

### **Policy E2 Providing suitable business space**

- A      Boroughs should include policies in local Development Plan Documents that support the provision, and where appropriate, protection of a range of B Use Class business space, in terms of type, use and size, at an appropriate range of rents, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand.
- B      Development of B Use Class business uses should ensure that the space is fit for purpose having regard to the type and use of the space.
- C      Development proposals that involve the loss of existing B Use Class business space (including creative and artists' workspace) in areas identified in a local Development Plan Document where there is a shortage of lower-cost space or workspace of particular types, uses or sizes, should:



- 1) demonstrate that there is no reasonable prospect of the site being used for business purposes, or
  - 2) ensure that an equivalent amount of B Use Class business space is re-provided in the proposal which is appropriate in terms of type, use and size, incorporating existing businesses where possible, and include affordable workspace where appropriate (see [Policy E3 Affordable workspace](#)).
- D Development proposals for new B Use Class business floorspace greater than 2,500 sq.m. (gross external area), or a locally determined lower threshold in a local Development Plan Document, should consider the scope to provide a proportion of flexible workspace or smaller units suitable for micro, small and medium-sized enterprises.

- 6.2.1 The provision of a **sufficient supply of business space of different types, uses and sizes** will ensure that workspace is available for occupation by SMEs and businesses wishing to start-up or expand. It will also help to ensure that workspace is available at an appropriate range of rents.
- 6.2.2 Development of business uses should ensure that the space is fit for purpose, with at least basic fit-out, and not compromised in terms of layout, street frontage, floor loading, floor to ceiling heights and servicing, having regard to the type and use of the space. This should take into account the varied operational and servicing requirements of different business uses.
- 6.2.3 Smaller occupiers and creative businesses are particularly vulnerable and sensitive to even small fluctuations in costs. To support a **diverse economy**, it is important that cost pressures do not squeeze out smaller businesses, particularly from fringe locations around central London, but also across the capital as a whole. There is evidence that the conversion of occupied or partially-occupied offices to residential use, through permitted development rights, is having a particular impact on secondary space in outer London and on the fringes of the CAZ.<sup>100</sup>
- 6.2.4 **Low-cost business space** refers to secondary and tertiary space that is available at open market rents, which is of a lower specification than prime space,<sup>101</sup> or found in non-prime locations such as back-of-town centre and

<sup>100</sup> Ramidus Consulting, 2017 op cit / London Development Database monitoring

<sup>101</sup> See [Glossary](#) for definitions of [Prime](#), [secondary](#) and [tertiary commercial property](#)



high street locations, railway arches, heritage buildings in the CAZ, and smaller-scale provision in industrial locations. It usually commands rents at or below the market average.

- 6.2.5 Part B of this policy is intended to operate in those parts of London where there is evidence in a local Development Plan Document of particular **shortages of business space** available for occupation, including lower-cost space. It supports the life-cycle of prime, secondary and tertiary business space over the longer term by securing the re-provision of capacity at open market rents and the provision of affordable workspace at rents maintained below the market rate where appropriate – (see [Policy E3 Affordable workspace](#)). It will be most effective in those parts of London where boroughs have removed office or light industrial to residential permitted development rights through Article 4 Directions.
- 6.2.6 Larger-scale commercial development proposals should consider the scope to incorporate a **range of sizes of business units**, including for SMEs. Flexible workspace can include a variety of types of space including serviced offices, co-working space<sup>102</sup> and hybrid industrial space for B1c/B2/B8 uses. What constitutes a reasonable proportion of workspace suitable for SMEs should be determined on the circumstances of each case.
- 6.2.7 If business space is demonstrated to be obsolete or surplus to requirements (see paragraphs [6.1.7](#) and [6.7.5](#)), it should be **redeveloped for housing and other uses**.

---

<sup>102</sup>

Ramidus Consulting, 2017 op cit section 2.3