London appropriate workspaces for the area's changing economy is made available. With regard to the Central Activities

Zone (CAZ) the FALP reinforces the need to ensure continued availability of workspaces appropriate for the technology, media and telecommunications and other emerging sectors within and on the fringe of the CAZ.

Demand for industrial land also arises from the transport sector and waste transfer. The Land for Industry and Transport SPG provides guidance on the release of industrial land for the period 2011-2031, which for LB Camden is -5ha or -0.3ha pa. The net additional indicative land requirement for waste apportioned to 2031 set by the SPG for LB Camden is 1.1 ha.

At the local policy level, the LB Camden Core Strategy 2010 – 2025 sets out the borough's planning vision and strategic objectives. Policy CS1 confirms that the Council will promote the development of the growth areas of King's Cross, Euston, Tottenham Court Road, Holborn and West Hampstead Interchange, with more limited change occurring elsewhere in the borough. Policy CS3 states that the Council will promote appropriate development in the highly accessible areas of central London (outside of the growth areas) and the town centres of Camden Town, Finchley Road / Swiss Cottage, Kentish Town, Kilburn High Road and West Hampstead, including appropriate edge of centre locations. In terms of employment up to 2025 the Core Strategy identifies a set of measures to protect employment land and boost economic growth in the borough. With regard to the borough's economic strategy Policy CS8 confirms that the Council will promote the provision of 444,000 sqm of permitted office floorspace at King's Cross, approximately 70,000 sqm of office provision at Euston and further provision in the other growth areas and central London to meet the forecast demand of 615,000 sqm to 2026. In terms of industry, the Council will provide support by:

- safeguarding existing employment sites and premises in the borough that meet the needs of modern industry and other employers
- safeguarding the borough's main Industry Area; and
- promoting and protecting the jewellery industry in Hatton Garden.

The Camden Core Strategy and Development Policies DPD were adopted concurrently on the 8th November 2010. LB Camden's Development Policies form part of the Council's adopted local development framework. The Development Policies DPD encourage a mix of uses within new developments and requires, in particular, contributions towards the supply of housing. In the central London Area (except Hatton Garden) and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road, where more than 200 sqm (gross) additional floorspace is provided, the Council requires up to 50% of all additional floorspace to be housing. Policy DP13 is particularly relevant to the provision of employment premises and sites. The overall intention of Policy DP13 is to retain buildings that are suitable for continued business use and resist change to non-business uses. Where changes of use can be justified Policy DP13 requires that some business use is retained on site; there is a preference for the provision of flexible space that it is suitable for a variety of business uses. When it can be demonstrated that a site is not suitable for any business use other than B1(a) offices, Policy DP13 confirms that the Council may allow a change to permanent residential use or community uses, except in Hatton Garden where the Council will expect mixed use developments that include light industrial premises suitable for use as jewellery workshops.

Policy LU1 'Schedule of Land Use Proposals' of the LB Camden Unitary Development Plan (UDP 2006) remained extant until recently but has been replaced by the Site Allocations DPD that the Council resolved to adopt in September 2013.

Area Action Plans have been prepared (or are in the process of being prepared) for the Fitzrovia and Euston areas. The Fitzrovia AAP is expected to be adopted imminently. The Euston AAP which is being jointly prepared with the GLA and is expected to be examined in 2014. Euston AAP seeks to ensure that strategic and local issues for the

area are planned for in a coordinated way and are balanced with community aspirations in light of proposals for High Speed 2 rail network (HS2).

LB Camden Planning Guidance for central London (CPG5) provides information with regard to the Council's approach to retail uses, town centres, central London local areas, central London frontages, neighbourhood centres and pertinent to this study, employment sites and business premises. The guidance recognises that LB Camden has a very restricted supply of sites and premises suitable for light industrial, storage and distribution uses. The guidance reiterates the Council's position with regard to the protection of existing employment sites and premises that meet the needs of businesses and employers. Specifically, it explains the circumstances where the Council will consider alternative uses for an employment site. It also provides information on marketing requirements and the Council's approach to Hatton Garden, the Industry Area and mixed use development.

Demand for employment land in LB Camden comes not only from industrial and office uses but also other use classes, in particular residential (use class C3) and retail (A use classes). The GLA London Office Policy Review 2012 recognises that boroughs, such as LB Camden, have large numbers of B1 to C3 conversions. This is a trend that is likely to continue given the viability and commercial returns of C3. As identified in Camden's Retail Study Update 2013 there is also competition for employment land from additional convenience and comparison retail floorspace. The Retail Study concludes that the focus for new growth should be within the central London frontages (particularly Tottenham Court Road), the Growth Areas (particularly Euston) and other town centres (particularly Camden Town) although, Hampstead and West Hampstead is in greatest need of new food store provision.

4 SOCIO-ECONOMIC CONTEXT

4.1 Introduction

This section profiles LB Camden using key socio-economic indicators. The analysis informs an understanding of the local socio-economic strengths and weaknesses that may impact upon employment land demand, and the opportunities that local people may have to access jobs. Key indicators profiled include:

- Population;
- Labour market structure;
- Company size and registration; and
- Industrial structure.

The most up-to-date and relevant data sources have been used, including Office for National Statistics (ONS) data and Greater London Authority (GLA) data. Data for LB Camden is benchmarked against the North London region as identified within the London Plan (2011)² and the regional level for comparison.

4.2 Population

Demand for housing, retail, community facilities and employment sites and premises will be driven in part by population. Between 2001 and 2011 LB Camden's population increased by approximately 11% to 220,338. This growth rate is somewhat less than that recorded within North London and slightly less than that within Greater London which over the same period saw increases of 16%, and 14% respectively. Latest population forecasts released by the GLA indicate that LB Camden's population is expected to be 11.2% higher in 2031 than in 2014. The implication is a likely growth in demand for land for housing, community facilities, infrastructure and employment land over the Local Plan period.

In 2001, 143,937 people in the LB Camden (equivalent to 73% of the population) were of working age³ compared with 69% in North London, 67% in Greater London and 64% in England. In 2011 the working age population remained stable at 73% of the total population, however within North London, Greater London and nationally a slight increase in the working age population was experienced to 70%, 69% and 65% respectively.

In 2012 approximately 125,500 (71.3%) of the working age population were economically active which is slightly less than observed within both London and Great Britain as a whole (76.9% and 75.8% respectively). In 2012 the unemployment rate in LB Camden was 8% (126,500 population), which is slightly less than that within London (9.1%) and in line with that within Great Britain (8%).

LB Camden's population is currently experiencing below average increases in population but the number of residents are expected to increase significantly during the planning period to 2031. The borough also benefits from an above average working age population and a below average unemployment rate suggesting that LB Camden has the potential to support continued employment growth over the planning period.

² Comprising Barnet, Camden, Enfield, Hackney, Haringey, Islington and the City of Westminster.

³ The working-age population refers to men aged 16 to 64 and women aged 16 to 59.

4.3 Labour Market Structure

Business investment decisions are typically based on the availability of land/sites, capital and labour. Below we consider the labour market by profiling the broad occupational breakdown earnings and qualifications of residents.

Occupational Structure

In terms of occupational structure, statistics indicate that approximately 70% of the resident population in LB Camden are employed in managerial, professional and associate professional occupations, which is somewhat greater than North London at 63% and significantly greater than both the rest of London at 54% and Great Britain as a whole at 44%. This is presented in **Table 4.1** below.

Table 4.1: Employment by Occupation- Residents

	LB Camden (actual)	LB Camden (%)	North London (%)	Grtr London (%)
Managers and senior officials	14,000	11.6	13.2	11.5
Professional occupations	42,900	35.4	29.8	24.8
Associate professional & techn	28,300	23.3	20.1	18.0
Administrative & secretarial	5,800	4.8	7.7	10.9
Skilled trades occupations	3,000	2.5	5.2	7.2
Personal service occupations	6,800	5.6	6.5	7.2
Sales and customer service	5,900	4.9	5.1	6.4
Process plant & machine operatives	4,900	4.0	3.5	4.2
Elementary occupations	9,600	7.9	8.4	9.1

Source: ONS (2014) Annual Population Survey, 2012

Earnings by Resident and Workers

In 2013 the average gross weekly earnings for residents within the LB Camden were £718.70 which is approximately £105.40 higher than both the North London and Greater London averages of £613.30 and £200.6 higher than the rest of Great Britain (£518.10). Residents of LB Camden earn a slightly higher wage to those people who work in LB Camden by £28.80.

Both residents and workers within the LB Camden have seen a similar increase in wages over the 2008-2013 period of £22.80 and £20.80 respectively. This is show in **Table 4.2** below.

Table 4.2: Average Gross Weekly Earnings

	Average Gross Weekly Earnings: Residents (£)		Average Gross Weekly Earnings: Workforce (£)	
	2008	2013	2008	2013
	LB Camden	695.90	718.70	669.10
North London	588.80	613.30	614.50	613.3
Greater London	581.50	613.30	613.30	657.70

Source: ONS (2014) Annual Survey of Hours and Earnings

Resident Qualifications

ONS data record a higher proportion of residents with qualifications in LB Camden compared with North London average and the Greater London average, with 93.1% of individuals holding a qualification compared to 91.5% in North London and 90.3% in Greater London. The LB Camden has a higher proportion of residents with a degree or higher degree (NVQ4+) (59.7%) compared to other areas comparators.

Table 4.3: Qualifications

	LB Camden (actual)	LB Camden (%)	North London (%)	London (%)	Great Britain (%)
NVQ4 and above	105,900	59.7	52.0	47.6	34.4
NVQ3 and above	132,800	74.9	65.1	63.2	55.1
NVQ2 and above	148,200	83.6	75.2	75.1	71.8
NVQ1 and above	157,700	88.9	83.6	83.6	84.0
Other qualifications	7,400	4.2	7.8	8.0	6.3
No qualifications	12,200	6.9	8.5	8.4	9.7

Source: ONS (2014) Annual Population Survey

Tables 4.1, 4.2 and 4.3 indicate that residents of LB Camden are relatively better qualified and occupy more senior positions and earn a higher salaries compared to residents elsewhere within Greater London and Great Britain.

4.4 Industrial Structure

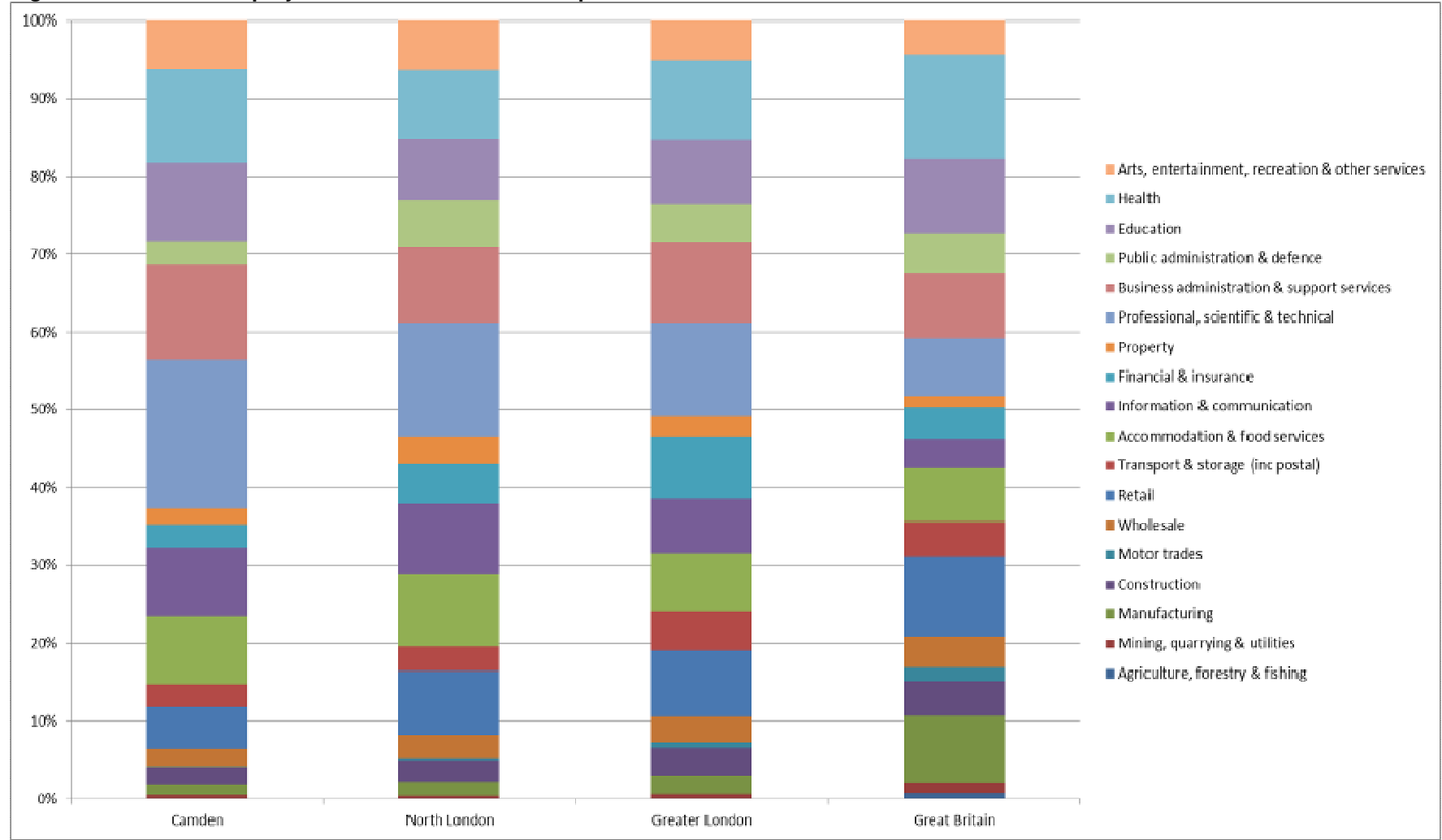
Below we set out the profile of the industrial structure of the borough and key sectors (**Figure 4.4**). The Business Register and Employment Survey (BRES) shows that employment in LB Camden increased from 280,293 in 2009 to 303,874 in 2012, an increase of 8.4%. This is a somewhat greater increase in employment compared to North London which saw a rise in employment of 5%, a slightly greater increase in employment compared to Greater London (7.3%) and a significantly greater increase compared to Great Britain as a whole which saw an increase in employment of 0.3%. **Table 4.4** below sets out the industrial structure of LB Camden by broad industrial group.

Table 4.4: Employment in LB Camden by Broad Industrial Groups

Industry	2009	2009	2012	2012	Change (Actual)	Change (pa. %)
	Actual	%	Actual	%		
Agriculture and fishing	<20	0.0	<20	0.0	<-20	<-15%
Mining, quarrying and utilities	2,304	0.8	1,892	0.6	-412	-4.5
Manufacturing	4,908	1.8	3,770	1.2	-1,138	-5.8
Construction	6,115	2.2	6,173	2.0	58	+0.2
Motor Trades	651	0.2	515	0.2	-136	-5.2
Wholesale	7,786	2.8	7,177	2.4	-609	-1.6
Retail	17,377	6.2	16,290	5.4	-1,087	-1.6
Transport & storage	16,087	5.7	9,057	3.0	-7,030	-10.9
Accommodation & food	21,578	7.7	26,255	8.6	4,677	+5.4
Information & comms	27,509	9.8	27,005	8.9	-504	-0.5
Financial & insurance	6,998	2.5	9,140	3.0	2,142	+7.7
Property	6,442	2.3	5,981	2.0	-461	-1.8
Professional, scientific & technical	60,528	21.6	58,159	19.1	-2,369	-1.0
Business administration	22,135	7.9	37,219	12.2	15,084	+17.0
Public administration	10,158	3.6	9,182	3.0	-976	-2.4
Education	27,172	9.7	30,608	10.1	3,436	+3.2
Health	24,732	8.8	36,354	12.0	11,622	+11.8
Arts, entertainment, recreation	17,809	6.4	19,095	6.3	1,286	+1.8
Total	280,300	-	303,900	-	23,600	2.1

Source: ONS (2014), Business Register and Employment Survey. These figures do not include self-employed individuals. Note that figures do not always sum due to rounding.

Figure 4.1 Profile of Employment at LB Camden’s Workplaces



Professional, Scientific and Technical

The most significant sector in terms of employment within the borough is the Professional, Scientific and Technical sector which accounts for 19.1% of employment within the borough. Employment within this sector is somewhat greater than within North London (14.7%) but significantly greater than the proportion within both Greater London (12.1%) and Great Britain as a whole (7.5%). Within LB Camden however, this sector has seen a slight decrease in the proportion of employment of 3.9% based on levels recorded in 2009. This is in line with the trend for North London (-3.4%) but is contrasted by slight growth within both Greater London (+5.6%) and Great Britain as a whole (+4.8%).

Business Administration and Support

The business administration and support sector within LB Camden has seen one of the largest increases in the proportion of employment compared to that recorded in 2009. In 2012 approximately 12% of employment within the borough was attributed to this sector compared to 7.9% in 2009, a growth of 68.1% compared to employment numbers recorded in 2009. This level of growth is significantly greater than that recorded within North London, Greater London and Great Britain as a whole which saw increases of 17.4%, 13% and 8.4% respectively in the business administration and support sector.

Health

The Health sector has experienced similar levels of growth to the business, administration and support sector. In 2012 the health sector represented 12% of all employment within LB Camden, somewhat greater than that recorded in North London (8.9%) but comparable to that recorded within Greater London and Great Britain (10.1% and 13.4% respectively). Within LB Camden this sector has seen a 47% increase in employment within this sector compared to levels recorded in 2009. This is a significantly greater increase than that recorded within North London (10.6%), Greater London (7.8%) and Great Britain as a whole (4.3%).

Manufacturing and Transport and Storage

In LB Camden, the manufacturing and the transport and storage sectors experienced the greatest proportionate decreases in jobs of any other sectors (-23.2% and -43.7% respectively). In particular the loss of manufacturing jobs was felt at a significantly greater rate than that recorded within North London (-4.4%) and at both regional (-2.3%) and national levels (-3.5%). In addition a total of 7,030 jobs were lost in the transport and storage sector, a proportionate decrease at a rate significantly greater than that felt for both Greater London and Great Britain (-0.7% and -1.0% respectively) over the same period. However, North London experienced similarly significant decreases in employment within the transport and storage sector with recorded employment levels 20% less than those recorded in 2009.

The LB Camden has a significant proportion of employment within the professional, scientific and technical, business administration and support and health sectors. However, employment levels within both the manufacturing and transport and storage sectors is in decline, albeit at a far greater rate within LB Camden than national and regional trends.

4.5 Evidence of Competitive Advantage

Location quotients measure the specialisms of the local economy. The location quotients below measure the relative size of the broad industrial sectors in Camden relative to the Greater London economy using the latest available data. A location quotient greater than 1.0 indicates some degree of specialisation, and the higher the location quotient the greater the specialisation. Industry sectors with high location

quotients often indicate those sectors which make the local economy unique and thus attract investment.

Table 4.5 shows those sectors and sub-sectors within LB Camden which are particularly concentrated compared to the regional (Greater London) average. As **Table 4.5** shows, professional, scientific and technical activities are highly represented within LB Camden, as are information and communication, other service activities, education and accommodation and food service activities.

In particular LB Camden has a particularly strong concentration of businesses engaged in advertising and market research and publishing activities. Higher education and educational support activities within LB Camden are also highly represented in comparison to the Greater London average.

Table 4.5: Location Quotients

Sectors	LB Camden
Professional, scientific and technical activities	1.73
<i>Scientific research & development</i>	2.80
<i>Advertising & market research</i>	3.05
Information and communication	1.34
<i>Publishing activities</i>	2.48
Other service activities	1.32
<i>Activities of membership organisations</i>	1.72
Education	1.21
<i>Higher education</i>	3.44
<i>Educational support activities</i>	6.68
Accommodation and food service activities	1.20
<i>Accommodation</i>	1.55

Source: ONS, BRES 2011

Our work for Camden Council in 2011 found that the creative and cultural (CCI) sector is particularly important to LB Camden in terms of employment and wealth creation.⁴ The borough is home to 4,090 CCI enterprises, which form 17% of all Camden businesses by number, or approximately 7.5% of all CCIs in Greater London. The largest CCI sector is Music and Visual Performing Arts of which there are around 1,010 businesses. Other key sub-sectors include: software & electronic publishing; video, film & photography; advertising; publishing; and radio and TV, which collectively account for around two thirds of all CCIs enterprises in LB Camden.

In term of workplace employment the CCI in LB Camden support around 42,000 jobs or in the region of 15% of the borough's workplace employment, and generate a further 17,000 to 33,000 jobs through supply chain linkages and induced effects (e.g. income multipliers). ONS data suggests also that the employment in LB Camden's CCI businesses is growing and the sector strengthening.

⁴ Creative and Cultural Industries in Camden: An Evaluation (URS for LB Camden Council, 2011)

4.6 Workplace Economy- Business Size and Stock

VAT registration and de-registration rates for LB Camden provide an indication of the entrepreneurial characteristics of the Borough. Published data indicates that in 2012 there were 3,140 registrations whilst there were 3,010 de-registrations resulting in a slight net gain in LB Camden’s stock of 130 businesses. Comparatively in 2008 there were 3,035 business registrations compared to 2,205 business deaths resulting in a net gain in LB Camden’s stock of 830 businesses.

Business size provides a useful indication of the make-up of firms operating in LB Camden. Small businesses contribute significantly to employment within the borough with 21,050 businesses employing between one and nine employees, comprising 83% of the 25,495 companies registered within the borough. The proportion of SMEs⁵ in the economy is similar to that of Greater London, with SMEs accounting for 99.4% and 99.5% of businesses respectively. There are 145 businesses employing more than 250 employees in the borough, which represents 0.5% of businesses. **Table 4.6** presents a size band analysis of work places in the borough. The size band refers to the number of employees at each workplace (not the size of the parent company).

Table 4.6: Business by Size Band

Number of employees	LB Camden		Greater London	
	Number	% of total	Number	% of total
0-9	21,050	82.6	366,610	84.8
10-49	3,470	13.6	51,945	12.0
50-249	830	3.3	11,480	2.7
250+	145	0.6	2,065	0.5
Total	25,495	-	432,100	-

Source: ONS (2014), UK Business: Activity, Size and Location 2012 (may not sum due to rounding).

New business growth within LB Camden could currently be described as stable with a significantly smaller degree of growth in business numbers in 2012 compared to 2008. In regards to business size the profile within LB Camden is broadly similar to that within Greater London.

Table 4.7 shows the proportion of employment by workplace size band within LB Camden. It indicates that approximately 63% of the workforce within LB Camden is employed within medium and large workplaces. This figure is slightly higher than that observed within North London (58%) and Greater London (60%) and somewhat higher than that recorded within Great Britain as a whole (56%). In comparison, LB Camden’s micro businesses⁶ support slightly less of the workforce population (14%) than within North London, Greater London (both 17%) and Great Britain as a whole (16%).

⁵ SMEs are defined as enterprises which employ fewer than 250 people.

⁶ Defined as those businesses which employ 5 or less employees

Table 4.7: Employment by size band, 2012

Employment Size	LB Camden		North London	Greater London	Great Britain
	No. of employees	%	%	%	%
Micro (0-9)	41,787	13.8	16.6	16.5	16.2
Small (10-49)	70,990	23.4	25.1	23.7	27.8
Medium (50-249)	84,438	27.8	27.1	26.3	28.0
Large (250+)	106,660	35.1	31.2	33.5	28.0
Total	303,900	-	-	-	-

Source: ONS (2014), Business Register and Employment Survey - Workplace-based employment size band (2012).

4.7 Summary

The main points of note from the socio-economic analysis are that LB Camden will be experiencing a high degree of population growth to 2031. Currently the borough has a higher proportion of working age population than both North London and Greater London averages and a lower than average unemployment rates when considered across similar geographies.

A greater number of residents within the borough are employed within managerial, professional and associate professional occupations compared to both North London and Greater London. Residents of the borough also earn a higher wage and a greater number of residents hold a degree or higher than their comparatives within North London and Greater London.

The analysis shows that employment within the borough grew on average by 2.1% between 2009 and 2012 indicating a strong recovery from the effects of the global recession. In particular the Business Administration, Health, Financial and Insurance and Accommodation and Food sectors have been driving this growth whilst sectors such as Manufacturing and Transport and Storage have experienced significant losses in employment numbers. LB Camden is shown to have a particular concentration of businesses engaged in advertising and market research and publishing activities as well as higher education and educational support activities.

5 SUPPLY OF EMPLOYMENT LAND

5.1 Introduction

This section provides a summary of the key findings of the survey and desk research and identifies the prominent typologies of LB Camden's employment land. Our analysis considers which employment sites are currently successfully supporting various types of occupiers as well as identifying those employment clusters which are both unsuitable for different use types and those which could potentially be redeveloped or intensified to improve the offer of employment land within the borough.

5.2 Employment Land Surveyed

Based on the adopted LB Camden Core Strategy (2010), the GLA's Industrial Baseline (2010) and the Council and consultancy team's knowledge, 26 employment clusters throughout LB Camden were identified see **Figure 5.1**, which includes both designated and undesignated employment land. Undesignated employment land constitutes the vast majority of employment land within the borough.

Table 5.1 below lists the 26 employment clusters and four growth areas within LB Camden that were surveyed against the site appraisal criteria set by URS and subsequently agreed with the Council. The location of the employment clusters surveyed is shown in **Figure 5.1**. The employment land surveyed covers the key areas of provision and gives a representative basis from which to draw conclusions but does not include all provision within the borough.

The survey found that aside from a few key employment sites there is little in the way of employment 'clusters'; the majority of LB Camden's employment land being provided as individual employment sites situated within town centre and town centre fringe locations.

The majority of employment land within clusters was found to be functioning well. Observed levels of occupied premises within the borough are high with the majority of floorspace occupied by active businesses. Within the employment clusters surveyed there were few advertised vacancies for B1 (a,b,c), B2 or B8 premises. The low vacancy level observed point towards a continued demand for industrial and warehousing premises within LB Camden, a trend which was outlined within the previous ELR (2008) and which continues to remain relevant..

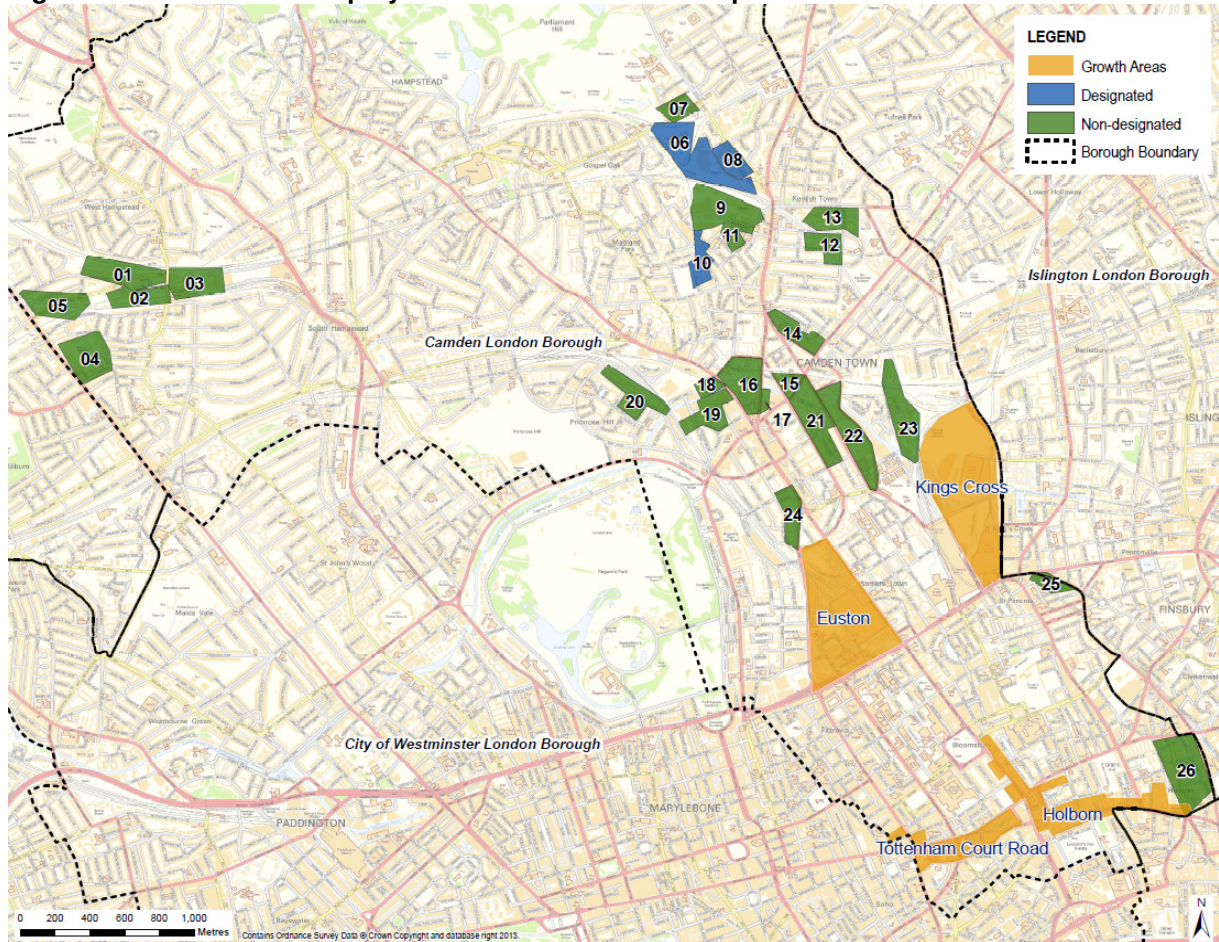
Although low vacancy levels were observed the survey found that there has been an apparent erosion of employment land by residential uses, notably student accommodation, the majority of which look to have been built within the past five or six years. Conversion to residential uses was found to have occurred mostly in areas of proximity to key transport links and local town centres. With residential uses becoming interspersed within some employment clusters, the implication is some clusters have become more fragmented. This is discussed further in **Section 5.6**.

Table 5.1: Employment Land Clusters Surveyed

Cluster Number	Cluster Name	Policy Designation
C1	Liddell Road / Iverson Road	Non-designated
C2	187-189 West End Lane	Non-designated
C3	Blackburn Road	Non-designated
C4	Webheath / Kingsgate Workshops	Non-designated
C5	Iverson Road West / Loveridge Road	Non-designated
C6	Kentish Town Industry Area- Sanderson Close	Industry Area
C7	Kentish Town Industry Area- Gordon House Rd	Industry Area
C8	Kentish Town Industry Area- Carkers Lane / Greenwood Place	Industry Area
C9	Kentish Town Industry Area- Regis Road	Industry Area
C10	Grafton Road / Wilkins Street	Non-designated
C11	Holmes Road / Cathcart Street	Non-designated
C12	Caversham Road / Gaisford Street	Non-designated
C13	Bartholomew Road	Non-designated
C14	Rochester Place	Non-designated
C15	Bonny Street	Non-designated
C16	Hawley Crescent / Leybourne Road	Non-designated
C17	Kentish Town Road	Non-designated
C18	Gilbey's Yard	Non-designated
C19	Jamestown Road / Oval Road / Centric Close	Non-designated
C20	Gloucester Avenue / Chalcot Road	Non-designated
C21	Lyme Street / Royal College Street / Camden St	Non-designated
C22	St Pancras Way	Non-designated
C23	Camley Street	Non-designated
C24	Carreras Cigarette Factory / Carlow Bakery	Non-designated
C25	Field St / Leeke St/ Britannia St / Wicklow St	Non-designated
C26	Hatton Garden	Non-designated
Holborn GA	Holborn Growth Area	Growth Area
Tottenham Court Road GA	Tottenham Court Road Opportunity Area	Opportunity Area
Euston GA	Euston Opportunity Area	Opportunity Area
King's Cross GA	King's Cross Opportunity Area	Opportunity Area

Source: URS

Figure 5.1: LB Camden Employment Clusters Context Map



Source: URS

5.3 Types of Employment Premises

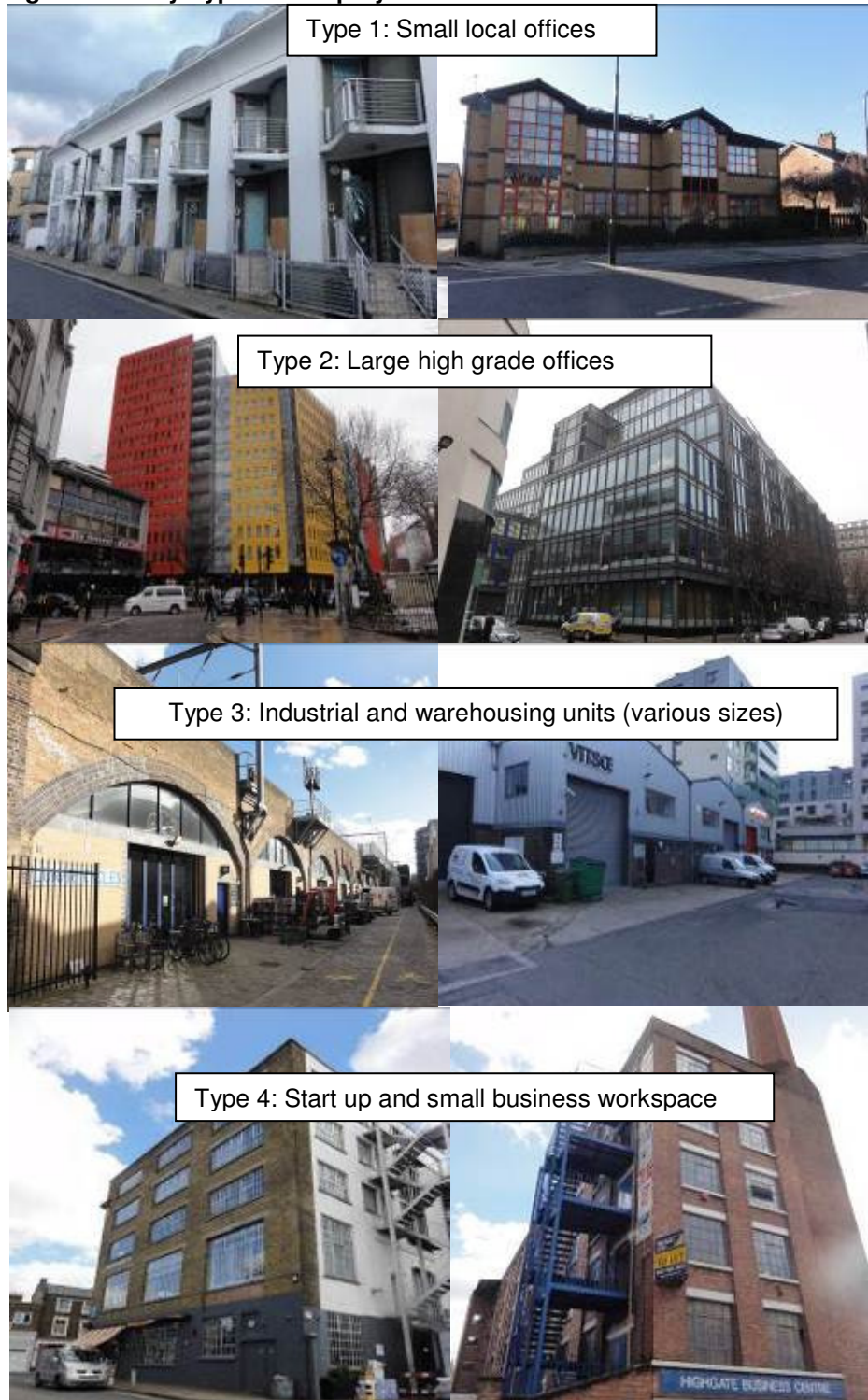
For the purposes of this review and analysis we have identified four broad types employment premises found on employment clusters:

1. Local office (use classes B1a/b): Defined as including either purpose built offices or office space within new mixed use development less than 500 sqm in size. This employment land is often located in secondary office locations such as town centre locations outside of the CAZ.
2. Large high grade office (use classes B1a/b): Defined as purpose built office space typically more than 500sqm and often located within prime or secondary town centre locations often finished with modern specifications. This space is predominantly located in areas of prime accessibility within the CAZ.
3. Industrial and warehousing (use classes B1c, B2 & B8): These are primarily purpose built sheds with high ceilings, loadings bays and ground floor access. These can typically be found within marginal locations such as railway arches and in small, compact industrial estates.
4. Start-up and small business workspace (use classes B1a/b/c & B2): Typically these are located within converted industrial properties which have been subdivided for multiple occupancy or coworking formats and facilities.

Images of these types of uses are depicted in **Figure 5.2**. For presentational purposes we have identified the predominant employment premises types found in each cluster in **Figure 5.3**.

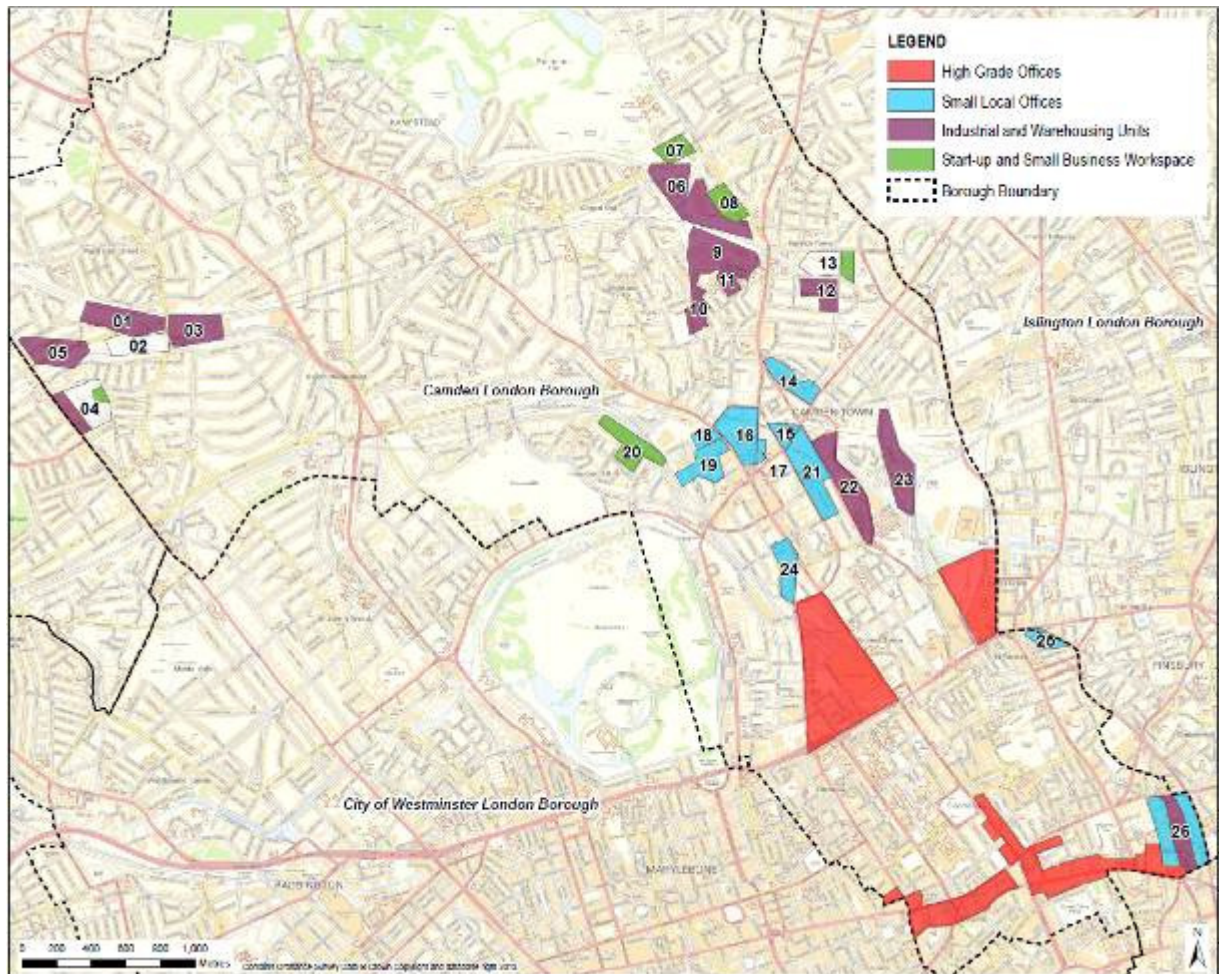
The following section examines the provision of employment land for these four types of premises and how well they are functioning, those clusters which are successful and whether any clusters are particularly unsuited for continued use as employment land.

Figure 5.2: Key Types of Employment Premises Observed in LB Camden



Source: URS

Figure 5.3: Distribution of Employment Premises Types Observed in LB Camden



Source: URS

5.4 Local Office Supply

Local B1 office uses (those whose occupiers are largely serving the needs of local businesses and residents) within LB Camden are predominantly provided within traditional older office stock or within new mixed use developments typically incorporating B1 uses on the lower floors. Based on their reliance on proximity to public transport these uses are often located close to transport hubs and local centres. Drawing upon our survey the majority of local office provision is located within both LB Camden Town and in the Outer Borough area particularly Kentish Town although there are several other areas in the borough that contain small quantities of local office floorspace such as on West End Lane in West Hampstead.

A number of new mixed use developments providing B1 space at ground and first floor levels suitable for accommodating local office provision were recorded within a number of local centres including Camden Town, Kentish Town and West Hampstead. This floorspace was typically utilised by a small number of businesses occupying single or multiple floors and is a clear example of LB Camden’s mixed use policy in force. **Figure 5.4** below provides some examples of developments observed during the survey.

Figure 5.4- Examples of Mixed Use Developments Providing Local Office Space



Source: URS

During our survey and desk-based research, we reviewed and assessed all employment clusters for their suitability for office uses based upon relevant criteria such as access to public transport, access to facilities and amenities and the environmental quality of employment clusters. As a consequence of the relatively supply constrained nature of employment land within LB Camden all clusters of local office provision observed appeared to be functioning well with high active occupancy rates in locations with good quality building stock and surrounding environment, located close to public transport connections and in close proximity to adequate public amenities. Levels of office vacancy were assessed to be low throughout the borough. In Hatton Garden (C26) a limited amount of vacant office floorspace was observed, located within older premises away from the main frontages of Hatton Garden and Leather Lane. Compared to Camden Town and Hatton Garden, some outer borough locations were observed to have higher levels of vacancy, at rates considered to be potentially in excess of frictional rates⁷.

5.5 Larger New High Grade Office Supply

Throughout our site surveys, large and headquarter (HQ) type office provision was recorded within the central London area and in particular within the Growth and Opportunity Areas of King’s Cross, Euston, Tottenham Court Road and Holborn. Outside of the central London area there is limited provision of large office floorspace suitable for occupiers seeking high grade office floorspace with the exception of the recently completed VIACOM building in LB Camden (see **Figure 5.5**).

Within the CAZ, recent completions as well as the refurbishment of existing older office stock provide high quality floorspace within centrally located locations. Within the designated Growth and Opportunity areas this provision is perhaps best typified by the recently completed St Giles development close to Tottenham Court Road (see **Figure 5.5**).

⁷ To allow optimal operation of the market, it is suitable that a small proportion of the market is vacant at any one time. This allows businesses to take up larger space or contract in response to economic conditions.

Figure 5.5: Examples of Large Office Provision (the St. Giles development in Tottenham Court Road and VIACOM Inc. building in Camden Town)



Source: URS

Opportunities for Redevelopment and Intensification

Opportunities for growth for Large Office provision were primarily identified within the central London area, specifically within the designated Opportunity and Growth areas of King’s Cross, Euston, Holborn and Tottenham Court Road. In the King’s Cross Opportunity Area (OA) there will be more than 20 new and refurbished office buildings providing approximately 440,000 sqm of Grade A floorspace, some of which is currently under construction. The Euston OA will accommodate between 180,000 sqm and 280,000 sqm of commercial floorspace, with a proportion being non-B uses such as retail. This includes redevelopment of a number of large derelict buildings and former office sites within Euston.

There are also a number of vacant and derelict sites designated within LB Camden’s Site Specific Allocations document which display significant potential to accommodate change and growth particularly within the Tottenham Court Road and Holborn Growth Areas. These sites include the former Royal Mail Post Office sorting office and an adjacent mixed use site both fronting New Oxford Street as well as a building previously occupied by Central St Martins College and Westminster University within Holborn. All sites are located within close proximity to centres of growth and could appropriately be utilised for future high grade office provision. Based on site area, the surrounding building heights and plot ratio we estimate that the potential net additional B1 floorspace provided through the redevelopment or intensification of the Royal Mail Post Office and mixed use site fronting New Oxford Street could be 36,000 sqm; however planning applications for these two sites (pending and consented) indicate the provision of office space would be around 10,000 sqm. At the site previously owned by Central St Martins College and Westminster University we estimate the potential for 50,000 sqm (planning application not identified).

5.6 Industrial and Warehousing Land Supply

Prime industrial and warehousing land providing high quality units within LB Camden is limited in supply and is almost wholly located within the Camden Town and Outer Borough areas in sites such as St Pancras Commercial Centre, Centric Close, Camley Street and Regis Road. Outside of these locations employment land supporting lower grade industrial and warehousing activities can be found in marginal locations and in informal niches in the urban fabric such as within railway arches, yards and land close to land for transport.

An assessment of all the clusters surveyed for B1c, B2 and B8 uses has been conducted based on different criteria than that to access cluster suitability for B1 uses. These criteria correspond to the comprehensive criteria contained in Annex 3 of the GLA Land for Industry and Transport SPG. Notably, they include accessibility to

strategic road access, provision of adequate servicing and parking facilities as well as impacts upon surrounding amenity and bad neighbour uses.

A key finding from the study of industrial and warehousing land within borough was that the majority was within B1c use, offering small workshop and warehouse space to occupiers engaged in clean, light industrial processes. A very limited amount and concentration of B2 and B8 uses were observed within the Camden Town area.

Typically industrial sites are located close to strategic roads within the borough and comprise B1c uses rather than B2 and B8 uses. Broadly, they are well maintained and functional. The majority of the clusters have adequate servicing and parking facilities, appropriate to their function within an inner London context. New provision of industrial and warehousing units within recent years has been limited but sites are currently operating to a good standard and no bad neighbour issues or impacts on the surrounding amenity were noted for any clusters surveyed.

Given the constrained availability of land for industrial and warehouse uses within LB Camden the majority of provision is within older stock, divided into small individual units. There are some exceptions however, such as the purpose built UPS and Royal Mail depots on Regis Road (C9) and the Parcel Force depot on St Pancras Way (C22). There are also a number of larger distribution units on Camley Street (C23) providing food wholesale and distribution functions.

In addition, as a consequence of the rail infrastructure which cuts through the borough, there are a large number of business occupying informal niches along rail lines. Examples include a concentration of car repair uses along Iverson and Loveridge Road (C5) close to Kilburn and a collection of builders' merchants along Caversham Road (C12) close to Kentish Town. These spaces provide invaluable provision for businesses servicing local needs and functions such as builders' merchants and car repair services. These forms of provision are show in **Figure 5.6** below and demonstrate the diversity of Camden's industrial land offer.

Figure 5.6: Industrial and Warehousing Uses in LB Camden (prime and fringe locations: a dedicated site and under rail arches)



Source: URS

Opportunities for Redevelopment and Intensification

The majority of industrial and warehouse employment land within the borough is performing well, perhaps a reflection of the supply constraints and high demand for units close to central London. One notable exception is the Liddell Road Industrial Workshops (C1). This employment site provides B1c industrial space for small local businesses but is of particularly poor quality, characterised by high vacancy rates and poor building and environmental quality (**Figure 5.7**). Some building subsidence was recorded and there was evidence that the site was poorly maintained. Access to the site is also constrained through residential roads and the site is located close to potentially sensitive residential receptors.

Figure 5.7: Examples of Poor Public Realm and Vacant Units (Liddell Road)



Source: URS

Support for CAZ functions

Industrial and warehousing premises supporting CAZ functions within LB Camden are predominantly located in marginal employment clusters within Camden Town and north of King's Cross benefiting from their close proximity to central London.

During the surveys businesses supporting CAZ functions were recorded at the St Pancras Commercial Centre (C22), Camley Street (C23) and Centric Close (C19). These employment sites are typically characterised by good strategic access into central London, with good quality units providing both office and warehousing or industrial space, with adequate servicing and parking provision. In addition, with the exception of Centric Close, they are all located away from residential and sensitive uses allowing potential for 24 hour access and operation.

The businesses recorded support CAZ functions in a variety of roles, but predominantly, of those recorded there were high proportion which support the service industry providing functions such as dry cleaning and food distribution as well as a number of trade counter uses servicing the central London construction industry.

Loss of Industrial and Warehousing Land to Residential

A number of clusters appear to have lost industrial and warehousing land to residential development, in particular student housing. Within clusters C3, C11 and C22 there were recorded developments which have been constructed between existing industrial and warehousing uses resulting in a fragmentation of employment land. Notable examples include Holmes Road (C11) where former B2 and B8 land has been lost to new residential and student housing developments along either side of the road. Registration of intent to construct a 7 storey student accommodation block on a site current used by Magnet (manufacturer and supplier of trade kitchens and joinery) is also noted. Within C3, the recently completed Independent Student Living development on Blackburn Road has replaced commercial office space.

5.7 Workspace Hubs and Small Business Space

Through the surveys we recorded a number of premises set up specifically to provide space for start-up, micro and small businesses. Providers of these premises include commercial operators, charitable trusts and social enterprises. The providers identified during the survey are outlined below in **Table 5.2** and is therefore not a definitive list of all small business space providers within LB Camden.

Table 5.2: Workspace Providers

Employment Cluster	Workspace Provider	Typical Business Activity of Occupiers	Capacity
C4	Kingsgate Workshop	Artists and craft-workers	Information not available
C7	Spectrum House	Artistic studios, media production, technology, charities, architecture, consulting and design	40 units
C8	Deane House Studios	Media, charities, retail & fashion, architecture	22 units
C8	Highgate Studios	Media, communications, manufacturing, technology, consultancy, fashion & retail and marketing	64 units
C8	Highgate Business Centre	Architectural, design, advertising, marketing and technology	Information not available
C13	The Dove Centre	Creative & cultural, manufacturing, design, architecture and media	18 units
C16	Camden Collective	Creative and cultural small businesses	200 desks
C17	Utopia Village	Creative, architecture, media, film, consultancy	27 units
C20	Techtopia	Digital media & technology start-ups	32 desks
C20	Primrose Hill Business Centre	Charities, technology, media, communications, artistic studios, design, film & radio and consulting	30 units
C22	London Bioscience Innovation Centre	Life science, veterinary and biomedical research	Information not available
C26	White Bear Yard	Technology, media, and innovation	123 desks
Euston GA	@Work Hubs	Start-ups, small businesses and coworking spaces	75 desks
North of Holborn GA	Cockpit Arts	Designers, craft-workers and artists	400 desks

Source: URS

These premises provide office space mainly, which typically meets the needs of digital tech, communication, media and consultancy businesses. But there is a range of other types of space which is set up for artists, designers and makers and specialists such as life sciences. Aside from individual sites, such as Cockpit Arts and the Kingsgate Workshops, the vast majority of workspace provision is located within the Outer Borough area, particularly Kentish Town and also Camden Town. Typically these sites are located within peripheral areas which may have more of a residential character but within walking distance to public transport connections. All of the workspace surveyed

was functioning well, in good quality building stock with minimal advertised vacancy noted. Outside of specialist hubs such as the artistic, designer and fashion community of Cockpit Arts and life sciences at London Bioscience Innovation Centre, occupiers tend to be working within creative and cultural industries with a particular emphasis on new media, communication and digital technology sectors, engaged in activities such as web and app design.

The providers listed in **Table 5.2** are typically situated within old refurbished former industrial buildings providing large shared floor plates or small individual workspace for start-ups, and micro-businesses. As discussed, within LB Camden some of the best examples of successful workspace provision exist within the Kentish Town area. Highgate Studios, Highgate Business Centre and Deane House Studios are a particularly good example of a flourishing hub of activity providing modernised shared units for SMEs within converted former industrial warehouse space. There was evidence that the Highgate Business Centre had recently been modernised and converted to accommodate this type of occupier.

There are however, other well occupied smaller sites within the borough which also provide small workspace for start-ups, micro and artistic occupiers such as the Dove Centre in Kentish Town and the Primrose Hill Business Centre close to Camden Town. These premises typically offer limited parking and servicing provision but are suitable for occupiers requiring individual, small units, and at the time of the survey all appeared to be well occupied.

5.8 Summary

URS' qualitative survey of employment land within LB Camden comprised a visit of 26 clusters, one Growth Area and three Opportunity Area locations combined with elements of desk research. This assessment was conducted with a set of agreed site appraisal criteria from which detailed analysis was carried out to identify the typologies of employment land within the borough. Our survey identifies that employment land within LB Camden predominantly consists of disparate individual employment sites contrasted by a smaller number of larger established business locations. As a consequence traditional 'clustering' of employment uses was not typically observed.

Our assessment concludes that those employment areas surveyed are well functioning, have high occupancy rates and support a diverse range of business types. However, there is evidence of some recent loss of employment sites to residential and student housing accommodation developments, in particular at locations close to town centre high streets and public transport hubs. The survey found limited opportunities for intensifying sites for industrial uses and, in the context of a limited supply, points to the need to support areas which currently serve a strategic role for industrial uses and limit the loss of other sites in more fringe locations within the borough. Our demand assessment in Section 7 will help to clarify the extent to which land could be released or protected.

Similarly the local office provision remains stable and there have been a significant number of new mixed use residential developments close to Camden Town which continue to provide suitable space. In contrast, the opportunity and growth areas of King's Cross, Euston, Tottenham Court Road and Holborn all present significant prospects for accommodating growth of new high grade office provision which will be attractive to head quarter businesses. Equally, Kentish Town is emerging as a hub providing workspace for start-up, micro and small business and there is evidence that former industrial buildings have recently been converted to accommodate these types of occupiers.

6 PROPERTY MARKET ASSESSMENT

6.1 Introduction

This section examines LB Camden's office and industrial land by considering property market characteristics and how they differ across LB Camden. The assessment has been developed through a consultation exercise with local property market agents and key stakeholders, and draws upon desk based research also.⁸

This section provides:

- An overview of office, industrial/warehousing markets across the borough and how they vary geographically.
- The role of employment land in supporting CAZ functions.
- Key sectors with the potential for growth and any particular commercial occupier needs required to support and encourage this growth
- Analysis of the trends in the development pipeline and conversion of office to residential uses as a consequence of new permitted development rights.

The findings inform our demand projections and conclusions which follow.

6.2 LB Camden's Office Markets

LB Camden comprises three office market areas, which perform different functions and work in different ways: the central London Area, Camden Town and the Outer LB Camden. We provide a brief overview of the geography of each market before looking at the supply and demand characteristics of each in more detail.

Central London Office Market

The southern part of LB Camden overlaps with London's Central Activities Zone (CAZ), which stretches southwards from Euston Road. At its northern extent, the part of CAZ that lies within LB Camden extends from British Land's Regent's Place in the west to King's Cross and St Pancras in the east; while at its southern extent it runs from Cambridge Circus in the west, to Kingsway Holborn Viaduct in the east. As might be expected, the central London area contains the great bulk of LB Camden's office stock including as it does the well-established London sub-market of Midtown. The area is highly accessible. Obviously, Euston, King's Cross and St Pancras are key central London termini; there are at least eleven Tube stations within the area; St Pancras provides access to Europe via Eurostar, and all of London's airports lie within one hour by public transport from High Holborn.

Camden Town Office Market

Camden Town is the largest and most vibrant commercial centre of the borough. Its office market is relatively small but nevertheless important. The town centre continues to evolve, and land values are marginalising some activities. The centre is very popular with tourists, particularly for Camden Market, and the area around Camden Tube Station, at the junction of High Street, Kentish Town Road, Parkway and Camden Road has a flourishing retail offer, with a broad offering of bars and restaurants. Camden Town sits adjacent to the central London market area and, to some degree, benefits from the expansion and increasing land values in that area, as occupiers relocate from

⁸ URS contacted the commercial property agents, developers and property management companies that are most active in Camden and asked them to contribute to this study via an informal set of questions.

higher to lower cost premises. This is particularly the case with creative and lower margin businesses.

Outer LB Camden Office Market

The Outer LB Camden area is characterised by the predominantly residential areas of Kentish Town, Finchley Road/Swiss Cottage, Hampstead, West Hampstead and Kilburn. These areas are served by busy town centres. As well as their retail and leisure offerings, these centres provide accommodation office occupiers, the majority of which are professional businesses (legal, accounting, property and consulting) serving local markets. Many are located on the upper floors of high street retail properties. There is relatively little 'corporate' office activity, and little evidence of a functional relationship with the central London area. As with other parts of London, rising residential prices are putting pressure on the office markets as owners seek to capitalise on their assets.

6.3 Central London Office Market

Supply Overview

The central London market area corresponds very closely to the area referred to by commercial property agents as Midtown. The main difference is that whereas LB Camden's southern boundary goes no further than Shelton Street and Lincoln's Inn Fields, Midtown in commercial property terms extends to the Thames. The overlap is such that we have used Midtown here as a surrogate to describe the main trends in the central London market area.

Midtown is an established central London sub-market and one that has undergone a great deal of change in recent years. For example, the quality of its stock has improved greatly, and the area is now much less a gap between the West End and City markets, and more of a continuum between the two. Residential activity and retailing have also expanded rapidly, bringing a more diverse set of uses to the area.

During the 1990s, Midtown lost a number of large office occupiers, and several large buildings were converted to hotel and residential use. As these broader uses became established so other amenities such as restaurants, bars and retail expanded. Between 1995 and the 2008, 11 new hotels opened in Midtown. As the office market generally began to recover in the late-1990s, new developments and occupiers were attracted to Midtown. The completion of MidCity place on High Holborn in 2001 was a signature development for the area. The outcome is that Midtown has matured into an office location in its own right, competing for occupiers with both the West End and City

. Midtown, as defined by Farebrother, now contains a stock of c3.8 million sqm of office accommodation. It is also important to emphasise the scale of potential supply in Midtown, as the area is home to two very large railway lands schemes. The first of these is the King's Cross development. Now well underway, with major pre-lets to Google and BNP Paribas, this large scheme has a further 300,000 sqm of potential speculative development. The second scheme is at Euston. The precise size and timing of this scheme are unknown and subject to decisions being made on the terminus of HS2. However, the important point here is that there is the potential for upwards of 300,000 sqm of speculative development. The King's Cross and Euston schemes suggest that LB Camden will continue to consolidate its role at the centre of London's global city office market.

The importance of Midtown in terms of London Global City role is underlined by the presence of world-renowned institutions such as London University, University College London, the London School of Economics, King's College, University College Hospital, Great Ormond Street Hospital for Sick Children and the British Museum. Midtown is also home to tourist hotspots such as parts of 'theatre land' and Covent Garden, and

well known business districts such as Hatton Garden, Holborn and Tottenham Court Road.

Occupiers and Demand

During the past five years, annual take-up in Midtown has been around 176,000 sqm. The growing stock of modern offices in Midtown has succeeded in attracting a stronger base of diverse corporate occupiers. The list below shows a selection of the larger 2013 lettings in order to illustrate the diversity of demand and also the demand for relatively large amounts of corporate space. The legal sector remains strong in the area, but in recent times the creative sector has been a mainstay of demand.

Table 6.1: Selected B1 take-up in Midtown, 2013

Business	Sector	Sq m
Bird & Bird	Legal	13,200
British American Tobacco	Manufacturing	1,500
Davenport Lyons	Legal	2,900
Hachette	Publishing	12,500
King.com	Online games	2,300
Macfarlanes	Legal	4,500
Orega	Serviced offices	1,950
Publicis	Advertising and PR	9,000
Quilter Cheviot	Investment management	2,500
Sport England	Leisure	7,250
Tesco	Retail	2,000
Whaleshark Media	Marketing	1,200
WEVE	Marketing	1,950

Source: Various Press Reports

The diversity of the occupiers in this sample is noteworthy. They range from legal, to media to finance. They also represent the area's traditional strength in professional services and its growing important for creative industries. This diversity is an important strength of the area and one that should be encouraged.

It is worth mentioning here that the central London area of LB Camden's office market has the potential to create a knowledge hub. Specifically, this could be one focused on medical and life sciences. Such a hub does not currently exist within London, yet medical and life sciences are key strengths of London. The established presence of University College London; the more recent consolidation and upgrade of facilities at University College Hospital, the presence of Great Ormond Street Hospital and the current delivery of the Francis Crick Institute next to the British Library, all point to a growing density of scientific activity in the area. These large facilities are complimented by the presence of a large number of centres of excellence including the Royal College of General Practitioners (Euston), Royal College of Physicians ((Regent's Park) and Royal College of Surgeons (Lincoln's Inn Fields).

The delivery of the Francis Crick Institute is a pivotal development. This £650 million medical research centre funded by the Medical Research Council, Cancer Research

UK, the Wellcome Trust as well as Imperial College London, University College London and King's College London, is due to open in 2015. The institute will have 1,500 staff, including 1,250 scientists, and an annual budget of about £120 million. The net effect could be that it will be the focus of a medical and life science hub within LB Camden.

Rent, Availability and New Development

New development in Midtown has been restrained for some time, a fact that has conspired with good levels of demand to push rents higher. Recent leasing transactions have seen rents pass through the £645 per sqm barrier. The increasing popularity of the area with corporate occupiers seeking good quality new space is having a knock-on effect for the secondhand market, as rents there increase also, placing pressure on occupiers who are more sensitive to property costs.

Midtown has traditionally provided a lower cost alternative to both the City and West End. However, persistently low levels of availability, together with relatively low levels of development activity, have resulted in strong upward pressure on rents. New Grade A space in Midtown now commands rents in excess of £645 per sqm (according to market reports, 6 Agar Street, WC2 recently secured £645 per sqm). While second hand Grade A space can achieve £625 per sqm (as reported in a recent letting at MidCity Place), more normal levels are around £430 per sqm. These rent levels still represent a significant discount on the even more tightly constrained West End market, and are competitive with the City.

As a result of strong demand, and despite the effects of the Credit Crunch, availability has been gradually reducing over some time. Midtown's availability was reported at a little under 4% just before the Credit Crunch, rising to 10% in 2011, before turning and falling to its current rate, at around 4.5%. Moreover, the development pipeline is not keeping pace with demand, suggesting further prospective falls in availability (and increases in rent).

Midtown currently has just 100,000 sqm of speculative schemes under construction. There is around 150,000 sqm of available space, only one-third of which is in new or newly refurbished accommodation. These supply dynamics (i.e. a relatively thin pipeline and relatively large amounts of second-hand space suggest that occupiers will find it more difficult in the short-term to satisfy requirements for good quality space. This situation should be monitored in terms of establishing whether it is a short-term supply-demand dynamic (more likely) or a longer-term structural issue (less likely).

In terms of the new development pipeline, the table below shows planning permissions granted during 2013 to illustrate the pattern of development within the whole of LB Camden. The table contains all planning consents larger than 1,000 sqm, of which there are 19 schemes, totalling 307,000 sqm (net). Two points are immediately apparent.

Table 6.2: B1 Planning permissions granted in LB Camden 2013

Site Address	Sq m
King's Cross Central, York Way, Pancras Road, London, NW1 1UR	132,085
King's Cross Central, The Boulevard, London, NW1 1UR	64,711
Euston House, 132-142, Hampstead Road, London, NW1 2PS	23,226
80-84 Charlotte Street, London, W1T 4QP	22,297
King's Cross Central, 4 Pancras Square, London, NW1 1UR	16,258
150 Holborn, London, EC1N 2NS	9,107
Universal House, 251, Tottenham Court Road, London, W1T 7AB	7,358
Camden Lock, Hawley Road, London, NW1 8RR	6,343
81 Chancery Lane, London, WC2A 1DD	4,412
262 High Holborn, London, WC1V 7NA	3,887
Walkden House, 3-10 Melton Street, London, NW1 2EB	3,766
6 Erskine Road, London, NW3 3AJ	2,898
Black Bull Yard, 20-28a, Hatton Wall, London, EC1N 8JH	2,246
Outside Regents Park Barracks, Albany Street, London, NW1 4AZ	2,041
294-295 High Holborn, London, WC1V 7JG	1,830
St Giles Circus, Denmark Place, Denmark Street, London, WC2H 8LB	1,241
Fox Court, 14 Gray's Inn Road, London, WC1X 8HN	9,877
Whittington House, 19-30 Alfred Place, London, WC1E 7EA	1,100
Middlesex House, 34-42 Cleveland Street, London, W1T 4JE	1,036

Source: EGi

First, almost two-thirds (64%) this space is accounted for by the largest two schemes, at King's Cross. It can thus be seen that apart from the mega scheme that is King's Cross, development in LB Camden is typically quite small scale. Secondly, the schemes are overwhelmingly concentrated in the south of the borough. Only three schemes (Albany Street, Camden Lock and Erskine Road) lie north of Euston Station.

The spatial pattern of planning consents is reinforced by the pattern of schemes under construction (below). The chart shows just five schemes under construction during 2013, totalling 91,654 sqm (net).

Table 6.3: B1 schemes under construction, LB Camden 2013

Site Address	Sq m
1, 2, 5 & 6 Pancras Square, N1C 4AG	75,607
1 Mabledon Place, Euston Road, London, WC1H 9AJ	8,110
Central Cross, 18-30, Tottenham Court Road, London, W1T 1LN	4,088
The Lighthouse (block A), Pentonville Road, London, WC1H 8BG	2,019
King's Cross Central, 7 Pancras Square, Pancras Rd, NW1 1UR	1,830

Source: EGi

This summary of new development in the central London area would not be complete without a little further commentary on the impact of King's Cross and, in the longer term, Euston. Both schemes, including large amounts of office space, will help to underpin LB Camden's role as a strategic office centre in the wider London, world city context. In 2013 the King's Cross scheme secured one of London's largest ever occupational deals, to Google, who committed to occupying c800,000 sq ft (c80,000 sqm), in a new, state-of-the-art European headquarters.

The King's Cross scheme includes the potential for around 730,000 sqm of mixed-use development, including business and employment space; 2,000 new homes; student housing; hotels and serviced apartments; retail, food and drink, and visitor, cultural, leisure and community uses. Over 40% of the area will be public realm, including three new parks, five squares and 20 streets. The scheme will underpin the Midtown office market by providing a greater critical mass and a wider choice of premises.

Beyond King's Cross, and dependent upon the outcome of deliberations over HS2, there is the development of Euston where in excess of three million square feet of offices could be built. These two schemes illustrate the large development capacity that exists within LB Camden.

Central London Office Summary

LB Camden's central London Area provides the Borough's key opportunity to contribute to London's global city role. As described above, this area has changed very significantly in recent years: it has consolidated its position as a key London office market and succeeded in attracting a broader base of corporate office occupiers. Accessibility has improved and is set to continue to do so (especially due to Crossrail); the range of support services (hotels, restaurants, cafes, supplies) has expanded a great deal; and its centrality between the City and the West End and the remaining cost differential have all contributed to its new found attractiveness .

The Midtown market has a number of larger older, institutional buildings, and a few modern, 'signature' buildings. It is, however, dominated by smaller stock, accommodating a wide variety of occupiers involved in professional and business support services. There are relatively few large, single occupier buildings: most are medium-sized and multi-let.

Market perception is that one factor constraining supply is LB Camden's mixed-use policy, due to its impact on the viability of schemes. How far this is correct is not clear from the evidence. Clearly the policy does not choke off development as many office schemes have started since it has been in force. But it may reduce supply below what it would otherwise be. To see if this is the case, and to estimate the size of any effect, would require a close study of the policy, using detailed case studies and development appraisals.

In summary, recent history suggests that there is growing occupier and investor demand for office floorspace in LB Camden's central London area. At present and for the next few years, market signals suggest that the forthcoming supply falls short of this demand. The reasons for this market imbalance are not clear and may or may not relate to planning policy. We will reconsider the balance of demand and supply in Chapter 7 below, taking a longer-term view. But first we need to look at market conditions in other parts of LB Camden.

6.4 Camden Town Office Market

Overview

Camden Town is something of an enigma in office property terms. While it might be expected to benefit greatly from its proximity to the enormous concentration of offices in the central London area (in terms of demand from occupiers and developers), it has remained in essence a secondary office market location. There is relatively little large, modern corporate office space and the bulk of the office market comprises converted light industrial buildings.

One consequence of this supply-demand dynamic is that the area has a vibrant and thriving market catering for smaller businesses, with concentrations of creative and media occupiers looking for more cost effective, simpler buildings and flexible buildings. While providing easy access to the West End, the area's stock of space is very varied, in terms of condition, age, unit size and leasing terms, and this provides for a wide range of occupier requirements.

Those businesses that have moved to the area are mostly creative types, including: Getty Images, H Bauer Publishers, Jim Henson Organisation, MCI WorldCom, MTV and Viacom Outdoor. Indeed, a strong broadcast media cluster has developed in Camden Town.

Supply and Demand for Office Space

Large new offices in Camden Town are unusual in modern times, and little has changed since the 2008 ELR (unsurprising given the intervention of the credit crisis). The two most recent large office buildings were both finished in 2005: Camden Point (35,000 sq ft in Camden Road and the Centro Scheme (85,000 sq ft in Camden Street). Significantly, both of these were refurbishments rather than new developments. The former was leased to British Transport Police, while the latter has been let to Hugo Boss (UK headquarters). Beyond these schemes there is a lack of supply of larger, good quality office buildings in Camden Town.

The lack of new supply in Camden Town is, at least in part, a symptom of a broader trend across London, and that is the increasing value (and demand for) residential property relative to commercial use. But there is also a demonstrable lack of demand from corporate occupiers and, perhaps, a lack of large sites. One of the most significant and high profile sites is the redevelopment of the tube station in the central London area. The office element of this is tied into the operational refurbishment of the station itself, which adds major complications. The scheme is inching forward, but not likely to be completed for several years.

Another high profile site is the Hawley Road regeneration, but the Council's own guidance for this site⁹ states that while office uses '*are a significant element of businesses and employment in Camden*', such uses on this site will '*need to be balanced with other uses to encourage a broad economic base*'. It suggests that the development should include '*a mix of studios, workshops and other light industrial*

⁹ LB Camden *Hawley Wharf Area Planning Framework SPD* February 2009

floorspace (Class B1), industrial (B2) uses of service to the local area, and offices'. There is, in other words, little encouragement for mainstream offices.

Discussions with local agents suggest that while there is a lack of supply for larger offices, there is also little demand, with significant enquiries being few and far between. Whether one follows the other is a moot point. Whatever the cause, the effect is that Camden remains a secondary office market. This is not a negative conclusion. It is simply to recognise that, given the enormous concentration of offices in the central London area (discussed above), and the ready availability of large corporate offices from Regent's Place, along Euston Road, to King's Cross, Camden Town forms a different kind of market. Thus, at one level, it could be argued that supply and demand are in rough balance – there is certainly no evidence of great vacancy of larger offices, and enquiries are low.

In terms of the market for smaller, local offices, there is strong demand for studios, start-up space and for micro businesses. A very good example of such premises is Belmont Yard, Belmont Street. Located off Chalk Farm Road, opposite the prominent music venue The Roundhouse and within a short walk from Camden Market, this building is a former piano factory that has been refurbished and converted to provide small B1a space. It is close to Chalk Farm (Northern line) and Camden Underground Stations. Recent local tenants include Models One and young fashion companies.

Demand for such premises is currently generally being satisfied, although pressure for residential development is reported to be placing growing numbers of small commercial properties under pressure of redevelopment. At the same time, demand, at least anecdotally, is rising. The market for this space is very important not just for Camden, but for London generally. If Camden Town performs a role of nurturing small businesses in economic and flexible space, then it is performing a critical role.

Office property costs in Camden offer a very significant discount on comparable properties in the West End, reported to be in the order of 30-40%, and so it could continue to be successful in absorbing businesses seeking to exploit such a differential.

Camden Town Summary

Given the limited availability and comparatively high costs of office space in Midtown, we might expect mainstream office occupiers from the area to spill over into Camden Town, generating demand for larger, higher-quality, higher-value properties. However, this would be to ignore the major opportunities for large-scale, high-quality office developments at Euston and King's Cross mentioned above. We expect that in future these sites will absorb much of the larger, corporate overspill demand from central London and that Camden Town will continue to fulfil the important but 'secondary' role of providing less expensive space.

The key point here is that Camden Town provides a focus for specific sectors of demand which are important to LB Camden overall. Its attraction to creative industries and start-ups is a defining feature of the Camden Town market. Providing the kind of space to nurture these kinds of businesses will be more important than competing with schemes providing larger corporate buildings in the central London market area.

Encouraging bespoke and targeted schemes will be important in this respect. The example of Camden Collective is instructive. This is a building on Camden High Street providing coworking space and an accelerator programme for start-up businesses. Significantly, this example also illustrates the regeneration potential of such initiatives. Camden Collective is part of a £3.3m MRF funded project for the south of Camden Town aimed at transforming the public realm; and is funded by the Mayor of London's Regeneration Fund, Camden Council and Camden Town Unlimited, the Business Improvement District for Camden Town. If the Council wishes to meet the demand for office space, so that lack of land does not constrain economic activity, it should consider

protecting office sites against transfer to higher-value uses. But such a policy, if applied indiscriminately, risks safeguarding sites which will never be re-used for offices, perhaps because they are poorly located or certain market segments are over-supplied. Therefore the Council should monitor floorspace change and the take-up and availability of space so that it can assess market conditions over time. Moreover, any safeguarding policy should be subject to a market test so that sites can be transferred to other uses if applicants can demonstrate that they are no longer suitable or required for offices.

6.5 Outer LB Camden Office Market

Finchley Road/Swiss Cottage

The Finchley Road is a busy thoroughfare running all the way from Golders Green in the north to St John's Wood in the south. Along its long stretch to road changes character significantly. The northern part is mostly residential and secondary retail with very little office activity. The area to the east of West Hampstead has more retail, although vacancy is relatively high and the area shows signs of decline. The one dedicated office building is Lithos House, at 307 Finchley Road. Otherwise office activity is minimal.

By contrast, the southern part of Finchley Road is more commercial. The stretch of road from around Finchley Road & Frognal station to Swiss Cottage has a much broader mix of both retail and office activity. Although there is little evidence of recent development activity, the stock of largely 1970s and 1980s office buildings provides a good base to accommodate demand from a range of large and smaller office occupiers. The Jubilee Line connection through to the West End and Canary Wharf provides the area with important connectivity. This feature is particularly important for office occupiers looking for easy access to the central London area, while not paying central London rents.

At the same time, this older office stock is subject to growing pressure for conversion to residential property. For example, Essential Living, a company specialising in developing residential property for the private rental sector, has an application to convert 100 Avenue Road, NW8 into 184 flats plus community uses and possible improvements to tube access. It is not hard to see why. But LB Camden must be aware of the impact that this will have on its ability to accommodate larger occupiers throughout the Outer LB Camden area.

Hampstead

Hampstead is a busy and congested centre lying to the south west of Hampstead Heath. The area is very prosperous, and this is reflected in the retail offer in the area. The town centre is focused on the junction of the High Street, Heath Street and Fitzjohns Avenue. The centre is served by Hampstead Tube station, on the Northern Line. The town centre is a vibrant retail centre, combining a range of independent and specialist stores with a selection of chains – particularly in the bars and restaurants. Vacancy and signs of dereliction are minimal.

In terms of office activity, there is plentiful first- and second-floor office activity, providing local services (accounting, consultancy, legal, property and so on), but no evidence of larger office occupiers. The centre is clearly not a significant office centre in a wider sense.

Kentish Town

Kentish Town lies to the north of Camden Town. The area has a much lower concentration of office activity, and that which exists is generally older and spread more thinly. Most offices contain businesses that cater for local needs. The most imposing building is Linton House on Highgate Road, a converted light industrial structure that now provides serviced office accommodation. However, this building has now obtained

prior approval for conversion into residential. The area is clearly growing as a residential area, with much building activity and evidence of a growing retail offer, including bars and restaurants.

The 2008 ELR noted the dearth of office buildings in the area, and the apparent lack of demand for new office space, particularly from the larger, corporate sector. Little has changed in this respect, although pressure for residential development is reported to have increased sharply.

Kilburn High Road

Sitting just to the west of West Hampstead is the A5 Kilburn High Road, a busy arterial road running from Maida Vale and St John's Wood to the south, out through Cricklewood and to the M1 in the north. At the northern end, the area is linked to the Jubilee Line at Kilburn, and to London Overground at Brondesbury station; while in the south it is connected to London Overground at Kilburn High Road station.

Between these stations the road is a busy retail centre, with a range of local shops and services, together with several national chains. Along the high street, many upper floors of retail units provide residential accommodation, as well as small office units serving local needs. Several buildings along the high street are showing signs of dereliction.

The High Road is not a significant office location. Its main function is to cater for local businesses such as solicitors and other professional firms. We reiterate the finding from the 2008 ELR, that while the area should continue to provide small offices to satisfy local demand, the area does not have the potential to attract larger, footloose corporate occupiers from other parts of London. Pressure for conversion from commercial to residential use is evident along the High Road, with several new developments having recently taken place.

West Hampstead

West Hampstead sits between Finchley Road and Kilburn High Road. The commercial part of the area is focused on West End Lane. The area is well serviced with transport. West Hampstead on London Overground connects the area to Willesden Junction and Richmond in the west, and Barking in the east; while West Hampstead underground provides rapid access to the West End on the Jubilee Line.

The commercial hub around West Hampstead Tube station is mainly retail, but there is close by a relatively large amount of secondary and tertiary industrial activity. Office use in the area is low key. One of the few larger, modern office developments is Hampstead West, on Iverson Lane. This comprises an office development of six self-contained buildings accommodating a range of mainly local businesses. Another modern building is that occupied by watchmaker Accurist in Blackburn Road, which has a distinctly modern and 'high-tech' design. At West End Lane, LB Camden has an office presence, with its Social Services department.

Apart from these few examples, the office market in West Hampstead is very thin. Beyond the commercial core, the area quickly becomes dominated by residential activity. The area is bisected by rail lines and these, to some extent, dictate the attractiveness of the area, both for commercial and residential use.

Outer LB Camden Office Market Summary

The descriptions of the Outer LB Camden sub-markets given above serves to demonstrate that they are not strategic office centres. Most provide premises for businesses serving local demand, and there is no evidence that they compete with each other for occupiers. They do not generally provide an alternative to corporate occupiers looking to move away from central London to a lower cost location. Much of the stock in

this area is characterised by small units on first and second floor units above shops and other commercial uses. Judging by the number of letting boards and advice from local agents, there is more supply than demand for these units. The growing pressure for conversion from commercial to residential uses that is evident in many areas from new developments presents the greatest threat to office provision.

6.6 Office Market Conclusions

The office market in Camden is formed by three quite distinctive sub-markets: the central London area, Camden Town and the Outer LB Camden area. Our foregoing discussion shows how the property markets vary: the central London area with its focus on larger CAZ businesses, dominated by professional and business services, with an increasingly important creative services sector; Camden Town with its focus on small creative businesses and start-ups; and the Outer LB Camden area with its focus on smaller professional firms serving local businesses' needs.

The office supply market is continuing to evolve rapidly, with trends observed in the 2008 ELR being evident today. Notably, there is much thinner demand for large corporate offices away from the central London area. Swiss Cottage will be vulnerable in this respect, as will larger isolated office buildings across the borough.

The central London area performs a vital role in supporting London's world city functionality. The area has changed enormously for the better of the past 15 years or so, and has become a critical business cluster in London's economy. It now boasts a broad base of occupiers and shows signs of continuing to grow in importance. Its position between the City and West End is one of its greatest strengths. This Midtown role is being further reinforced by large scale development at Regent's Place, King's Cross and, potentially, Euston. The gradation of property offers from large corporate in the south, through smaller, start-up and creative in and around Camden Town, to offices serving largely local needs in the Outer Borough works well in principle.

Within this menu of offers, perhaps the most critical issue in policy terms is to nurture growth of small, dynamic businesses, and this means having a ready stock of suitable premises available. This will be most important around the fringe of the central London area and in Camden Town.

6.7 Industry and Warehousing

Overview

The 2008 ELR noted that LB Camden's stock of industrial/warehousing space is '*small, shrinking, scattered and ageing*'. Demand is strong particularly among occupiers who are looking for economical and simply-specified premises from which to service the central London business market. LB Camden is a good location for such activities. The report noted that the '*take-up of space is restricted by lack of supply, and especially modern supply, as industrial/warehousing sites are under intense pressure from competing land uses*'.

Due to this competition from higher-value land uses, LB Camden is losing more industrial/warehouse space than it would do otherwise and its floorspace stock is not being renewed. Industrial and warehouse occupiers who would like to locate in LB Camden, and if it were not for competing land uses could afford to do so, are going elsewhere.

Industrial Supply

The 2008 ELR noted that LB Camden has one of the lowest stocks of industrial and warehousing space in London. Only Kensington & Chelsea, Westminster and the City of London have less. The stock of industrial space, in common with other boroughs, has

been falling sharply for many years, and reflects the wider restructuring of the wider London economy. Moreover, the 2008 ELR noted the lack of renewal of industrial stock. At this point, almost two-thirds of LB Camden's industrial stock dated from before the last war; with three-quarters dating from before 1970. In other words it is an old, increasingly obsolete and rapidly dwindling part of LB Camden's commercial property market. Without necessary investment, a growing proportion of space will become unfit for continued use.

As also noted in the 2008 ELR, because LB Camden's industrial market is so small and fragmented, there is little quantitative evidence available. Deals are typically very small and are rarely recorded, leading to a lack of robust information on the quantity or qualitative mix of industrial floorspace demand and supply in the borough. The 2008 ELR noted that *'virtually no new industrial property has been built since 1991'* and that *'this situation had not changed for some time, with just one building being completed in the previous five years'*.

There is no evidence suggesting that the position has materially changed since 2008. Indeed since 2008, further significant losses of industrial/warehouse space have been witnessed in the south of the borough, in the area to the north of King's Cross. Perhaps reflecting the rapidly dwindling quantity of industrial stock very little of the borough's industrial stock stands empty for any length of time.

The 2008 ELR was stark: *'LB Camden's industrial property market is small, shrinking, scattered and aging'*. It was suggested that most sites would be hard to defend. Nowhere is this more starkly shown than in West Hampstead.

In the centre of West Hampstead lies 187-189 West End Lane. The UDP identifies the site's preferred use as 'mixed use, predominantly employment'. Although this is clearly a development opportunity, it is questionable whether it is appropriate for industrial or distribution use. The mixed-use policy statement is sound, but the 'predominantly employment' rider is interesting: this site could be a residential/retail-led scheme with provision for smaller, light industrial, starter units towards the rear portion of the site.

Nearby, at 148-152 West End Lane, a ground rent investment in West Hampstead was sold in 2009 on behalf of Network Rail for £2,060,000, well above the £1.5 million guide price representing a 3.39% yield. Such a yield is highly unlikely to be accepted by a buyer with plans to develop for non-residential use. .

Such cases highlight the continuing precarious position of much industrial activity in the borough. They will reinforce the very low availability of industrial stock in the borough and over time, that which remains will likely become more and more obsolete as it ages.

Quality of Industrial Stock

LB Camden's stock of industrial and warehousing property ranges widely in quality and character. For example there are some concentrations of reasonable quality space (such as Regis Road, while other concentrations are showing signs of visible decline (For example, Liddell Road). The stock also ranges between quite large, distribution space (for example, St Pancras Way), and very small, marginal units (such as West End Land and the railway arches at Iverson Road).

Apart from the few examples of concentrated stock (such as Regis Road), the borough's stock of space is much dispersed, which is one of its greatest threats. There are several examples (such as Holmes Road) where isolated industrial stock is rapidly being converted to residential use.

Two sites – at Liddell Road and Blackburn Road – illustrate the complex issues involved. The 2008 ELR noted Liddell Road Industrial Estate as a badly maintained example of potentially good quality industrial stock. While the site provides employment

land, the site's owner – LB Camden – is currently considering a residential led mixed use development with a new primary school and employment opportunities on the site. While there is likely to be some re-provision of employment space, the site will lose its critical mass (see comments on concentration of industrial activity in Section 6.8 below) as an employment location.

The other site, the Mercedes dealership at 14 Blackburn Road, is also heading for a residential future – this time for students – following a successful planning appeal to convert to B1 on the ground floor and student accommodation on up to seven floors above. This is perhaps not too surprising. The 2008 ELR stated:

'This is an isolated industrial site, but clearly one that suits the sitting occupier. If this occupier should, for any reason, cease to operate, there will be a significant question mark over whether the location or soon-to-be purpose built premises will be attractive to other light industrial businesses....'

'...In summary, already subject to an imminent mixed-use proposal, this is unlikely to be a site that would be selected proactively as one to protect for industrial use.'

With this in mind, comments by local agents are unsurprising, with one saying pointedly that there is little demand in West Hampstead; another that there was very little happening in industrial generally and a third that there are very few enquiries.

The overall pattern suggests that the pressures being felt before the credit crunch were, indeed, only temporarily alleviated by that fiscal shock. Residential values continue to place enormous pressure on the remaining vestiges of industrial space and the quality of that remaining is continuing to decline.

Industrial Occupiers

Many of LB Camden's industrial premises are occupied by businesses providing low margin services to the local area. These include local builders, suppliers of DIY and household goods and the motor trades. Such businesses require cheap premises and, in an area where competition for land is so intense, they often end up in highly marginal and physically poor properties. Railway arches typify such uses.

These local businesses are matched by others that service the wider London economy, particularly the central London area. Such businesses might be providing a wide range of services including design, electrical and mechanical equipment, food production, joinery, media production, office supplies and paper and print. These businesses need to be close or accessible to their customers, while at the same time operating out of cost effective premises. Good examples of such businesses in LB Camden include Howden's Joinery, Murphy, Parceline, Travis Perkins and UPS.

It is also worth emphasising a point from the 2008 ELR, in terms of considering what types of industrial premises will be in demand. This is that occupiers of industrial space are by no means all undertaking 'industrial' activities. Often such businesses are undertaking activities that were once 'dirty' but which are now 'clean', such as printing which previously was '*a dirty industry, using noisy and polluting equipment*', but which '*in many instances is now very clean*'. Other clean industries noted in the earlier 2008 ELR include communications, design, environmental technology, media production, medical equipment and many others. These businesses require clean, economical buildings of simple specification in a fringe location.

The 2008 ELR observed that clean industries in industrial premises in LB Camden stand to gain from the growth opportunities resulting from the continuing expansion of the central London economy. At the same time, they are the most likely to be driven away by LB Camden's ageing and deteriorating stock of business space. They will only stay and grow in the borough if there are sites and premises of adequate quality.

Industrial Vacancy and Rents

While reliable statistics on industrial vacancy in LB Camden are not available, site visits suggest that vacancy is very low. The great majority of (the few remaining) industrial premises are either occupied or being actively marketed. A recent Business Premises Study¹⁰ noted that at the time of writing in 2011, there were just four industrial properties being actively marketed in the whole of LB Camden. These ranged in size from 405 sqm to 3,019 sqm and totalled 6,777 sqm, representing 2% of stock.

Such low levels of availability have forced rents to rise in the borough. Rents for good quality space generally range between £150 per sqm and £183 per sqm. For space of a lower quality and poorer condition, these rents more than halve to £75-£86 per sqm. Nevertheless LB Camden's industrial rents are high by comparison to comparable areas around the CAZ fringe. This is in part because of its excellent access into both the West End and City. Access is not as good for companies located south of the river or east of the City or west of the West End. Many companies in these types of premises must guarantee delivery times and so reliable routes and journey times are key. In this sense, and despite on-going losses, LB Camden industrial commands something of a premium in rent terms.

6.8 Industrial Market Conclusions

It is clear that LB Camden is losing industrial stock rapidly while, at the same time, demand remains strong. The key reason for the positive and sustained level of demand is LB Camden's strategic position with respect to CAZ. It is ideally placed to accommodate businesses that need to service central London occupiers (such as offices, universities, hospitals, restaurants and hotels) with a plethora of goods and services, from premises that are within a simple and reliable drive time. Demand for such support services is very unlikely to wane, and more likely to grow. Demand will also grow as businesses are displaced from higher cost locations within the CAZ as they undergo redevelopment for higher value uses.

This analysis suggests that LB Camden should be seeking to protect industrial land and properties, particularly where the businesses are viable and sustainable. In this context, viable and sustainable will translate into sites that are in locations where industrial activities are in some sense concentrated, and where the properties are purpose built and/or renewable. Industrial properties in residential areas, properties isolated in minor streets and properties that are clearly obsolete should be looked at differently.

A relevant question here is whether the central London economy would suffer if LB Camden allowed further degradation of industrial property-based activities in central London that service central London businesses. The answer is not a simple one. If LB Camden took such action on its own, then the answer is probably negative. The central economy is large with an enormously complex web of commercial relationships and, like most complex systems, is able to withstand changes that are limited in scope. However, if a number of central London boroughs took similar action to plan against the provision of employment land allowing industrial activities to service the CAZ, then the cumulative impact could be significant. This is not to suggest that the central London economy would materially change, but there would be increased inefficiency in, for example, logistics; costs would be likely to increase and reliability issues would be likely to arise.

In terms of the premises typologies discussed elsewhere in this report, industrial property in LB Camden comprises three generic types, namely: industry (B1c, B2 and *sui generis*), warehousing (B8) and start-up space (B1c and B2). These all feature in the LB Camden industrial market, performing different functions for different types of

10 Roger Tym & Partners and Grant Mills Wood (2001) *Business Premises Study* LB Camden

occupiers. As LB Camden begins to consider policies for retention of industrial property, it will be important that policies are sensitive to all these different types of 'industrial' property, rather than applying a single definition of industrial uses. For example, as noted in the 2008 ELR, there are growth opportunities in clean industries that serve the expanding central London business market, such as building services, catering, cleaning, courier services, design, hospitality services, IT back-up services, marketing services, media production, office supplies, printing, security, training and many others. These activities require clean, functional space, of a higher standard than many traditional local industries. Some of them might currently have a low profile in the borough but they could be attracted in greater numbers if they could find the right kind of space – 'clean industrial' units on well-managed estates. Moreover, these uses will make different demands on the three types of industrial property described above, and their sub-sets.

Because of their attractiveness to growth sectors and SMEs, it is such properties that LB Camden could be looking to re-provide within the borough. As noted elsewhere, Kentish Town has been successful in attracting SMEs and micro-businesses to converted industrial buildings, and such conversions should be encouraged.

6.9 Workspace for Start-up and Small Businesses

Despite the economic downturn, the last few years have seen a significant increase in London in the number of workspaces available to start ups and small-enterprises.

The London Plan (Chapter 4) indicates that overall there is adequate provision but that there may be some shortfalls and issues with affordability in some parts of London - as opposed to it being an issue across the whole capital.

Circumstantial evidence also suggests that certain sectors prefer to cluster in areas where there is a combination of accessibility, flexible building stock and amenities, for instance Tech City (the western area of which includes Clerkenwell and Angel, which border LB Camden's eastern boundary). This causes supply issues and rent increases, when other areas of London have similar strengths and indicators and could be nurtured to provide additional capacity. Much building stock accommodating SME's is earmarked or being converted to mixed-use housing displacing businesses which puts additional pressure on supply.

There is no question that start-ups are an important component of LB Camden's economy, and the real issue is in ensuring that the type of property is provided that will appeal to start-ups and SMEs in terms of scale, form and location. Such space is normally provided in 'managed space', 'incubators' and 'coworking' spaces', among others. Such spaces have spread widely across London in recent years. They are most well known in East London (around Tech City), but are widespread elsewhere within the CAZ boroughs and CAZ fringe locations.

Collectively referred to here as SME spaces, such buildings support a wide range of business sectors, although the most common ones are ICT, science, technology, creative industries and social enterprises. They offer affordable and flexible options for start-ups to rent space to initiate and sustain entrepreneurial activity. SME spaces can also provide not only the physical space in which to undertake their work, but also support infrastructure including business advice and mentoring. More informally, but critically, they can also provide networking and collaboration opportunities to early stage enterprises. One of the well-recognised benefits of shared workspaces is the opportunity for micros and start-ups to network, allowing exchange of ideas and experiences, encouraging many of them to enter into business partnerships, develop innovative concepts, supporting and unknowingly mentoring each other which in turn can develop into the growing and strengthening of the SMEs.

SME workspaces are created and managed by a wide range of organisations, from private to public (Local Authorities, Universities), to not-for profit. Their degree of success also varies according to financial models, the type of SMEs they support or type of services they provide.

Anecdotally, the shortage of affordable and readily useable workspace is hindering the growth of SMEs. There seems to be a general belief that these spaces will become more common in the next few years as the market response to demand and start up and small businesses realise that these spaces can offer an affordable way for entrepreneurs to test their ideas.

The term 'affordability' is a little imprecise but, of course, it refers to space that, particularly, SMEs find they can occupy within the context of their business plans. A question that arises is whether there could be some form of 'cap' on rents for this segment of demand. There is no strong evidence or precedent for such a step, and it is not at all clear how it could work in practice. There is some evidence for local authorities (although very few in London) providing subsidised space in regeneration areas, but this tends to be because demand is low, rather than because segments of demand are being priced out of markets. Given the recent growth in coworking and managed space solutions, which is a response to the growing recognition of the strength and vibrancy of the SME sector, it is likely that the market is finding a means of providing affordable space to occupiers not otherwise able to enter the more traditional market (deterred by the upfront deposits on rent, fixed term leasing periods and inflexible break clauses, for example).

There is enormous variability in the quality and characteristics of SME workspace environments. They range from high specification, purpose-built facilities to converted industrial buildings with very basic interior design and fittings.

The needs of businesses within SME workspaces vary widely in terms of the layout of the work environment. Generally speaking, coworking spaces are open in order to encourage interaction and collaboration between those working there. There is a requirement for enclosed meeting/project areas in order to provide discrete space for group discussions; but most of the space is open plan. Within this, the workspace provision includes a range of options, including individual drop-in desks (first-come-first-served), dedicated desks, group tables, soft furnishing and meeting areas.

SME workspaces are generally designed to encourage interaction (and creativity and collaboration) between occupiers and to create the sense of a community. The role of the provider/manager varies, but often this will include encouraging the community aspects of the centre, including orchestrating events and networking opportunities within the space.

6.10 Growth Sectors

As set out in Section 4.5 there is evidence that LB Camden is home to a comparatively large proportion of creative and cultural industries (CCIs). The CCI sector includes a wide range of business activities from traditional craft and design to high technology computer gaming and app development, music, fashion and media. Many of these businesses are drawn to LB Camden through the benefits of being co-located and with access to a young and entrepreneurial qualified population amongst other factors, such as the diverse residential and retail environment offered by LB Camden.

A key growth sector for LB Camden is the technology, media and telecommunications (TMT) sector. Evidence is emerging which supports the idea of a growing TMT sector which is driving demand for office space in London. There are at present around 24,000 ICT and software companies based in London, the highest in any European City¹¹. The

¹¹ GLA (2013) Jobs and Growth Plan for London

Deloitte London Crane Survey found that the TMT sector represents 38% of leasing activity on space under construction in central London, or around 192,000 sqm of office floorspace.

Evidence suggests that the demand for office floorspace by TMT activities has increased significantly throughout 2013. Estates Gazette cites this step change in demand: 'TMT deals accounting for 2.6m sqft of space so far [3rd quarter] in 2013 – more than the previous two years combined'¹². The same source reported increased floorspace take up by the TMT sector within the City of London to the extent that it outweighed demand from the financial sector.

Estates Gazette highlights opportunities for London to attract international business. The tech sector is driving a boom in San Francisco and south through Silicon Valley Bay area real estate¹³. The size of the floorspace leased or owned by technology businesses in Bay area dwarves that of London: the top 20 tech business occupancies comprise in excess of 37m sqm of space; the top three being Google with 8.5m sqm, Cisco with 7.9m sqm and Hewlett-Packard/Snapfish with 4.6m sqm leased or owned.

As the technology sector continues to grow and globalise, US businesses are looking to expand abroad. London is considered a highly suitable and sought after location for expansion by US tech companies. Cushman and Wakefield's Bay Area President said: *'I have been to London, Paris, Tokyo, Sydney, Melbourne, Tel Aviv, Stockholm and Munich. Out of all of them London, wins hands down, is the most dynamic international city for tech. In terms of cities outside of the US, it is the one with the most tech, innovation and creativity to lure these Bay Area start-ups.'*¹⁴

Some of the large technology companies require warehouse-style industrial spaces (which Silicon Valley can provide for) but there is recognition that city centre life and tech firms are more aligned than ever before: *'People get pulled here because of the lifestyle, the risk capital, the culture – they want to be in a 24-hour city'*. Of locations in the UK, US tech clients want *'without doubt or exception only the centre will do ... [and] they want to get into Noho, King's Cross or Shoreditch'*. Technology giants have begun investing in London, seen for example by the new 860,000sqft (80,000 sqm) King's Cross Google HQ. Shoreditch is picked out as a location which could deliver buildings with larger floorplates of up to 27,000 sqft (2,500 sqm).

Inner London locations such as King's Cross and Euston (and in particular the City Fringe/Tech City area) have the potential to benefit significantly from US capital investment as technology companies expand globally. Though hard to quantify, demand from foreign investment could lead to a step change in demand for office floorspace in LB Camden's growth areas.

A second key, potential growth sector for LB Camden is the medical and life sciences sector. As noted, such a hub does not currently exist within London, but there is a nascent cluster of activity in the Euston area. The delivery of the Francis Crick Institute in 2015 could be catalytic in this respect. The Institute is a large purpose-built facility with specialist design aspects. However, for a cluster to develop and grow significantly it is likely that the provision of more generic and less specialist space will be required.

In locational terms, a cluster of such activity around Euston is advantageous in terms of links to, for example, Cambridge, where life science research is very well established and growing (Astra Zeneca's recent decision to build a European HQ there reinforcing

¹² 12th October 2013 edition

¹³ Bay Area Tech Sector US Special; Estates Gazette, 23 November 2013.

¹⁴ Estates Gazette, 23 November 2013.

the city's cluster strength). The proximity to University College Hospital and University College London (UCL) is also critical.

Speculating on the precise type of premises that will be required by such a cluster is problematic, simply because of its novelty. However, it is likely that premises requirements will be for lower rise buildings than high rise, for highly flexible space, for buildings with public realm and space that can be serviced easily by supply vehicles. Buildings are likely to need to support research activities which will mean provision of, for example, lab space as well as teaching facilities such as lecture theatres. Collaborative working among space users will be key, suggesting the need for open floorplates that can be configured in different ways. In masterplanning terms there will be advantages to creating a campus, with local shared areas and high quality public realm.

6.11 Blurring of Office and Industrial Uses

Mention is made elsewhere in this report of the rapidly changing nature of the central London economy, and its impact on demand within the commercial property market. Overall, activities which are traditionally defined and recognised as industrial are in decline; while the City/West End/Midtown offering of high quality Grade A office space is expanding. However, in large parts of London there has emerged demand from companies requiring a third generic building type. As noted elsewhere, many industrial buildings are now occupied by 'industrial' occupiers whose business processes and products are 'clean'; while others are occupied by office occupiers looking for affordable space.

The actual physical differences in the buildings required by these different occupiers can be quite marginal and revolve around fit out rather than basic building typology. In other words, there has been a blurring of demand between certain types of office occupiers and 'industrial' occupiers and, to a certain degree, it is no longer helpful to refer to 'industrial' and 'office' uses.

As LB Camden considers its approach the B-class premises it will be important to address this. The implication is that spatial planning might consider functionality of space rather than separate use classes (this would also assist in consideration of the various types of mixed use development). To assist in this, the development of a 'typology' of premises, which identifies physical characteristics associated with different types of occupier activity, would be a helpful start.

6.12 Development Pipeline

The London Development Database (LDD) records planning permissions of more than 1,000 sqm of floor space in the Greater London area as part of the process of monitoring the Mayor's London Plan.

LDD data for LB Camden records changes in floorspace by use class based on planning applications consented. The LDD data selected covers the period from April 2004 to September 2013 and includes all consents which have yet to be completed. **Table 6.4** shows that during this time period circa 370,000 sqm of net additional office floorspace has been granted planning permission, but yet to be completed. Over the same period a net loss of circa 86,600 sqm of industrial floorspace was granted planning permission. In the majority of cases the loss of B use class floorspace can be attributed to redevelopment for residential use or other mixed use development (retail).

However, when studying planning consents between April 2004 and September 2013, B1 use class floorspace completions have actually been low - contracting at a rate of around 3,800 sqm per annum during this period. This may in part be due to the recession impacting on of construction rates and deliverability post 2008 so that while some sites are recorded as 'started' they could have stalled. There is also a tendency,

in order to protect the life of a planning permission, to implement (i.e. make a start on site) even if there is no intention to complete the development. The amount of floorspace under construction should therefore be treated somewhat cautiously. Inevitably the larger, more complex the scheme the longer it will take to develop. We also recognise that the LDD includes sites with outline planning permission, as well as sites with full planning permission, which has the potential to skew direct comparisons between net approved and net completed floorspace due to the longer lead times associated with developments with outline planning permission.

Despite these caveats, the LDD data indicates that the expected demand in LB Camden for B1a/B1b uses is high and a reflection of anticipated demand in the short and medium term (i.e. less than say 7 years).

Table 6.4: Net Floorspace Approved by LB Camden Ward (Sqm)

	Office	Industry		Other use classes		Total
	B1a/B1b	B1C	B2/B8	A	SG	
Belsize	-720	0	-80	-419	-5	-1,224
Bloomsbury	-43,735	0	-2,810	1,375	-1,160	-46,330
Camden Town	-3,915	2,385	-5,336	11,362	115	4,611
Cantelowes	-2,621	1,763	-4,334	-341	-1,054	-6,587
Fortune Green	-4,395	-660	-760	1,275	-3,406	-7,946
Frognaal	-1,424	-140	0	100	-12,987	-14,451
Gospel Oak	-2,386	-606	-10	66	-170	-3,106
Hampstead Town	306	0	-28	-785	-289	-796
Haverstock	-759	-98	1,857	-2,095	-4,945	-6,040
Highgate	-1,018	0	0	-484	-197	-1,699
Holborn & Covent Gdn	-83,849	1,059	-4,378	10,184	-7,520	-84,504
Kentish Town	520	118	-7,144	-1,877	2,817	-5,566
Kilburn	-9,130	-125	-1,455	-950	-15,206	-26,866
King's Cross	-26,381	-1,021	-7,860	-1,545	26	-36,781
Regent' Park	48,800	-122	-10,841	254	7,215	45,306
St. Pancras	499,323	-1,022	-40,561	56,011	110,674	624,425
Swiss Cottage	-47	0	-22	-1,574	1,238	-405
West Hampstead	1,543	-1,525	-2,869	3,454	-3,594	-2,991
Net Approved	370,112	<100	-86,631	74,011	71,552	429,050
Average Per Annum	38,959	<100	-9,119	7,791	7,532	45,163

Source: LDD, URS calculations

6.13 Change to Permitted Development Rights (offices to dwelling houses)

The recent adoption of new permitted development rights, which came into force on 30th May 2013, allows the change of use from B1(a) office to residential (C3) without the need for planning permission.

From data provided by the LB Camden Council for the twelve month period since the new permitted development rights came into force record 135 prior approval applications were made, equating to an average of around 11 applications per month.

It is possible to break down the number of applications received by ward (Bloomsbury, Holborn and Covent Garden, and King's Cross are exempt). Conversions proposed in Kentish Town have been particularly high - representing almost a quarter of submitted prior approval applications. Camden Town within Primrose Hill and Kilburn make up another quarter of all prior approval applications. Of the applications that have been determined (96) it is apparent from the Council's data that approximately 70% of applications have been approved and 30% have been refused. The approvals equate to an approximate net gain of 476 residential units.

Specific data with regard to the total loss of B1 floorspace has not been provided but the Council estimates approximately 40,000 sqm of B1 floorspace would be lost if the schemes are implemented. The largest conversion rates have been seen in Kentish Town and Camden Town where approximately an additional 206 residential units and loss of approximately 17,000 sqm of B1(a) office floorspace have been approved.

While loss of B1 floorspace is a concern bearing in mind the prevalent office demand and the fact that LB Camden is a 'restrictive transfer' borough, it does appear from the data provided that generally, the pattern of approvals and applications are in line with the extant planning policy position. It should be noted that the London Office Policy Review 2012 supports the promotion of Camden Town and Kentish Town as residential/non-office led mixed use areas.

It is too early to tell whether the rate of prior approval applications will decline. It appears from the data that rates of prior approval application submission have remained fairly constant.

From a five year housing land supply perspective the Council is currently able to demonstrate a deliverable five year housing land supply in excess of 12 years (when assessed against the housing target set out in the London Plan 2011). This may reduce following adoption of the FALP but, even then, it is unlikely to fall below the five year housing requirement + 5% buffer (as required by the NPPF). There does not therefore appear to be any immediate pressure for the Council to release employment sites for housing but this does not mean that developers will not seek conversion if residential values remain favourable in comparison to lower commercial/employment land values, particularly if the development plan supports this.

The housing market is expected to remain buoyant over the short to medium term and, given the relative and absolute commercial viability of housing in LB Camden over other use classes, it is anticipated that the market's appetite to utilise permitted development rights will continue. Based on new permitted development rates experienced in the first twelve months, LB Camden could gain approximately 960 additional residential units for the period May 2013 to May 2016 (when permitted development rights stop), but lose 79,680 sqm of B1 use class floorspace, assuming an average residential unit size of 83 sqm.

6.14 Demand from Retail

The Camden Retail and Town Centre Study (2013) provides a comprehensive borough-wide review of retail provision within Camden's town centres and central London

frontages. The study sets out a recommended strategy for the borough in terms of retail and sets out retail floorspace projections for both convenience and comparison goods.

Table 7.8 below sets out a summary of the baseline retail capacity forecasts contained in the 2013 study.

Table 7.8: Baseline Retail Capacity Forecasts

Capacity (sq m)	2018	2023	2028	2031
Convenience Goods	9,405	9,455	10,591	11,619
Comparison Goods Capacity	-1,278	2,922	13,789	20,724

Source: Camden Retail and Town Centre Study (2013)

With regard to convenience goods the 2013 study concludes that, by virtue of forecast growth in population and expenditure and the current overtrading of existing stores, there is expected to be a surplus of available expenditure over the period up to 2031. This translates to an increase in floorspace capacity from 9,405 sqm (net) at 2018 to 11,619 sqm (net) by 2031.

With regard to comparison goods there is expected to be negligible capacity arising to support additional comparison goods floorspace up to 2018. However, by virtue of growth in population and expenditure, there is likely to be a surplus of capacity for additional comparison floorspace by 2023 that is set to increase by 2031. By 2031 it is anticipated that surplus capacity for additional comparison goods floorspace will reach 20,724 sqm. This capacity is in addition to major committed development at King's Cross Central and Hawley Wharf in Camden Town.

6.15 Conclusion

We have examined LB Camden's office and industrial markets sequentially, but there are a number of observations to be made that are applicable to both. Overall LB Camden is making good provision for CAZ functions and it is making good provision for local services. Its weakest part is provision for functions that are in the borough because they are serving CAZ functions.

Property type: To a certain degree, it is no longer helpful to refer to 'industrial' and 'office' uses. There is a large blurred area between the two as the nature of many businesses has changed in recent years – often due to the impact of technology on business processes. As LB Camden considers its approach the B-class premises it will be important to address this. As is mentioned above, one means of achieving this might be through a premises typology that is related to functionality rather than simply Use Classes.

Wider demand factors: Camden's position, partly within and partly on the fringe of CAZ, and midway between the City and West End places in an enviable position in terms of its ability to attract 'B-class' employment. It can benefit from the growth of CAZ by attracting CAZ occupiers into its southern area. But it can also benefit by providing a diverse range of properties for businesses servicing CAZ functions. In this sense, LB Camden needs to provide a diverse range of properties in different parts of the borough. It is also important to recognise that many occupiers in the borough are functionally inter-related to the CAZ.

Growth sectors: There are a number of growth sectors which might be attracted to LB Camden in greater numbers. There has been great publicity surrounding the growth of tech companies around Old Street in Hackney, but creative clusters exist elsewhere,

and LB Camden is a successful example. Property costs are advantageous in LB Camden, and suitable premises for such companies should be protected.

Growth companies: As well as growth sectors, there is the issue of growth companies. The question here is whether sufficient 'move-on' space is available to accommodate businesses once they move beyond the incubation space. Of course obsolete industrial space and older office stock performs a key function here by providing affordable space, often on terms that are flexible and short-term. Move-on space is rarely provided in new buildings because valuations require stronger covenants. Clearly, as more and more industrial and older office stock comes under pressure for redevelopment as residential, then move-on space becomes scarcer. There are, however, no data on the precise availability and trends in move-on space.

There is also a potential health sector hub around University College Hospital. The Francis Crick Institute will be opening next year, and there is great opportunity to provide premises for support businesses and spin-offs alike. LB Camden also has a good track record in the media sector which is undergoing rapid change. A better understanding of the requirements of the health-related businesses and the media sector would benefit consideration of spatial policies with respect to property.

Coworking space: There is a major impetus in London behind start-up businesses and micro-businesses generally. Partly, this is driven by the enormous interest in a tech and creative sectors. Partly it is driven by changes to the broader economy, in which smaller companies are playing a more important role. Partly it is due to other factors. Whatever the reason, there is a structural increase in small businesses in the UK economy. This is being reflected in the growth of coworking spaces, serviced offices, managed space and, to a lesser degree, incubators. There is already evidence of such premises in LB Camden, but there is great potential to respond to these dynamics and provide more such space.

7 DEMAND ASSESSMENT

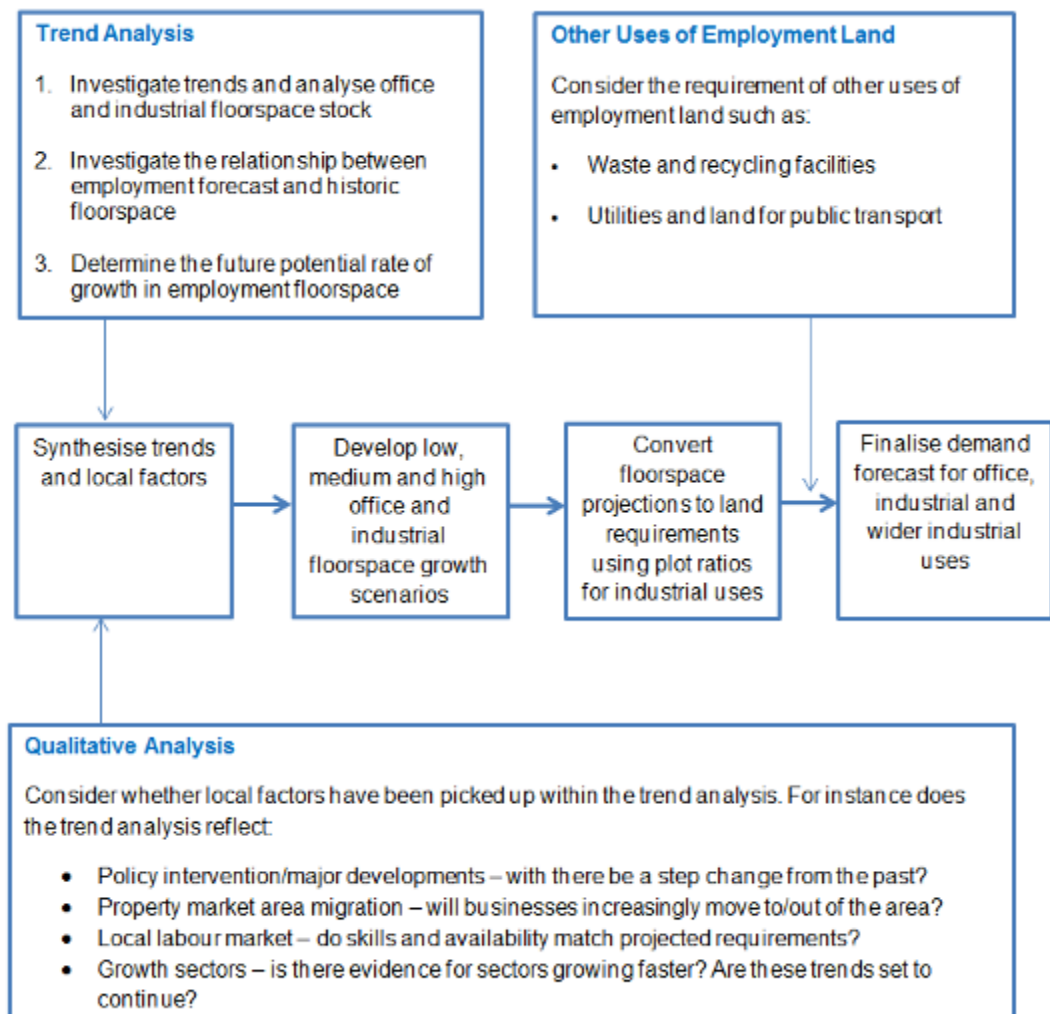
7.1 Introduction and Approach

This section projects the future demand for industrial and office land in LB Camden for the period 2013 and 2031.

Our approach to estimating demand for industrial land and office space is compliant with the National Planning Policy Framework (NPPF), Employment Land Reviews: Guidance Note (2004) and the GLA Land for Industry and Transport SPG (Sept 2012). It is also compliant with the recently published National Planning Practice Guidance (NPPG).

Our approach synthesises published employment projections with historic floorspace trends and local economic drivers of the property market area (PMA) in which LB Camden’s industrial and office markets operate, to provide a borough wide projection of employment floorspace. For industrial uses projected floorspace is converted to land demand using plot ratios. We do not convert the floorspace requirement for office space into land as plot ratios for office vary significantly, in particular storey heights, meaning that the conversion to land can be unreliable. Our methodology is set out below:

Figure 7.1 Industrial and Office Land Demand Forecasting Methodology



Source: URS (2014)

7.2 Property Market Area

Our forecast takes account of demand for employment land and premises occurring across a wider associated geography – the functional property market area. Businesses searching for sites or premises will typically consider a number of similar locations in the vicinity. These competing locations within the area of search will often have similar characteristics such as connectivity and transport reliability, access to labour markets, clients, the supply chain and property (rental values, size and grade), which are influential in their choice of location. The area of search for property is typically larger than any one district - unless the market is localised - and can be termed the property market area (PMA).

Office PMA Market

LB Camden's office market, in terms of its scale and prospect for change, is dominated by demand for large office space by corporate businesses with regional, national or international association and reach. The office PMA applied in our projections therefore draws on the trends based data from boroughs which are in geographic proximity to LB Camden and offer similarities, particularly in terms of their accessibility and linkages with the Central Activities Zone, premises and labour force. LB Camden office PMA market is considered to comprise borough: Camden, City of London, Hackney, Islington, Lambeth, Southwark, Wandsworth, Kensington and Chelsea, and Tower Hamlets. The constrained supply environment of LB Westminster is not considered to be reflective of LB Camden's growth prospects and is not included.

Industrial and Warehousing PMA Market

Comparatively, the scale and nature of industrial businesses operating within LB Camden are smaller in part due to the high cost of space in central London. Most enquiries received by agents for industrial premises are driven by the desire to be close to central London and the Central Services Circle and popular North London commercial areas such as Angel, Camden Town, Hampstead/Finchley Road and Stoke Newington. Based on the connectivity, comparable premises and the area of search of industrial businesses locating in LB Camden, the industrial PMA is thought to cover the London boroughs of: Camden, Islington, Brent, Hackney and Haringey. CAZ boroughs are not thought to be representative of the industrial PMA given the dominant provision and demand for office space and retail.

7.3 Historic Trends

Floorspace

The Valuation Office Agency (VOA) records the amount of floorspace in an area for tax purposes (the assessment of business rates) by building type. The historic office and industrial floorspace trends across the PMA and LB Camden are shown in **Table 7.1**.

Table 7.1 Change in Industrial and Office Floorspace 2000 to 2012

	Business Type	2000 Sqm	2012 Sqm	Diff (%)	CAGR
<i>LB Camden</i>	Office	1,894,000	2,137,000	+12.8%	+1.0%
	Industrial	582,000	334,000	- 42.6%	-4.5%
<i>PMA</i>	Office	11,637,000	14,294,000	+22.8%	+1.7%
	Industrial	4,813,000	3,214,000	-33.2%	-3.3%

Source: URS; VOA Business Floorspace (Experimental Statistics) 2012.

Note: CAGR: Compound Annual Growth Rate. Figures may not sum due to rounding.

Analysis of VOA floorspace data finds that there has been a growth in office floorspace of 1.7% per annum (pa) but a contraction in industrial floorspace of -3.3% pa across the PMAs since the year 2000. Analysis shows that since 2000 there has been a higher rate of contraction in industrial floorspace in LB Camden than in the industrial PMA and a lower rate of growth between office floorspace in LB Camden than in the PMA. This implies that compared with the PMA, LB Camden has historically failed to match the wider rate of floorspace growth. However, major regeneration programmes such as that occurring at King’s Cross could enable the borough to attract a larger share of growth from the PMA than it has managed historically.

Employment

The second component of our demand analysis is employment. Historic employment data is drawn from the Annual Business Inquiry (ABI) (pre 2008) and the Business Register and Employment Survey (BRES) (post 2008). Both datasets are compiled by the Office for National Statistics (ONS) and are expressed by Standard Industrial Classifications (SIC), not by use class. To translate employment by use class (office, industry and warehousing uses) we have identified those business activities that typically operate from B1, B2 and B8 use class premises. Historic employment by use class is set out in **Table 7.2**.

Table 7.2 Historic Employment (2000 - 2012)

	Business Type	2000	2012	Diff (%)	Weighted CAGR
<i>LB Camden</i>	Office	107,205	131,381	+22.6%	+1.7%
	Industrial	23,451	30,482	+30.0%	+2.2%
<i>PMA</i>	Office	713,948	914,072	+ 28.0 %	+2.1%
	Industrial	109,183	88,131	-19.3%	-1.8%

Source: ONS data and URS calculations.

Note: Takes account of SIC discontinuities between ABI and BRES. Figures may not sum due to rounding.

LB Camden demonstrates a positive rate of CAGR office employment growth of 1.7% but office growth in the PMA was higher at 2.1%. The PMA shows a contraction in industrial employment but LB Camden records growth.¹⁵

7.4 Employment Projections

The geography of the PMAs are wholly located within Greater London. We therefore draw upon employment projections published by GLA Economics in April 2013. Being published recently, the forecasts provide a relatively up to date picture of employment change across London which takes into account the impact of the recent economic downturn.

The GLA Economics employment projection is based on the triangulation of:

- Long term trend analysis of the employment by sector, to capture period of economic contraction and growth;
- Transport improvements planned; and

¹⁵ Growth in industrial employment in LB Camden seems to be contrary to the floorspace contraction and wider long term industrial restructuring occurring in the economy. This figure could be affected by historic industrial employment which includes people employed in office functions by business activities which are defined under industrial SIC codes e.g. headquarter locations of a mining company. The structure and confidentiality of ONS data does not allow for further investigation on this matter.

- The availability of land for the development of new office employment sites in each borough (the forecasts assume that vacant industrial sites become residential over the time period).

Employment in London overall is expected to grow at a compound annual growth rate (CAGR) of 0.7% over the Local Plan period, with the net additional 581,000 jobs generated equating to a 12% growth in employment. **Table 7.3** below provides an overview of future employment trends by broad sector grouping in London. Those sectors with the strongest growth are office users and those contracting are those using industrial space.

Table 7.3 Employment Projections Trends for London by Sector Grouping

Employment Sector	CAGR 2014 to 2031
Primary & utilities	-3.3%
Manufacturing	-5.2%
Construction	-0.1%
Wholesale	-1.8%
Retail	0.2%
Transportation & Storage	-1.1%
Accommodation & Food service activities	1.5%
Information & Communication	1.6%
Financial & insurance activities	-0.2%
Professional, Real Estate, Scientific & Technical activities	2.0%
Administrative & support service activities	1.5%
Public Administration & Defence	-0.9%
Education	0.6%
Health	0.5%
Arts, Entertainment & Recreation	0.9%
London average growth rate	1.4%

Source: GLA

The GLA Economics forecast does not provide a breakdown of projected employment by sector or by use class for LB Camden but it does identify the projected employment in total employment in the borough. Employment in LB Camden is forecast to increase from 286,000 to 375,000 between 2011 and 2031 equivalent to a compound annual growth rate of 1.4%, which is in line with the London-wide average.

To estimate future employment trends by land use class (office, industry and warehousing uses) we have aligned business activities with B1, B2 and B8 use class premises. **Table 7.4** presents the employment forecasts for LB Camden and the office and industrial PMAs on this basis.

Table 7.4 Employment Projections LB Camden and PMA (2013-2031)

	Business Type	2013	2031	CAGR 2013-31
<i>LB Camden</i>	Office	141,238	178,720	+1.3%
	Industrial	23,722	23,587	-0.03%
<i>PMA</i>	Office	868,602	1,070,222	+1.2%
	Industrial	89,834	86,812	-0.2%

Source: URS; GLA Borough Employment Projections (2013). Note: Figures may not sum due to rounding.

The table shows that employment in the PMA is projected to grow at a rate of 1.2% per annum for office which is in line with the LB Camden specific projection. Industrial employment is also expected to contract at a lower rate in LB Camden than the PMA.

7.5 Synthesis of Historical Trends and Projections

Our forecasting approach calculates the relationship between the compound annual growth rate (CAGR) of historic floorspace and historic employment, and applies this to the projected employment to establish a potential adjusted CAGR for floorspace. The results are shown in **Table 7.5**, drawing on data from **Table 72** and **Table 7.4**.

Table 7.5 Synthesis Forecast for Employment Floorspace

	Floorspace CAGR	Employment CAGR		Synthesis CAGR
	2000-2012	2000-2012	2013-2031	
Office (PMA)	+1.7 %	+2.1%	+1.2%	+1.0%
Industrial (PMA)	-3.3%	-1.8%	-0.2%	-0.4%

Source: URS calculations 2013. Figures may not sum due to rounding.

The table shows that demand for office space is projected to grow at a rate of +1.0% a year and for industrial space reduce at a rate of -0.4% a year.

7.6 Local Factor Adjustment

The synthesised CAGR, though derived from long term trends in floorspace and employment, does not take account of any potential change occurring within LB Camden which could result in a deviation of growth. We therefore consider how local factors could bring about a step change in growth.

The local factor adjustment is derived from combination of market intelligence gained through the literature review, local research and consultation with local property market agents and key stakeholders. Factors considered include the following:

- The impact of any major new developments and infrastructure plans, resulting in a significant change away from the historic context
- Change in the economic context which could create a step change in demand from businesses and commercial agents; and
- Property market trends within the PMA, which differ to historic trends.

We summarise below the comparative advantages or disadvantages of LB Camden in relation to the wider PMA, to illustrate the degree to which LB Camden could compete for economic growth and the inward investment arising across the PMA.

Local Factors

Following the above, three local factors are considered:

- Regeneration of key areas, in particular the growth areas of King's Cross and Euston:

As identified in the property market assessment regeneration schemes proposed at King's Cross and, in the longer term, Euston includes large amounts of office space that will help to underpin LB Camden's role as a strategic office centre in the wider London context. The Camden Core Strategy expects regeneration at King's Cross and Euston to provide 80% of the projected 615,000 sqm of demand for office space.

The property market assessment identifies that current proposals at King's Cross include nearly eight million square feet (c 730,000 sqm) of mixed-use development, including business and employment space; 2,000 new homes; student housing; hotels and serviced apartments; retail, food and drink, and visitor, cultural, leisure and community uses. Over 40% of the area will be public realm, including three new parks, five squares and 20 streets. The scheme will underpin the Midtown office market by providing a greater critical mass and a wider choice of premises. It is notable that King's Cross recently secured a large pre-let with Google confirming their lease of c. 800,000 sq ft NIA. The nature and scale of change arising is likely to act as a significant catalyst and leverage additional investment.

While dependent upon the outcome of deliberations over HS2 the property market assessment identifies that in addition to King's Cross, development at Euston could achieve levels of development in excess of 278,000 sqm of offices - c. 200,000 sqm more than currently provided for in the Core Strategy.

It is considered likely that growth in these key areas will have knock on positive impacts on demand across all sectors, in particularly the office, but also across industries that supply support to these sectors.

- Expansion of growth sectors:

The property market assessment identifies the technology, media and telecommunications (TMT) as a key growth sectors for LB Camden. The TMT sector overlaps with and is supported by creative and cultural enterprises as well as a diverse residential and retail environment. Evidence is emerging which supports the idea of a growing TMT sector driving demand in London. There are at present around 24,000 ICT and software companies based in London, the highest in any European City¹⁶.

As the technology sector continues to grow and globalise it is apparent that US businesses have been looking to expand abroad. London is a considered a highly suitable and sought after location for expansion by US tech companies. Technology giants have begun investing in London, seen for example by the new 860,000sqft King's Cross Google HQ. Inner London locations such as King's Cross and Euston (and in particular the City Fringe/Tech City area) have

16 GLA (2013) Jobs and Growth Plan for London

the potential to benefit significantly from US capital investment as technology companies expand globally.

With regard to the creative and cultural enterprises that support these sectors it is acknowledged in the property market assessment that traditionally such enterprises have moved to area such as Camden Town, including Getty Images, H Bauer Publishers, Jim Henson Organisation, MCI WorldCom, MTV and Viacom Outdoor. Accordingly Camden Town have begun to develop a strong broadcast media cluster which is likely to continue to develop.

Though hard to quantify, demand from foreign investment could lead to a step change in demand for office floorspace in LB Camden's growth areas as well as creative and cultural enterprises – particularly in the less 'corporate' areas within the borough.

It is notable that with regard to industrial land the evidence suggests that, if more industrial/warehousing space was provided in LB Camden, it would be readily taken up and at comparatively high rents, which at normal industrial land values would easily support viable development. The 2004 ELR reached the same conclusion, based on evidence which included a survey of business occupiers as well as property market analysis. However, the survey found that a high proportion of occupiers considered it difficult to find suitable space in LB Camden, with many having to compromise their requirement. The property market assessment infers that LB Camden may be reaching a market floor with regard to industrial land supply due to continued pressure from residential uses. The assessment acknowledges that at a certain point policies to safeguard or revise industrial/warehousing will likely become ineffective.

- Strengthening demand from revised population growth estimates:

The 2011 Census data indicates that there is to be a substantial increase in the capital's population. London's population is expected to increase by 87,000 per annum and is expected to reach 10.11 million by 2036 (FALP 2014). This is 5,000 more people per annum that previously thought.

Accordingly, the FALP proposes significant alterations to housing targets across London. For London the Mayor proposes increasing the overall housing target to 42,000 net additional homes per annum an increase of approximately 30% on the figure stated in the 2011 London Plan. In Camden the Mayor proposes increasing the ten year housing target to 889 net additional homes per annum, an increase of 34%.

While the increase in housing targets is significant, and is likely to exacerbate issues relating to high residential land values and restrictions on employment land supply, the increase in London's population is also likely to increase demand for jobs across all sectors.

Summary

Table 7.6 presents the combined effects of local factors which have the potential to generate a step change in demand. This is presented in the form of either a positive impact on demand (↑), a negative impact on forecasts (↓) or no overall impact (↔). Each factor is given an indicative weighting of +/-10% of the synthesis CAGR, depending on the direction of the arrow. The result of this exercise produces an adjusted CAGR forecast for floorspace change.

Table 7.6 Local Factors and Impact on Synthesis Forecast

	Office	Industrial
Synthesis CAGR Forecast	1.0%	-0.4
King's Cross and Euston regeneration effects	↑↑	↑
Growth sector expansion	↑↑	↑
London population growth	↑	↑
Adjustment %	50%	30%
Adjusted CAGR	+1.5%	-0.2%

Source: URS (2014)

Note: Figures in table above may not add up due to rounding

7.7 Growth Scenarios

To account for potential variations in our synthesis of projections based on employment, floorspace and local factors we introduce high and low growth scenarios to our demand projections +/-10% either side of our best estimates (the medium growth scenario).

Our low to high growth scenarios also provide some flexibility to any potential changes in demand (up or down). The impact of some or a combination of these development proposals could provide changes in demand in either direction and it is therefore recommended that the council monitor employment land demand and supply to account for this. We provide a specific recommendation to the monitoring of employment land in Section 8.

The three growth scenarios, including the impact of local factors, are presented in **Table 7.7**.

Table 7.7 Growth Projections with Local Factors and Sensitivity

	Adjusted CAGR	
	Office	Industrial
Low Growth Scenario	1.31%	-0.22%
Medium Growth Scenario	1.45%	-0.25%
High Growth Scenario	1.60%	-0.27%

Source: URS (2014)

7.8 Other Users of Industrial or Office Land

Sui Generis

Analysis of the LDD suggests that planning applications for uses with similar characteristics to B1C/B2/B8 (industrial) land uses represent only 2% (approx.) of net approved sui generis floorspace. While a relatively small percentage the fact that the figure is positive infers that there is demand for such land in the borough. Other 'general employment' including uses with similar characteristics to office and retail represents +27% of net approved floorspace; this is in addition to employment uses approved within residential mixed used developments. However, the majority of net additional sui generis floorspace (85,864 sqm) approved related to 'other', including uses such as

hostels, health facilities, education facilities and community uses. Where sui generis floorspace was lost this appeared to have been lost mainly to residential uses.

Waste Management and Recycling

Based on the borough waste apportionment outputs in the London Plan and making allowance for re-use of surplus waste transfer capacity. The SPG on Land for Industry and Transport estimates the likely future land requirement for new waste facilities in each borough 2011-2031¹⁷. Land requirements depend on a number of factors including, the number, type, scale and location of waste treatment and recycling facilities selected to manage the apportionment in collaboration with neighbouring boroughs where appropriate.

Annex 2 of the SPG gives indicative land demand for waste management and recycling. For Camden the waste apportionment to 2031 (London Plan 2011) is 264,000 tonnes per annum (pa); however the waste transfer station capacity is 170,810 tonnes pa which is well under demand. The net additional indicative land requirement for waste apportioned to 2031 is therefore 1.1 ha (11,000 sqm)¹⁸. This estimate is an approximate and indicative land requirement only and Boroughs, waste authorities and other partners, in collaboration with the GLA, should determine the actual requirements of industrial land needed to manage waste apportioned in the London Plan.

Utilities & Land for Public Transport

The GLA London's Industrial Land Baseline (2010) measured 6.8ha of land for utilities and public transport, which comprised 0.1ha for rail and 6.8ha for utilities. Our observations did not identify any new land allocated for utilities or public transport since the 2008 ELR.

7.9 The Forecast for Office Floorspace

The London Office Policy Review (LOPR) projects demand for office employment by borough over the twenty year period 2011 to 2031. For Camden the LOPR identifies that office employment will grow by approximately 33.6 %. The LOPR does not project demand for office floorspace for the period 2011 – 2031.

Based on VOA data there was 2,137,000 sqm of actual office floorspace in Camden in 2012. By applying the adjusted CAGRs set out in **Table 7.7** to actual floorspace per annum it is possible to conclude that demand for additional (gross) office floorspace is likely to be between 570,654 sqm and 717,511 sqm to 2031.

Taking into account a frictional allowance (8%)¹⁹ results in a net office floorspace demand of between 616,307sq m and 774,912 sqm to 2031 as summarised in **Table 7.8**.

¹⁷ GLA, Land for Transport and Industry SPG (2012) Annex 2

¹⁸ To convert this figure to floorspace and an appropriate plot ratio for waste and recycling would need to be applied.

¹⁹ An allowance for frictional floorspace has been included in our assessment. To operate efficiently a property market requires a small proportion of total floorspace to be readily available for take-up to allow businesses expanding or contracting to more to suitable premises. This available space is called frictional floorspace, the optimal rate of which we assume to be currently around 8% of total office stock as per the GLA Land for Industry and Transport SPG (paragraph 3.7). We anticipate that overtime as the market tightens (supply falls relative to demand) frictional floorspace will fall.

Table 7.8 Office Floorspace Demand 2013-2031

Floorspace	Low Growth	Medium Growth	High Growth
Actual Supply 2012	2,137,000	2,137,000	2,137,000
Net Additional Demand 2013 - 2031	616,307	694,543	774,912
Total Supply 2031	2,753,307	2,831,543	2,911,912

Source: URS (2014)

The medium growth scenario is considered to be the most likely outcome of all three scenarios. The medium scenario concludes that there is demand for 694,500 sqm of net office floorspace in the period 2013 – 2031.

7.10 The Forecast for Industrial Floorspace

Based on VOA data there was 334,000 sqm of actual industrial floorspace in Camden in 2012. By applying the adjusted CAGRs set out in **Table 7.7** to actual floorspace per annum we conclude that demand for additional (gross) industrial floorspace is likely to be between -13,173 sqm and -16,025 sqm to 2031. Taking into account a frictional allowance (5%)²⁰ and the additional land required for waste and utilities, results in a net industrial floorspace demand of between -8,665 sqm and -11,374 sqm as summarised in the **Table 7.9** below. The medium scenario of -10,023 sqm of net industrial floorspace for the period 2013 – 2031 is considered to be the most likely scenario.

Table 7.9 Industrial Floorspace Demand 2013-2031

Floorspace	Low Growth	Medium Growth	High Growth
Actual Supply 2012	334,000	334,000	334,000
Net Additional Demand 2013 - 2031	-8,665	-10,023	-11,374
Total Supply 2031	325,335	323,977	322,626

Source: URS (2014)

The NPPG states that employment floorspace should be converted to employment land using plot ratios. Development density (plot ratio and storey height) tends to be static for industry and warehousing premises, unlike office uses, and a suitable plot ratio of 1:0.45 (land to premises, over one storey) could be applied to estimate the potential contraction in industrial land demand. Using this ratio we calculate that the additional demand for industrial floorspace is the equivalent of -1.9 ha, -2.2 ha and -2.5 ha (low, medium and high growth scenarios respectively). This scale of potential employment land loss is not dissimilar to the scale of restricted transfer set out in the GLA's Land for Industry and Transport SPG of -5ha between 2011 and 2031.

²⁰ As per GLA Land for Industry and Transport SPG (paragraph 3.7).

7.11 Summary of Employment Land Forecast

The demand forecast exercise in this chapter considers a range of economic factors, including historic trends in floorspace and employment and GLA employment forecasts across the relevant functional property market area for industrial and office uses, to draw conclusions with regard to likely future rates of employment growth. The review compares this synthesis with local market intelligence based on the findings of the property market consultation exercise. Adjustments are made accordingly, ensuring that demand projections relate specifically to Camden and its functional market area. The forecast also considers the implications of demand for other, but similar land uses, such as land for waste and utilities, and the need to retain a buffer of vacant land (frictional allowance). Retaining this buffer will enable the functional market to operate effectively. A sensitivity test has been performed utilising a range of growth scenarios (low, medium and high).

The forecast concludes that the most likely scenario to occur is the medium scenario. In terms of net demand it is concluded that there is a requirement for 694,543 sqm of net additional office floorspace to 2031. The forecast also concludes that there could be a contraction in demand of approximately 10,023 sqm for industrial floorspace, or approximately -2.2ha of land.

8 CONCLUSIONS

8.1 Introduction

This section concludes our assessment by reviewing the balance of projected demand and existing supply and, drawing on the findings from preceding sections, provides options for the policy direction regarding employment land in LB Camden.

From a borough wide perspective, demand and supply (through redevelopment and new development of sites) is found to be broadly in balance, which means the council should consider protecting employment land. However, in the context of changing business needs, not all sites are fit for purpose for modern occupiers. There is also evidence of strong competition for space from other non-employment uses, in particular housing, which the council must also plan for and accommodate. This means that it is more complex than just suggesting that employment land and premises be offered maximum protection. Instead it may be more suitable to consider offering protection where sites are important in meeting demand, generating employment and economic wealth; release some sites where the benefits of the existing employment use are limited and would be outweighed by the benefits of the proposed alternative use(s); and allow the release of some sites in specific locations where there is a long term over supply or which are no longer fit for purpose.

We recommend therefore that a selective protection of employment land and premises to ensure that those sites and premises that have little prospect of coming forward for employment use during the Local Plan period are not left vacant. Pursuing this approach, would ensure that there would not be:

- Over protection of sites: For example, a policy of maximum protection, with no release, across all sites would see sites which are no longer suitable for employment use protected. This could result in underutilised economic potential, inefficient use of assets and blight, which could impact negatively on the surrounding property market and deter or limit investment; or
- Under protection of sites: The property market generally responds to shorter term indicators of demand. By allowing the market to intervene, without limitation, would impact negatively on the long term provision of employment land and premises and have implications economic wealth creation and employment, not only for LB Camden but also potentially for the CAZ.

When forming employment land policies the council should also:

- Meet the scale and nature of demand for existing and new business activities arising across LB Camden, recognising that demand will vary by type of space and will therefore be geographically varied;
- Encourage and support employment activities across business sizes, from start-up to large headquarters;
- Encourage and support employment activities which create economic wealth and provide local employment opportunities; and
- Recognise the role LB Camden has in supporting the growth aspirations for central London, and London as a whole.

The implications of not following a balanced approach which is sensitive to the direction and changing needs of business in terms of premises, location and formats is that economic growth for LB Camden could be impaired.

More details on our recommended employment land policy direction are set out below.

8.2 The Balance of Demand and Supply, and Policy Options

Large, Grade A Office Space

The **central London (Midtown) office market** plays a key role in supporting London's status as a global city and has presence of world-renowned institutions and businesses. The area provides the majority of LB Camden's office space and caters for a range of corporate occupiers such as legal, media and finance sectors. It provides large Grade A accommodation as well as some smaller and lower grade office space. There is evidence of growing demand from high value added sectors such as digital, tech and media businesses, which is symptomatic of the sectors' growth in the wider London economy. Whereas previously there was a gap in the quality of stock between LB Camden's Midtown market and the West End and City markets, the area has in recent years undergone significant transformation and the provision of new quality stock has strengthened its offer as a corporate office location. Alongside the growth of new prime office space has been the growth of residential and retailing provision, which has expanded rapidly in the Midtown market area over recent years.

Our demand forecasting exercise found that LB Camden is expected to experience demand for approximately 695,000 sqm of office floorspace for the period 2014-2031. The majority of office space demand is expected to be for large, high quality offices in Midtown area, in and around King's Cross, Euston, Tottenham Court Road and Holborn, as the expectation is that central London office market will continue to grow in importance. The Midtown office property market has relatively few large, single occupier buildings (most are medium-sized and multi-let) and low vacancy, so any new demand will need to be met by the provision of new office space in the OA and growth areas. The borough's OAs and growth areas offer the potential to accommodate a large quantity of new high quality space, which is expected to arise through economic growth, relocations and corporate overspill demand from other central London areas.

The capacity in the OA and growth areas to accommodate growth is as follows:

- King's Cross OA has the capacity to deliver new and refurbished office buildings providing approximately 440,000 sqm of Grade A floorspace. A large proportion of this space is already under construction - around 300,000sqm is already being built speculatively. In absence of information, for the purposes of this assessment it is assumed that the majority of this space would be new additional floorspace or floorspace brought back into use i.e. derelict or unmarketable. Floorspace which is under construction or has been pre-let is considered to represent anticipated demand arising within the assessment period.
- Euston Area Plan indicates the potential for between 180,000 and 280,000 sqm of employment and economic floorspace in the Euston OA. A proportion of this space will be for non-B uses such as retail. The proportion of employment generating space is unknown and will be determined through viability testing of development plans, and negotiation between developers and the council. Again, for the purposes of this assessment it is assumed that this figure of potential provision is net additional new floorspace.
- Tottenham Court Road Growth Area is a densely developed area compared with King's Cross OA and Euston growth area. Our survey identified two derelict sites with a net capacity of 36,000 sqm, though planning applications for these sites indicate that provision of office space would be much lower at 10,000 sqm. More significantly though are the opportunities that Crossrail will bring. The transformation of Tottenham Court Road station and enhanced connectivity will bring economic benefits for business, through journey time savings and

agglomeration effects, and raise demand for property in the vicinity. Improvements in development viability will lead to further intensification of existing sites. The scale of net gain will be subject to storey height allowed as most existing buildings already fully utilise their plot footprint. Indications from a recent report are that the commercial floorspace pipeline at Tottenham Court road is 277,805sqm with a further 77,454sqm of retail space coming forward (the report does not specify whether these figures are gross or net).²¹

- The Holborn Growth Area is another densely built out urban location with few vacant or derelict sites of significant size allowing redevelopment. The sites previously owned by Central St Martins College and Westminster University have a potential net capacity of around 50,000 sqm. It is anticipated that a large proportion of this capacity would be office. The St. Giles development provides an example of how relatively underutilised sites can be intensified to deliver prime office space. Given the central London location of the Holborn Growth Area and in light of the intensification anticipated around Tottenham Court Road it is anticipated that Holborn could see net gain in office floorspace through higher density development.

Following the above, the large, grade A office floorspace capacity of the two OAs and two growth areas is estimated to be the region of 680,000 sqm to 780,000 sqm (assuming those sites with redevelopment potential identified in survey provide up to 60,000sqm). In addition there is expected to be net gain arising through the development pipeline in the vicinity of Tottenham Court Road.

Policy options: These estimates illustrate that though there is significant capacity in the Midtown OAs and growth areas to accommodate activities, demand over the Local Plan period is strong and so provision needs to be planned for. In the OAs and growth areas the Council could look to:

- Encourage new provision of high quality office space in the Midtown area and protect existing office provision from loss to other uses; typically higher value uses such as residential.
- Ensure that during planning application process for the redevelopment of OA and growth areas, the provision of office space is not eroded by other uses such that the provision of new Grade A office space in terms of quantity, location and format is impacted upon negatively.
- Support refurbishment and intensification of sites where there is a net gain of prime office space and proposals are in keeping with other development planning policies.

The Council should monitor the existing mixed use policy (DP1) in the Midtown to determine how it affects the provision of office floorspace.

Local Office Space

Outside the Central London market are significant secondary and local office markets of Camden Town and the town centres of the Outer Borough office market including Kentish Town, Finchley Road/Swiss Cottage, Hampstead, West Hampstead and Kilburn²². These locations provide small business workspace. Overall, demand for local

²¹ Future of London, Crossrail as Catalyst (April 2014). It is not clear from the report what the specific geography of the Tottenham Court Road area is, though it being located on the edge of two boroughs the development pipeline is likely to include new development occurring within LB Westminster.

²² Although it should be noted that the Central London area also provides smaller and lower grade office accommodation.

office units in these locations is anticipated to form a small proportion of the total borough wide office floorspace demand projected over the Local Plan period (expected to be less than 10%), and this is likely to occur within Camden Town and Kentish Town.

The **Camden Town** office market varies significantly in regards to age, condition and size, though provision can be said to be characterised by small offices of lower rental values compared with the Midtown prime office market, and so caters for smaller businesses looking for a more cost effective location. Reflecting the type of demand, the market lacks a supply of larger, good quality office premises, reflecting demand, though there have been some larger developments and refurbishments in recent years such as the Viacom and Centro premises. The market caters for a very broad range of occupiers and sectors, including start-up and small businesses and concentrations of digital media, technology and other creative and cultural small business activities. These are important growth businesses and the council should look to support their accommodation requirements and encourage the provision of suitable forms of start-up and SME workspace and grow-on space.

In Camden Town supply can be said to be meeting demand: new local office provision is being provided as part of residential schemes, reflecting LB Camden's mixed-use policy, and there are relatively low levels of vacancy. There is considered to be capacity on some sites to expand to meet demand arising for local office provision through a process of redevelopment of derelict sites and premises stock and intensification. There is evidence from the survey that office and industrial sites have been lost in recent years to non-B uses and information on prior consents that residential land values are displacing employment uses. This trend could threaten provision of local office floorspace in Camden Town.

Policy options: So that the lack of sites and premises does not constrain economic activity the council in Camden Town could look to;

- Encourage additional new local office provision, including provision of space for start-up and small businesses;
- Improve the quality of provision of existing stock by encouraging refurbishment and redevelopment of older stock;
- Protect office sites against transfer to higher-value uses. Should the Council take this approach, any safeguarding policy could be subject to a market test so that sites can be transferred to other uses if applicants can demonstrate that they are no longer suitable or required for offices; and
- poorer condition and not fit for purpose stock to be transferred to other uses subject to the market test;

The Council should monitor the floorspace change in Camden Town to ensure such policies are having the desired effect.

The **Outer Borough** local office market centres comprise Kentish Town, Finchley Road/Swiss Cottage, Hampstead, West Hampstead and Kilburn. These locations provide premises for occupiers largely serving the needs of local businesses and residents. This may include business activities such as legal, accounting, property and consultancy activities. There is no evidence that the town centres compete with each other for occupiers and there is little to differentiate centres in terms of meeting local office market needs. Premises are typically small office units located above retail space. These spaces do not generally provide an alternative location for corporate occupiers looking to move away from Central London for a lower cost location. There currently appears to be a surplus in supply of office premises in the Outer Borough market, however rising house prices and new permitted development rights are likely to see any supply excess cut in the short term which could restore the supply-demand balance.

The council should monitor the loss of any employment land and floorspace carefully over the short to medium term.

Policy options: In Outer Borough areas the council could look to:

- Support loss of poor condition and no longer fit for purpose office floorspace, when it can be demonstrated that there is insufficient market interest:
- Resist the loss of good quality functioning stock in town centres; and
- Maintain a good understanding of the balance of demand through market insight of local agents and monitoring change in employment floorspace in the Outer Borough market town centres area.

Space for Start-ups and Small Business

There is a format of start-up and small business space which is in demand, which LB Council should encourage. These include: incubator, accelerators and coworking spaces (IAC). Whereas incubators and accelerators tend to be focused on fast growing businesses and provide tailored business support, coworking spaces provide flexible membership options with minimal contractual obligations and allow entrepreneurs, freelancers and micro businesses to co-locate. The benefits to the occupier are more than financial: the format of space is devised such that interaction between users can be maximised, allowing users to benefit from networking, the exchange of ideas and collaborative working which are particularly important for early stage business growth. Many coworking spaces also offer business support services.

Recent work carried out by URS examining the provision of IACs in London found that they are concentrated in CAZ boroughs around existing clusters of digital technology, media/communication and other creative and cultural activities. These activities have a higher incidence of start-up and entrepreneurship. Our employment land survey reinforced this view and recorded a number of premises in LB Camden set up with a specific aim of supporting start-up and small business growth with coworking arrangements.

However, there is some caution to exercise: The provision of coworking space has grown rapidly in the past three years with the commercial property market responding well to demand without public sector intervention. The rapid growth in provision also raises the question of whether provision is sustainable. On this basis we suggest the council supports the concept but does not intervene unless there is clear evidence of local market failure preventing the private sector from providing space. Furthermore, though there is plenty of anecdotal evidence of coworking space generating economic benefits for occupiers and local economies, there is a lack of monitoring (and therefore data available) which tracks the success and progress of businesses working out of IACs. The success of an IAC is also likely to be tied to the management skills and expertise in business support to help businesses in their growth.

Were the council to provide support to a new IAC (and we acknowledge that Camden Collective is financially supported by the council) it is questionable whether the council support a thematic / sector focused IAC, aligned with the growth sectors or sectors which the borough has a competitive advantage, or supports one with no sector focus and broadly promotes local entrepreneurship and local economic growth. What the council should consider is how potential future trends in IAC provision could see the market covering a broader range of sectors, including those with workspace requirements beyond desk space working, such as shared specialist equipment such as 3D printers and space markers. This could be beneficial to small and start-up businesses who require access to specialist equipment to test and develop their ideas.

Policy options:

- The Council could monitor the demand for IAC provision in the borough and more broadly across the CAZ with a view to understanding how best to support this form of provision as a way of encouraging start-up and small business growth. This should include considering the demand for different forms of beyond desk space working, such as shared specialist equipment and designer-marker spaces.
- The Council could support the retention of existing premises which would allow the SMEs to cohabit space/building in Outer Borough locations, the Kentish Town and the Camden Town.

Industry and Warehousing

Our demand forecasting exercise for the period 2014-2031 found that LB Camden is expected to see a contraction in demand for industrial and warehousing in the region of 10,000 sqm or 2.2ha. Over the Local Plan period this implies a tight market with little scale of loss and points to the need to carefully manage existing provision.

The large majority of industrial sites lie scattered within the Camden Town and across the Outer Borough market area. There are some larger areas of provision such as Kentish Town Industrial Estate (comprising Regis Road, Sanderson Close and Gordon House Rd sites), Camley Street and St. Pancras Way. South of Camden Town, Hatton Garden provides a significant workspace cluster.

Broadly, the quantity of industrial sites and premises has undergone long term decline and their provision has not been renewed. The long term decline is exacerbated by the pressure from competing land uses, in particular higher value uses such as residential. This was observed at Holmes Road close to Kentish Town and has fragmented the industrial sites. The issue is that without necessary investment, a growing proportion of space will become unfit for continued use which will result in further loss; however these locations are unlikely to see new industrial premises built given high competing land values.

Industrial space in Camden Town is typified by small compact industrial estates providing predominantly B1c and B8 floorspace for a range of businesses, some of which have a particular preference for locating close to Central London to support CAZ functions. Despite the borough wide forecast contraction in demand, demand for good sites and premises in proximity to the CAZ remains strong and is sustained. There is a particular concentration of industrial sites providing distribution and light industrial premises within St Pancras Way, Centric Close and Camley Street. The designated Industry Area provides the largest concentration of good quality industrial stock within the borough and includes occupiers requiring large warehouse type space within close proximity to Central London such as UPS and Royal Mail.

Demand for CAZ support services is more likely to grow than wane as the CAZ grows in the future. In such locations where industrial activities are in some sense concentrated, and where the properties are purpose built and/or renewable, the council should consider protecting industrial land and properties. Failure to protect sites which provide locations for businesses to support the functioning of businesses in the CAZ, could result in increased inefficiency and costs for businesses operating in the CAZ. However, on the other hand it should be acknowledged that the current erosion of industrial floorspace is generally market driven and could be seen to respond to the needs of the growing economy. The Council could consider intensification of such uses in order to make most of the limited land available for development where those uses can be re-provided elsewhere in Camden or outside of Camden and still service the CAZ effectively.

There is demand from 'clean' industries, that serve the expanding central London business market, such as building services, catering, cleaning, courier services, design, hospitality services, IT back-up services, marketing services, media production, office supplies, printing, security, training and many others. These activities require clean, economical buildings of simple specification in locations with good access to the central London economy. LB Camden could attract greater numbers of these types of businesses if the right type of space was available on well-managed estates.

The historic jewellery quarter of Hatton Garden is considered to be functioning well with demand strong and relatively low levels of vacancy. With the coming of Crossrail at Farringdon station the council should continue to provide special protection to Hatton Garden: without continued protection the cluster is likely to see significant redevelopment with large scale redevelopment and intensification of sites, which would change the provision of small office and industrial workspace at the quarter (the redevelopment of Tottenham Court Road, which we discuss briefly on page 71 provides an indication of the potential scale of change which is being leveraged). The council should investigate the prospect of setting up a business improvement district (BID) to improve management of the area, utilisation of premises, public realm and promote the quarter.

More widely across London there is anecdotal evidence of the need for industrial workspaces for start-up and small businesses which allow the sharing of capital-expensive assets. Accommodation could include designer-maker workspace, shared tool sheds and kitchens. Given the high incidence of creative sector activities and entrepreneurship in the borough, LB Camden could lead the way on these accommodation formats which are considered underprovided across Greater London. There may be opportunities within Hatton Garden to promote specialist coworking space focused on designer-maker space and equipment sharing – a concept explained above under 'space for start-ups and small business'.

Elsewhere in Outer Borough locations, industrial sites and premises are typically found in highly marginal locations and physically poor properties such as under railway arches. These sites provide low cost for locations for local businesses serving local markets and due to their locations are unlikely to be desirable for other uses.

Policy options: The projected balance of demand and supply over the Local Plan period is tight and the long term trend of industrial land contraction represents a challenge for the council. In developing their policies the council could look to:

- Protect existing industrial sites and premises which are fit for purpose broadly, not just for the 'modern occupier' as described in the current planning policy (Policy CS8). In particular the council should protect sites where industrial activities are concentrated (e.g. Kentish Town Industrial Area and Hatton Garden), and where the properties are purpose built and/or renewable. The council should also seek to protect industrial land and properties, particularly where the businesses are viable and sustainable.
- The Council could consider proposals for intensification and/or redevelopment of such sites and areas if the proposals would maintain or increase the existing level of industry and/or warehousing space, increase employment opportunities (including training and apprenticeships) and bring additional benefits to the area. Industrial properties in residential areas, properties isolated in minor streets and properties that are clearly obsolete should be looked at differently. These properties could be redeveloped to provide additional employment initiatives (such as apprenticeships and training) alongside new housing.
- Continue recognising the importance of industrial sites and premises in supporting LB Camden's economy and the wider role that some play in

supporting the CAZ. As part of this, the council should look to support ‘clean’ industries that serve the expanding central London business market.

- The council could investigate the prospect of setting up a business improvement district (BID) for Hatton Garden.

The demand for ‘industrial’ property can be broken into three groups: industry (B1c, B2 and sui generis), warehousing (B8) and start-up space (B1c and B2). Policies should be sensitive to all these different types of ‘industrial’ property, rather than applying a single definition of industrial uses.

Retain Employment Uses - Flexible Space

Policy DP13 retains buildings that are suitable for continued business use and resists change to non-business uses. Where changes of use are justified some business use should be retained on the site; flexible space that it is suitable for a variety of business uses is preferred. If a site is not suitable for any business use other than B1(a) offices, permanent residential use or community uses may be permitted, except in Hatton Garden where the Council expects mixed use developments include light industrial premises suitable for jewellery workshops.

As described throughout the study there is significant pressure on employment uses in Camden Town and the Outer Borough from higher value residential uses. In general this has led to a loss of employment uses and in some areas remaining employment is restricted to marginal areas and buildings that are unattractive to residential uses. For example railway arches. Although this represents a market reality the implication if this trend continues is that the borough might not contain sufficient employment land and premises to meet local employment needs. This is especially relevant in areas where there are competing demands for land from high value residential and high value employment uses such as Camden Town. The risk is that high value employment sectors such as the cultural and creative industries could be relatively restricted by the lack of available and affordable premises.

Based on the field surveys, consultation with market agents and demand forecasting exercise the continued protection of light industrial and workshop space within Hatton Garden is appropriate. The Hatton Garden area was observed to be functioning well and the unique historic jewellery quarter is an asset to Camden and London and so should be preserved through the provision of suitable employment space including B1c.

Policy options:

- The Council could look to maintain the policy direction as set in the existing Policy DP13 which requires flexible employment space. This requirement corresponds to the needs of modern businesses as evidenced by the consultation exercise.
- DP13 is an appropriate policy to protect employment land in Hatton Garden. The policy could be enhanced by providing cultural and creative businesses around Camden Town a similar level of protection to that afforded the jewellery industry in Hatton Garden. This is due to the intense market pressure from higher value residential uses that could restrict the supply of employment premises to meet this type of demand in Camden Town.

Mixed Use

Policy DP1 of The Core Strategy (November 2010) requires a mix of uses in new developments including a contribution towards the supply of housing. In central London Area (except Hatton Garden) and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road, the Council requires up to 50% of all additional

floorspace to be housing. The Council also requires any secondary uses to be provided on site, particularly where 1,000 sqm (gross) of additional floorspace or more is proposed.

As was found in the 2008 ELR, the issue of compatibility of employment uses with residential uses has placed significant restraints on the form that mixed use space can take. Typically this excludes businesses which require 24-hour access, space servicing and access and those which are associated with dirty or noisy activity. Therefore, policy DP1 has mainly resulted in the provision of office space, rather than industrial type uses in new mixed use employment developments. This has sometimes resulted in the loss of less viable light industrial and SME space capacity in parts of the borough. This has occurred particularly around Camden Town, and the Outer Borough which traditionally provided premises for companies supporting CAZ functions and SME premises linked to cultural and creative industries.

In the central London market there is a perception that one factor constraining central London office supply is Camden's mixed-use policy. This is due to its impact on the viability of schemes. How far this is correct is not clear from the evidence. Many office schemes in central London have started since the policy has been in force however the policy could limit supply below what it would otherwise be. To see if this is the case, and to estimate the size of any effect, would require a further research including case studies and development appraisals. On balance however Policy DP1 is not considered to create a significant impact on employment uses in central London.

In Camden Town and Outer Borough, the office space element of new mixed use developments is often provided at the ground floor level (and sometimes the first floor) with residential uses above. The ground floor office uses are often developed in a way that makes them unsuitable and unviable for office occupiers. This means that the office element of the new development often remains unoccupied. It is assumed that if this continues for a length of time there is potential for the office element to be converted to residential as per the two year marketing rule. This issue was observed in the field surveys, mainly in Camden Town and the Outer Borough, and is confirmed through the literature review and by market agents in the consultation exercise. This could suggest that the policy is being used primarily by developers to gain residential planning permission and overall it is not proving effective in encouraging active and appropriate employment uses in many parts of the borough.

Because Policy DP1 has led to some vacant and inappropriate office space in the borough it appears to go against the principles of Policy CS1 which aims to promote the most efficient use of land and buildings in the borough. Therefore, it would seem appropriate to review and refine the policy to put in place more effective policies to encourage new appropriate employment space.

Policy option:

- The mixed use policy (DP1) could be refined to place more emphasis on the requirement to provide appropriate and good quality employment space. This is mainly relevant in areas such as Camden Town and Kentish Town where there is significant pressure from higher value residential uses..

The Council should monitor the floorspace change resulting from the DP1 to ensure such that the policy is having the desired effect.

Blurring of Types of Space

Policy direction:

- We have remarked on the blurring of demand between certain types of office occupiers and 'industrial' occupiers and, to a certain degree, it is no longer

helpful to refer to 'industrial' and 'office' uses. The council should, in developing their spatial planning, consider functionality of space rather than separate use classes (this would also assist in consideration of the various types of mixed use development). To assist in this, the council could develop a 'typology' of premises, which identifies physical characteristics associated with different types of occupier activity.

APPENDIX A: POLICY AND LITERATURE REVIEW

Introduction

This section provides an overview of the national, regional and local planning policy and strategy relevant to employment and employment land in LB Camden.

National Policy

National Planning Policy Framework (NPPF) 2012

The NPPF condenses all planning policy statements (PPSs) into a single all-encompassing planning framework with the intention of making the planning system less complex and more accessible. The NPPF was published and came into effect on 27th March 2012.

The NPPF describes the Government's vision for building a strong, competitive economy. It sets out a presumption in favour of sustainable development in the absence of a local plan or where the plan is out of date, silent or indeterminate. The presumption should be reflected by the emerging local plan and be informed by robust evidence to support clearly defined allocations for land for employment. In relation to economic and employment land it states the following:

- A competitive economy requires a planning system which operates to encourage (and not impede) sustainable growth, and the NPPF places weight on the need to support economic growth through the planning system. As such planning policies should recognise and seek to address potential barriers to investment.

The NPPF provides guidance for local planning authorities, when drawing up Local Plans, who should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries; Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

Planning Practice Guidance (March 2014)

On the 6th March 2014 the Government published new National Planning Practice Guidance (NPPG) on 'Housing and Economic Development Needs Assessments' and 'Housing and Economic Land Availability Assessments' amongst others. This guidance replaces the ODPM Employment Land Reviews: Guidance Note (2004).

In economic development terms 'need' relates to the amount of economic development floorspace required based on quantitative assessment and an understanding of the qualitative requirements market segments. The NPPG requires need assessment to be based on an objective assessment of the facts and should not be biased or influenced

by constraints to the overall assessment or limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. Although it is recognised that such evidence will need to be addressed when identifying specific policies within development plans.

It is recognised that there is no one methodological approach for the assessment of need. However, the NPPG advises that in understanding the current market in relation to economic uses plan makers should liaise closely with the business community to understand their current and potential future requirements.

To provide an understanding of the underlying requirements for office, general business and warehousing sites the NPPG emphasises the importance of considering projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. The NPPG requires plan makers to consider sectoral and employment forecasts and projections, demographically derived assessments of future employment needs, past take-up of employment land and property and/or future property market requirements, consultation and studies of business trends and statistics.

Analysing supply and demand concurrently enables conclusions to be drawn on whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This in turn enables an understanding of which market segments are over-supplied to be derived and those which are undersupplied. By comparing availability of stock with particular requirements 'gaps' in local employment land provision can be identified.

The NPPG identifies that when translating employment and output forecasts into land requirements there are four key relationships that need to be quantified including:

- Standard Industrial Classification sectors to use classes;
- Standard Industrial Classification sectors to type of property;
- employment to floorspace (employment density); and
- floorspace to site area (plot ratio based on industry proxies).

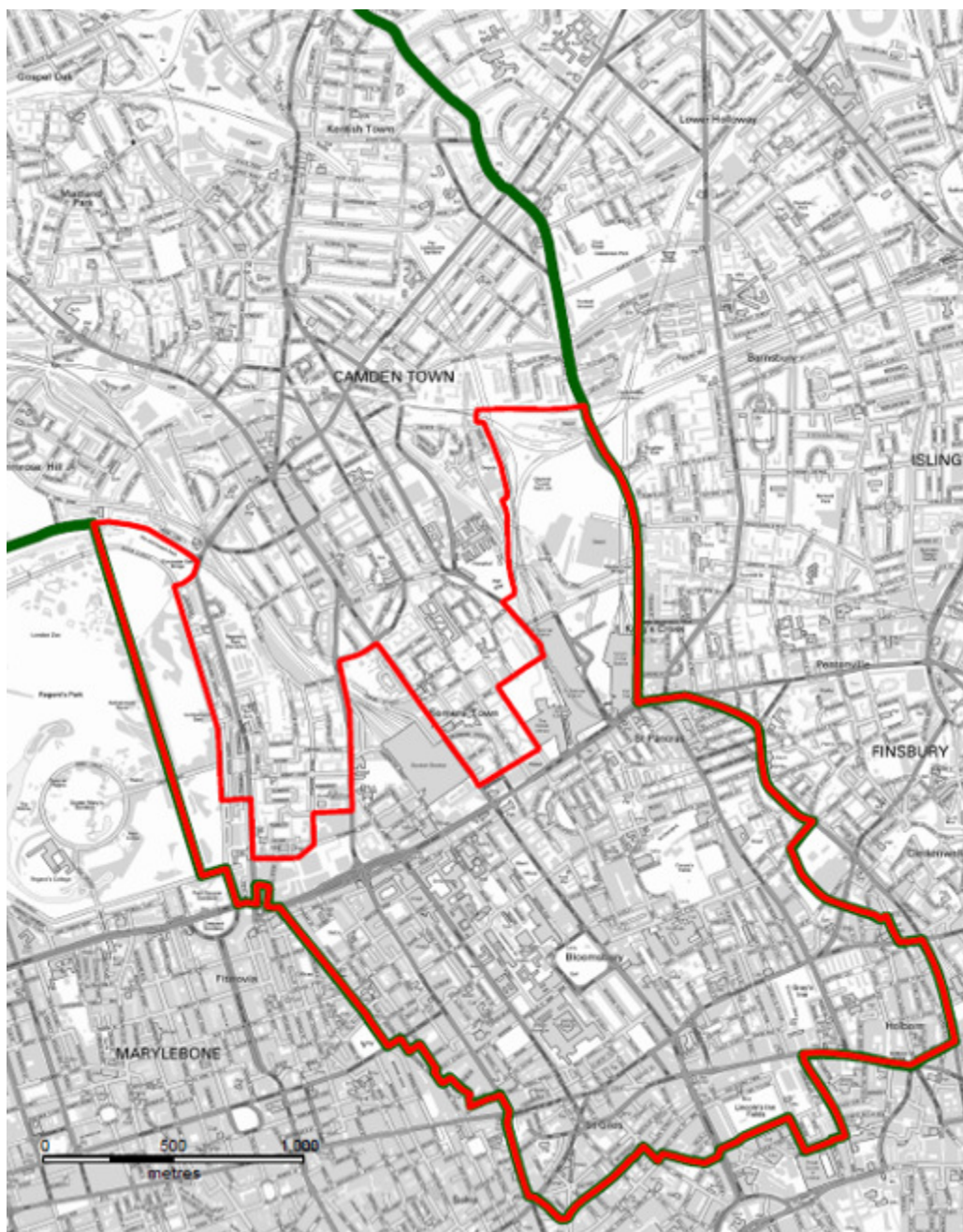
The NPPG guidance on 'Housing and Economic Land Availability Assessment' sets out a general methodology for assessing land availability but focuses primarily on the assessment of housing rather than employment land.

With relevance to this study the NPPG requires local planning authorities to work with other local authorities within the functional economic market area when assessing availability of land in line with the duty to cooperate. The NPPG also requires plan makers to be proactive in identifying as wide a range of sites as possible, including existing sites that could be improved, intensified or changed. Sites which have particular policy constraints should be included in assessments however constraints should be set out clearly and tested with conclusions drawn on whether constraints can be overcome.

The assessment of the suitability of sites for development should be guided by the development plan, emerging plan policy and national policy, as well as market and industry requirements. The NPPG notes that when assessing sites against the adopted development plan, regard should be had to how up to date the plan policies are. Sites in existing development plans, or with planning permission, will generally be considered suitable for development although it may be necessary to assess whether circumstances have changed which would alter their suitability, in addition to the other factors identified in the NPPG.

New Permitted Development Rights

Supporting the Government’s effort to increase housing supply is an amendment to permitted development rights, which allows the change of use from B1(a) office to residential (C3) without the need for planning permission. These rights came into force in spring 2013 and have the purpose of supporting and enabling growth. The new permitted development rights will initially be time-limited for three years. Local authorities were given an opportunity to seek an exemption from office to residential uses for specific geographic areas where there is evidence to suggest that there could be a ‘loss of a nationally significant area of economic activity’ or ‘substantial adverse economic consequences at the local authority level which are not offset by the positive benefits the new rights would bring’. LB Camden were successful in their application for an exemption, which applies to the part of the borough that falls within the Central Activities Zone – as shown below.



Source: LB Camden Council Website

Regional Policy

Further Alterations to the London Plan 2013

On 15 January 2014, the Mayor published Draft Further Alterations to the London Plan (FALP) for a twelve week period of public consultation. The FALP sets out development goals up to 2036 and has been prepared primarily to address key housing and employment issues emerging from an analysis of the 2011 Census. The census data indicates that there is to be a substantial increase in the capital's population. London's population is expected to increase by 87,000 per annum and by 2036 London's total population is expected reach 10.11 million.

The most significant alteration proposed is to housing targets. The Mayor proposes increasing the overall housing target set out in the 2011 London Plan (32,210) to 42,000 net additional homes per annum- an increase of approximately 30%. Higher housing targets are also proposed for the majority of the London Boroughs. In Camden the Mayor proposes increasing the ten year housing target to 889 net additional homes per annum – an increase of 34%.

It is expected that additional homes will be provided through higher housing densities on previously developed land and on sites within and around transport hubs – such as Crossrail. In particular, the identified Opportunity Areas and Areas of Intensification are expected to make a significant contribution. To ensure that housing output is optimised the FALP states that employment capacities should, if necessary, be reviewed in the light of strategic and local employment projections.

From an employment perspective the FALP recognises that the Inner London area is increasingly becoming the home of new and emerging sectors of the economy. This leads to particular clustering and accommodation requirements. Accordingly, Policy 2.9 has been amended to include a requirement to ensure that appropriate workspaces for the area's changing economy are made available.

With regard to the Central Activities Zone (CAZ) the FALP seeks to reinforce the need to ensure continued availability of workspaces appropriate for the technology, media and telecommunications and other emerging sectors within and on the fringe of the CAZ.

London Plan 2011

The London Plan (July 2011) along with the revised early minor alterations published by the Mayor in October 2013, is the spatial strategy for Greater London spanning the next twenty years to 2031. It replaces the previous London Plan (2004). It sets out an integrated social, economic and environmental framework for the future development of London. The relevant policies are stated below. An overall strategic policy of the Plan is contained within six detailed objectives. Those relevant to guide the Council's in the development of their employment policies within their local development plan include the following:

- Objective 1 - A city that meets the challenges of economic and population growth in ways that ensure a sustainable, good and improving quality of life and sufficient high quality homes and neighbourhoods for all Londoners, and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes;
- Objective 2 - An internationally competitive and successful city with a strong and diverse economy and an entrepreneurial spirit that benefit all Londoners and all parts of London; a city which is at the leading edge of innovation and research and which is comfortable with – and makes the most of – its rich heritage and cultural resources; and

- Objective 5 - A city that becomes a world leader in improving the environment locally and globally, taking the lead in tackling climate change, reducing pollution, developing a low carbon economy, consuming fewer resources and using them more effectively.

Map 2.1 identifies that the LB Camden is located within the 'central London' sub-region. Policy 2.5 requires the Mayor, boroughs and other stakeholders to develop the most effective cross working arrangements and groupings to address specific issues. This sub-regional structure is also the way by which the implementation of the London Plan is monitored.

In addition to the sub-regions, the London Plan identifies three key policy areas; outer London, inner London and the Central Activities Zone (CAZ). LB Camden falls within both inner London and the CAZ. Policy 2.9 sets out the overall vision for Inner London. It identifies inner London as an area where stakeholders should work to realise the potential of inner London in ways that sustain and enhance its recent economic and demographic growth while also improving its environment, neighbourhoods and public realm, addressing its unique concentrations of deprivation, and improving quality of life and health for those living, working, studying or visiting the area. Policy 2.9 requires boroughs with all, or part of, their area in inner London to take account of the above principles in developing detailed policies and proposals.

The CAZ covers London's geographic, economic and administrative core. It brings together the largest concentration of London's financial and globally-oriented business services and, together with Canary Wharf, has historically experienced the highest rate of growth in London. Policy 2.10 sets out a series of strategic priorities relevant to the CAZ.

Policy 2.11 confirms the strategic functions of the CAZ and states that the Mayor, boroughs and other relevant agencies should, amongst other things, ensure that development proposals increase office floorspace within CAZ, seek solutions to constraints on office provision and other commercial development, identify, enhance and expand retail capacity to meet strategic and local need and focus this on the CAZ frontages and ensure that development complements and supports the clusters of other strategically important, specialised CAZ uses including legal, health, academic, state and 'special' uses while also recognising the 'mixed' nature of much of the CAZ.

Policy 2.12: 'Predominately Local Activities' states that the Mayor, boroughs and other relevant agencies should work together to identify, protect and enhance predominantly residential neighbourhoods within CAZ. Elsewhere, sensitive mixed use policies should be developed to ensure that housing does not compromise CAZ strategic functions in the zone.

Policy 2.13: 'Opportunity Areas and Areas for Intensification' states that development proposals within opportunity areas and intensification areas should:

- Support the strategic policy directions for the opportunity areas and intensification areas set out in Annex 1, and where relevant, in adopted opportunity area planning frameworks
- Seek to optimise residential and non-residential output and densities, provide necessary social and other infrastructure to sustain growth, and, where appropriate, contain a mix of uses; and
- Contribute towards meeting (or where appropriate, exceeding) the minimum guidelines for housing and/or indicative estimates for employment capacity set out in Annex 1, tested as appropriate through opportunity area planning frameworks and/or local development frameworks.'

It states that; 'Planning frameworks, investment plans and other spatial interventions for these areas (opportunity areas) should focus on implementation, identifying both the

opportunities and challenges that need resolving such as land use, infrastructure, access, energy requirements, spatial integration, regeneration, investment, land assembly and phasing’.

Integral to Policy 2.13 is Annex 1, which outlines how broad principles of the London Plan should be applied to specific Opportunity and Intensification Areas including indicative estimates of employment capacity and minimum guidelines for new homes to 2031. Annex 1 identifies that growth within Euston, King’s Cross, Tottenham Court Road and Holborn has the potential to accommodate a total of 37,000 new jobs and 3,520 new homes.

In London there are five broad types of town centre which perform different but complementary roles. They are classified as international centres, metropolitan centres, major centres, district centres, neighbourhood and more local centres or as CAZ Frontages. CAZ Frontages are mixed use areas that are located within the CAZ and have a predominant retail function. Table A2.1 of the London Plan defines the following as being located, either in whole or in part, in Camden:

- International Centres; West End
- Major Centres; Kilburn and Camden Town.
- District Centres; Cricklewood, Hampstead, Kentish Town, Swiss Cottage/Finchley Road and West Hampstead.
- CAZ Frontages; Euston Road, High Holborn, Tottenham Court Road and Charing Cross.

Table A2.1 also provides strategic guidance on the broad future direction for the town centres including their potential growth and regeneration, rated as high, medium or low. Of the above, Cricklewood (located across LB Barnet, Brent and Camden) is the only centre identified as having a high potential for growth, the rest are identified as having medium potential. Notably the future growth categorisations set out in Table A2.1 are indicative, and should be refined by boroughs, in collaboration with the Mayor, through the plan making process. They refer to the whole centre and not individual sites within it.

At Policy 2.17 and Annex 3, the London Plan identifies a number of Strategic Industrial Locations (SILs) of which there are two types: Preferred Industrial Locations (PILs) and/or Industrial Business Parks (IBPs). Policy 2.17 outlines its policy with regard to SILs. It states that the Mayor, boroughs and other stakeholders should promote, manage and, where appropriate, protect strategic industrial locations. However, it is clear from Annex 3 that Camden contains no such sites.

In terms of office development Policy 4.2 ‘Offices’ provides policy guidance on the management, consolidation, renewal of office stock as well as the managed conversion of surplus capacity to more viable and complementary uses, where this is relevant

Policy 4.4, ‘Managing Industrial Land and Premises’, provides policy guidance on the approach to industrial land management to ensure a sufficient stock of land and premises to meet the future needs of different types of industrial and related uses in different part of London.

Map 4.1 refers to Camden as a ‘Restricted Transfer’ Borough; that is a borough which is considered to be between managed (i.e. boroughs with a greater supply of vacant sites relative to demand) and restricted (i.e. boroughs with low levels of industrial land relative to demand).

A key evidence base document for the London Plan is the 2010 GLA London Industrial Land Baseline Study, undertaken by URS/DTZ.

Supplementary Planning Guidance (SPG) Land for Industry and Transport 2012

The SPG was published in September 2012 and adds to the 2008 SPG's two key objectives with the aim of ensuring the provision of sufficient land, suitably located, for the development of an expanded transport system. Key policies from the London Plan that form the basis for the SPG are Policies 2.17 Strategic Industrial Locations, 4.4 Managing Industrial Land and Premises and 6.2 Providing Public Transport Capacity and Safeguarding Land for Transport.

The SPG has a number of relevant themes for this ELR, including:

- Managing release in the context of demand arising from non-industry uses;
- There is increasing demand for industrial land from a range of other important industrial type functions. The distribution of release must take full account of other land use priorities and be managed carefully to ensure that a balance is struck between retaining sufficient industrial land in appropriate locations and releasing land to other uses;
- Strategic Industrial Locations and Locally Significant Industrial Sites should in general be protected, and release of industrial land through development management should generally be focussed on smaller sites outside of the SIL framework;
- The requirements for utilities also represent established uses of industrial land and their land requirement should be planned for to accommodate growth;
- Need for an integrated/partnership approach to employment land provision;
- A partnership approach and strategic perspective is required in order to keep inner London sustained and to meet the demands of the Central Activities Zone and Canary Wharf for locally accessible, industrial type activities, e.g. including food and drink preparation, printing, publishing, local distribution activities and 'just-in-time' services;
- Central and inner London boroughs face strong competition from other higher value land uses, particularly commercial offices, residential and retailing. Boroughs around the Central Activities Zone (CAZ) should consider industrial uses servicing the needs of central London; and

Annex 1 of the SPG sets out the indicative industrial land release benchmarks for 2011-2031, the benchmark for Camden is – 5 ha for 2011-2031 (- 0.3 ha per annum).

Annex 2 of the SPG gives indicative land demand for waste management and recycling. For Camden the waste apportionment to 2031 (London Plan 2011) is 264,000 tonnes per annum (pa); however the waste transfer station capacity is 170,810 tonnes pa which is well under demand. The net additional indicative land requirement for waste apportioned to 2031 is therefore 1.1 ha. This estimate is an approximate and indicative land requirement only and Boroughs, waste authorities and other partners, in collaboration with the GLA, should determine the actual requirements of industrial land needed to manage waste apportioned in the London Plan.

London's Industrial Land Baseline 2010

Prepared by URS in association with DTZ, this report provides a comprehensive analysis of London's supply of land in industrial and related uses such as warehousing for logistics, waste management, utilities, wholesale markets and vacant land including times series data 2001-2006-2010. Backed by field surveys and Geographic Information System (GIS) mapping, the study provides a valuable input into related studies on industrial land demand and the London Plan's Examination in Public. The study assists the GLA, LDA, TfL, boroughs and other partners to implement a rigorous strategy for industrial land management and investment, and to plan, monitor and manage release of surplus land to contribute to strategic and local planning objectives.

The study found that in 2010 in Camden:

- There was 61.3 hectares of industrial land
- Of the total, 32 hectares was occupied by industry
- Of the total, 21.2 hectares was occupied by warehouses
- Of the total, 7.8 hectares was occupied by wider industrial land uses (such as utilities and waste facilities)
- Of the total, 0.3 hectares was vacant
- LB Camden gained 4.1 hectares of industrial land from other uses from 2006 to 2010.

Central London Sub-regional Development Framework May 2006

The Central London Sub-regional Development Framework (SRDF) was published in May 2006. It was produced to provide guidance on the implementation of policies contained in the London Plan for the central London sub-region. The sub-region comprises the boroughs of Camden, City of Westminster, Islington, Kensington and Chelsea, Lambeth, Southwark and Wandsworth. The SRDF is in two parts: Part one highlights the key challenges facing the sub-region and sets the direction for central London and part two deals with the implementation of the development strategies set out in the London Plan.

Part one identifies three key ingredients for future success in the sub-region which are centred on the sub-region’s strong identity, the scale and intensity of activities within the sub-regional boundary and its unparalleled connections. Part one confirms that the vision for the central London sub-region is to build on its current strengths as one of the world’s pre-eminent urban centres, with a vital mix of international business and finance, government, culture, leisure, retail and tourism and unmatched diversity of people, activities and buildings. To this end, it is envisaged that central London will increase its capacity to accommodate economic and population growth, recognising the overall strategy to promote development to the east.

Part one identifies a number of key projects that will help central London to achieve these overarching objectives, including the implementation of key public sector transport infrastructure projects, such as Crossrail, that will transform connections to and from the sub-region. It is estimated that central London will experience exceptional growth over the London Plan period 2011 – 2031. One of the key challenges faced by the central London sub-region is therefore the co-ordination of the implementation of policies and strategies to ensure that the vision of sustainable growth is achieved.

The SRDF actions set out for employment and offices are:

- In partnership with the LDA, boroughs are asked to facilitate the implementation of the Mayor’s Economic Development Strategy through the central London Sub-Regional Economic Development Implementation Plan (SREDIP).
- The Mayor will work with the LDA, boroughs and other stakeholders to encourage the market to provide and enhance viable, affordable provision for SMEs in appropriate locations and through the Sub-Regional Economic Development Implementation Plan, to meet their specific needs for business support and training (see also Section 3).
- The central London office market must continue to be monitored rigorously at local and strategic levels, by the Mayor, boroughs and other stakeholders including the London Office Review Panel.
- Beyond the CAZ, and in light of strategic and local monitoring and demand assessments, boroughs are encouraged in their LDFs to promote the consolidation and re-positioning of the sub-regional office market in appropriate,

viable locations to complement wider planning objectives including town centre renewal and increased housing provision (see also Section 5).

- Boroughs, in collaboration with the Mayor and Central London Partnership at the sub-regional level, are invited to take into account the industrial land monitoring benchmark proposed for the sub-region and suggest how it might be refined for application in LDFs to ensure the efficient use of land including capacity for waste management, recycling, utilities, transport functions and other industrial type activities.
- Through the Industrial Land Availability Study (conducted every 4 years), boroughs, CLP and the GLA group are asked monitor the stock and release of industrial land within the sub-region.
- In their LDFs, boroughs are asked to develop a positive and proactive approach to accommodating warehouse provision in appropriate locations. This should be taken into account in assessing future industrial demand.
- Stakeholders are asked for their views on the proposition that, in the medium to long-term, London's wholesale market functions could be consolidated on multipurpose markets located at New Spitalfields, New Covent Garden and Western International.

The SRDF also provides guidance with regard to the Opportunity Areas and Areas for Intensification located within the central sub-region, including those located in Camden.

North London Joint Waste Strategy February 2009 and the emerging North London Joint Waste Plan 2012 - 2027

The North London Joint Waste Strategy sets out the issues and objectives to be met in waste management within North London between 2004 and 2020. It was produced by seven partner authorities - Barnet, Camden, Enfield, Haringey, Islington and Waltham Forest - and it sets out the partner authorities' long-term vision and strategy for the sustainable management of waste over the plan period up to 2020. Policy 3.E of the strategy confirms that the seven partner authorities will work together to prepare a Joint North London Waste Plan (NLWP).

Preparation of a Joint Waste Plan has been underway for some time. The current draft NLWP for the period 2012 - 2027 presents a second attempt at a joint plan following an Inspector's decision in 2012 to recommend non-adoption of the previously prepared NLWP. Camden is acting as the lead borough for the preparation of the new plan; its launch was publicly consulted on between April and June 2013.

Mayor's Economic Development Strategy for Greater London 2010

In May 2010, the Mayor of London published a new Economic Development Strategy (EDS). The purpose of the Strategy is to provide relevant stakeholders, public authorities and interested parties, with a vision for London's future, an analysis of the economy and policy directions for achieving its ambitions; and to clarify roles and responsibilities with other partners who make a major contribution to developing London's economy.

The Economic Development Strategy (EDS) is framed around five central economic objectives, which are:

- 'Promote London as a city that excels as a world capital of business, the world's top international visitor destination, and the world's leading international centre of learning and creativity;
- Ensure that it has the most competitive business environment in the world;

- To make London one of the world’s leading low carbon capitals by 2025 and a global leader in carbon finance;
- Give all Londoners the opportunity to take part in London’s economic success, access sustainable employment and progress in their careers; and
- To attract the investment in infrastructure and regeneration which London needs, to maximise the benefits from this investment and in particular from the opportunity created by the 2012 Olympic and Paralympic Games and their legacy’.

The Strategy states that the Mayor wants to maximise London’s share of the Carbon Trading global market: if London captured even 1 per cent of this new market it would be worth about £3.7 billion per annum. In order to do this, the Mayor considers that London should play to its existing strengths in financial services; business services – including consulting, engineering, architectural and legal services, research, design and product development.

Local Policy

Camden Core Strategy 2010 - 2025

The Core Strategy was adopted on the 8th November 2010. It sets out the key elements of the LB Camden’s planning vision and strategy for the period 2010 – 2025. The Core Strategy is central to Camden’s Local Development Framework (LDF) which replaces the majority of the previous Unitary Development Plan (UDP) for the borough. The vision behind the Core Strategy is focussed on making Camden a ‘borough of opportunity’.

Policy CS1 states that the focus of Camden’s growth will be managed to ensure that the borough delivers its opportunities and benefits and achieves sustainable development while continuing to preserve and enhance the features that make Camden an attractive place to live, work and visit. Policy CS1 confirms that the Council will promote the development of the growth areas of King’s Cross, Euston, Tottenham Court Road, Holborn and West Hampstead Interchange and more limited change elsewhere. According to Policy CS2 these areas are expected to provide in the range of 4,700 new homes and a substantial majority of new business floorspace in the period to 2024/25. Overall the Council expects that in the order of 12,250 homes will be provided in Camden between 2010/11 and 2024/25.

Policy CS3 states that the Council will promote appropriate development in the highly accessible areas of central London (outside of the growth areas) and the town centres of Camden Town, Finchley Road / Swiss Cottage, Kentish Town, Kilburn High Road and West Hampstead, including appropriate edge of centre locations. These areas are considered to be suitable locations for the provision of homes, shops, food, drink and entertainment uses, offices, community facilities and are particularly suitable for uses that are likely to significantly increase the demand for travel.

Policy CS4 states that parts of the borough outside of the growth areas and other highly accessible areas will experience more limited development and change. The Council will expect major development to bring benefits to these areas.

With regard to Camden’s economic strategy Policy CS8 confirms that the Council will promote the provision of 444,000 sqm of permitted office floorspace at King’s Cross, approximately 70,000 sqm of office provision at Euston as well as further provision in the other growth areas and central London to meet the forecast demand of 615,000 sqm to 2026.

Policy CS8 states that the Council will support industries by:

- safeguarding existing employment sites and premises in the borough that meet the needs of modern industry and other employers
- safeguarding the borough's main Industry Area; and
- promoting and protecting the jewellery industry in Hatton Garden

Policy CS8 expects the delivery of a mix of employment facilities and types, including the provision of facilities suitable for small and medium sized enterprises. This includes managed, affordable workspace. Policy CS8 also recognises the importance of other employment generating uses such as retail, leisure and education.

Policy CS9 sets out measures to ensure a successful central London. This includes ensuring that new development (particularly within the growth areas) contributes to London's social, economic and cultural role and promotes and protects areas of specialist activity such as Museum Street and Hatton Garden. Policy CS9 confirms that the Council will allocate sites within central London for appropriate uses, including offices and housing, in the Camden Site Allocations.

Camden Development Policies 2010 – 2025

The Camden Core Strategy and Development Policies Plan were adopted concurrently on the 8th November 2010. The Development Policies Plan forms part of the Council's adopted local development framework. It sets out detailed planning policies that the Council will use when determining applications for planning permission in the borough to achieve the vision and objectives of the Core Strategy.

Policy DP1 states that the Council will require a mix of uses in new developments including a contribution towards the supply of housing. In the Central London Area (except Hatton Garden) and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road, where more than 200 sqm (gross) additional floorspace is provided, the Council will require up to 50% of all additional floorspace to be housing. The Council will also require any secondary uses to be provided on site, particularly where 1,000 sqm (gross) of additional floorspace or more is proposed. Where inclusion of a secondary use cannot practically be achieved on the site, the Council may accept a contribution to the mix of uses elsewhere in the area, or exceptionally a payment-in-lieu. Policy DP2 – SP10 provides further policy guidance with regard to the provision of housing.

Policy DP13 is pertinent to the provision of employment premises and sites. The overall thrust of Policy DP13 is to retain buildings that are suitable for continued business use and resist change to non-business uses. Where changes of use can be justified then Policy DP13 requires that some business use is retained on the site; there is a preference for the provision of flexible space that it is suitable for a variety of business uses. When it can be demonstrated that a site is not suitable for any business use other than B1(a) offices, Policy DP13 confirms that the Council may allow a change to permanent residential use or community uses, except in Hatton Garden where the Council will expect mixed use developments that include light industrial premises suitable for use as jewellery workshops.

Camden Unitary Development Plan 2006

Camden Unitary Development Plan (UDP 2006), prior to being replaced by the Local Development Framework (LDF) set out the overall planning strategy for managing growth and development in the Camden borough. Policy LU1 'Schedule of Land Use Proposals' remained extant until recently where it was replaced by the final version of the Site Allocations DPD, which the Council resolved to adopt on the 9th September 2013. Policy LU1 will also be replaced by the Site Allocations Plan and the Fitzrovia Area Action Plan (discussed below) when adopted, which is imminent.

Site Allocations 2013

Camden Council resolved to adopt the Site Allocations Plan on the 9th September 2013. The period for challenge has now expired and it is anticipated that the redesigned version of the Site Allocations and accompanying Policies Map will be published by Camden Council imminently. Upon adoption the document replaced Policy LU1 'Schedule of Land Use Proposals' of the UDP. The Site Allocations Plan sets out guidelines for the future development of significant sites that have been or are likely to be subject to major development proposals over the plan period. The Site Allocations plan applies to sites across the whole borough. It identifies the following sites for either employment or mixed-use including office space:

Fitzrovia Area Action Plan Proposed Submission December 2012

The Fitzrovia Area Action Plan (AAP) (December 2012) has been prepared by LB Camden Council to help deal with the impact of continued development pressure on Fitzrovia, fuelled by nearby growth areas based around the redevelopment of Euston and Tottenham Court Road tube station. Fitzrovia is located between Marylebone and Bloomsbury and straddles the boundary between of the City of Westminster and the London Borough of Camden. The AAP covers the part of Fitzrovia that lies within Camden. For consistency with the Camden Core Strategy the AAP covers the period up to 2025.

The purpose of the AAP is to help to shape the future of the Fitzrovia by:

- developing a vision for the area shared by the Council, key community groups and key landowners;
- ensuring that growth takes place in a way that balances the need for residential, institutional and commercial uses and minimises harm to residential amenity;
- coordinating development proposals across a number of significant sites; and
- ensuring that growth delivers the maximum benefits to the area.

In respect to office development the AAP identifies that around 10,000 sqm of new office floorspace could be provided in Fitzrovia, particularly at the Network Building (95 Tottenham Court Road) and 80 Charlotte Street.

The Proposed Submission version of the plan has been examined by an independent Planning Inspector who recommended approval of the AAP subject to modifications. It is understood that the Council intends to take the AAP to committee in February and March 2014 to seek the relevant approval(s) for adoption by the Council. Upon adoption the AAP will comprise part of the Camden development plan.

Euston Area Plan Proposed Submission Draft January 2014

A Proposed Submission Draft of the Euston Area Plan was published in January 2014. The plan sets out the long term planning framework that will guide the transformational changes proposed in the area and in particular, those focussed around the redevelopment of Euston Station. The Euston Area Plan is being jointly prepared by Camden Council, the Greater London Authority (GLA) and Transport for London (TfL), and will guide development up until 2031. The plan seeks to ensure that strategic and local issues for the Euston area are planned for in a coordinated way and are balanced with community aspirations.

It is understood that the Government's current proposals to terminate the High Speed Two (HS2) line at Euston Station is opposed by Camden Council. The Euston Area Plan has therefore been prepared to be flexible in order to allow for different station designs to come forward and to enable updates where necessary to reflect significant changes in circumstances to the HS2 project.

The overall vision set out in the Euston Area Plan is that of a rejuvenated Euston area, as both a local hub of activity and a gateway to London through the provision of a world class transport interchange at Euston Station. In terms of housing and employment growth the Area Plan states that the changes planned for the area should deliver between 2,800 and 3,000 new homes in addition to between 180,000 and 280,000 sqm of employment/economic floorspace, providing between approximately 7,700 and 14,100 jobs. The plan encourages the development of knowledge based, research and creative uses to strengthen Euston's existing role as a knowledge and research hub. It sets out key principles for seven identified character areas: Euston Station, Euston Road, North Euston Cutting, Drummond Street and Hampstead Road, Regents Park Estate, Amptill and Mornington Crescent Station and West Somers Town.

The Euston Area Plan will be adopted by Camden Council as part of its development plan and will also be adopted by the GLA as supplementary planning guidance to the London Plan. Public consultation on the Proposed Submission Draft ended on the 5th March 2014, the Area Plan is expected to proceed to examination with adoption proposed in Autumn/Winter 2014.

Camden Planning Guidance for Central London – Town Centres, Retail and Employment September 2013 (GPG5 Revised)

The Camden Planning Guidance for Town Centres, Retail and Employment (CPG5) has been prepared by Camden Council to support the policies contained in the Local Development Framework. The guidance contained within CPG5 is consistent with the Camden Core Strategy and Camden Development Policies and forms a Supplementary Planning Document (SPD) to these documents. CPG5 is a 'material consideration' in planning decisions. The original CPG5 was adopted by the Council on 7th September 2011 following statutory consultation as part of a suite of documents (CPG1 to CPG8) that replaced the Camden Planning Practice Guidance 2006. This document was updated and replaced by the current CPG5 (dated September 2013).

CPG5 provides information with regard to the Council's approach to retail uses, town centres, central London local areas, central London frontages, neighbourhood centres and pertinent to this study, employment sites and business premises. In this regard the guidance recognises that Camden has a very restricted supply of sites and premises suitable for light industrial, storage and distribution uses. The guidance reiterates the Council's position with regard to the protection of existing employment sites and premises that meet the needs of businesses and employers. Specifically, it explains the circumstances where the Council will consider alternative uses for an employment site. It also provides more information on marketing requirements and the Council's approach to Hatton Garden, the Industry Area and mixed use developments.

Other Key Documents

GLA London Office Policy Review 2012

The purpose of the London Office Policy Review (LOPR) is to provide planning policy makers with up to date information on the supply and demand for offices in London, including a review of office-based employment projections and office floor space need estimates, and consideration of the potential for conversion of surplus office space to other uses, especially residential, in different parts of London.

The main findings of the report were that despite the difficult post-2008 period, London's future as a World City and global financial centre is secure for the reasonably foreseeable future. The employment forecasts indicate a dynamic metropolitan area. There will be demand for new space, and for new types and formats of office space and related employment space, but in terms of quantity, forecasts suggest there is little need for expansion beyond that already in the pipeline. The rate of growth in office jobs, 2011-2036, is forecast to be half that which prevailed over the past two decades. The key policy task will be to monitor both the quantity and quality of space emerging,

balancing new proposals with others that fall out of the pipeline, so that the pipeline is responsive to changes in demand.

The report highlights many options beyond the obvious conversion to residential, requiring spatial planning to be more creative and responsive to local market conditions. Encouraging the supply of space in the new office economy, on high streets, for flexible work patterns and small businesses with new needs could be a key role for spatial policy.

The report indicates that Camden's gross employment floorspace in 2012 (727,762 sqm) represents 117% of its 2009 gross employment floorspace (621,694 sqm).

At the local level the report notes that there is significant variation with regard to the scale of B1 conversions and recognises Westminster as having the largest number of completed conversion. Other boroughs, such as Camden, also have a large number of conversions. The report identifies that the distribution of developments under construction with B1 losses and residential gains also exhibits similar trends. The majority of sites with such losses are located in Camden, Islington and Westminster. The report concludes that to an extent the pipeline shows a continuation of this trend; the implications of which will need to be considered as part of this review.

Camden Employment Land Review 2008

The 2008 Employment Land Review (2008 ELR) was commissioned by Camden Council to assess the future demand for employment land versus supply. The study formed part of the evidence base to the Core Strategy 2010 – 2025 and Development Policies subsequently adopted in November 2010.

The 2008 ELR identified that areas of Camden, such as Midtown, had succeeded in attracting a stronger base of diverse corporate occupiers although there were very few large, single occupier buildings, most were medium sized and multi-let premises available. The 2008 ELR recognised that the single greatest threat to office supply was pressure for residential conversion and, in particular, the possibility of piecemeal conversion in areas of high value. However, the review confirmed that there was not enough evidence on supply and demand to support firm recommendations for the retention or otherwise of small local offices.

Regarding demand the 2008 ELR identified that there was a growing occupier and investor demand for office floorspace in the central London area. If Camden were to meet demand then it would need to provide a continuing supply of small and refurbished space, as well as large new developments such as those proposed at King's Cross and Euston.

The conclusions drawn regarding the supply and demand of industrial floorspace in the 2008 ELR were particularly stark. The review found that Camden had the lowest stocks of industrial and warehousing space in London, where only Kensington & Chelsea, Westminster and the City of London had less (as at 2008). Although, the 2008 ELR did conclude that if more industrial/warehousing was provided in Camden then it would be readily taken up at comparatively high rents. Low stocks were therefore considered to be prevalent as a result of constrained supply rather than lack of demand. The 2008 ELR highlights one major reason for the lack of industrial floorspace; the competition from higher value land uses (the most obvious being residential) and lack of industrial stock renewal.

Overall the 2008 ELR concluded that planning for employment in Camden will always raise difficult issues due to the prevalent physical and other land uses constraints. The review also recognised that, inevitably, housing will have a strong claim both in terms of market demand and policy targets. It was acknowledged that Camden should not necessarily aim to meet all of its demand within its own boundaries and proposed recommendations centred on:

- Continued use of restrictive policies, safeguarding all existing industrial/warehousing land which is still suitable and viable for these uses.
- Creation of opportunities for small-scale industrial development.
- Stock renewal through development and redevelopment growth opportunities in clean industries to serve the expanding central London business market. Such markets included building services, catering, cleaning, courier services, design, hospitality services, IT back-up services, printing and others.
- Monitoring of the implementation of employment policies with regard to the take up and loss of employment land.

Camden Business Premises Study (2011)

In March 2011 LB Camden published their Business and Premises Study, prepared by Roger Tyms. The purpose of this study was to explore the features of employment sites and buildings that should be provided to support a flourishing and diverse local economy. The report concluded, based on the analysis of businesses premises in Camden, market conditions and trends, that there appeared to be no compelling argument for requiring developers to provide office space as part of residential-led mixed-use schemes. This conclusion centred on three reasons:

- Building offices does nothing to relieve the shortage of industrial space or replace industrial space which is lost in mixed-use redevelopment.
- Offices provided on the ground floor of residential are generally compromised in terms of quality and hence they are hard to let, except in prime office locations.
- If there was a shortage of offices in the borough generally, it might be right to require developers to provide these kinds of offices. But this is not the case: as the Business and Premises Study noted, there appears to be no shortage of office space or office development opportunities in Camden, either now or in prospect for the long term.

Camden Retail Study Update 2013

The Camden Retail and Town Centre Study (2013) provides a comprehensive borough-wide review of retail provision within Camden’s town centres and central London frontages. The study sets out a recommended strategy for the borough in terms of retail and sets out retail floorspace projections for both convenience and comparison goods.

Table 7.7 below sets out a summary of the baseline retail capacity forecasts contained in the 2013 study.

Table 7.7: Baseline Retail Capacity Forecasts

Capacity (sq m)	2018	2023	2028	2031
Convenience Goods	9,405	9,455	10,591	11,619
Comparison Goods Capacity	-1,278	2,922	13,789	20,724

Source: Camden Retail and Town Centre Study (2013)

With regard to convenience goods the 2013 study concludes that, by virtue of forecast growth in population and expenditure and the current overtrading of existing stores, there is expected to be a surplus of available expenditure over the period up to 2031.

This translates to an increase in floorspace capacity from 9,045 sqm (net) at 2018 to 11,619 sqm (net) by 2031.

With regard to comparison goods there is expected to be negligible capacity arising to support additional comparison goods floorspace up to 2018. However, by virtue of growth in population and expenditure, there is likely to be a surplus of capacity for additional comparison floorspace by 2023 that is set to increase by 2031. By 2031 it is anticipated that surplus capacity for additional comparison goods floorspace will reach 20,724 sqm. This capacity is in addition to major committed development at King's Cross Central and Hawley Wharf in Camden Town.

Overall, the study concludes that the focus for new growth should be within the central London frontages (particularly Tottenham Court Road), the Growth Areas (particularly Euston) and other town centres (particularly Camden Town).

The report goes on to make various recommendations with regard to the Council's retail hierarchy, town centre boundaries and content of current planning policies in terms of their consistency with the NPPF. In terms of the retail hierarchy and town centre boundaries GVA recommended no change. However, it was recommended that following implementation of the Crossrail development in 2018, the central London frontage in this location is reviewed. GVA also recommended that the Council monitors the proportion of uses within primary and secondary areas and where appropriate allow greater flexibility of uses to encourage social activity in peripheral retail areas.

Camden Local Economic Assessment

The Camden Local Economic Assessment (LEA) was published by Camden Council in May 2011. In summary the LEA confirms that:

- Camden has a growing and diverse population. As with many Inner London boroughs there is a high degree of population churn with many residents arriving and leaving each year. Projections show continued to growth over the next two decades of +15.9% (+33,600) between 2011- 2031.
- Camden is the second least affordable borough in terms of house price to income ratios.
- In the 2007 Index of Deprivation Camden was ranked the 42nd most deprived local authority in the country. Over a third (36%) of households in Camden are in the social rented sector, compared to just a quarter across London as a whole. Levels of economic activity are much lower amongst social housing tenants.
- The employment rate in Camden is low at 64.5%, below the London and national average but this is partly due to the high number of economically inactive students.
- Many of Camden's residents are highly skilled but the total number of people with no qualifications has increased.
- The LEA states that over half (53%) of the local working age population in Camden was educated to degree level in 2009, higher than the London (40%) and national (30%) averages. 16,100 residents in Camden have no qualifications which equates to 9% of the working age population. While this proportion is below the national and regional averages (12%) the number has risen in contrast to declines across the region and UK as a whole.