

The background image shows an industrial setting. On the left, a light-colored building has a sign that reads 'CONCORDE GRAPHICS & CG DELIVERIES' and the number '23'. To the right, a dark blue building has the number '22' and a sign that says 'CONCORDE'. A blue van is parked in the foreground on the right side. The entire image is overlaid with a semi-transparent blue filter.

London Borough of Lewisham Employment Land Study 2015

Final Report

December 2015

*Prepared for
London Borough of
Lewisham*

Revision Schedule

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EXECUTIVE SUMMARY

AECOM was commissioned by the London Borough of Lewisham in February 2015 to undertake an Employment Land Study (ELS) of the borough. The ELS assesses the quantity, quality and viability of the borough’s employment land to form an evidence base to support the review of policies and preparation of Lewisham Local Plan. The Local Plan will cover the period up to 2033 and will replace the existing adopted Core Strategy (2012). The ELS will be used by the borough to inform its future approach to the provision, protection, release or enhancement of employment land and premises.

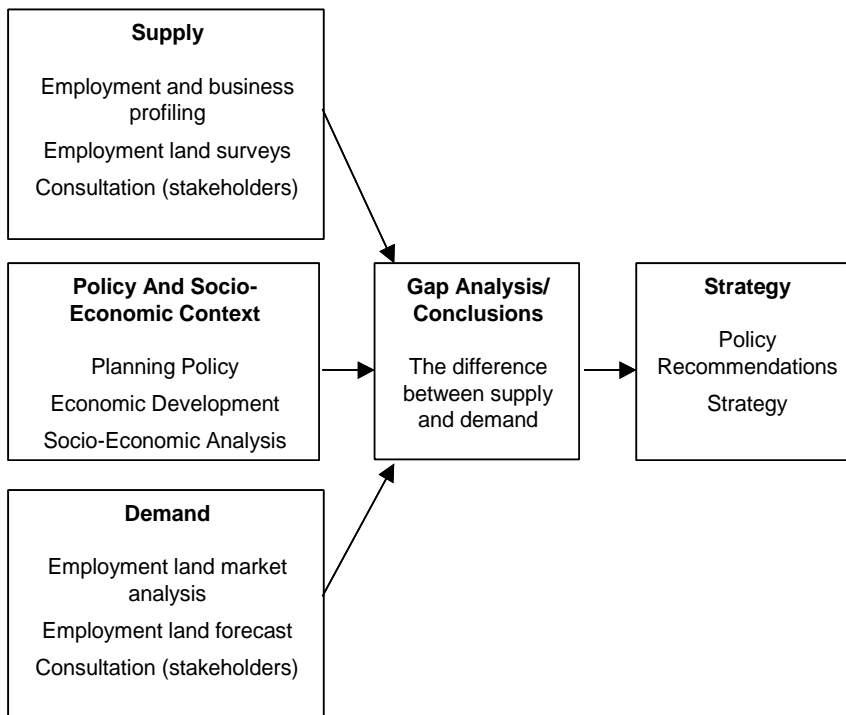
The National Planning Policy Framework (NPPF) outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies. The Greater London Authority’s (GLA) Land for Industry & Transport Supplementary Planning Guidance (SPG) provides London specific directions on employment provision requirements.

Context

The need for Local Planning Authorities to produce an up to date ELR/ELS and the suggested format is outlined in national Planning Practice Guidance (PPG) published on the 6th March 2014. The PPG updates the suggested methodology for producing an employment land evidence base. It supersedes the former guidance - the 2004 ODPM Employment Land Review Guidance Note. Of relevance the PPG suggests that studies take account of wider employment uses such as utilities, land for transport and waste management.

The main research elements of this employment land study are summarised in Figure E1. The methodology has been developed to conform to the PPG.

Figure E1: Approach to the Employment Land Study



Source: AECOM (2015)

Supply Assessment

A field survey of employment land in LB Lewisham was carried out to assess its suitability for continued employment use. In total 44 employment clusters were identified and surveyed. The clusters were selected and agreed in consultation with the Council. The list consists of:

- Clusters identified in Lewisham's Development Plan Documents; and
- Clusters over 0.25 ha in size, as per PPG paragraph 11, considered suitable for survey identified using the draft London Industrial Baseline Study (AECOM and DTZ on behalf of the Greater London Authority (GLA), 2010 and 2015).

In terms of qualitative characteristics of sites, with regards to designated employment clusters (SILs and LELs) it is concluded that the majority are well functioning clusters of employment land containing predominantly B-use class occupiers. Although most have average or poor strategic road links, they are in adequate condition being identified as either in very good, good or average condition. Although some SIL/LEL clusters lie in close proximity to residential areas, very few of these possess bad neighbour characteristics. Of the surveyed clusters, three of the 22 SIL/LEL areas surveyed were observed to contain a significant presence of non-B class occupiers though it was recorded that these uses did not generally compromise the overall functionality of the clusters. Several clusters were identified as containing creative industries.

LB Lewisham's office and industrial land market were assessed in the context of the wider property market area (PMA). This corresponds to the PPG which states that needs should be assessed in relation to the relevant functional economic market area (FEMA)¹. The findings are based on the key conclusions of a consultation exercise with local property market agents and key stakeholders.

Property Market Assessment

The supply of office (B1 use) floorspace and premises in Lewisham is historically limited, and there are no significant clusters of office use other than remnants within Lewisham town centre. Most provision consists of small premises for occupiers focused on the local market or who don't tend to locate in the core markets in central London. There are a number of former employment sites that are being redeveloped providing B1 provision on lower floors.

Demand for office space in the borough is generally for small requirements of less than 230m² (2,500 ft²) and comes from a variety of sectors that tend to be particularly price-sensitive and don't often locate in the more traditional core markets in Central London. Given steady demand, the limited supply of offices premises means that demand is slightly outstripping supply, and given that demand for premises comes primarily from occupiers who have modest space requirements and that some new stock is being delivered through new mixed-use development, the market is concluded to be broadly in balance.

For industrial and warehousing (B1c/B2/B8) uses, with the exception of a handful of large industrial premises, including those engaged in waste treatment, utilities, or transportation, the majority of the borough's supply of industrial space consists of smaller, flexible units in spatially dispersed clusters of industrial employment land. Stock is comprised of units of a mostly older specification which is of decent quality and meets market needs. Some new units have recently been built, predominantly for trade counter occupancy.

¹ PPG, paragraph 009 Reference ID: 2a-009-20140306

Demand for second hand industrial stock in Lewisham is buoyant and emanates from a variety of sources though is often to meet the needs of the local market and is thus for small requirements. Despite LB Lewisham’s proximity to Central London, most occupiers of industrial space in Lewisham do not appear to be involved in activities that require direct and regular access to the CAZ. Instead, the draw of Lewisham’s industrial premises is based on the desire of firms to service a local market and to maintain reasonably low occupancy costs.

Given the limited quantum of industrial premises in LB Lewisham and the fact that demand for those premises is ‘healthy’, the availability for suitable premises is somewhat constrained. The existing industrial estates consisting of moderately-sized units are functioning well and are considered to be meeting occupier demand.

Demand Assessment

To project future demand the following factors were assessed:

- Sub-regional floorspace trends;
- Historic and forecast employment based on macro-economic forecasting; and
- Assessment of other local factors not contained within existing data such as transport improvements and the effects of the recession based on consultation with market agents.

The results of the employment land demand forecast are shown below. Office floorspace demand is shown in **Table E1** and industrial land demand in **Table E2**.

Table E1: Office Floorspace Demand, 2015 - 2033

	Low	Medium	High
Demand for Office (B1) Floorspace		m²	
A. Actual occupied (Gross) B1 Floorspace		134,100	
B. Current Estimated Vacant Floorspace*		14,900	
C. Total B1 Floorspace (A+B)		149,000	
D. Net Demand for B1 floorspace to 2033	19,128	21,391	23,683
E. Development Pipeline		2,800	
F. Optimum frictional vacancy in 2033 (8% of C + D)	12,258	12,439	12,623
G. Oversupply of vacant floorspace (E – B)	-2,642	-2,461	-2,277
H. Gross demand for B1 floorspace 2015-2033 (C+D-E+F)	162,686	165,131	167,606
I. Revised Net demand for B1 floorspace 2015-2033 (G – C)	13,686	16,131	18,606

Source: AECOM, * Estimated at 10% of stock based on survey observations, consultations and regional trends

Table E2: Industrial Land Demand in LB Lewisham, 2015 - 2033

	Low	Medium	High
Demand for Industrial Land Use		(hectares)	
A. Supply of industrial land occupied by B-use class, including land for utilities, bus and rail depots, and waste management		101.7	
B. Current vacant industrial land 2015		5.6	
C. Total industrial land (A+B)		107.3	
D. Land demand to 2033	-19.1	-17.5	-15.9
E. Additional demand for waste and recycling facilities 2015 to 2031	-2.4	-2.4	-2.4
F. Optimum frictional vacant land at 2033 (5% of A+D+E) ²	4.0	4.1	4.2
G. Excess vacant land (includes optimal levels of frictional land (F) minus existing vacant land (B))	-1.6	-1.5	-1.4
H. Gross demand for industrial land 2015-33 (C+D+E+G)	84.3	85.9	87.5
I. Net demand for industrial employment land 2015-33 (H-C)	-23.0	-21.4	-19.8

Source: AECOM

The implications of this analysis is that there is demand for between approximately **+13,686m²** and **+18,606m²** of additional office floorspace and a surplus of employment land in the region of between **-23.0ha** and **-19.8ha** projected over the planning period to 2033.

Conclusions

Office Uses (B1)

There is approximately 149,000m² of office floorspace in LB Lewisham, which is dispersed widely within the borough, located within town and local centres but also within LELs and MELs. The stock represents just 0.7% of Inner London office space and 0.6% of all office space in London. Our forecasting exercise estimated that there is additional demand for between approximately 13,686m² and 18,606m² of office floorspace in the planning period to 2033. The relatively modest projected growth in office floorspace is mainly attributed to trends within the wider PMA and raised population growth estimates.

The office market in LB Lewisham is almost entirely supplying the demands of small to medium sized companies. Most of these companies are linked to the local market, for example solicitors firms, recruitment firms, local financial advisors and brokers and public and voluntary sector and education linked companies. Although no comprehensive measure of vacancy/availability has been sourced, it is known that marketed vacancy is around 10% and not untypical of London boroughs with low stock levels. Demand could not be considered as buoyant, but is again typical of what one would expect given the size of the market.

² The Land for Industry and Transport SPG (2012) paragraph 3.7 identifies 5% as the optimal frictional vacancy rate for industrial land in order for the market to work efficiently.

Research and consultation with commercial agents and stakeholders corroborates that there will remain a demand for small, generally low-cost office accommodation in the borough in the near future and there is also some scope for regeneration initiatives to positively change the conditions and environment in the borough, particularly in Deptford and Lewisham town centres and their surroundings. It is notable that the Council's adoption of the MEL designation has resulted/is resulting in provision of new office floorspace currently as part of the redevelopment or proposed redevelopment of these locations.

Industrial/Warehousing Land Use (B1c/B2/B8) Uses

There is a total of 107.3 ha of land currently in industrial use in LB Lewisham which can be broken down into land that is in industrial use and designated as Strategic Industrial Land (SIL), Local Employment Location (LEL), Mixed Use Employment Locations (MEL), site allocations and non-designated employment land. Total industrial floorspace (B2/B8 uses) is estimated to be in the region of 386,000m².

The forecasting exercise undertaken shows that there is projected to be a decrease in demand for industrial land in the period 2015 to 2033 of between approximately -23ha and -20ha (not including frictional floorspace). This is due largely to a forecast decrease in industrial employment as projected by the GLA and a corresponding continuation of a historic declining trend in industrial floorspace take-up.

The current supply of industrial premises is generally considered to be appropriate for the needs of occupiers in the borough. The borough's two SILs are judged to have the key strategic characteristics required by employment land activities. It is notable that two clusters within the Surrey Canal SIL, Mercury Way Waste Sites (C7) and Trundleys Road / Apollo Business Centre (C6), impact or have the potential to impact on neighbouring sensitive land uses, owing to the predominant uses contained within them.

The majority of SIL areas in the borough contain either 'core' or 'wider' industrial uses. An exception which was noted during the survey are two office buildings (Parker House and Evelyn Court) located on Evelyn Street at the eastern extremity of the Surrey Canal Road SIL in Blackhorse Road (C8). Given that these uses are non-industrial, and in light of prevailing permitted development rights for the conversion of office to residential, the SIL designation is not considered as being appropriate for the land/sites which these buildings occupy.

The great majority of the borough's LELs are, as is the case with the SIL areas, assessed to have the key strategic characteristics required to be well functioning employment areas. In spite of this, there are three LELs where the presence of non-B class uses may result in the loss of integrity of the employment land and that the designation may no longer be appropriate; Endwell Road (C12), Lower Creekside (C11) and Molesworth Street (C22).

Some existing industrial clusters in LB Lewisham have been identified through recent Council policies, such as the Core Strategy and Site Allocations Local Plan as appropriate for release or change of use to enable wider regeneration benefits to be achieved. These sites fall into two categories; MELs, some of which have already seen redevelopment to non-industrial use or have planning permissions for such redevelopment, and: site allocations with an industrial land component.

Based on the research conducted throughout the study the following policy recommendations are made. Detailed justification for each recommendation is provided in Section 8.

Recommendations

R1 The forecasting exercise suggests that there is a net additional demand for between 13,686m² and 18,606m² of office (B1a/b) floorspace up to 2033 once frictional vacancy, pipeline permissions and prior approvals related to permitted development rights have been factored in. Based on the evidence base the most suitable locations for accommodating this additional demand will be Lewisham, Catford and Deptford town centres and Mixed Use Employment Locations (MELs).

R2 The Council should consider removing the designation of Molesworth Street as a Local Employment Location designation given low remaining quantum of B-use class floorspace.

R3 To help ensure there is sufficient capacity to meet projected demand for industrial/warehousing land and floorspace in LB Lewisham to 2033 the following existing designated employment land should continue to be protected for Industrial employment uses:

- Surrey Canal Strategic Industrial Location:
 - Juno Way (C1);
 - Juno Way Railway Lands (C2);
 - Surrey Canal (C3);
 - Silwood Triangle (C4);
 - Silwood Street Rail Arches (C5);
 - Trundleys Road / Apollo Business Centre (C6) (part – see R2 below); and
 - Blackhorse Road (C8) (part – see R3 below).
- Bromley Road Strategic Industrial Location (C9)
- Local Employment Locations:
 - Blackheath Hill (C10);
 - Lower Creekside (C11) (part – see R4 below);
 - Endwell Road (C12) (part – see R4 below);
 - Evelyn Street (C13);
 - Lewisham Way (C14);
 - Malham Road (C15);
 - Manor Lane (C16);
 - Perry Vale (C17);
 - Clyde Vale (C18);
 - Stanton Square (C19);
 - Willow Way (C20); and
 - Worsley Bridge Road (C21).

R4 To help meet housing and wider regeneration objectives the Council could consider a change of use away from industrial employment uses at the following SIL industrial/warehousing clusters (2.6 hectares):

- Trundleys Road / Apollo Business Centre (C6) part – 1.2 hectares
- Mercury Way Waste Sites (C7) – 1.4 hectares³

R5 The Council should consider redefining the boundary of the following industrial employment designations to exclude office, residential and other non B-use classes, thus helping to strengthen and maintain the integrity of the remaining industrial employment uses at these locations.

³ Release/loss equates to quantum of industrial/warehousing land within cluster as opposed to employment cluster area which may contain non-industrial uses.

- Blackhorse Road (C8) – 144 Evelyn Street and Evelyn Court
- Lower Creekside (C11) – Faircharm Trading Estate (1.0 hectares of industrial land release)
- Endwell Road (C12) – Dragonfly Place

R6 To help meet housing and wider regeneration objectives and given the forecasted net decline in industry in Lewisham over the plan period (see Table 7.8) the Council should permit a change of use away from industrial employment at the following clusters, currently either designated as MEL or Site allocations (equating to 15.4 hectares).

- Surrey Canal Rd Triangle (C23) – 6.2 hectares
- Sun and Kent Wharf (C25) – 1.0 hectares
- Arklow Road (C27) – 1.4 hectares
- Oxestalls Road (C28) – 4.1 hectares
- Grinstead Road (C30) – 0.8 hectares
- Thanet Wharf (C31) – 0.6 hectares
- Site West of Forest Hill Station (C35) – 0.1 hectares
- O'Rourke Transport/ Sivyer, 154-160 Sydenham Road (C36) – 0.5 hectares
- 80-84 Nightingale Grove (C37) – 0.7 hectares

R7 To help retain an appropriate balance of supply and demand of industrial employment land over the planning period, the Council could consider a more flexible approach to changes of use away from industrial uses at a limited amount of industrial employment land not designated as SIL or LEL. The decision on which land to release or allow change of use on should be based on certain criteria listed below being met. The loss of industrial employment uses in non-designated employment sites should not lower the overall industrial capacity of the borough significantly below that estimated by this study to be necessary to meet anticipated need over the planning period. This means that along with the 19.0 hectares of industrial/warehousing land recommended for release in Recommendations above, an additional 3 to 5 hectares would be appropriate to change from industrial employment use over the planning period.

To help ensure that not too much industrial land changes use the Council could introduce a policy in the updated Local Plan that states that industrial land will ideally only move to alternative uses if all of the following criteria are met:

- There is no evidence of current or future market demand for the site as evidenced through a period of at least 24 months of active marketing for industrial employment uses at realistic market rates;
- poor access from the strategic road network i.e. they can be accessed only via local roads;
- a lack of on-site servicing such as loading/unloading bays and/or inadequate parking provision; and

- The overall total quantum of industrial employment land release within the borough for the plan period (as identified within this study) has not been exceeded.

R8 The Council should seek to protect and encourage the growth of clusters of activity of Creative Industries in recognition of the growth of the sector, with particular regard to the following locations:

- Lower Creekside (C11);
- Endwell Road (C12);
- Malham Road (C15), including at 118 Stanstead Road; and
- Sun and Kent Wharf (C25).

1 INTRODUCTION

1.1 Study overview

- 1.1.1 AECOM was commissioned by the London Borough of Lewisham in February 2015 to undertake an Employment Land Study (ELS) of the borough. The ELS assesses the quantity, quality and viability of the borough's employment land to form an evidence base to support the review of policies and preparation of Lewisham Local Plan. The Local Plan will cover the period up to 2033 and will replace the existing adopted Core Strategy (2012). The ELS will be used by the borough to inform its future approach to the provision, protection, release or enhancement of employment land and premises.

1.2 Changes to National Planning Policy

- 1.2.1 The National Planning Policy Framework (NPPF) 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) (2012) provides more London specific directions on employment provision requirements.
- 1.2.2 The need for Local Planning Authorities to produce an up to date ELR/ELS and the suggested format is outlined in national Planning Practice Guidance (PPG) published on the 6th March 2014. The PPG updates the suggested methodology for producing an employment land evidence base. It supersedes the former guidance - the 2004 ODPM Employment Land Review Guidance Note. Of relevance the PPG suggests that studies take account of wider employment uses such as utilities, land for transport and waste management. The methodology applied in this review complies with the principles outlined in the NPPF, PPG and GLA Land for Industry and Transport SPG.

1.3 Study Area

- 1.3.1 The process for selecting existing and potential employment sites to survey corresponds to the guidance in the PPG. This includes all those clusters surveyed as part of the 2009 Employment Land Study⁴ and a number of clusters comprising non-designated employment land over 0.25 hectares. In total 44 employment clusters were assessed as part of the study. These fall within four groups of employment area type:
- Strategic Industrial Locations;
 - Local Employment Locations;
 - Mixed Use Employment Locations; and
 - Non-designated employment land clusters. There are three types of clusters:
 1. Clusters which have been de-designated from employment use in previous development plan documents;
 2. Other employment land clusters over 0.25 hectares as per the PPG requirement; and
 3. Clusters identified through discussion with the client team.

⁴ Roger Tym and Partners (2009); Lewisham Employment Land Study

- 1.3.2 We explain the selection of these clusters further in Section 5 and present the locations in Figure 2.2.

1.4 Report Structure

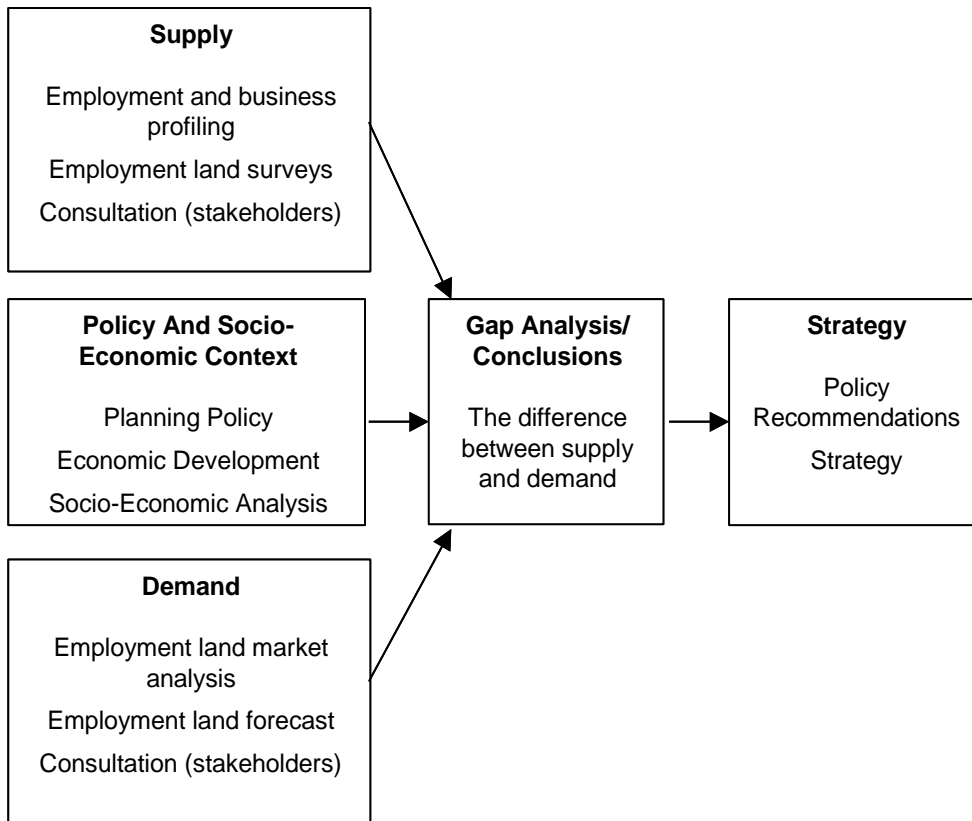
- 1.4.1 This report sets out our final findings and policy recommendations for employment land in LB Lewisham, taking into account the future economic development of the area. The report is structured as follows:
- Section 2 details our approach;
 - Section 3 sets out the national, regional and local policy context of particular relevance to employment land issues;
 - Section 4 provides a high level analysis of socio-economic and local business baseline conditions in LB Lewisham benchmarked against relative geographies;
 - Section 5 summarises the key qualitative and quantitative results of the employment land cluster appraisals;
 - Section 6 provides an overview of the employment land market including the historical and expected future trends in the commercial and industrial property sectors based on the views of local market agents and stakeholders gained through a consultation exercise;
 - Section 7 forecasts the demand for employment land; and
 - Section 8 sets out our overall conclusions; and presents our suggested recommendations for the future management of employment land in LB Lewisham.
- 1.4.2 Consultation with stakeholders, key businesses and commercial property market agents have informed the supply and demand evidence base and our conclusions and suggested recommendations for policy.

2 STUDY APPROACH

2.1 Overview

2.1.1 This section sets out the main research elements of this employment land study as illustrated in. The methodology has been developed to conform to the PPG. Each element is reviewed briefly in the following sub-sections.

Figure 2.1: Approach to the Employment Land Study



Source: AECOM (2015)

2.1.2 The assessment period for this ELS matches LB Lewisham’s new Local Plan period: years 2015 to 2033.

2.2 Policy and Socio-economic Context

2.2.1 Our employment land review begins with a review of the policy framework and the socio-economic context.

2.2.2 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 profile is benchmarked with the Property Market Area (PMA) (see Section 6.2) in order to provide a picture of the borough’s economic make-up, and its comparative opportunities and threats. The profile covered a review of historical employment information for the borough, including information on workforce characteristics, occupation, earnings and travel to work information, and analysis on key sectors. To develop this profile a number of information sources are reviewed including 2011 Census data, ONS Annual Population Survey, Annual Business Inquiry/Business Register and Employment Survey and the Local Labour Force Survey.

2.3 Qualitative Assessment of Supply of Employment Land

2.3.1 A field survey of employment land in LB Lewisham was carried out to assess its suitability for continued employment use. The list of clusters were selected and agreed in consultation with the Council. The list consists of:

- Clusters identified in Lewisham's Development Plan Documents;
- Clusters over 0.25 ha in size, as per PPG paragraph 11, considered suitable for survey identified using the draft London Industrial Baseline Study (AECOM and Cushman & Wakefield on behalf of the Greater London Authority (GLA), 2010 and 2015).

2.3.2 In total 44 employment clusters were identified and surveyed. An overview of all clusters is given in Figure 2.2:

- The survey covered the use classes B1, B2 and B8. Throughout this report employment land is referred to as land in office (B1), comprising B1a (Office) and B1b (Research and Development) but not B1c (Light Industry) as this use class shares characteristics more similar to industrial uses; industry (B2) comprising industry (B2) uses and B1c (Light Industry); and warehouse use (B8). Each cluster was surveyed and appraised against an agreed set of economic, planning and property market criteria, in line with the national PPG (2014) and the Land for Industry and Transport SPG (2012).
- To ensure consistency, surveyors used a survey manual, a structured survey questionnaire and a map of each employment cluster. The survey questionnaire used Land for Industry and Transport SPG criteria. The questionnaire included a series of close-ended and open-ended questions and captured quantitative and qualitative information. Once the surveys were complete (week beginning 27th of April, 2015) the survey data was entered into a database and written up for analysis.

2.4 Property Market Assessment - Consultation

2.4.1 Local property market agents, and key stakeholders involved in economic development and regeneration have been consulted in order to better understand the local demand and supply characteristics of the employment land market and the land and premises-related drivers and constraints to businesses operating in the borough.

Commercial Agent Consultation

2.4.2 To help enhance the understanding of the supply and demand characteristics of the local employment land market, the views of local property market agents, and, where relevant, key land owners were sought. It was considered more effective to speak to a selection of commercial property agents as opposed to engaging with one in order to broaden and moderate the responses and information collected. In total, detailed consultations were had with four local commercial agents.

2.4.3 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 Lewisham with agents. Consultation took the form of a semi-structured interview by telephone around topics including: LB Lewisham 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.

- 2.4.4 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 Lewisham and is a key consideration to inform the policy recommendations.

Stakeholder Consultation

- 2.4.5 A key exercise of the research programme was to consult with relevant local business groups, business support organisations, and economic and regeneration organisations active in LB Lewisham. 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. Consultation took the form of a semi-structured interview by telephone around topics including: business needs; the demand and supply of sites and premises, their characteristics and their suitability; opportunities and constraints to growth; inward investment and regeneration; supporting an entrepreneurial culture; labour force structure, education and skills; and economic inclusion.

2.5 Employment Land Forecast

- 2.5.1 A number of different techniques can be used for forecasting future demand of employment land. Each has strengths and weaknesses. The decision was therefore taken after consultation with LB Lewisham to adopt a synthesis approach that is based on the trends of the following factors:

- Sub-regional floorspace trends;
- Historic and forecast employment based on macro-economic forecasting; and
- Assessment of other local factors not contained within existing data such as transport improvements and the effects of the recession.

- 2.5.2 For the purpose of this study we have used data from the following local authority boundaries of a defined Property Market Area (PMA), as suggested by property market agents, to measure the trends of the above three factors:

- LB Lewisham;
- LB Bromley;
- LB Greenwich; and
- LB Southwark.

- 2.5.3 Valuation Office Agency (VOA) experimental commercial floorspace data released by the VOA in May 2012 and covering the period 2000 to 2012 was used to assess the changes in floorspace between 2000 and 2012 (the most up to date information) for the four boroughs within the PMA. Historic trends were then used as the basis for a linear forecast of demand to 2033.

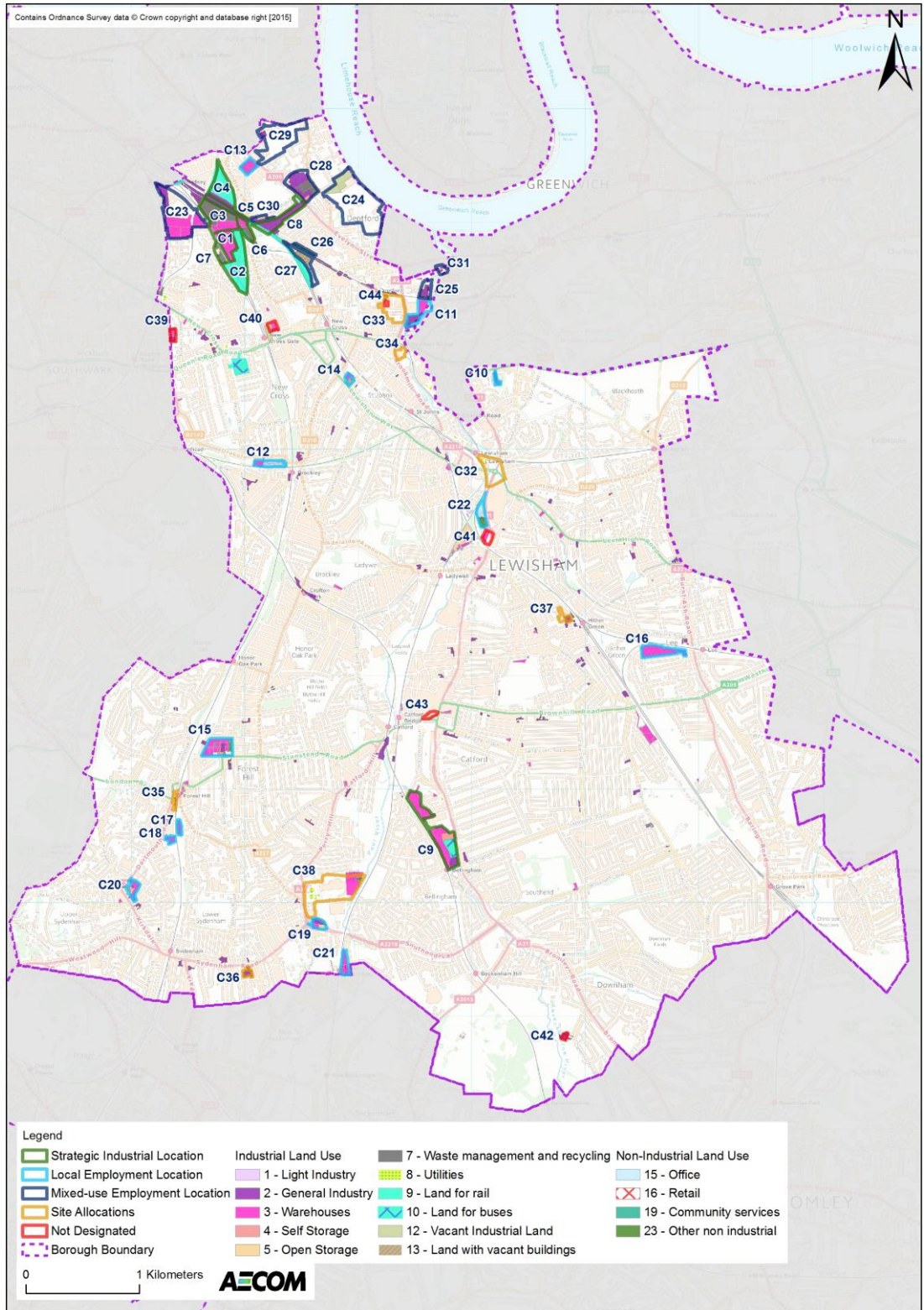
- 2.5.4 The linear floorspace forecast was then adjusted using employment forecasts (2012 – 2031) published by the Greater London Authority. The final step, to further increase the robustness of the analysis, was to take account of and adjust the employment land forecast using information on the economic, property market trends not included in the data and future policy direction in LB Lewisham. This is made in relation to the wider economy and helps to present the potential future growth in a series of different potential scenarios.

2.6 Gap Analysis, Conclusions and Recommendations

- 2.6.1 The final chapter draws together all of the previous research elements and makes a comparison of the current supply of employment land in the borough of LB Lewisham with the projected demand for employment land up to 2033. This 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.

- 2.6.2 The recommendations are informed by all preceding analysis: the socio-economic profile of the borough, field surveys, the economic development and planning policy context, property market analysis, demand projections and consultations findings. The recommendations describe by use class type and spatially where land for employment uses should be provided. Detailed justifications are provided for each recommendation.

Figure 2.2: Context Map of Surveyed Employment Clusters in LB Lewisham



Source: AECOM

3 PLANNING POLICY AND LITERATURE REVIEW

3.1 Introduction

- 3.1.1 In this section we set out our understanding of the current policy context which has implications for the review of employment land in the study area.

3.2 National Planning Policy

National Planning Policy Framework (NPPF)

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

- 3.2.2 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 silent or indeterminate. This means that the ELS and Local Plan should present robust evidence to support clearly defined allocations of land for employment to avoid applications for alternative use being granted on the basis they are sustainable development. In relation to economic and employment land it states the following:

"The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth.

Therefore significant weight should be placed on the need to support economic growth through the planning system.

To help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century.

Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities 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 policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities” (NPPF, page 6-7). AECOM considers the status and justification for the ongoing protection of SILs and LELs as part of Sections 5 and 8 of this report.

Planning Practice Guidance (PPG) (March 2014)

- 3.2.3 On 6th March 2014 the Government published new national Planning Practice Guidance (PPG) 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).
- 3.2.4 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 of market segments. The PPG requires assessments to be based on an objective analysis 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.
- 3.2.5 It is recognised that there is no one methodological approach for the assessment of need. However, the PPG 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.
- 3.2.6 To provide an understanding of the underlying requirements for office, general business and warehousing sites the PPG 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 PPG 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.
- 3.2.7 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.
- 3.2.8 The PPG 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).

- 3.2.9 The PPG 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.
- 3.2.10 With relevance to this study the PPG 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 PPG 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.
- 3.2.11 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 PPG 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 PPG.

New Permitted Development Rights

- 3.2.12 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 came into force in spring 2013 and have the purpose of supporting and enabling growth. The new permitted development rights are currently time-limited for three years. Local authorities were given an opportunity to seek an exemption from office to residential uses for specific geographies where there is evidence to suggest 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 Lewisham were unsuccessful in their application for an exemption from permitted development rights on designated employment land and in Lewisham and Catford Town Centres. The potential impacts of this change are explored in the Property Market Assessment (Section 6) and Policy Recommendations (Section 8).

3.3 Regional Planning Policy

- 3.3.1 The Coalition Government of 2010 announced that national Planning Policy Statement 11: Regional Spatial Strategies would be abolished under the Localism Bill (introduced to Parliament in Dec 2010). However, the guidance letter states that the London Plan will continue to provide the planning framework for the London boroughs.

London Plan 2011

- 3.3.2 The London Plan (July 2011) 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.
- 3.3.3 An overall strategic policy of the Plan is contained within six detailed objectives. Those relevant to guide the Councils 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.
- 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.

3.3.4 The London Plan identifies Inner London as an area that requires specific strategic guidance to ensure that it contributes effectively to the overall prosperity of the capital. Lewisham is within Inner London. Policy 2.9 sets out the overall vision for Inner London. It states:

- *‘The Mayor will, and boroughs and other 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 distinct environment, neighbourhoods and public realm, supporting and sustaining existing and new communities, addressing its unique concentrations of deprivation, ensuring the availability of appropriate workspaces for the area’s changing economy and improving quality of life and health for those living, working, studying or visiting there.’*

3.3.5 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 an 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.’*

3.3.6 Policy 2.13 refers to Opportunity Areas, encourage boroughs to progress and implement planning frameworks to realise the potential of intensification areas in the terms of Annex 1, and will provide strategic support where necessary.

3.3.7 Paragraph 2.58 in the FALP (2015) suggests the impact Opportunity Areas can have in London. ‘*The capital’s major reservoir of brownfield land with significant capacity to accommodate new housing, commercial and other development linked to existing or potential improvements to public transport accessibility. Typically they can accommodate at least 5,000 jobs or 2,500 new homes or a combination of the two, along with other supporting facilities and infrastructure.*’ There are two Opportunity areas located in the borough; these are identified as

Lewisham, Catford and New Cross and Deptford Creek/Greenwich Riverside Opportunity Area. These areas are predicted to provide an increased employment capacity of 10,000 and approximately 13,000 new residential units.

- 3.3.8 Paragraph 2.59 suggests *'Intensification areas are typically built-up areas with good existing or potential public transport accessibility which can support redevelopment at higher densities. They have significant capacity for new jobs and homes but at a level below that which can be achieved in the opportunity areas.'* Paragraph 2.60 gives a broad indication of the level of capacity within the opportunity areas; *'Together, the opportunity areas have capacity for 575,000 additional jobs and 303,000 additional homes; the intensification areas can accommodate 8,000 new jobs and a further 8,650 homes.'*
- 3.3.9 Policy 2.15 refers to Town Centres and states that they should be; *'the main foci beyond the Central Activities Zone for commercial development and intensification...'*. The London Plan defines Lewisham and Catford as 'Major Centres' with high and medium growth predicted⁵. Blackheath, Deptford, Downham, Forest Hill, Lee Green, New Cross and Sydenham have been identified as 'District' town centres which aim to provide convenience goods and services for more local communities and be accessible by public transport, walking and cycling. Typically they contain 10,000–50,000 m² of retail, leisure and service floorspace⁶.
- 3.3.10 Policy 4.7 supports the development of town centres and indicates how boroughs should;
- *'Identify future levels of retail and other commercial floorspace need (or where appropriate consolidation of surplus floorspace – see Policy 2.15) in light of integrated strategic and local assessments;*
 - *Take a proactive partnership approach to identify capacity and bring forward development within or, where appropriate, on the edge of town centres; and*
 - *Manage existing out of centre retail and leisure development in line with the sequential approach, seeking to reduce car dependency, improve public transport, cycling and walking access and promote more sustainable forms of development.'*
- 3.3.11 The London Plan also defines the Strategic Industrial Location (SIL) framework as *'intended to reconcile the demand for, and supply of, productive industrial land in London'*. There are two types of SILs: Industrial Business Parks IBPs and Preferred Industrial Locations (PIL). PILs are described as locations *'particularly suitable for general industrial, light industrial, storage and distribution, waste management, recycling, some transport related functions, utilities, wholesale markets and other industrial related activities'*, of which LB Lewisham has three; Bermondsey, Bromley Road and Surrey Canal/ Old Kent Road⁷.
- 3.3.12 Paragraph 2.82 is relevant to LB Lewisham. It states: *'Innovations to make more effective use of land should be encouraged and there is particular need to develop consolidation centres and accommodate freight break bulk points more efficiently as a part of the freight hierarchy. It will be particularly important to secure and enhance strategic provision in east London, especially... in east London, north and south of the Thames'*.
- 3.3.13 In terms of office development Policy 4.2 'Offices' states that *"The Mayor will and Boroughs and other stakeholders should:*

⁵ The London Plan, March 2015 (FALP), pg. 367, Table A2.1 Town Centre Classifications and Broad future directions

⁶ The London Plan, March 2015 (FALP), pg. 371, Table A2.1 Town Centre Classifications and Broad future directions

⁷ The London Plan, March 2015 (FALP), pg. 376/377, Table A3.1 Strategic Industrial Locations

- *Support the management and mixed use development and redevelopment of office provision to improve London’s competitiveness and to address the wider objectives of this Plan, including enhancing its varied attractions for businesses of different types and sizes including small and medium sized enterprises.*
- *Recognise and address strategic as well as local differences in implementing this policy to:*
 - *Meet the distinct needs of the central London office market... by sustaining and developing its unique and dynamic clusters of ‘world city’ and other specialist functions and business environments;*
 - *Consolidate and extend the strengths of the diverse office markets elsewhere in the capital by promoting their competitive advantages, focusing new development on viable locations with good public transport, enhancing the business environment including through mixed use redevelopment, and supporting managed conversion of surplus capacity to more viable, complementary uses;*
 - *Encourage renewal and modernisation of the existing office stock in viable locations to improve its quality and flexibility; and seek increases in the current stock where there is authoritative, strategic and local evidence of sustained demand for office based activities in the context of Policies 2.7, 2.9, 2.13, 2.15–2.17.”*

3.3.14 Policy 4.4, Managing Industrial Land and Premises, states that the Mayor will work with boroughs and other partners to:

- *“adopt a rigorous 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 parts of London, including for good quality and affordable space; and*
- *plan, monitor and manage release of surplus industrial land where this is compatible with a) above, so that it can contribute to strategic and local planning objectives, especially those to provide more housing, and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.”*

3.3.15 Following this, the London Plan states that “LDFs should demonstrate how the borough stock of industrial land and premises in strategic industrial locations locally significant industrial sites and other industrial sites will be planned and managed in local circumstances in line with this strategic policy and the location strategy in Chapter 2, taking account of:

- *the need to identify and protect locally significant industrial sites where justified by evidence of demand;*
- *strategic and local criteria to manage these and other industrial sites;*
- *the borough level groupings for transfer of industrial land to other uses...and strategic monitoring benchmarks for industrial land release in supplementary planning guidance;*
- *the need for strategic and local provision for waste management, transport facilities (including inter-modal freight interchanges), logistics and wholesale markets within London and the wider city region; and to accommodate demand for workspace for small and medium sized enterprises and for new and emerging industrial sectors including the need to identify sufficient capacity for renewable energy generation;*

- *quality and fitness for purpose of sites;*
- *accessibility to the strategic road network and potential for transport of goods by rail and/or water transport;*
- *accessibility to the local workforce by public transport, walking and cycling;*
- *integrated strategic and local assessments of industrial demand to justify retention and inform release of industrial capacity in order to achieve efficient use of land; and*
- *the potential for surplus industrial land to help meet strategic and local requirements for a mix of other uses such as housing and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.”*

3.3.16 Policy 4.10 will give support to the development of new and emerging economic sectors; this is of particular relevance to Lewisham as the Mayor suggest boroughs and agencies should;

- *“Support innovation and research, including strong promotion of London as a research location and encourage the application of the products of research in the capital’s economic development;*
- *work with developers, businesses and, where appropriate, higher education institutions and other relevant research and innovation agencies to ensure availability of a range of workspaces, including start-up space, co-working space and ‘grow-on’ space; and*
- *support the evolution of London’s science, technology, media and telecommunications (TMT) sector, promote clusters such as Tech City and Med City¹ ensuring the availability of suitable workspaces including television and film studio capacity.”*

3.3.17 In particular interest, point ‘c’ of this policy refers to Lewisham as a ‘Limited Transfer’ borough; that is a borough which is considered to be in ‘*An intermediate category [of release] between the managed and restricted categories*’.

3.3.18 A key evidence base document for the London Plan is the 2010 GLA London Industrial Land Baseline Study, undertaken by URS/DTZ. This is discussed in more detail later in this report.

Further Alterations to the London Plan (FALP) 2015

3.3.19 On 10th March 2015, the Mayor adopted the Further Alterations to the London Plan (FALP). The FALP sets out London’s 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.

3.3.20 The most significant alteration is to housing targets. The overall housing target set out in the 2011 London Plan (32,210) has increased to 42,000 (2015-2036) more homes a year⁸ net additional homes per annum. Higher housing targets are also proposed for the majority of the London Boroughs. In Lewisham the FALP increases the ten year housing target to 1,385 net additional homes per annum⁹.

⁸ The London Plan March 2015 (FALP), Policy 3.3, pg 109.

⁹ The London Plan March 2015 (FALP), Table 3.1 Annual average housing supply monitoring targets 2015-2025

- 3.3.21 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.
- 3.3.22 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.

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

- 3.3.23 This SPG was published in September 2012. Its key objectives are to ensure 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'. Within the hierarchy of borough level groupings for transfer of industrial land to other uses discussed in the SPG, LB Lewisham lies within the 'limited transfer' of industrial land category.
- 3.3.24 The SPG has a number of relevant themes for this ELS, 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; and*
 - *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.”*
- 3.3.25 The SPG highlights the important role that logistics plays in supporting London's economy and, drawing on AECOM research, identifies six principal logistics property market areas that

serve the city. One area overlaps with LB Lewisham's administrative boundaries; the Thames Gateway property market area.

3.3.26 Annex 1 of the draft SPG sets out the indicative industrial land release benchmarks for 2011-2031 for Lewisham is -34ha (-1.7ha pa) and identifies LB Lewisham as a borough of 'Limited Transfer' of employment land.

3.3.27 Annex 2 of the draft SPG gives indicative land demand for waste management and recycling. For Lewisham the waste apportionment to 2031 (London Plan 2011) is 293,000 tonnes per annum (pa); the waste transfer station capacity is 482,400 tonnes pa. The net additional indicative land requirement for waste apportioned to 2031 is therefore minus 2.4ha. 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 Sub Regional Planning Policy.

Lewisham Waste Strategy

3.3.28 Core Strategy Strategic Objectives 5 (Climate change) and 8 (Waste management) and Policy 13 'Addressing Lewisham's waste management requirements' sets out how the borough will address its London Plan waste apportionment requirements. The total waste apportioned to Lewisham is 323,000 tonnes by 2020 and Core Strategy Policy 13 has identified sufficient land at the Surrey Canal Strategic Industrial Location (SIL) to meet this requirement. The three sites to be safeguarded within the SIL are:

- South East London Combined Heat and Power (SELCHP) plant;
- Hinkcroft Transport Ltd recycling centre; and
- Landmann Way recycling centre.

3.3.29 Lewisham's annual permitted tonnage capacity is measured as 396,500 for recycling; 202,000 for composting; and 207,600 for recovery. The total permitted capacity of waste transfer stations is significantly larger than the projected demand for the borough, and therefore LB Lewisham has sufficient capacity to meet the waste apportionment set out in the London Plan.

The London Strategic Housing Land Availability Assessment (2013)

3.3.30 The Greater London Authority coordinated a Strategic Housing Land Availability Assessment study to provide an indication of London-wide housing capacity at borough level across London. The SHLAA identified sites with potential for housing, giving consideration to their housing potential and the timeframe for when they are likely to be developed. The study also considered theoretical constraints and probability of development on large identified sites. SHLAA studies are highlighted as a key evidence base through the NPPF and the London SHLAA forms a key part of the evidence base for the FALP.

3.3.31 In addition analysis of existing information such as the London Development Database (LDD), to ensure the SHLAA captured all potential sites, the GLA carried out a London wide 'call for sites', jointly with the boroughs. Based on the findings of this analysis the study identified that sites in LB Lewisham had capacity to provide 13,847 homes over the period 2015-25, or 1,385 homes annually.

Housing Zones

3.3.32 The GLA launched the Housing Zones initiative to accelerate housing delivery in areas with high development potential. They invited bids from London boroughs to a £400 million

programme, jointly funded by the GLA and national government. On the 20th of February the Mayor of London announced the first nine housing zones in London. New Bermondsey in LB Lewisham, was announced as one of zones and the 30 acre area will become “a thriving new neighbourhood with 2,400 new homes and over 2,000 new jobs” and “fund transport improvements to accelerate delivery, including a new London Overground station, speeding up the construction of homes and accelerating the entire development to complete construction within eight years”.

3.4 Local Planning Policy

3.4.1 LB Lewisham is currently revising its LDF and commencing preparation of the new Lewisham Local Plan 2015 to 2033. When adopted, the Local Plan will replace the Lewisham Core Strategy (2011), Development Management Local Plan (2014), Site Allocations Local Plan (2013) and Lewisham Town Centre Plan 2014. These documents are included below for completeness, however, this study will provide evidence for the new Lewisham Local Plan.

LB Lewisham Core Strategy (2011)

3.4.2 The Core Strategy DPD was adopted by the Council in 2011. The Core Strategy has the purpose of setting out the Council’s vision and objectives for the borough up to 2026 and provides the framework for all the other documents that form Lewisham’s Local Development Framework (LDF). The following provides an overview of the relevant planning policies:

3.4.3 The Core Strategy sets out five Strategic Objectives that create a link between the vision and the strategy. These objectives represent the key delivery outcomes of the core strategy. The Strategic Objectives will then be implemented through the use of Core Strategy Policies which will be discussed below. They are grouped under five main themes:

- regeneration and growth areas;
- providing new homes;
- growing the local economy;
- environmental management; and
- building a sustainable community.

3.4.4 For the purpose of this report the key objectives relating to employment land are outlined in Objective 1 which notes; “*Regeneration and redevelopment opportunities in Lewisham, Catford, Deptford and New Cross, through the delivery of new homes and jobs, will be used to secure substantial physical and environmental improvements and socio-economic benefits throughout the area to improve deprivation.*”

3.4.5 Core Strategy Objective 4 outlines how the council will encourage the growing economy through supporting the following; “*Investment in new and existing business and retail development will be facilitated to improve the physical environment for commercial enterprises, to result in a year on year sustainable increase in the size of the borough’s economy through:*

- *protecting and developing a range of employment and training opportunities in the borough*
- *retaining business and industrial land that contributes to the industrial and commercial functioning of London as a whole, and/or which supports the functioning of the local economy including premises for the creative industries, green industries, business services and other employment growth sectors*

- *ensuring the future growth of the local economy by the mixed use redevelopment of identified industrial sites that require extensive physical investment and improvement*
- *developing Lewisham town centre to promote it to a Metropolitan town centre by 2026, and maintaining the status of Catford as a Major town centre, with a focus on quality design and development*
- *protecting and enhancing the district shopping centres, local shopping centres, parades and the range of farmers' and street markets, as providers of sustainable local shopping facilities and services to continue to support basic community need.¹⁰*

3.4.6 The Core Strategy Policies outlined below help to implement the strategic objectives as set out in the Core Strategy. The following Core Strategy policies illustrate how employment land will be protected and managed, responding to the economic needs of the borough by:

- supporting economic growth
- safeguarding appropriate uses within the strategic and local employment land
- supporting new and growing business and industrial sectors providing for the clustering of creative industries.

3.4.7 **Core Strategy Policy 3: Strategic Industrial Locations and Local Employment Locations;** outlines how 'The Council will protect the Strategic Industrial Locations (SILs) for uses within the B Use Class (B1c, B8 and where appropriate B2 industry), and also appropriate sui generis uses, to provide land for activities that support the continued functioning of London as a whole such as waste management, transport and utilities, and uses that require 24-hour functioning'. Local Employment Locations (LELs) will be protected for 'a range of uses within the B Use Class (B1, B8 and where appropriate B2 industry) and also appropriate sui generis uses, to support the functioning of the local economy'.

3.4.8 **Core Strategy Policy 4: Mixed use Employment Locations** notes how the council will require comprehensive redevelopment in these areas (MELs), by providing; "*employment uses within the B Use Class amounting to at least 20% of the built floorspace of any development as appropriate to the site and its wider context*" and "*The design of the employment uses and the design of the development as a whole should enable the continued employment functioning of the areas*".

3.4.9 **Core Strategy Policy 5:** Other employment locations attempts to protect employment land for future use outside of SIL, LEL and MEL areas. It aims to retain employment land in town centres within Major, district and local hubs for commercial and business uses. Other uses may be supported in these locations if it can be demonstrated that "*site specific conditions including site accessibility, restrictions from adjacent land uses, building age, business viability, and viability of redevelopment show that the site should no longer be retained in employment use*".

LB Lewisham Site Allocations Local Plan (2013)

3.4.10 Adopted in June 2013, the Site Allocations Local Plan document sets out the specific allocations for individual sites across the borough, to steer their future development. The exceptions to this are sites in Lewisham Town Centre identified in the Lewisham Town Centre

¹⁰ LB Lewisham Adopted Core Strategy(2011), Pg.36/37

Local Plan (see below) The purpose of the document is to identify sites that will facilitate development by allocating sites to meet the Core Strategy's strategic objectives, protect and enhance the local environment and help create a more sustainable Lewisham. The Site Allocations Local Plan identified sites for;

- Housing;
- Local Employment Locations (LELs);
- Mixed Use Employment Locations (MELs);
- Designated primary and secondary areas within the Major and District Town Centres; and
- Safeguard land for waste management facilitates and social infrastructure provision.

Lewisham Town Centre Local Plan (2014)

3.4.11 Adopted in February 2014, The Lewisham Town Centre Local Plan (LTCLP) is a key document within Lewisham's LDF. The vision of the LTCLP is to promote and enhance Lewisham's position as a major town centre, to make the town centre a vibrant place where an increasing number of people want to live and work. The LTCLP also aims to ensure that high quality design-led development contributes positively to Lewisham's attractiveness as a commercial, cultural and residential town centre.

3.4.12 The objectives for the Town Centre Local Plan are connected to the strategic objective themes that are used to guide the Core Strategy, thus enhancing the consistency of approach throughout the LDF process. The plan area has been sub divided into Policy Areas which have unique and diverse characters. The Town Centre Local Plan is based around a number of themes including employment, transport and regeneration with several objectives supporting the protection of employment land, some of which are set out below.

3.4.13 The Policy Areas provide a means to realise the vision and objectives of the LTCLP and are as follows:

- Lewisham Gateway;
- Loampit Vale;
- Conington Road;
- Lee High Road;
- Ladywell; and
- Central.

3.4.14 These areas all have area specific policies to encourage growth, retention of character and enhancement of the local retail and employment offer. This is supplemented by Objectives 1 (Retail and Town Centre Status), 2 (Housing) and 4 (Employment and Training).

Development Management Local Plan (2014)

3.4.15 The Development Management Local Plan was developed to support the Lewisham Core Strategy. The DMLP policies implement the following Core Strategy strategic objectives and policies.

- Objective 1 by contributing to regeneration and facilitating development;

- Objective 4 by increasing economic growth and local employment opportunities and enhancing district and local centres;
- Policy 3 Strategic Industrial Locations and Local Employment Locations;
- Policy 4 Mixed Use Employment Locations; and
- Policy 5 Other employment locations.

3.4.16 The DMLP sets out the council's planning policies for managing and assessing development in the borough. The plan helps to support the Lewisham Core Strategy and the Local Development Framework.

3.5 Local Strategies

Creative Industries Strategy for Lewisham 2012-2015 (2012)

3.5.1 The 'Creative Industries Strategy for Lewisham 2012-2015' sets out a vision to build a sustainable creative economy with connected enterprises that grow employment within the local area. This document is based on four themes; 'Sustainable Economic Development', 'Advocacy', 'Networks' and 'Creativity and Place'. The strategy aims to support the borough's local development framework in stimulating the local economy through enhancing the creative industry hub.

Lewisham Business Growth Strategy 2013-2023 (2013)

3.5.2 Lewisham Council created a Business Growth Strategy to support the objectives within the Local Development Framework. The aim of the strategy was to foster and enable sustainable growth by creating the right conditions for businesses to flourish.

3.5.3 The Strategy identified five key characteristics of the Lewisham economy

- Growing centre for micro businesses;
- Dynamic, diverse, creative and entrepreneurial population;
- Provides excellent value for London businesses;
- Currently undergoing a period of regeneration, creating new high quality business space and environments; and
- Town centres are being revitalised, developing their unique and diverse offer.

3.5.4 The Strategy gives an overview of the current economic context of the borough and identifies aims and objectives to grow the local economy through a clear measurable strategy. The action plan will be reviewed on a quarterly basis.

GLA London Industrial Land Baseline (2010)

3.5.5 Prepared by URS (now AECOM) 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 time-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, 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.

3.5.6 The study found that in 2010 in Lewisham:

- “There was 136.6 hectares of industrial land;
- Of the total, 36.5 hectares was occupied by industry;
- Of the total, 59.9 hectares was occupied by warehouses;
- Of the total, 27.3 hectares was occupied by wider industrial land uses (such as utilities and waste facilities);
- Of the total, 13.5 hectares was vacant;
- LB Lewisham lost 11.3 hectares of industrial land to other uses from 2006 to 2010; and
- More industrial land changed to non-industrial use in the South East London sub-region in the four years between 2006 and 2010 than was recommended for release in the London Industrial Land Release Benchmarks report (URS, 2007) although the amount 'of release remains within the recommended amount of release over twenty years (2006 to 2026).”

GLA London Industrial Land Baseline and Economy Study (draft) (2016)

3.5.7 At the time of writing this report is currently being prepared by AECOM and Cushman & Wakefield on behalf of the GLA and the findings are interim. This report, when complete will provide 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 time-series data 2001-2006-2010-2015. Backed by desk research, 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 evidence base. The study assists the GLA, 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 so far has found that in 2015 in Lewisham:

- There was 107.3 hectares of industrial land;
- Of the total, 27.8 hectares was occupied by industry;
- Of the total, 37.4 hectares was occupied by warehouses;
- Of the total, 32.1 hectares was occupied by wider industrial land uses (such as utilities and waste facilities); and
- Of the total, 5.6 hectares was vacant¹¹.

Mayor's Economic Development Strategy for Greater London (2010)

3.5.8 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.

¹¹ This includes, at the time of writing, sites at Convoys Wharf, Arklow Road, Oxestalls Road and Thanet Wharf as well as smaller parcels of land. Other than Thanet Wharf, all these sites are available for redevelopment with active schemes currently under consideration or with planning permission for mixed use development.

- 3.5.9 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”.*

- 3.5.10 The Strategy states that the Mayor wants to maximise London’s share of the Carbon Trading global market: if London captured 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.

GLA London Office Policy Review (2012)

- 3.5.11 The purpose of the annual London Office Policy Review to provide planning policy makers with up to date information on the supply and demand for offices in London, including the planning pipeline, and to provide analysis of the operation of the office market and its relationship with planning policy.
- 3.5.12 The main findings of the 2012 report were that London had adjusted well to the difficult market conditions experienced since the downturn of late 2007 and 2008, and that the general outlook for the city’s future as a global financial centre is optimistic. The impacts of the recession are considered to be cyclical in nature, and a recovery was predicted. However, the report acknowledges that structural changes are taking place in the market, and that the rate of growth in office jobs in the period to 2036 is likely to be around half the rate which has prevailed over the last two decades, though more recent projections may result in more buoyant forecasts of growth rates. Lewisham’s office employment was predicted to increase from 11,000 (2011) to 16,000 by 2026.
- 3.5.13 A relevant issue highlighted in the study is the contraction of public sector employment since 2009 (11% between 2009 and 2011) and the associated rationalisation of public sector office requirements. This was identified as having the potential to impact on centres which rely, to some extent, on these occupiers to bolster their commercial office supply, such as in Lewisham. New working patterns, characterised by a greater number of employees working from home, was also identified as having an impact on the demand for office floorspace.

London Borough of Lewisham Employment Land Study (2009)

- 3.5.14 Roger Tym and Partners were commissioned by LB Lewisham in 2008 to undertake an Employment Land Study (ELS) to assess the future demand for employment land, compare it with the land supply under current planning policies and make policy recommendations based on the outcome of this assessment. The scope of the ELS extended beyond that of a regular review/study by helping to plan for economic growth and regeneration in the borough.

- 3.5.15 The study concluded that the market for employment land and floorspace in LB Lewisham was largely inactive, owing either to lack of demand or a mismatch between supply and demand. The outlook for SMEs was deemed to be fairly good on the basis that the borough was well situated to serve the needs of the central London markets with consumable goods e.g. stationery. As such, the study advocates “*encouraging good quality development for ‘clean industrial’ or hybrid units that provides a range of size and specification of premises*”.
- 3.5.16 Lewisham and Southwark together accommodate the London Plan designated Surrey Canal SIL. Relevant to this tract of employment land, the ELS states that “*In November 2007, the Council produced a Masterplan for the Deptford and New Cross (DNX) area. This covers six of the Council’s seven Mixed Use Opportunity Areas (MUOA) as proposed in the Development Policies & Site Allocations.*” Surrey Canal Road/ Stockholm Road/ Bolina Road is listed as a MUOA, specifically where the location of sport and other community activities could be accommodated. The study advises however that this plan go through a financial assessment to test its viability.
- 3.5.17 The study goes on to conclude that several areas in the Surrey Canal should lose their SIL designation and be promoted as mixed employment areas where scope for light industrial and office uses should be accommodated. These areas are:
- Arklow Road & Childers Street;
 - Bolina Road (adjacent to LB Southwark);
 - Grinstead Road;
 - Oxestalls Road, and
 - Rollins Street & Stockholm Road (adjacent to LB Southwark).
- 3.5.18 The ELS concludes that Silwood Triangle and Mercury Way, both adjacent to LB Southwark should be considered for designation as SILs.

3.6 Summary

- 3.6.1 The NPPF replaced PPSs as of 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. Key regional policy on employment land-use is contained in the London Plan (2011) and GLA Land for Industry and Transport SPG (2012). The latter document superseded a previous Industrial Capacity SPG, published in 2008. The London Plan sets out its vision for the East London sub-region, of which LB Lewisham is a part, which centres around; optimising the development of its Opportunity Areas; tackling barriers to work and social exclusion; managing the release of surplus industrial land and; planning effectively for transport improvements.
- 3.6.2 Defining industrial employment as activities relating to manufacturing and wholesale distribution, the GLA’s Industrial Capacity SPG (2012) seeks to ensure that an adequate stock of land for industrial use remains whilst the release of surplus industrial land is monitored and managed, so planning objectives can be met effectively.
- 3.6.3 LB Lewisham is a borough of ‘Limited Transfer’ of employment land in the 2012 Land for Industry and Transport SPG. The SPG provides guidance for outer London boroughs to manage and improve the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace. The document identifies that parts of outer London have

economic functions in logistics, industry and green enterprise that are of greater than sub-regional importance.

At a local policy level, Lewisham has an adopted Local Development Framework and is currently in the process of updating the adopted suite of development plan documents into a new Lewisham Local Plan.

4 SOCIO-ECONOMIC PROFILE

4.1 Introduction

4.1.1 This section profiles LB Lewisham using key socio-economic indicators. The analysis informs an understanding of the local economic strengths and weaknesses that may impact upon employment land demand. Key indicators profiled include:

- Population, including the working population, and skill and occupational profile of residents;
- Commuting patterns;
- The workplace economy, by business stock and size; and
- Workplace employment by industry sector.

4.1.2 To provide a comparative assessment LB Lewisham is benchmarked against London-wide averages.

4.2 Population

4.2.1 Demand for housing, retail, community facilities and employment sites and premises will be driven in part by trends in the resident population. Latest population estimates show that LB Lewisham has grown from 276,900 at the 2011 Census to 286,200 in 2013 – a 3.4% increase over the two-year time period. This is higher than the Greater London average increase of 2.6%¹². GLA population projections for LB Lewisham suggest that by 2029 the borough's population will grow by approximately 41,000 to 327,100¹³. The implication of this is a likely growth in demand for land for housing, community facilities, infrastructure and employment land and floorspace over the Local Plan period.

4.3 Workforce and employment

4.3.1 The latest statistics from the Office for National Statistics (ONS) show that LB Lewisham has approximately 146,700 working age residents (men and women aged 16 to 64), which represent approximately 74% of the resident population. This proportion is slightly higher than the London-wide average of 71%.

4.3.2 ONS record 157,700 (79.1%) working age residents of LB Lewisham as being economically active with 149,300 people in employment. This proportion is slightly above the economic activity rate recorded for London as a whole (76.8%). The higher rate of economic activity in Lewisham corresponds to unemployment of 8,400 which for LB Lewisham equates to 5.3% of the working-age population.

4.4 Earnings

4.4.1 The Annual Survey of Hours and Earnings (ASHE) (2014) record the average gross weekly earnings of LB Lewisham residents as £604 which is £14 lower than the average earnings by London residents. ASHE records an average gross weekly earnings of those people working within LB Lewisham of £584, which implies an earnings differential in favour of jobs outside LB

¹² ONS, (2013); Mid-year Population Estimates 2013

¹³ GLA, (2014); Round trend-based Population Projections - Central Scenario

Lewisham, which could be a driver for out-commuting from the borough. Details are shown in Table 4.1.

Table 4.1: Resident and Workplace Earnings 2014

Earnings	Lewisham (£)	London (£)
Resident-based	604	618
Workplace-based	584	661

Source: ONS Annual Survey of Hours and Earnings – Resident and Workplace Analysis (2014)

4.5 Skills and Training

4.5.1 LB Lewisham residents generally hold higher qualification levels in comparison to the rest of London. The majority of the borough’s working age residents hold GCSEs and 52.9% are educated to a degree level and above – significantly higher than the proportion for London (48.4) as a whole. The proportion of residents with no qualifications is slightly lower in Lewisham (6.7%) than in London (7.9%). Further information is shown in Table 4.2.

Table 4.2: Skills and Training 2013

Qualification Level ¹⁴	Lewisham (%)	London (%)
NVQ4 +	52.9	48.4
NVQ3 +	69.1	63.4
NVQ2 +	78.8	75.3
NVQ1 +	86.2	84.0
Other Qualifications	7.1	8.1
No Qualifications	6.7	7.9

Source: ONS Annual Population Survey (Jan 2013 - Dec 2013)

4.6 Occupational Classifications

4.6.1 Table 4.3 sets out the occupation of Lewisham residents compared with London averages. The following points are observed:

- Standard Classification of Occupation (SOC) 2010 major group 1-3, includes the highest skills base, and accounts for the largest actual number of residents by occupation in Lewisham. The proportion of the resident workforce who hold such positions are in line with the London average (54.5% compared with 54.3%).
- SOC 2010 major group 4-5: The proportion of Lewisham residents (15.3%) in employment who hold these levels of occupations is slightly below the London-wide average (18%). The skilled trade occupations are under-represented in the

¹⁴ NVQ 4 - HND, Degree and Higher Degree; NVQ 3 equivalent - 2 or more A levels, advanced GNVQ, NVQ 3, 2; NVQ 2 equivalent - 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2; NVQ 1 equivalent - fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1; No qualifications - no formal qualifications held.

borough, accounting for 3.9% of the working population compared with 7.7% across London.

- SOC 2010 major group 6-7 and 8-9: These SOC groups represent (29%) of all occupations. Sales and customer services are slightly less represented in Lewisham (6.1%) than in London (6.9%), and there are a significantly higher proportion of Lewisham residents in caring and leisure services (10.1% compared with 7.5% across London).

Table 4.3: Employment by Occupation 2013

SOC Group	Occupation	Lewisham		London
		Actual	%	%
1	1 Managers, directors and senior officials	11,800	8.3	12.0
	2 Professional occupations	33,300	23.5	24.3
	3 Associate professional & technical	32,200	22.7	18.0
2	4 Administrative & secretarial	16,200	11.4	10.3
	5 Skilled trades occupations	5,500	3.9	7.7
3	6 Caring, leisure and Other Service occs	14,300	10.1	7.5
	7 Sales and customer service occs	8,600	6.1	6.9
4	8 Process plant & machine operatives	6,100	4.3	4.1
	9 Elementary occupations	12,100	8.5	8.6
	Total	113,600	-	-

Source: ONS Annual Population Survey (Jan 2013 - Dec 2013)

Note 1: SOC = Standard Classification of Occupation, 2000

4.7 Travel to Work

- 4.7.1 Of LB Lewisham’s residents currently in employment, 15.1% live and work in LB Lewisham. The most recent data on travel to work patterns is provided through origin-destination statistics collated from the Census in 2011¹⁵. While the total figures for employment may be more than three years old, the figures give a good indication of the pattern of movement of residents and workers into and out of Lewisham.

¹⁵ ONS, (2011); Census 2011

- 4.7.2 The most popular workplace destinations outside the borough for residents are Westminster and the City of London (16.7% of the working age), Southwark (8.6%), Bromley (4.7%) and Tower Hamlets (4.6%). Lewisham also maintains strong links with the nearby boroughs of Greenwich and Lambeth (8.3% combined).
- 4.7.3 Comparatively there is a strong out-commuting flow: of the 105,397 residents in employment, 84,772 leave the borough to work outside, with only 27,305 people commuting to LB Lewisham to work. This indicates a strong net out-commuting effect of 45.5% (based on all resident workers). Residents of the boroughs which border LB Lewisham are the main source of in-commuting especially residents from Greenwich (5,771 people or 10.8%), Bromley (5,425, 10.1%) and Southwark (3,399, 6.4%).
- 4.7.4 The ONS origin-destination commuting data therefore suggests a strong relationship between LB Lewisham with boroughs in or adjoining the CAZ.
- 4.7.5 The job density rate for LB Lewisham is estimated at 0.41 compared with 0.93 for London¹⁶, which supports the strong out-commuting flow and indicates that, broadly speaking, LB Lewisham as a place to live outperforms its qualities as a place to do business. However, this is a relative judgement and is not to say that LB Lewisham does not have economic strengths and opportunities.

4.8 Business

Stock and Scale

- 4.8.1 The latest known business registrations data is from ONS which records 7,640 VAT or PAYE-based enterprises in LB Lewisham in 2014¹⁷. Small and micro businesses contribute significantly to employment within LB Lewisham, with 7,160 of the 7,640 companies (93.7%) employing up to nine employees (typically termed micro businesses)¹⁸, which is slightly above the London average¹⁹. Further information is shown in Table 4.4.

Table 4.4: VAT and PAYE by Size Band

Employment Size	Lewisham		London	
	Number of Businesses	% of total	Number of Businesses	% of total
1 to 9 (Micro)	7,160	93.7	359,155	89.6
10 to 49 (Small)	415	5.4	33,440	8.3
50 to 249 (Medium)	50	0.6	6,500	1.6
250 + (Large)	15	0.2	1,835	0.5
Total	7,640	-	400,930	-

Source: UK Business Activity, Size and Location (2015)

¹⁶ ONS, (2013); Job Density

¹⁷ Traders may be registered below the VAT threshold, which in 2008/09 was £67,000 per year. This estimate of business stock is therefore likely to be lower than the actual number of businesses located in the borough.

¹⁸ Including sole proprietorships and or partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director

¹⁹ ONS, (2015); UK Business Activity, Size and Location

- 4.8.2 By size of business, micro businesses also provide the majority of employment opportunities: micro businesses provide 93.7% of the borough's total employment compared with large companies (employment over 250) which number only 15 and account for 0.2% of all employment opportunities in Lewisham²⁰.

4.9 Business Registrations and De-registration

- 4.9.1 VAT registration and de-registrations rates for LB Lewisham provide an indication of the entrepreneurial characteristics of the borough. On balance over the course of a year the net gain in registrations in LB Lewisham tends to be at a lower rate than recorded for Greater London. Published data indicates that in 2011 there were 1,005 registrations and 845 de-registrations resulting in a net gain in LB Lewisham's business stock of 160, or 2.0%²¹. This is notably lower than the London-wide average of 4.2% but higher than the national figure of 1.5%.

4.10 Employment Sectors

- 4.10.1 Our analysis of the current picture of LB Lewisham benchmarked against London is based on the ONS Business Register and Employment Survey (BRES), Standard Industrial Classification (SIC), for 2013. This data covers employment within LB Lewisham, rather than employment of the resident workforce as illustrated in the SOC analysis in Table 4.5.

²⁰ ONS, (2015); UK Business Count;

²¹ ONS, (2011); Births and deaths of enterprises as a percentage of enterprise stock

Table 4.5: Employment by Broad Industry Sector

Sector	Lewisham		London	
	Employment	% of Total	Employment	% of Total
1 : Agriculture, forestry and fishing	24	0.0	2,282	0.0
2 : Mining, quarrying and utilities	444	1.2	25,124	0.5
3 : Manufacturing	1,228	7.7	107,088	2.3
4 : Construction	3,335	4.1	141,364	3.1
5 : Motor trades	725	2.1	34,291	0.7
6 : Wholesale	1,375	8.3	159,821	3.5
7 : Retail	7,076	10.0	386,743	8.4
8 : Transport and storage	2,749	8.3	218,595	4.8
9 : Accommodation and food	3,619	6.4	346,344	7.6
10 : Information and communication	1,760	4.5	349,954	7.6
11 : Financial and insurance	852	0.9	337,025	7.4
12 : Property	1,837	1.9	109,220	2.4
13 : Professional, scientific tech	3,076	5.5	618,931	13.5
14 : Business administration	7,018	8.1	474,572	10.4
15 : Public administration	3,437	4.2	212,156	4.6
16 : Education	9,925	8.4	354,411	7.7
17 : Health	11,642	14.7	469,492	10.2
18 : Arts, entertainment, rec.	2,944	3.7	234,822	5.1
Total	63,067	100.0	4,582,235	100.0

Source: ONS Business Register and Employment Survey (2013)

4.10.2 At this high level those sectors which align most closely with the employment land uses B1a/b, B1c/B2 and B8 are: 11. Financial & insurance, 14. Business administration and support services and 13. Professional, scientific/technical (which aligns most closely with B1a and B1b uses); 3. Manufacturing (which aligns to factory uses i.e. B2); and 8. Transport & storage (which aligns with warehousing). The professional, scientific and technical sector could be considered as broadly aligning to research and development or office use.

4.10.3 From the above it can be seen that:

- Manufacturing employment (which aligns with industry) in LB Lewisham accounts for 1,228 (7.7%) of the total. This is significantly larger proportionally than recorded for London as whole (2.3%). The construction (4.1%) and motor trades (2.1%) sectors (also aligning with industry) also account for a larger proportion of employees in Lewisham than across London.
- Transport and storage (which aligns with warehousing) employment measures 2,749, or 8.3%, in LB Lewisham, which is above the London-wide average of 4.8%. Employment in wholesale accounts for 8.3% of jobs and is similarly above the London average of 3.7%.
- Employment in business administration is slightly below the London-wide average. However other office-related sectors including the financial and insurance sector and information and communication are significantly under-represented by comparison with London.
- The professional, scientific and technical sector is greatly under-represented in LB Lewisham (5.5%) compared with London (13.5%), which is perhaps indicative of a lower skills, lower wage economy, and reflects the distance from higher education establishments typically associated with research and development.
- There is a relatively higher level of employment in the education and health sectors (23.1% compared with 17.9% across London). This may contribute to the low job density within the borough as these sectors tend not to have local supply chains.
- These findings contrast with the resident-based SOC analysis in Table 4.3, suggesting that there is a disparity between the occupations of Lewisham residents and the employment available within the borough. For example, the SOC analysis indicates that over half (54.5%) of residents work in managerial or professional occupations, whereas the BRES data shows that office-related sectors such as finance and insurance, and information and communication, are under-represented within the borough. This supports the analysis in paragraph 4.7 which demonstrates a strong out-commuting flow from LB Lewisham.

4.11 Creative and High Growth Sector Industries

- 4.11.1 Creative industries such as publishing, design and architecture are considered as important for the future success of Lewisham's economy.
- 4.11.2 Table 4.6 presents the creative industries that were examined to generate the employment numbers. Seventy four-digit SIC codes were identified and combined the codes into the thirteen industries. Categorising the different industries was informed by the Camden Creative and Cultural Industries Report 2011²².
- 4.11.3 In Lewisham employment in creative industries between 2009 and 2013 has seen relatively slow growth (0.2% CAGR)²³. Employment has gone up in certain creative industries such as software and electronic publishing and digital & entertainment media (900 to 1,100), advertising (100 to 300) and architecture (600 to 700). This contrasts with stronger growth of around 20% being recorded between 2005 and 2009.²⁴

²² Camden Borough Council, (2011); Camden Creative and Cultural Industries: An evaluation.

²³ ONS, (2013); Business Register and Employment Survey (BRES).

²⁴ GLA Economics (2009); Working Paper 40: London's Creative Workforce

Table 4.6: Employment in Creative Industries

Creative Industry	Number of People in Employment		
	2009	2013	2009-2013 CAGR (%)
Advertising	100	300	28.7
Architecture	600	700	5.0
Art and Antiques	800	700	-3.8
Design	100	200	11.9
Designer Fashion	-	-	-9.6
Jewellery	-	-	10.7
Museums and other cultural facilities	400	300	-6.5
Music & the Visual & Performing Arts	1,100	1,100	0.3
Publishing	500	300	-13.0
Radio and TV	-	-	12.7
Software & Electronic Publishing and Digital & Entertainment Media	900	1,100	6.4
Sports	400	200	-20.1
Video, Film & Photography	200	300	13.8
Total	5,000	5,000	0.2

Source: ONS, (2013); Business Register and Employment Survey. All figures are rounded to the nearest 100 for data suppression purposes.

4.12 Summary

- 4.12.1 Analysis of the resident workforce found that the occupational profile of LB Lewisham residents is broadly in line with the London average. However, there are some signs of a low-wage economy in Lewisham, with workplace based projections estimated to be £584 as opposed to £601 for residents. The borough has above average educational attainment which has in turn led to greater employee mobility. This is supported by the patterns of out commuting, suggesting that those holding higher qualifications are more mobile financially and occupationally, and take up positions outside the borough.
- 4.12.2 This is supported by analysis of employment within the borough, which shows that office-based employment sectors are significantly under-represented in comparison to the London average. This suggests a disparity between the occupation of residents and the employment available within the borough, and indicates that many residents employed in management, professional and technical professions commute outside of the borough for work.

- 4.12.3 Employment within the borough is marked by relatively high proportions in manufacturing, construction, motor trades, wholesale and transport and storage, as well as retail, health and education. The industrial re-structuring which has occurred across London, and in particular East London, over the past few decades has led to a strong decline of manufacturing employment and a shift to service sectors more broadly, and may have led to LB Lewisham losing out comparatively in terms of job growth.
- 4.12.4 Many of these factors are self-re-enforcing. However, the analysis presented here also suggests that to achieve economic growth the borough can play to the comparative advantages it has such as its labour skills set, a perceived low-wage economy and locational advantages. Playing to these strengths would mean that opportunities for local residents to benefit from investment and employment opportunities are maximised. This section has introduced the socio-economic profile of LB Lewisham with the most up to date data, benchmarked against London. The most meaningful indicators for this ELS are however changes in employment land and employment, and we analyse how these have changed over the past ten years in Section 7.

5 QUALITY AND CHARACTERISTICS OF EMPLOYMENT LAND

5.1 Introduction

- 5.1.1 This section provides a summary of the key findings of the field survey and desk research and identifies the suitability of land and premises in LB Lewisham for employment uses (B1a-c, B2 and B8). The results are summarised to provide an overview of conditions of employment clusters and individual development sites.

5.2 Employment Clusters

- 5.2.1 Based on the adopted LB Lewisham Local Development Framework Proposals Map (2011), GLA London Industrial Land Baseline 2010 and 2015 report mapping, and the Council's and consultancy team's knowledge of the area, 44 employment clusters in LB Lewisham were identified and mapped (see Figure 2.2) for survey/analysis. Employment clusters were defined through identifying Local Plan/LDF site designations and proposals that currently, or have the potential to, accommodate a significant quantum of industrial/warehousing (B2/B8) or office (B1) floorspace and through a review of non-designated land known to still contain such a quantum of space.
- 5.2.2 Table 5.1 below lists the clusters that were surveyed against the site appraisal criteria set by AECOM, drawn primarily from the Land for Industry and Transport SPG (2012), and subsequently agreed with the Council. Criteria were further tailored based on the consultancy team's experience and the specific context within Lewisham.
- 5.2.3 The 44 clusters comprise a total area of 123.8ha, with the amount of vacant land totalling 5.6ha. Clusters comprising land within MEL made up the largest area of land (45.6ha) followed by: SIL (36.9ha); LEL (17.8ha); Site Allocations (20.7ha); and non-designated land (2.8ha).
- 5.2.4 Within the employment land clusters other non-employment uses were observed. It is important to note that whilst our employment cluster surveyed figure of 123.8ha, as shown in Table 5.1, differs to the industrial employment land figure of 107.3ha determined from the draft GLA 2015 Industrial Land Baseline (as set out in Chapter 3 of this report) for several reasons:
- The draft 2015 Baseline of 107.3ha of industrial land includes 'core' industrial employment land, defined by industry and warehousing uses only (B2 and B8 use classes), plus 'wider' industrial employment land, including land for utilities, transport functions and waste management. Unlike our 2015 ELS survey, the 2015 Baseline does not capture office (B1 use class) land uses unless found within SIL or LEL (e.g. Molesworth Street).
 - The 2015 Baseline figure includes designated and non-designated core and wider industrial employment land, and includes a large number of utility sites such as gasholders (for example at Bell Green), pumping stations (e.g. Earl Pumping Station) and electricity substations.
 - By comparison our estimate of 123.8ha of land contained within the 44 employment clusters includes not only employment land uses such as office, industrial and warehousing, and utilities, transport functions and waste management, but also residential, retail, leisure and community uses.

Table 5.1: Surveyed Employment Clusters – July 2015

AECOM Cluster No	Employment Area/ Name of Cluster	LB Lewisham Local Plan Designation	Typology	Area (ha)
C1	Juno Way	SIL	Industrial/W'housing	3.2
C2	Juno Way Railway Lands	SIL	Industrial/W'housing	6.5
C3	Surrey Canal	SIL	Industrial/W'housing	6.0
C4	Silwood Triangle	SIL	Industrial/W'housing	4.8
C5	Silwood Street Rail Arches	SIL	Industrial/W'housing	1.6
C6	Trundleys Road / Apollo Business Centre	SIL	Industrial/W'housing	1.5
C7	Mercury Way Waste Sites	SIL	Industrial/W'housing	1.4
C8	Blackhorse Road	SIL	Industrial/W'housing	3.6
C9	Bromley Road	SIL	Industrial/W'housing	8.3
C10	Blackheath Hill	LEL	Industrial/W'housing	0.3
C11	Lower Creekside	LEL	Industrial/W'housing	2.4
C12	Endwell Road	LEL	Mixed	1.4
C13	Evelyn Street	LEL	Industrial/W'housing	1.2
C14	Lewisham Way	LEL	Industrial/W'housing	0.5
C15	Malham Road	LEL	Industrial/W'housing	3.6
C16	Manor Lane	LEL	Industrial/W'housing	2.7
C17	Perry Vale	LEL	Industrial/W'housing	0.5
C18	Clyde Vale	LEL	Industrial/W'housing	0.4
C19	Stanton Square	LEL	Industrial/W'housing	1.0
C20	Willow Way	LEL	Industrial/W'housing	1.2
C21	Worsley Bridge Road	LEL	Industrial/W'housing	1.2
C22	Molesworth Street	LEL	Office	1.4
C23	Surrey Canal Rd Triangle	MEL	Mixed	10.9
C24	Convoys Wharf	MEL	Vacant land	16.1
C25	Sun and Kent Wharf	MEL	Mixed	1.4
C26	Childers Street	MEL	Mixed	0.7

AECOM Cluster No	Employment Area/ Name of Cluster	LB Lewisham Local Plan Designation	Typology	Area (ha)
C27	Arklow Road	MEL	Mixed	2.2
C28	Oxestalls Road	MEL	Industrial/W'housing	4.6
C29	Plough Way	MEL	Non-industrial	8.3
C30	Grinstead Road	MEL	Industrial/W'housing	0.8
C31	Thanet Wharf	MEL	Vacant land	0.6
C32	Lewisham Gateway	Site Allocation	Office/Mixed	3.8
C33	Giffin Street Redevelopment Area	Site Allocation 2	Mixed	3.9
C34	Seager Buildings, Brookmill Road	Site Allocation 3	Mixed	0.7
C35	Site West of Forest Hill Station	Site Allocation 19	Mixed	0.5
C36	O'Rourke Transport/ Sivyer, 154-160 Sydenham Road	Site Allocation 21	Industrial/W'housing	0.5
C37	80-84 Nightingale Grove	Site Allocation 32	Industrial/W'housing	0.7
C38	Bell Green Retail Park	Site Allocation	Industrial/W'housing	10.6
C39	Pomeroy Street	Not designated	Industrial/W'housing	0.6
C40	Goodwood Road	Not designated	Industrial/W'housing	0.6
C41	Engate Street	Not designated	Industrial/W'housing	0.8
C42	Ashgrove Road	Not designated	Industrial/W'housing	0.2
C43	Lewisham Town Hall	Not designated	Office/Mixed	0.5
C44	Deptford Library	Not designated	Office/Mixed	0.1
Total				123.8

Source: AECOM

5.3 Strategic Transport Access

5.3.1 The strategic transport accessibility of employment areas was determined both through desk based research and site visits. The criteria used to assess this included:

- Strategic road access;
- Access to public transport;
- Access to wharves; and
- Availability of parking.

Strategic Road Access

- 5.3.2 Clusters with good/very good strategic road access include those that can be accessed directly or almost immediately from either a Transport for London Road (TLR), the Strategic Route Network, or Main Distributor Roads as set out in the London Borough of Lewisham: Local Implementation Plan 2011-2026 (2011).
- 5.3.3 The twelve clusters in Table 5.2 are considered to have good/very good strategic road access and constitute 26.3% of the employment cluster areas surveyed. It is notable that Bromley Road is the only SIL cluster that has good/very good road access.

Table 5.2: Employment Clusters with Good/Very Good Strategic Road Access

Cluster No	Employment Area/Cluster Name	Designation	Area (ha)
C9	Bromley Road	SIL	8.3
C10	Blackheath Hill	LEL	0.3
C13	Evelyn Street	LEL	1.2
C22	Molesworth Street	LEL	1.4
C32	Lewisham Gateway	SSA 5	3.8
C33	Giffin Street Redevelopment Area	Site Allocation 2	3.9
C34	Seager Buildings, Brookmill Road	Site Allocation 3	0.7
C35	Site West of Forest Hill Station	Site Allocation 19	0.5
C36	O'Rourke Transport/ Sivyer, 154-160 Sydenham Road	Site Allocation 21	0.5
C38	Bell Green Retail Park	Site Allocation	10.6
C41	Engate Street	Not designated	0.8
C43	Lewisham Town Hall	Not designated	0.5
Total			32.5
% of surveyed employment land			26.3

Source: AECOM

Access to Public Transport

- 5.3.4 Clusters that were considered to have good or very good access to public transport had a PTAL (Public Transport Accessibility Levels) ranging from 4 to 6b. These included seventeen clusters, shown in Table 5.3. The clusters make up 15.8% of total employment land.

Table 5.3: Employment Clusters with Good or Very Good Public Transport Access

Cluster No	Employment Area/Cluster Name	Designation	Area (ha)
C11	Lower Creekside	LEL	2.4
C13	Evelyn Street	LEL	1.2
C14	Lewisham Way	LEL	0.5
C17	Perry Vale	LEL	0.5
C18	Clyde Vale	LEL	0.4
C20	Willow Way	LEL	1.2
C22	Molesworth Street	LEL	1.4
C32	Lewisham Gateway	SSA 5	3.8
C33	Giffin Street Redevelopment Area	Site Allocation 2	3.9
C34	Seager Buildings, Brookmill Road	Site Allocation 3	0.7
C35	Site West of Forest Hill Station	Site Allocation 19	0.5
C36	O'Rourke Transport/ Sivyer, 154-160 Sydenham Road	Site Allocation 21	0.5
C39	Pomeroy Street	Not designated	0.6
C40	Goodwood Road	Not designated	0.6
C41	Engate Street	Not designated	0.8
C43	Lewisham Town Hall	Not designated	0.5
C44	Deptford Library	Not designated	0.1
Total			19.6
% of surveyed employment land			15.8

Source: Transport for London Planning Information Database (accessed at webptals.org.uk)

- 5.3.5 It is evident that the employment clusters around Lewisham town centre, namely Lewisham Gateway (C32), Molesworth Street (C22) and Engate Street (C41) have good access to public transport services. The clusters are close to Lewisham railway station which feeds onto the Docklands Light Railway (DLR) and the national rail network, plus numerous bus services run through the town centre. Also the clusters near Deptford Station including Giffin Street Redevelopment Area (C33), Lower Creekside (C11) and Deptford Library (C44) benefit from good public transport access.
- 5.3.6 Clusters forming the Surrey Canal SIL (C1-C8) are the largest agglomeration that is served badly by public transport. The Surrey Canal Rd Triangle (C23) cluster located nearby also has poor access to public transport, despite having the large New Den stadium located within.

Access to Wharves

5.3.7 Four clusters have direct access to wharves and/or navigable waterways in LB Lewisham:

- Convoys Wharf (C24), part of which is a safeguarded wharf;
- Sun and Kent Wharf (C25); and
- Thanet Wharf (C31).

5.3.8 The wharves/quayside at Lower Creekside and Thanet are currently not active. Convoys Wharf is currently vacant, while Sun and Kent Wharf is partly undergoing redevelopment for non-industrial mixed-use. The GLA’s Safeguarded Wharves Review 2013 (Final Recommendation) noted that Convoys Wharf should be retained as a safeguarded wharf. A reduction of the working area of this wharf to 2.3ha of land with 0.3ha jetty has been proposed and is pending the implementation of a planning application for the redevelopment of this MEL in its entirety.

5.4 Servicing and Parking

5.4.1 For clusters where B1c/B2/B8 land-use predominates, it is important that there is designated and adequate space for the servicing of businesses. The suitability of existing servicing arrangements within each cluster was assessed during the field survey.

5.4.2 The field survey identified only two clusters where servicing for businesses is deemed to be inadequate. One is designated as an LEL and the other is a non-designated cluster of industrial employment land. These clusters are listed in Table 5.4 and account for 2.1% of total employment land.

Table 5.4: Clusters where Servicing of Businesses is Inadequate

Cluster No	Employment Area/Cluster Name	Designation	Area (ha)
C11	Lower Creekside	LEL	2.4
C42	Ashgrove Road	Not designated	0.2
Total			2.6
% of surveyed employment land			2.1

Source: AECOM

Availability of Parking

5.4.3 It is important that employment clusters in Lewisham have adequate parking space not only to accommodate the needs of businesses but because of the increased likelihood that employees will travel to work by car in some areas given lower PTALs, particularly in the south and east of the borough. The availability and type of parking within each cluster was assessed during the field survey.

5.4.4 Ten clusters were identified in the field survey as having inadequate parking arrangements. These clusters are listed in Table 5.5 and account for 16.9% of total surveyed employment land in LB Lewisham. With the exception of Goodwood Road (C40) and Lower Creekside (C11) have PTAL ratings between 1-3 i.e. poor levels of access to public transport, which in combination could produce a number of accessibility issues.

Table 5.5: Clusters where Parking is Inadequate

Cluster No	Employment Area/Cluster Name	Designation	Area (ha)
C6	Trundleys Road / Apollo Business Centre	SIL	1.5
C7	Mercury Way Waste Sites	SIL	1.4
C11	Lower Creekside	LEL	2.4
C21	Worsley Bridge Road	LEL	1.2
C23	Surrey Canal Rd Triangle	MEL	10.9
C25	Sun and Kent Wharf	MEL	1.4
C26	Childers Street	MEL	0.7
C31	Thanet Wharf	MEL	0.6
C40	Goodwood Road	Not designated	0.6
C42	Ashgrove Road	Not designated	0.2
Total			20.9
% of surveyed employment land			16.9

Source: AECOM

5.4.5 In the case of Trundleys Road / Apollo Business Centre (C6), parking on site is generally limited (except within the, newer, rail infrastructure site area south of Juno Way) and there is little space to expand. Childers Street (C36) while having inadequate parking is beginning to be redeveloped for mixed use, so there is potential that parking will be improved. Thanet Wharf (C31) is currently vacant so parking issues are not presently an issue at this cluster.

5.5 Condition of Employment Areas

Employment Areas in Very Good and Good Condition

5.5.1 In total 24 out of 44 surveyed employment clusters were considered to be in good or very good condition, accounting for 53.9% of the total employment land. These clusters are shown in Table 5.6. To receive this designation over 50% of sites within an employment cluster had to fulfil the following criteria:

Building condition

- *Very good* – buildings in immaculate state, no signs of paint coming off, windows and window frames in very good condition, immediate surroundings/grounds well kept.
- *Good* – buildings in good condition, small areas where paint might come off, etc., grounds in reasonable state.

Quality of environment

- *Very good* – the streets and the public realm within and surrounding the area are of very good quality. There is enough street lighting and no perceived safety issues.

The business area is not polluted by noise or air pollution from neighbouring uses and/or heavy street traffic.

- *Good* – the streets and public realm within and surrounding the business area are of good quality. Nothing in the local environment seems disturbing but it does not reach the 'very good' standard (some litter, street furniture shows signs of aging, etc.). There are no perceived safety issues.

5.5.2 Table 5.6 below lists the employment clusters with a majority (50-100%) of sites that were in Good and Very Good condition.

Table 5.6: Clusters with a Majority of Sites in Good and Very Good Condition

Cluster No	Employment Area//Cluster Name	Designation	Area (ha)
C2	Juno Way Railway Lands	SIL	6.5
C3	Surrey Canal	SIL	6.0
C8	Blackhorse Road	SIL	3.6
C9	Bromley Road	SIL	8.3
C10	Blackheath Hill	LEL	0.3
C12	Endwell Road	LEL	1.4
C13	Evelyn Street	LEL	1.2
C14	Lewisham Way	LEL	0.5
C15	Malham Road	LEL	3.6
C16	Manor Lane	LEL	2.7
C17	Perry Vale	LEL	0.5
C18	Clyde Vale	LEL	0.4
C19	Stanton Square	LEL	1.0
C21	Worsley Bridge Road	LEL	1.2
C22	Molesworth Street	LEL	1.4
C29	Plough Way	MEL	8.3
C32	Lewisham Gateway	Site Allocation	3.8
C33	Giffin Street Redevelopment Area	Site Allocation 2	3.9
C34	Seager Buildings, Brookmill Road	Site Allocation 3	0.7
C38	Bell Green Retail Park	Site Allocation	10.6
C42	Ashgrove Road	Not designated	0.2
C43	Lewisham Town Hall	Not designated	0.5
C44	Deptford Library	Not designated	0.1
Total			66.7
% of surveyed employment land			53.9

Source: AECOM

5.5.3

In regard to quality within different land designations generally, the majority of LELs and over half of the SIL clusters are of good/very good quality.

Employment Areas with sites in Poor or Very Poor Condition

5.5.4 Table 5.7 shows the clusters that are considered to be in poor or very poor condition. Of the surveyed employment clusters, 13 of 44 were recorded to have a majority (50-100%) of sites in poor or very poor condition. To receive this designation clusters had fulfilled the following criteria:

Building condition

- *Poor* – paint coming off, some cracks, windows in poor state, surroundings are poorly kept.
- *Very poor* – building still in use but in very poor condition; paint coming off in large areas, some windows broken, surroundings not maintained and/or littered and/or cluttered with rubbish.

Quality of environment

- *Poor* – the streets and the public realm within and surrounding the cluster are of poor quality (some potholes, some litter, poorly maintained or damaged street furniture). There is not enough street lighting and some perceived safety issues. The business area might be polluted by some noise or air pollution from neighbouring uses and/or heavy street traffic.
- *Very poor* – the streets and the public realm within and surrounding the cluster are of very poor quality (potholes, litter on street, not collected rubbish, etc.) There is not enough street lighting and there are perceived safety issues. There is noise and/or air pollution from neighbouring uses and/or heavy street traffic.

Table 5.7: Clusters with a Majority of Sites in Poor/Very Poor Condition

Cluster No.	Employment Area/Cluster Name	Designation	Area (ha)
C6	Trundleys Road / Apollo Business Centre	SIL	1.5
C7	Mercury Way Waste Sites	SIL	1.4
C11	Lower Creekside	LEL	2.4
C24	Convoys Wharf	MEL	16.1
C25	Sun and Kent Wharf	MEL	1.4
C26	Childers Street	MEL	0.7
C27	Arklow Road	MEL	2.2
C28	Oxestalls Road	MEL	4.6
C30	Grinstead Road	MEL	0.8
C31	Thanet Wharf	MEL	0.6
C36	O'Rourke Transport/ Sivyer, 154-160 Sydenham Road	Site Allocation 21	0.5
C37	80-84 Nightingale Grove	Site Allocation 32	0.7
C40	Goodwood Road	Not designated	0.6
Total			33.5
% of surveyed employment land			27.1

Source: AECOM

5.5.5 Poor or very poor quality land makes up 27.1% of the total amount of surveyed employment land in LB Lewisham. MEL clusters represent the designation category that has both proportionally the highest amount of poor and very poor quality land out of the total MEL area, and the largest absolute amount of land in comparison to all other designations (26.4ha) of all poor and very poor quality surveyed employment land. This is likely a reflection of the often vacant/derelict/underused character of remaining employment land within MELs, which typically constitute clusters proposed or allocated for high density mixed-use redevelopment.

Employment Areas with sites in Average Condition

5.5.6 Table 5.8 shows the clusters that are considered to be in average condition. Of the surveyed employment clusters eight of 44 were recorded to have a majority of sites in average condition. To receive this designation clusters would not fulfil the conditions necessary either to warrant designation as a Good/Very good cluster or a Poor/Very poor cluster (as set out above in Sections 5.5).

Table 5.8: Clusters with a Majority of Sites in Average condition

Cluster No.	Employment Area/Cluster Name	Designation	Area (ha)
C1	Juno Way	SIL	3.2
C4	Silwood Triangle	SIL	4.8
C5	Silwood Street Rail Arches	SIL	1.6
C20	Willow Way	LEL	1.2
C23	Surrey Canal Rd Triangle	MEL	10.9
C35	Site West of Forest Hill Station	Site Allocation 19	0.5
C39	Pomeroy Street	Not designated	0.6
C41	Engate Street	Not designated	0.8
Total			23.7
% of surveyed employment land			19.1

Source: AECOM

5.5.7 Average quality land makes up 19.1% of the total amount of employment land in LB Lewisham. Three SIL clusters rank among clusters in average condition, though only one LEL and MEL respectively are in average condition.

Conclusions on Conditions of Employment Areas

5.5.8 Overall the majority of employment land in Lewisham is good or very good quality (54%). This is followed by poor and very poor (27%) and average (19%). These findings indicate that designated employment areas within LB Lewisham contain mostly good quality sites with similarly good environmental quality. It should not be surprising that some building stock is varied and environmental quality less than ideal at some locations. Having a stock of poorer quality premises and land can also be a positive as it ensures that there is scope for redevelopment of clusters to provide new floorspace when such demand arises.

5.6 Bad Neighbour Uses and Impact on Residential Uses

5.6.1 A site was perceived as having a negative impact on the neighbouring uses if its use was associated with at least two of the following list; noise pollution, air pollution, smell, HGV traffic, significant car traffic.

5.6.2 Table 5.9 lists employment clusters close to residential and or other sensitive uses, and whether any of these clusters have two or more bad neighbour characteristics. In total 28 of the 44 employment clusters surveyed containing predominantly B2 and/or B8 uses lie within close proximity to surrounding/nearby residential or other sensitive uses. Of these, only two clusters are perceived as having bad neighbour characteristics which might impact on nearby sensitive uses.

Table 5.9: Employment Clusters Close to Residential Areas or other Sensitive Use, and Bad Neighbour Characteristics

Cluster No.	Employment Area/Name of Cluster	Designation	Bad Neighbour Char.	Area (ha)
C6	Trundleys Road / Apollo Business Centre	SIL		1.5
C7	Mercury Way Waste Sites	SIL	✓	1.4
C8	Blackhorse Road	SIL	✓	3.6
C10	Blackheath Hill	LEL		0.3
C11	Lower Creekside	LEL		2.4
C14	Lewisham Way	LEL		0.5
C15	Malham Road	LEL		3.6
C18	Clyde Vale	LEL		0.4
C21	Worsley Bridge Road	LEL		1.2
C23	Surrey Canal Rd Triangle	MEL		10.9
C24	Convoys Wharf	MEL		16.1
C25	Sun and Kent Wharf	MEL		1.4
C26	Childers Street	MEL		0.7
C28	Oxestalls Road	MEL		4.6
C30	Grinstead Road	MEL		0.8
C35	Site West of Forest Hill Station	Site Allocation 19		0.5
C36	O'Rourke Transport/ Sivyer,154-160 Sydenham Road	Site Allocation 21		0.5
C37	80-84 Nightingale Grove	Site Allocation 32		0.7
C39	Pomeroy Street	Not designated		0.6
C41	Engate Street	Not designated		0.8
C42	Ashgrove Road	Not designated		0.2
Total clusters close to residential or other sensitive Areas (ha)				52.7
% of surveyed employment land				42.6
Total size of clusters close to residential, with bad neighbour issues (ha)				5

% of surveyed
employment land 4%

Source: AECOM

5.6.3 The findings show that although around 43% of the surveyed employment clusters by area lie close to residential areas. Only two clusters, comprising 4% of the surveyed area, were perceived to contain two or more bad neighbour characteristics. The two clusters are both designated as SIL. The bad characteristics were generally noted to be either noise, smell, air pollution or the generation of significant car traffic, often associated with the presence of car-related businesses. From the cluster surveys it was noted that the Mercury Way Waste Sites (C7) conflict with the adjacent residential but also the cluster is well used, and thus solving the bad neighbour issues may prove difficult in the future. In contrast Blackhorse Road (C8), which contains purpose built units in good condition does not substantially impact upon the neighbouring land uses, so any negative effects will be significantly easier to resolve than at Mercury Way (C7).

5.7 Presence of Non-B class Occupiers

5.7.1 Through recording the presence of individual land uses/occupiers during the field survey, clusters were identified where over 10% of the cluster area was occupied by non-B class land uses, usually sui generis or retail activities. Only employment clusters lying within SIL and LEL designations are included in this analysis as other land designations, such as MELs, are expected to contain non-B use class occupiers, while SIL and LEL clusters are expected to contain all or mostly B class uses reflecting their designation. These clusters are listed in Table 5.10. Sui generis activities include a range of industries which, though they may be employment generating, do not fall in the B1, B2 or B8 use classes but nevertheless are often associated with employment areas, such as petrol filling stations premises selling and/or displaying motor vehicles, taxi businesses and scrap yards.

Table 5.10: Employment Clusters with a Significant Presence of Non-B class Occupiers

Cluster No	Employment Area/Cluster Name	Designation	Area (ha)
C2	Juno Way Railway Lands	SIL	6.5
C11	Lower Creekside	LEL	2.4
Total			8.9
% of surveyed employment land			7.2

Source: AECOM; Note that this list is not a ranking of the clusters

5.7.2 Clusters which contain a significant presence of non-B use class occupiers include one SIL cluster and one LEL. The SIL cluster, Juno Way Railway Lands (C2), contains a modern railway depot. The LEL cluster, Lower Creekside (C11), contains multiple uses including car repair shops, educational space and creative workspace. In such areas, future monitoring and effective application of policies going forward should ensure that further increases in the presence of such uses does not jeopardise the integrity of the SIL and LEL designations, where retained.

5.8 Creative Industries

5.8.1 Creative and cultural industries, as defined in section 4 above, are believed to require many similar site characteristics to B1 occupiers. Therefore, in identifying clusters’ suitability for accommodating creative and cultural industrial uses, we have taken account of such criteria, particularly:

- Very good public transport accessibility (PTAL Rating of 4, 5, 5A or 5B)
- Availability of suitable small office/studios/workshops
- Existing presence of established creative industries

5.8.2 In addition, we took account of clusters’ potential to regenerate areas (Camberwell CI Mapping, *Tom Fleming*, 2007), clusters proximity to designated regeneration areas, such as Opportunity Areas are considered an opportunity to help kick-start regeneration.

5.8.3 Based on the strength of these characteristics, seven clusters have been identified as being suitable locations for creative industries or where existing use by these industries should be encouraged. These are listed in Table 5.11 below. In addition, one cluster not identified for survey has been included, 118 Stanstead Road (‘Whirled Arts’), owing to the noted presence of creative industries at that location.

Table 5.11: Employment Clusters suitable for Creative Industries

Cluster No.	Employment Area/Cluster Name	Designation	Area (ha)
C11	Lower Creekside	LEL	2.4
C12	Endwell Road	LEL	1.4
C16	Manor Lane	LEL	2.7
C25	Sun and Kent Wharf	MEL	1.4
C33	Giffin Street Redevelopment Area	Site Allocation 2	3.9
C40	Goodwood Road	Not designated	0.6
C44	Deptford Library	Not designated	0.1
N/A	118 Stanstead Road (‘Whirled Arts’)	Not designated	
Total			12.5
% of surveyed employment land			10.1

Source: AECOM

5.8.4 Five of the clusters listed above currently contain creative industries (C11, C12, C16, C25, C40), while the two others have the potential to in the future (C33, C44). In total the clusters make up 12.5ha of land and 10.1% of all employment land surveyed.

5.9 Vacant and Derelict Land

- 5.9.1 The 2010 GLA Industrial Land Baseline study identified that there was 12.4ha of vacant industrial land in LB Lewisham, of which only 1.9ha was in designated industrial employment land areas, i.e. SILs or LELs.
- 5.9.2 The field survey of employment land clusters undertaken by AECOM in May 2015 has concluded that only 5.6ha of land remained vacant, of which 0.4ha lies within designated industrial employment areas. Locations which contain vacant land (including land with vacant derelict buildings) include the safeguarded wharf area within Convoys Wharf (C24), Arklow Road (C27), Oxestalls Road (C28) and Thanet Wharf (C31) – all MELs, indicating that Lewisham’s supply of vacant industrial land is set to contract further in coming years.

5.10 Floorspace Vacancy

- 5.10.1 The AECOM 2015 survey observed floorspace vacancy rates prevailing at less than 10% of floorspace in the majority of employment clusters, including all SELs and LELs, where availability was actively marketed. As such it is not considered necessary to identify any clusters here as experiencing high or above average levels of office or industrial/warehousing floorspace vacancy.

5.11 Conclusions

- 5.11.1 The AECOM qualitative survey of employment land in LB Lewisham comprised of field visits to 44 employment clusters combined with elements of desk research (including consultations with property market agents). This assessment was carried out against site appraisal criteria set by AECOM and subsequently agreed with the Council. A comparative analysis of the quality and characteristics of clusters for employment uses was undertaken on the basis of the quantity of land contained within the lined boundaries of clusters.
- 5.11.2 With regards to designated employment clusters (SILs and LELs as listed in Table 5.1) it is concluded that the majority are well functioning clusters of employment land containing predominantly B-use class occupiers. Although most have average or poor strategic road links, they are in adequate condition being identified as either in very good, good or average condition. Although some SIL/LEL clusters lie in close proximity to residential areas, very few of these possess bad neighbour characteristics and where evident are generally caused by B2/B8 uses. Of the surveyed clusters, three of the 22 SIL/LELs areas surveyed were observed to contain a significant presence of non-B class occupiers though it was recorded that these uses did not generally compromise the overall functionality of the clusters.
- 5.11.3 The surveyed MEL, site allocations and ‘non-designated’ clusters were of variable quality. Land within site allocation clusters were generally of excellent quality while remaining employment land within MEL clusters was generally in poor or very poor condition.

6 EMPLOYMENT LAND AND PROPERTY MARKET ASSESSMENT

6.1 Introduction

- 6.1.1 This section examines LB Lewisham's office and industrial land markets within the context of the wider property market area (PMA). This corresponds to the PPG which states that needs should be assessed in relation to the relevant functional economic market area (FEMA). The findings are based on the key conclusions of a consultation exercise with local property market agents and key stakeholders. This represents a 'bottom up' perspective on demand. Perceptions of those working within the office and industrial land market were sought to establish their impressions of the strengths and weaknesses of the commercial property available in LB Lewisham to potential occupiers. This section provides the qualitative market intelligence dimension which is harder to draw out in the long-term 'top down' projections of demand in Section 7. It also helps to ensure that the recommendations of Section 8 are grounded in reality.

6.2 Approach

- 6.2.1 This section is structured as follows:

- An assessment of what the relevant property market areas are for occupiers of offices and industrial floorspace in Lewisham;
- An overview of the supply of office and industrial space in the Borough;
- Demand factors for industrial space and office space including potential impact of changes to permitted development rights;
- Key sectors with potential for growth in LB Lewisham and any particular commercial occupier needs;
- Results of consultation with key stakeholders; and
- Conclusion on how supply meets current demand for commercial space and recommendations for the local employment market.

- 6.2.2 As well as consultation this section reviews information from property market reports and other research to build an understanding of the Lewisham employment land market. The commercial agents, market analysts, property managers and developers that provided data for this chapter through phone conversations and written research include:

- KALMARs;
- Lambert Smith Hampton;
- Acorn;
- John Payne Commercial;
- Other key stakeholders, including:
 - Lewisham Chamber of Commerce
 - LB Lewisham Economic Development
- LB Lewisham Property Manager.

6.3 Property Market Areas

- 6.3.1 The primary focus of this study is LB Lewisham but the market area for commercial property is not limited by local authority boundaries. Factors relevant to business operations are usually of greater influence on location decisions. These include proximity to labour supply, transport links, site availability and proximity to end markets. A PMA could typically be an area of search for a potential office or industrial occupier.
- 6.3.2 For LB Lewisham the PMA for offices and industrial use is considered by the consultants and property market agents to comprise:
- LB Lewisham;
 - LB Bromley;
 - LB Greenwich; and
 - LB Southwark.
- 6.3.3 Given the relatively small size of Lewisham's commercial market and the largely residential character of the borough, the PMA is limited to the boroughs on Lewisham's border.
- 6.3.4 The geography of the PMA has been determined by several considerations: accessibility to and from the borough, the primary labour market catchment, and locations of comparable commercial premises. The geography has been confirmed through discussions with property market agents.
- 6.3.5 Initially LB Bexley was identified as a potential component of the PMA. However, this was removed after consultation with agents and analysis of data which indicated that much of Bexley's industrial market consists of large warehouse/distribution premises for companies with regional and national operational platforms. LB Lewisham does not have a critical mass of such premises.

Office PMA

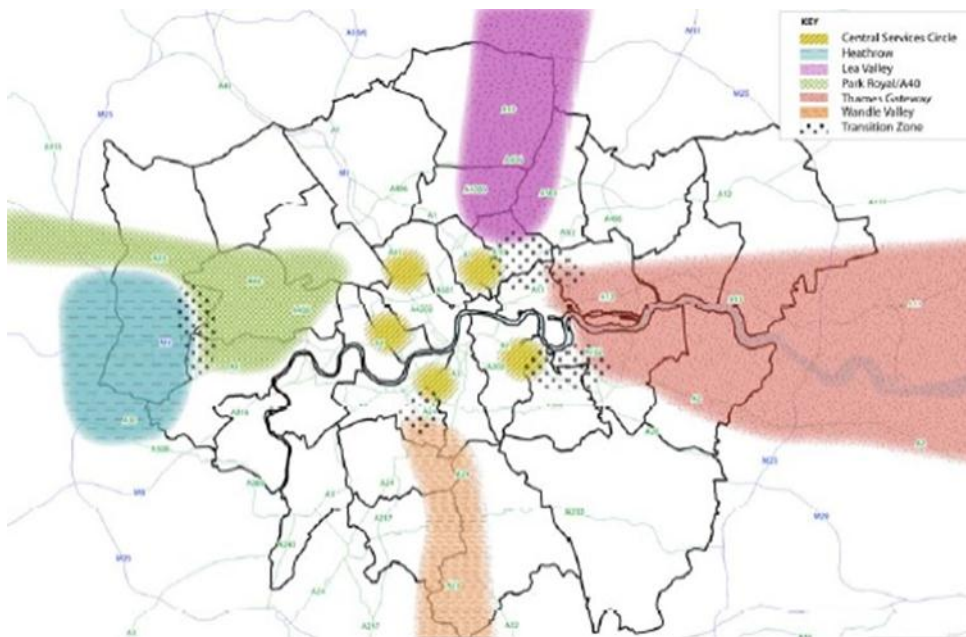
- 6.3.6 LB Lewisham has a small office market that primarily caters to small occupiers, many of whom service the local market. As an office location the borough competes with its surrounding boroughs in so much as they too offer modestly-scaled premises for firms servicing the local market/economic area.
- 6.3.7 To the west of the borough, LB Southwark has several significant office clusters in the northern part of the borough (analogous to the SE1 postcode area) which cater to large occupiers whose products/services are oriented towards regional, national or global markets. Lewisham is not viewed as an alternative location for these firms. However LB Southwark office market does also include small premises in less prestigious locations which do compete with Lewisham.
- 6.3.8 Large office clusters in proximity to Lewisham are not limited to Southwark. Across the Thames in Tower Hamlets is the Docklands. Like Southwark, the Docklands caters to global firms whose space requirements are not accommodated in Lewisham. The Docklands is not considered to be part of Lewisham's PMA.
- 6.3.9 The agglomeration benefits of locating within office clusters in Southwark and the Docklands reinforce the challenge to the Lewisham office market's ability to establish a critical mass of

office accommodation. The agglomeration benefits offered by the large office clusters in Southwark and the Docklands means that firms are less likely to locate in secondary or tertiary markets unless they are provided with other benefits such as access or proximity to airports, universities, or sites which specifically cater to an occupant’s operational needs. These other benefits would also need to be accompanied by lower occupational costs. In this sense, Lewisham has also not been able to meaningfully establish itself as a lower cost alternative for corporate occupiers. The Citibank Tower in Lewisham Town Centre (now vacant and permitted for residential conversion) is one of the few traces of the borough’s ability to attract larger occupiers.

Industrial PMA

6.3.10 The borough’s industrial PMA has greater strategic importance to London’s economy compared to its office market. The Land for Industry and Transport SPG (2011) illustrates the strategic position of Lewisham’s industrial PMA. Appendix 4 of the SPG highlights the Surrey Canal Area which bridges LB Southwark and Lewisham as a key hub in London’s ‘Central Services Circle’ (CSC). The industrial zones in the CSC encircle London’s Central Activity Zone (CAZ).

Figure 6.1: Key Industrial Property Market Areas in London



Source: GLA Land for Industry SPG (2011)

6.3.11 The northern part of the borough accommodates considerable industrial activity. However the relative size of the borough’s overall market is small and has steadily contracted in recent years. Despite some strategically important industrial clusters, much of the borough’s industrial stock sits within small industrial estates consists primarily of small units. A relatively small proportion of the borough’s existing accommodation is of modern specification and little is capable of meeting a large floorspace requirement.

6.3.12 Lewisham’s highways afford the borough reasonably good access to the CAZ via the Old Kent Road. This is of benefit to the Surrey Canal Area. The A205 South Circular Road and the A20 also provide the borough with some capacity for movement in and around the borough.

However, it is observed that the roads generally tend to be congested and much of the industrial provision does not have direct access to strategic highways.

6.4 Supply of Employment Sites and Premises in LB Lewisham

Office (B1a/b) Premises

- 6.4.1 According to the Valuation Office Agency's Experimental Statistics (2012), Lewisham has approximately 149,000 m² of office floorspace. This represents just 0.7% of Inner London office space and 0.6% of all office space in London. The borough has the lowest quantum of space in the defined PMA. The size of the borough's office stock has remained relatively stable, with older premises (which have been demolished or converted to other uses) being replaced by a modest number of new premises.
- 6.4.2 Lewisham has the lowest level of office hereditaments in Inner London and the second lowest amongst the 33 boroughs in London. (A hereditament is a business unit for which business rates are paid.) While a hereditament does not directly translate into a floorspace figure, the low quantum is indicative of the small size of the borough's office market. The borough also has the lowest average rateable value in Inner London. (The average rateable value is a proxy for rental values.) The low average rateable value reflects the relatively low demand for space.
- 6.4.3 There are no employment concentrations in the borough that could be described as office clusters in their own right. However there are a number of business centres, serviced offices, and stand-alone office buildings dispersed throughout, with the majority of office uses concentrated in the northern part of the borough. Most new provision is small and incorporated on the ground and first floors of residential-led mixed use developments. Recent examples of this can be found in Lewisham Town Centre, Plough Way (C29) and Dragonfly Place (Endwell Road (C12)), for example.

Office Rental Values

- 6.4.4 There is limited data on office rental levels in Lewisham. The market is not covered by the larger commercial agents or in London office market reports. However, our extensive desk-based exercise, confirmed by rental agents, concludes rents to be in the following ranges:
- High quality, modern space: £215 to £270 per square metre (p/m²) (£20 to £25 per square foot (p/ft²))
 - Well-located second hand space: £150 to £170 p/m² (£14 to £16 p/ft²)
 - Other office space: £86 to £130 p/m² (£8 to £12 p/ft²)
 - Serviced offices: £80 to £350 per month per person
- 6.4.5 To draw a large speculative office development to Lewisham would require rental values to be significantly higher than their current level and be accompanied by a commitment from an occupier. The low rental levels being achieved in the borough explains part of why there is little interest by developers in office development. Most recent office provision is being provided by residential builders of mixed used development, including within the MELs. The new offices are typically small ground floor/first floor premises. The public realm improvements and other investment in Lewisham Town Centre and Deptford increase the likelihood that in the longer term office development could become viable. However, it is unlikely to be realised in the current development cycle.

- 6.4.6 The future supply of office floorspace is perceived as being stable, with no major developments currently in the pipeline. It should be noted that several large outline planning applications include large amounts of B1 space. However there are often no clear indications that developers are ready to 'break ground' on the office element of these permissions, though such space has been built out in MELs, notably in Plough Way (C29).

Industrial/Warehousing (B1c/B2/B8) Premises

- 6.4.7 According to the Valuation Office Agency, Lewisham has approximately 386,000 m² of industrial floorspace. This is 5.8% of total industrial space in Inner London (which is comprised of 14 centrally-located local authorities) and 1.8% across all London local authorities. The borough's industrial stock is significantly smaller than the other three Inner London boroughs located south of the Thames (Southwark, Lambeth and Wandsworth).
- 6.4.8 The rate at which the borough's industrial stock has declined is at a marginally faster rate than the overall rate for Inner London. During the ten years to 2012, the borough's industrial provision declined 30%. (The Inner London boroughs of Camden, Islington, Westminster and Tower Hamlets experienced greater levels of decline as a result of perceived greater pressure for development land in these areas.) Amongst the Inner London boroughs south of the Thames, Lewisham has seen the steepest decline its industrial stock.
- 6.4.9 For the purpose of this survey, the use classes for industrial premises are B1c (light industry), B2 (general industry) and B8 (storage and distribution). Based on our survey work in the borough these use classes are often co-located within the same industrial cluster. The predominance of small, flexible units in the borough's estates means that they accommodate a range of activities. Concentrations of B1c use are found in the Surrey Canal area and in Forest Hill (in the Perry Vale/Clyde Vale LELs (C17 and C18)); and the Malham Road LEL (C15). The Council's 2014 survey of employment sites showed that all of the 42 units within this use class were occupied. Unit sizes in this use class generally range from between 100m² to 250m² with several larger units.
- 6.4.10 B2 uses are also concentrated in the Surrey Canal SIL area. The Malham Road LEL (C15) accommodates another concentration. The council's survey showed that there are 126 units with this use class designation. Seventy of them are in the Surrey Canal area and only four of them were vacant at the time of the survey. Unit sizes in this use class tend to range from between 100m² up to 500m² with several larger units.
- 6.4.11 B8 uses were also largely concentrated in the Surrey Canal area (C1 to C7), with smaller concentrations in the Bromley Road SIL (C9) and the Manor Lane LEL (C16). There were about 200 units in B8 use in the council's survey, 16 of which were vacant. The majority of units range in size from between 100m² up to 500m². However there are around 30 units in the borough that range in size between 1,000m² up to 7,000m². While the higher end of the range could accommodate modern logistics, most of the borough's existing stock does not meet the specification in terms of ceiling heights, docking bays, or road access.

Industrial/Warehousing Rental Values

- 6.4.12 Our review of industrial rental rates for properties currently on the market shows considerable diversity based on location and quality. (Size is less a factor given the limited number of large, modern premises.) Premises closer to the CAZ achieve a rental premium. Current availability is concentrated in older, smaller units.

- New units (trade counter) in the Surrey Quay/ Surrey Canal area: £150 to £160 p/m² (£14 - £15 pp/ft²);
- New units (trade counter) in Sydenham: £130 to £140 p/m² (£12 - £13 p/ft²);
- Second-hand units in the Surrey Quay / Surrey Canal area: £86 to £130 p/m² (£8 - £12 p/ft²);
- Better quality second hand space in the central / southern part of borough: £86 to £113 p/m² (£8 - £10.50 p/ft²); and
- Second hand space in the central / southern part of borough: £48.50 to £97 p/m² (£4.50 to £9 p/ft²).

6.5 Demand for Employment Sites and Premises in LB Lewisham

Office (B1a/b)

- 6.5.1 Demand for office floorspace in Central London and the Docklands has been strong for several years, driving vacancy rates down and rents steadily higher. As space is limited in prime markets, centrally located fringe markets such as 'Midtown' and the SE1 area are also experiencing low vacancy and high rents. While the fringe markets are expanding, there is little indication that interest in new office provision from traditional/established occupiers/corporates is reaching Lewisham. The office clusters in LB Southwark and the Docklands which have relative proximity to Lewisham are expanding but there are no signs of a spill over effect to LB Lewisham.
- 6.5.2 Demand for office space in Lewisham generally consists of small requirements of less than 230m² (2,500 ft²) from organisations that are highly price sensitive. As the economy has recovered, demand has increased. Much of the interest in premises comes from charities and start-up companies. Occupier sectors that are driving demand in London's core markets (such as IT, financial services, serviced offices, business services) are generally not seeking space in Lewisham.
- 6.5.3 The gap between the rental levels in London's core/fringe markets and Lewisham is significant. This currently reflects the relative attractiveness of London's more established office markets compared to Lewisham. Prime rents in LB Southwark's SE1 market are about £620 p/m² (£57.50 p/ft²) and in the Dockland's about £430 p/m² (£40 p/ft²). The rental levels for modern office space in Lewisham are between £215 p/m² (£20 p/ft²) and £270 p/m² (£25 p/ft²).
- 6.5.4 Local homeworking is noted to be on the increase, and there are new models of space provision for micro-businesses and co-working space being trialled and implemented. The increase may be a reflection of there being a latent demand for the provision of good quality small offices, which the borough's current supply of premises does not meet. It is also noted that the Council is setting up 'enterprise hubs' in order to gauge this latent demand'.

Industrial/Warehousing (B1c/B2/B8)

- 6.5.5 In 2014 and early 2015 take up of industrial floorspace in the south east and across the UK was strong. The logistics market was largely led by retailers and logistics companies. The manufacturing and engineering sectors have also been strong consumers of industrial space. With the relatively positive outlook for the economy, broad demand for industrial space is expected to remain robust over the next several years.

- 6.5.6 As with most areas surrounding Central London the demand for good quality industrial accommodation remains a constant. Occupiers are seeking:
- Good access to strategic transport infrastructure;
 - Off road loading/unloading;
 - Lack of disturbance from residential uses (e.g. rush hour traffic);
 - Adequate parking provision; and
 - 24 hour access.
- 6.5.7 Sites which can meet these requirements are in high demand. However Lewisham has a limited supply of accommodation with this specification which forces occupiers to compromise on the above requirements.
- 6.5.8 Based on the high occupancy level observed during our survey of industrial clusters, as well as in conversations with agents, it is clear that Lewisham's industrial and warehousing sector is benefitting from the UK's overall recovery. None of the industrial estates that were surveyed were experiencing high levels of vacancy. Agents say that demand for space in existing stock is healthy.
- 6.5.9 New industrial space has been delivered in several locations in the borough. Based on our survey and desk-top analysis, confidence in the industrial market is healthy. In the Surrey Canal SIL 5,300m² (57,000 ft² of logistics space has been pre-let to DHL (on Juno Way (C1)). Five other units for trade counter/industry are being speculatively developed on the adjoining site. In Sydenham, Trade City Sydenham (located within Bell Green Retail Park (C38) is a new trade counter/warehouse/distribution hub that was also speculatively built. While there remains some availability across the 15 new units, take up is said to be brisk.
- 6.5.10 Because industrial space in the borough is primarily located on small estates and there are few areas of the borough where large requirements could be realistically accommodated, the demand for industrial/warehousing floorspace is limited. Lewisham's road network tends to be congested and while the borough's location provides access to Central London, heavy logistics traffic is not readily facilitated.

6.6 Conclusion - Balance of Supply and Demand

Office (B1a/b)

- 6.6.1 The supply of office premises in Lewisham is limited. There are no significant clusters of office use and a couple of former office blocks in the Lewisham Town Centre are being converted to residential use. Most of the existing office provision consists of small premises for occupiers focused on the local market or who don't tend to locate in the core markets in central London. We noted a number of office uses within several of the industrial clusters.
- 6.6.2 There are a number of former employment sites that are being redeveloped with B1 provision on the ground and first floor. In some instances, developers whose planning permission proposed to deliver significant blocks of B1 space have successfully evidenced to the Council's planning officers that there is limited demand for large space requirements. As a result they have secured variations to provide reduced/lower amounts of such floorspace.
- 6.6.3 Demand for office space in the borough is generally for small requirements of less than 230m² (2,500 ft²) and comes from a variety of sectors that tend to be particularly price-sensitive and

don't often locate in the more traditional core markets in Central London. Charities and small start-ups are particularly active.

- 6.6.4 As demand for small offices is reasonably strong in the current economic cycle, the limited supply of offices premises means that demand is slightly outstripping supply. However new premises continue to be brought to the market through mixed use development. Given that the demand for premises comes primarily from occupiers who have modest space requirements and that a moderate amount of new stock is being delivered through new mixed use development, we conclude that the market is broadly in balance.

Industrial/Warehousing (B1c/B2/B8)

- 6.6.5 With the exception of a handful of large industrial premises for waste treatment, utilities, or transportation, the majority of the borough's supply of industrial space consists of smaller, flexible units in spatially dispersed clusters. The clusters offer a range of specification although much of the stock is several decades old. Nonetheless, it is of generally good quality and meets the needs of the market. Most of the units/clusters do not provide direct access to strategic highways but are reasonably well-located for the local market that they serve.
- 6.6.6 In the past year there has been some development of new industrial units. There are two new locations for trade counter units (Trade City-Sydenham is complete; Juno Way is under construction), as well as a single large DHL logistics building (also at Juno Way). Both trade counter developments are speculative but positioned to meet the current strong demand for such units. DHL is moving into a state of the art logistics facility from their Nine Elms depot (on the LB Lambeth - LB Wandsworth border).
- 6.6.7 Demand for second hand industrial stock in Lewisham is buoyant as the economy continues to recover from the recession that began in 2008. Demand for space emanates from a variety of sources although it is often to meet the needs of the local market. Demand largely consists of smaller requirements. Despite LB Lewisham's proximity to Central London, most occupiers of industrial space in Lewisham do not appear to be involved in activities that require direct and regular access to the CAZ. (DHL's new facility is the exception). Instead, the draw of Lewisham's industrial premises is based on the desire of firms to service the local market and to maintain reasonably low occupancy costs. There is limited demand for modern industrial premises associated with warehouse/logistics operations as these facilities tend to be located in areas with greater availability of large units that are advantageously located (close to strategic roads) and with even lower operational costs.
- 6.6.8 Given the limited quantum of industrial premises in LB Lewisham and the fact that demand for those premises is 'healthy', the availability for suitable premises is somewhat constrained. The existing industrial estates consisting of moderately-sized units are functioning well and are meeting occupier demand. If new, well-located and similarly-sized premises were made available to the market it is likely that they would perform well. However, identifying viable sites which have the capacity to provide industrial units to meet that demand is challenging and will remain so.

7 DEMAND FORECAST

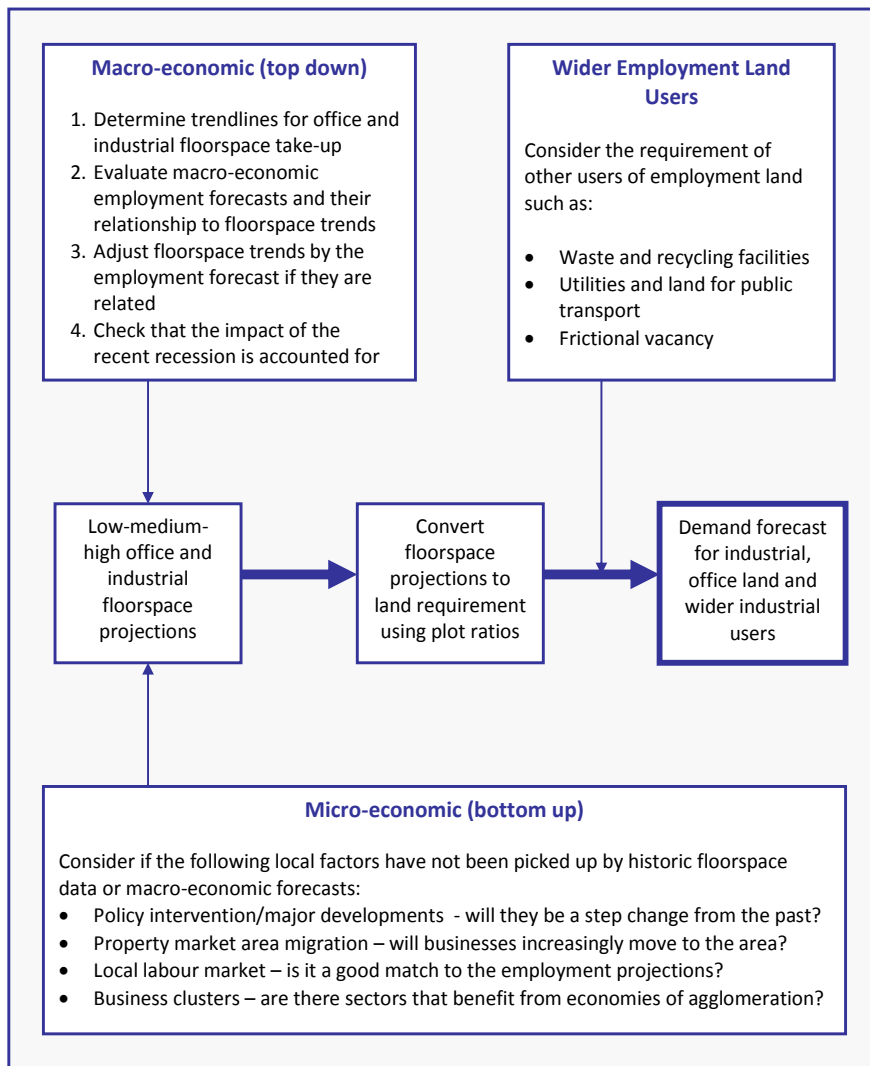
7.1 Introduction

- 7.1.1 This section forecasts the future demand for industrial and office land in LB Lewisham arising between 2015 and 2033.

7.2 Methodology

- 7.2.1 Our approach to estimating demand for industrial land and office space is compliant with the National Planning Policy Framework (NPPF), National Planning Practice Guidance (PPG), Employment Land Reviews: Guidance Note (2004) which although cancelled by the PPG still provides a detailed guidance on ELR best practice and the GLA Land for Industry and Transport SPG (2012).
- 7.2.2 Our approach synthesises published employment projections with historic floorspace trends and local economic drivers of the property market area (PMA) in which LB Lewisham 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. The floorspace requirement for office space has not been converted into land as plot ratios for office vary significantly, in particular due to differing storey heights, meaning that the conversion to land can be unreliable. Our methodology is set out in Figure 7.1 below:

Figure 7.1: Industrial and Office Land Demand Forecasting Methodology



Source: VOA, AECOM

7.3 Property Market Area

7.3.1 Industrial and Office property markets rarely correspond to local government administrative boundaries. Businesses searching for sites or premises will typically consider a number of similar locations. This area is termed the ‘property market area’ (PMA). The PMA will often have similar characteristics such as the labour market structure, access to market areas and suppliers, rental values, appropriate size and grade of stock. The PPG states that needs should be assessed in relation to the relevant functional economic market area (FEMA)²⁵. The FEMA as defined in the PPG can be viewed as the PMA as defined in this study.

7.3.2 For the purpose of this study we have used data from the following local authority boundaries of a defined Property Market Area (PMA), as suggested by property market agents, to measure the trends of the above three factors:

- LB Lewisham;

²⁵ PPG, paragraph 009 Reference ID: 2a-009-20140306

- LB Bromley;
- LB Greenwich; and
- LB Southwark.

7.4 Historic Trends in Floorspace

- 7.4.1 The PPG describes how future trends for employment land should be forecast²⁶. This includes an assessment of past take-up of employment land. The Valuation Office Agency (VOA) records the amount of floorspace in an area for tax purposes (the assessment of business rates) by building type. VOA data is considered to be a reliable source of data between 1998 and 2008. However, difficulties can occur in comparing raw VOA data due to the revaluation of properties that occurred in 2004. This causes discontinuities in the quantum of floorspace between 2004 and 2005. Also, 2008 is the latest available data which is seven years old at the time of writing this report. Importantly the 2008 data does not include floorspace data collected since the economic downturn.
- 7.4.2 To counter these issues we have used experimental commercial floorspace data released by the VOA in May 2012 and covering the period 2000 to 2012²⁷. Although the VOA states that they are currently evaluating this data set it is considered robust enough to analyse trends in employment floorspace across the PMA for the purposes of this ELR.
- 7.4.3 The historic employment floorspace trend across the PMA and LB Lewisham is shown at Table 7.1, including the Compound Annual Growth Rate (CAGR) which represents the annual percentage rate of change recorded over the time period. The trends for the PMA over time are shown in Figure 7.2.

Table 7.1: Change in Industrial and Office Floorspace 2000 to 2012

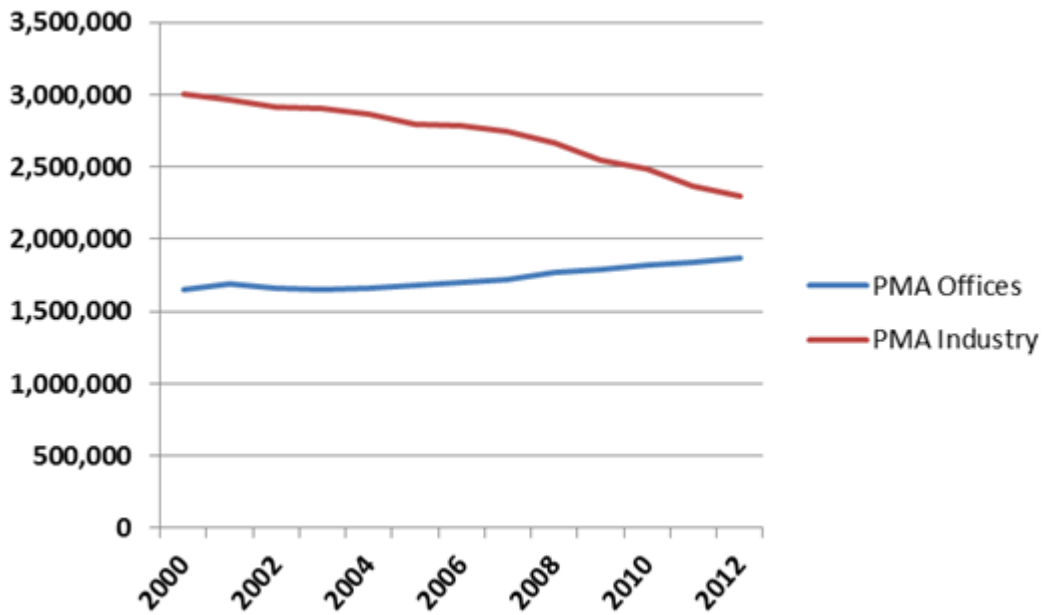
	Business Type	2000 m ²	2012 m ²	Change 2000-2012 (%)	CAGR
<i>LB Lewisham</i>	Office	146,000	149,000	2.1%	-0.2%
	Industrial	568,000	386,000	-32.0%	-3.2%
<i>PMA</i>	Office	1,649,000	1,869,000	13.3%	1.0%
	Industrial	3,003,000	2,299,000	-23.4%	-2.2%

Source: AECOM, VOA Business Floorspace (Experimental Statistics) 2012.
 Note: Figures may not sum due to rounding.

²⁶ PPG, paragraph 033 Reference ID: 2a-033-20140306

²⁷ This is available at: http://www.voa.gov.uk/corporate/statisticalReleases/120517_CRLFloorspace.html

Figure 7.2: Change in PMA’s Industrial and Office Floorspace (m²)



Source: VOA, AECOM

7.4.4 Table 7.1 and Figure 7.2 show that there has been a steady decline in industrial floorspace and a slight increase in office floorspace across the PMA. The industrial and office trends for the PMA feed into the synthesis demand forecast as shown at section 7.7 below. This includes the CAGR of -2.2% for industrial uses and +1.0% for offices.

7.5 Historic Employment Growth

7.5.1 The PPG describes how employment land trends can be analysed by looking at labour demand²⁸. This includes an assessment of historic employment growth. Historic employment data is drawn from the Annual Business Inquiry (ABI) between 2000 and 2008 and the Business Register and Employment Survey between 2008 and 2011. Both datasets are compiled by the Office for National Statistics (ONS). They are both expressed at a Standard Industrial Classification (SIC) level, not by use class. To estimate employment by industrial land use class (office, industry and warehousing uses, as per our ELR definition) we have identified those sectors which typically operate from B1, B2 and B8 use classes. The linking of sector to use class draws upon our work for other London boroughs in which we have determined employment land by relevant sector²⁹. By this approach we estimate workplaces employment by use class as set out in Table 7.2 and Figure 7.3.

²⁸ PPG, paragraph 033 Reference ID: 2a-033-20140306

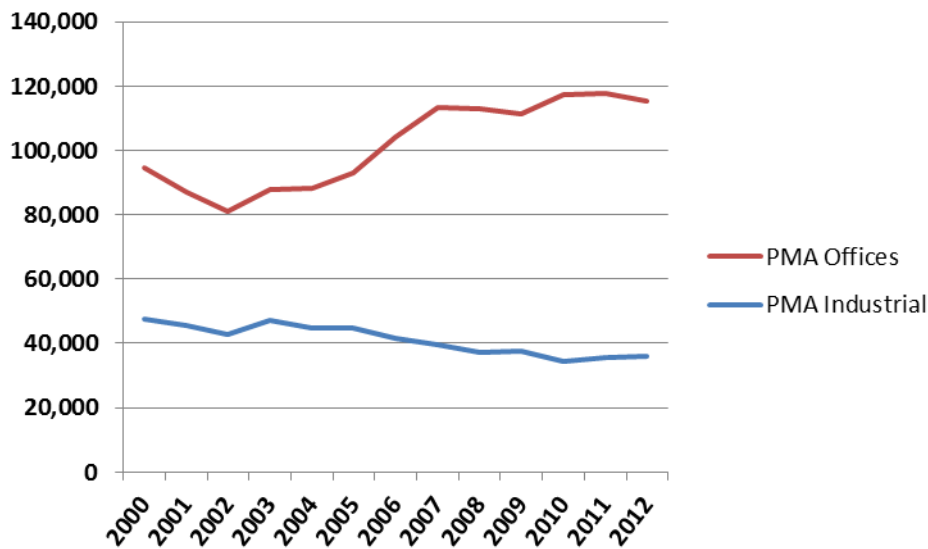
²⁹ For example see the London Industrial Land Release Benchmarks and North East and South East Baseline, URS (2007)

Table 7.2: Historic Employment 2000 to 2012

	Business Type	2000	2012	Change 2010 – 2012 (%)	CAGR
LB Lewisham	Office	8,760	9,482	8.2%	0.7%
	Industrial	6,263	4,817	-23.1%	-2.2%
PMA	Office	94,441	115,211	22.0%	1.7%
	Industrial	47,545	35,923	-24.4%	-2.3%

Source: AECOM, ONS 2014³⁰, Figures may not sum due to rounding.

Figure 7.3: Historic Employment 2000 to 2012



Source: VOA, AECOM

7.5.2 The historic employment trend CAGRs used to inform the synthesis employment land demand forecast are 1.7% for office and -2.3% for industrial uses.

7.6 Employment Projections

7.6.1 The PPG outlines how employment land should be forecast using assessments of future employment projections (labour demand)³¹. Employment forecasts for London boroughs are produced by GLA Economics and the most recent forecasts were issued in GLA Economics in April 2013. The forecasts are considered the most robust available information on future employment trends by London borough. They are based on a ‘triangulation’ process, which marries macro-economic employment forecasts on a regional level to micro-economic factors at borough level. These include:

- Trend analysis of the major employment sectors in each borough taking account of the effects of the most recent recession and prospects for future growth;

³⁰ Note: The BRES data SIC codes are not identical to the ABI SIC codes so to ensure consistency the actual rate of change for each year between 2008 and 2011 in the BRES data was applied to the known ABI data from 2008 onwards.

³¹ PPG, paragraph 033 Reference ID: 2a-033-20140306

- Transport improvements planned for each borough; and
- 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).

7.6.2 The April 2013 GLA forecasts take account of the recent economic downturn through the assessment of more recent employment data which has led overall to less optimistic projections of future employment growth³².

7.6.3 The GLA forecasts cover the period to 2031 and as such the information presented in this section covers the period up to this date. The forecast requirements for land and floorspace are presented to 2033, i.e. the Local Plan period, based on the assumption that the trends in population projections and thus floorspace projections continue beyond 2031.

7.6.4 Table 7.3 presents the employment forecasts across the PMA.

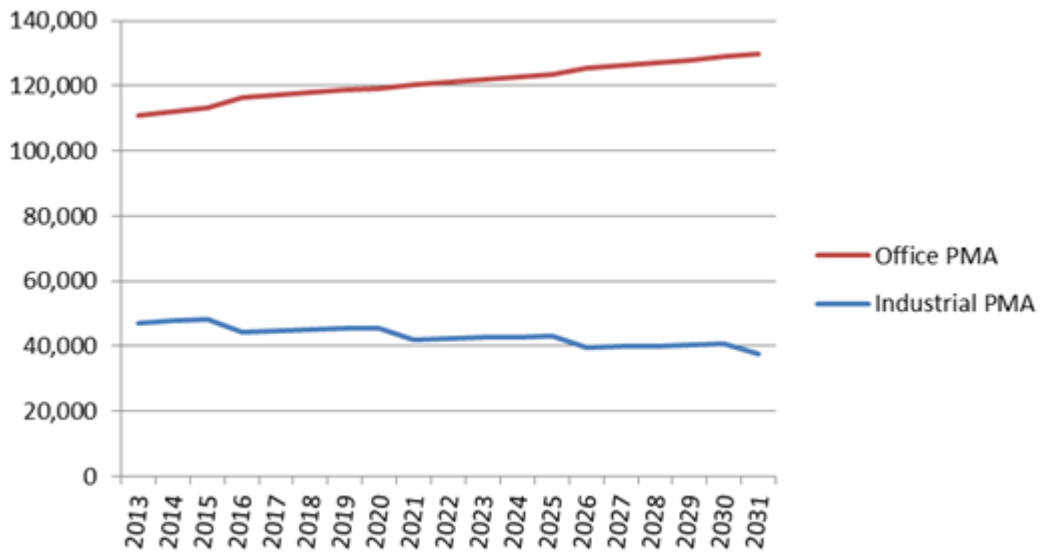
Table 7.3: Employment Forecast 2013 to 2031

	Business Type	2000	2031	Diff (%)
<i>LB Lewisham</i>	Office	9,516	11,688	1.1%
	Industrial	6,418	5,149	-1.2%
<i>PMA</i>	Office	110,866	129,859	0.9%
	Industrial	47,153	37,152	-1.3%

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

³² GLA Employment Projections 2013 only publishes overall borough employment forecasts and does not produce forecasts by industrial or office uses. Therefore to convert the overall employment forecasts to industrial and office land uses the relevant proportion of industrial and office employment of total forecast employment from the London Employment Time Series publication (GLA, 2010) is taken and then applied to the overall employment forecasts as shown in GLA Employment Projections 2013.

Figure 7.4: Employment Forecast 2013 to 2031



Source: VOA, AECOM

7.6.5 Table 7.3 shows that office employment in LB Lewisham is forecast to grow at a slightly higher rate than the PMA (1.1% per annum compared with 0.9%, respectively) and see a relatively smaller contraction in B2/8 employment than compared with the PMA (-1.2% and -1.3%, respectively). These ‘top down’ economic trends do not build in a ‘bottom up’ understanding of likely future local circumstances which are considered at section 7.8 below.

7.6.6 The PMA employment forecast trend CAGRs used to inform the synthesis employment land demand forecast are +0.9% for office and -1.3% for industrial uses.

7.7 Synthesis Forecast

7.7.1 Our synthesis forecast approach takes trends in historic floorspace provision as a basis for forecasting future employment land demand. The historic floorspace trends are projected by a linear function and adjusted for regional economic changes by incorporating an adjustment factor. The adjustment factor is the ratio of forecast employment to historic employment.

7.7.2 The adjustment factor is then applied to historic change in floorspace to determine the floorspace forecast. The results are shown in Table 7.4. The table shows the historic trend based on past floorspace changes, historic and forecasted annual employment changes for B use classes, the adjustment term and the adjusted average annual floorspace demand for the period 2013 to 2031. This CAGR for historic floorspace and employment and forecast employment are taken from preceding tables.

Table 7.4: Synthesis Forecast for Employment Floorspace

Business Type	Floorspace CAGR	Employment CAGR		Adjusted average annual floorspace demand
	2000-2012	2000-2012	2013-2031	
Office	1.0%	-1.7%	0.9%	0.5%
Industrial	-2.2%	-2.3%	-1.4%	-1.3%

Source: AECOM, Figures may not sum due to rounding

7.7.3 Table 7.4 above shows the synthesised demand trend for offices and industrial uses between 2013 and 2031. Projected office floorspace trend is 0.5% per annum and the industrial trend is -1.3% per annum. These annual growth rate estimates are derived from a ‘top down’ assessment of demand. The next step in the process is to perform a ‘bottom up’ assessment of likely demand and then to consider whether the ‘top down’ estimates could be revised upwards or downwards to reflect a more localised understanding of likely future demand.

7.8 Bottom up adjustment of the Synthesis Forecast

7.8.1 The bottom up demand assessment is derived from 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 major new developments and infrastructure provision; and
- Property market trends within the PMA.

7.8.2 The comparative advantages or disadvantages of LB Lewisham in relation to the wider PMA are summarised below, to illustrate the degree to which Lewisham could compete for economic growth and the inward investment arising in the PMA.

Impact of Major Projects – Consented Proposals

7.8.3 **Lewisham Gateway** is a large regeneration scheme which will more effectively integrate the Lewisham railway station and Lewisham Town Centre by realigning the existing highways and accommodate mixed-used development which will include shops, restaurants, leisure facilities, up to 800 new homes, a new urban park and town square. The project was identified as one of the Opportunity Areas in the Further Alterations to the London Plan (FALP) (2015) and is supported through a partnership between the Greater London Authority, the borough, TfL and Lewisham Gateway Developments Ltd. The outline planning for the scheme has been secured and development that is part of the early phases is underway or completed. In addition, an adjacent mixed-use residential scheme on Loampit Vale consists of a range of uses including B1 and a new leisure centre.

7.8.4 As intended, the scheme will bring a range of benefits to Lewisham Town Centre that will increase the likelihood that B1 uses in the area are viable. With more people living in the area and investment in public realm, transport infrastructure, and other public facilities, Lewisham Town Centre is likely to draw greater interest from office occupiers. The outline permission for the development included up to 1,700m² of B1/D1 use which will mean that the eventual quantum of office space will be limited. Therefore, employment space that is a direct result of the scheme will not have a significant impact on the area’s prospects as an employment hub. We would anticipate that any indication of the Town Centre’s role as a driver of employment

will be realised later either concurrent with the scheme at other sites or after the scheme is built out. In any event, the scheme itself always anticipated to be primarily residential led. We conclude that this scheme will have a long-term marginal positive impact on office employment floorspace demand in the borough.

- 7.8.5 **North Deptford regeneration** is a long-term Council initiative across seven sites to facilitate the delivery of new homes and jobs and to improve the environment and connectivity. Key strategic sites include Convoys Wharf and the Surrey Canal area. A new Overground station called New Bermondsey will be incorporated into the plans. The associated initiatives will play a critical factor in changing the area's environment which has a considerable amount of older industrial uses and is very fragmented in parts. Convoys Wharf and Oxestalls Road have large allocations for employment uses while the permissions for the development of Grinstead Road and Plough Way have more modest employment provision. Convoys Wharf and Oxestalls Road have yet to be built out and as such it is unclear how much employment space will be built.
- 7.8.6 The area around Deptford Creek is one part of an Opportunity Area identified in the FALP as Deptford Creek/Greenwich Riverside that overlaps with the Council's North Deptford regeneration area.
- 7.8.7 The regeneration of North Deptford will create an improved environment that is likely to attract new employment uses in the long term. As more professionals choose to live in Deptford, there is an increased likelihood that Deptford will provide the conditions to facilitate new office employment. It is concluded that this regeneration scheme will have a long-term marginal positive impact on demand for office employment land in the borough.

Impact of Major Projects – Proposals yet to be consented

- 7.8.8 **Bakerloo Line Extension** is a scheme that would extend the line from Elephant & Castle to New Cross Gate, Lewisham and Catford. The scheme has yet to receive final approval but there is momentum behind the scheme as a result of it being included in the Mayor's London Infrastructure Plan 2050. The most recent plans show five stations running from Old Kent Road (in Southwark) down the spine of the borough and include the existing transport hubs in New Cross Gate, Lewisham (Town Centre) and Catford Bridge. The five stations in LB Lewisham already exist, being served by other modes of rail transport, but their incorporation into the Underground network will considerably open up the public transport alternatives for the borough. The latest estimate by TfL is that the scheme could be completed in the first half of the 2030's.
- 7.8.9 Given the timeframe/phasing of the scheme, it is unlikely that its impact will become tangible until late in the borough's plan period.

Expansion of Growth Sectors

- 7.8.10 Across London, the growth of the technology, media and telecommunications (TMT) and the creative sector have been key drivers of growth. There is overlap between the two sectors as the TMT sector is supported by creative and cultural enterprises as well as a diverse residential and retail environment. There are at present around 24,000 ICT and software companies based in London, the highest of any European city.
- 7.8.11 As global growth in the technology sector continues, businesses from outside the UK are expanding and London is proving to be an attractive location. Technology giants are investing

in London, seen for example by Google commitment to a headquarters in the Kings Cross and Amazon's headquarters in Shoreditch. While Lewisham is not expected to capture this scale of development, there is an increased likelihood that less central but well-connected locations such as Lewisham have the potential to benefit from this growth. Indeed, agents have noted increased interest by small technology firms in taking employment space in Lewisham.

7.8.12 With regard to creative and cultural enterprises, Lewisham is also displaying indications of growth. Agents note increased interest in commercial space by artists (as long as it is affordable) and during our survey we noted evidence of creative industries in the Lower Creekside cluster (C11), Goodwood Road (C40) and Endwell Road (C12). While these represent only minor signs of growth in demand for space, we would anticipate its continuation over time.

7.8.13 It is notable that with regard to industrial land the evidence suggests that, if more industrial/warehousing space were provided in Lewisham, it would be readily taken up. However, discussions with agents found that occupiers find it difficult to find suitable premises in Lewisham, with many having to compromise their requirement.

Strengthening demand from revised population growth estimates

7.8.14 The 2011 Census data indicates that there is to be a substantial increase in London's population. London's population is expected to increase by 87,000 per annum and is expected to reach 10.1 million by 2036 (FALP 2015). This is 5,000 more people per annum than previously thought.

7.8.15 Accordingly, the FALP proposes significant alterations to housing targets across 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 Lewisham the Mayor proposes increasing the ten year housing target to 1,385 net additional homes per annum, an increase of 25%.

7.8.16 While the increase in housing targets is significant, and is likely to exacerbate issues relating to high residential land values and limitations on employment land supply, the increase in London's population is also likely to increase job creation and thus the need for employment space, particularly, it is considered, office floorspace given pan-London trends.

Local Factor Summary

7.8.17 Table 7.5 presents the combined effects of the local factors identified above on the demand forecasts. We presents in a format 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 CAGR, depending on the direction of the arrow. The result of this exercise produces an adjusted forecast.

Table 7.5: Summary of Local Factors and Impact on Synthesis Forecast

	Office	Industrial/Warehousing
Synthesis CAGR Forecast	0.5%	-1.3%
Major projects	↑	↔
Expansion of growth/creative sectors	↑	↑
Population growth estimates	↑	↔
Adjustment	+30%	+10%
Adjusted CAGR	0.7%	-1.2%

Source: AECOM

7.9 Growth Scenarios

- 7.9.1 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).
- 7.9.2 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.
- 7.9.3 The three growth scenarios, including the impact of local factors, are presented in Table 7.6.

Table 7.6: Growth Projections with Local Factors and Scenarios

	Adjusted CAGR	
	Office (%)	Industrial/Warehousing (%)
<i>Low Growth Scenario</i>	0.64	-1.31
<i>Medium Growth Scenario</i>	0.71	-1.19
<i>High Growth Scenario</i>	0.78	-1.07

Source: AECOM

7.10 Development Pipeline

- 7.10.1 In order to arrive at an accurate picture of future demand for employment uses, the development ‘pipeline’ for these uses should be estimated and factored into the calculation of net demand.

Office (B1a/b)

Planning Applications

- 7.10.2 Analysis of planning applications data indicates that there is a relatively significant amount of newly proposed office floorspace which has planning consent, primarily as part of mixed use

development. Detailed/full planning permissions for office use comprises approximately 11,000m² of floorspace.³³

Permitted Development Rights – Prior Approvals for Office to Residential

- 7.10.3 Prior approvals data relating to permitted development rights conversions of office floorspace to residential amounts to a projected loss of 16,400m² of office floorspace. As it is considered likely that not all of these applications will be implemented, a conservative view has been taken whereby only 50% of the projected floorspace would likely be converted from office to residential use, or 8,200m².

Summary

- 7.10.4 Once the gain in floorspace forecasted to arise from planning applications is offset against that which might be lost through permitted development rights conversions, the development pipeline for office floorspace is estimated at +2,800m², which has been factored into the forecast presented in section 7.12 below

Industrial (B1c/B2/B8)

- 7.10.5 Analysis of planning applications data indicates that there is a large amount of industrial floorspace which is subject to planning consent for redevelopment to other non-industrial uses. Industrial development pipeline will be factored into the policy recommendations as described in section 8.

7.11 Other Users of Industrial or Office Land

Waste Management and Recycling

- 7.11.1 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 2011-2031³⁴. 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.
- 7.11.2 Annex 2 of the SPG gives indicative land demand for waste management and recycling. For Lewisham the waste apportionment to 2031 (London Plan 2011) is 293,000 tonnes per annum (pa); however the waste transfer station capacity is 482,400 tonnes pa which is considerably more capacity than demand. The net additional indicative land requirement for waste apportioned to 2031 is therefore minus 2.4 ha (-24,000m²)³⁵.
- 7.11.3 This estimate of land requirements 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.

³³ . A further net provision of circa 25,000m² of space is contained within outline applications, principally at Convoys Wharf (C24) and Oxestalls Road (C28) though the delivery of this space is considered to have less certainty

³⁴ GLA, (2012); Land for Transport and Industry SPG Annex 2

³⁵ To convert this figure to floorspace an appropriate plot ratio for waste and recycling would need to be applied.

- 7.11.4 It is understood that the South East London boroughs of Bexley, Bromley, Greenwich, Lewisham and Southwark have a member level agreement to share waste apportionment from the London Plan. Waste sites to meet the London Plan apportionment target have been safeguarded in the Lewisham Site Allocations Local Plan, including the South East London Combined Heat and Power (SELCHP), Hinkcroft, and Landmann Way Recycling Centre.
- 7.11.5 The evidence base informing the apportionments in the GLA’s SPG has been reviewed and is considered to be sound. As such the estimate of land requirements to 2031 for waste management and recycling in Lewisham is therefore minus 2.4 ha.

Utilities and Land for Public Transport

- 7.11.6 The draft GLA London Industrial Land Baseline (2015) measured 22.0ha of land for these uses. No specific additional demand for land for these uses has been identified through planning policy.

Vacant Land

- 7.11.7 Information on vacant land and land with vacant buildings within employment areas was collected during the field survey. It was then measured using Geographic Information Systems (GIS) software. As discussed in Sections 3 and 5, vacant land is estimated to account for 5.6 ha, or 5%, of industrial land in Lewisham, considered to be a good level of supply to meet requirements, and is factored into the forecast for employment land requirement to 2033 as shown in Table 7.8.

7.12 The Forecast for Office Floorspace to 2033

- 7.12.1 Table 7.7 shows there is additional (net) demand for between approximately 13,686m² and 18,606m² office floorspace in LB Lewisham up to 2033. It is expected that this floorspace would primarily meet the needs of local, rather than national/multi-national businesses.

Table 7.7: Office Floorspace Demand, 2015 - 2033

	Low	Medium	High
Demand for Office Floorspace	m²		
A. Actual occupied (Gross) B1 Floorspace		134,100	
B. Current Estimated Vacant Floorspace*		14,900	
C. Total B1 Floorspace (A+B)		149,000	
D. Net Demand for B1 floorspace to 2033	19,128	21,391	23,683
E. Development Pipeline		2,800	
F. Optimum frictional vacancy in 2033 (8% of C + D)	12,258	12,439	12,623
G. Oversupply of vacant floorspace (E – B)	-2,642	-2,461	-2,277
H. Gross demand for B1 floorspace 2015-2033 (C+D-E+F)	162,686	165,131	167,606
I. Revised Net demand for B1 floorspace 2015-2033 (G – C)	13,686	16,131	18,606

Source: AECOM, * Estimated at 10% of stock based on survey observations, consultations and regional trends

7.12.2 Because of the vast range of densities of office developed in Lewisham and similar locations, and the fact that many offices are coming forward as part of mixed use development, it is not meaningful to translate floorspace (square metres) into land requirements (hectares). The stock for offices, is therefore represented in terms of floorspace (per square metre).

7.13 The Forecast for Industrial Land to 2033

7.13.1 The PPG states that where possible employment floorspace should be converted to employment land using plot ratios³⁶. Office development can vary considerably (from three to ten plus storeys) so therefore it is not suitable to convert the demand projections from floorspace into office land requirements. By comparison development density (plot ratio and storeys) tends to be static for industry and warehousing premises, and a plot ratio of 1:0.45 (land to premises, over one storey) can be applied. This ratio means that over one hectare of land one can typically expect the footprint of an industrial or warehouse building to take up 0.45 hectares. Using this ratio we calculate that the additional demand for industrial and warehousing floorspace, set out in Table 7.8, is the equivalent of -23.0, -21.4, and -19.8 hectares (low, medium and high growth scenarios respectively).

Table 7.8: Industrial Land Demand in LB Lewisham, 2015 - 2033

	Low	Medium	High
Demand for Industrial Land Use		m²	
A. Supply of industrial land occupied by B-use class, including land for utilities, bus and rail depots, and waste management		101.7	
B. Current vacant industrial land 2015		5.6	
C. Total industrial land (A+B)		107.3	
D. Land demand to 2033	-19.1	-17.5	-15.9
E. Additional demand for waste and recycling facilities 2015 to 2031	-2.4	-2.4	-2.4
F. Optimum frictional vacant land at 2033 (5% of A+D+E) ³⁷	4.0	4.1	4.2
G. Excess vacant land (includes optimal levels of frictional land (F) minus existing vacant land (B))	-1.6	-1.5	-1.4
H. Gross demand for industrial land 2015-33 (C+D+E+G)	84.3	85.9	87.5
I. Net demand for industrial employment land 2015-33 (H-C)	-23.0	-21.4	-19.8

Source: AECOM

³⁶ DCLG, (2014); Planning Practice Guidance (PPG) paragraph 034 reference ID: 2a-034-20140306

³⁷ The Land for Industry and Transport SPG (2012) paragraph 3.7 identifies 5% as the optimal frictional vacancy rate for industrial land in order for the market to work efficiently.

8 CONCLUSIONS AND RECOMMENDATIONS

8.1 Introduction

- 8.1.1 This section sets out conclusions and recommendations for the employment land study building upon findings from previous sections of the report.

8.2 Conclusions

Office Land Use (B1)

- 8.2.1 There is approximately 149,000m² of office floorspace in LB Lewisham, which is dispersed widely within the borough, located within town and local centres but also within LELs and MELs. The stock represents just 0.7% of Inner London office space and 0.6% of all office space in London. Our forecasting exercise estimated that there is additional demand for between approximately 13,686m² and 18,606m² of office floorspace in the planning period to 2033 (see Table 7.7). The relatively modest projected growth in office floorspace is mainly attributed to trends within the wider PMA and raised population growth estimates.
- 8.2.2 The property market analysis of Chapter 6 indicates that the office market in LB Lewisham is almost entirely supplying the demands of small to medium sized companies. Most of these companies are linked to the local market, for example solicitors firms, recruitment firms, local financial advisors and brokers and public and voluntary sector and education linked companies. Although no comprehensive measure of vacancy/availability has been sourced, it is known that marketed vacancy is around 10% and not untypical of London boroughs with small stocks of space. Demand could not be considered as buoyant, but is again typical of what one would expect given the size of the market.
- 8.2.3 Lewisham does have strengths as a potential location for office occupiers, including good public transport accessibility (measured by PTAL) in the north and west of the borough, relatively low rental costs, a supply of affordable/lower grade accommodation and an appropriate selection of facilities and amenities within its town centres. Research and consultation with commercial agents and stakeholders (Chapter 6) corroborates that there will remain a demand for small, generally low-cost office accommodation in the borough in the near future and there is also some scope for regeneration initiatives to positively change the conditions and environment in the borough, particularly in Deptford and Lewisham town centres and their surroundings. The Council's policy approach and business growth strategy seeks to maximise additional commercial space achieved through these regeneration initiatives.
- 8.2.4 The Council's adoption of the MEL designation has resulted/is resulting in provision of new office floorspace as part of the redevelopment or proposed redevelopment of these locations. Space being provided, though of good specification, will be generally small in size and is thus considered to be a good fit for a borough where demand originates almost entirely from small to medium sized enterprises.
- 8.2.5 Consultations, analysis of the property market and policy evidence indicate that Lewisham contains some older office stock, which once vacant can prove difficult to re-let given that characteristics may no longer appeal to modern occupiers. It is thus important that a measured approach is taken to encouraging refurbishment or site redevelopment to provide modern floorspace.

Industrial/Warehousing Land Use (B1c/B2/B8)

- 8.2.6 There is a total of 107.3 ha of land currently in industrial use in LB Lewisham (see **Table 7.8**). Total industrial floorspace is estimated to be in the region of 386,000m². This can be broken down into land that is industrial use and designated as Strategic Industrial Land (SIL), Local Employment Location (LEL), Mixed Use Employment Locations (MEL), site allocations and non-designated employment land. The breakdown in percentage terms is as follows:
- SIL (35%)
 - LEL (15%)
 - MEL (15%), and
 - Site allocations or non-designated (35%).
- 8.2.7 Our forecast shows that there is projected to be a decrease in demand for industrial land in the period 2015 to 2033 of between approximately -19ha and -16ha (not including frictional floorspace). This is due largely to a forecast decrease in industrial employment as projected by the GLA and a corresponding continuation of a historic declining trend in industrial floorspace take-up as shown at Table 7.1.
- 8.2.8 To derive the net demand we also take account of the supply-side position. There is 5.6ha of vacant land in the borough. Once this and demand for other uses such as waste, recycling and utilities is taken into account (-2.4ha, as explained in Section 7.11), it has been estimated that net demand over the planning period amounts to between **-23.0ha and -19.8ha** of industrial land, i.e. land which is surplus to requirements and the release of which to other uses should be facilitated. This means that approximately 21.5 hectares of existing industrial land in LB Lewisham could be released for other uses while still providing sufficient industrial land in the borough to meet future demand.
- 8.2.9 In general the past decade or so has seen a sustained period of consolidation of underused industrial land across London and especially in the East London sub-region. This has resulted in a significant amount of vacant industrial land and buildings being released to non-B-use class uses, where it no longer fulfils the needs of modern businesses. This is partly due to the application of strategic policies on industrial land release as contained in the London Plan, individual borough Local Plans and effective development management. According to the market agents consulted for this and other studies, this has resulted in a position of relative equilibrium in the local industrial land market with supply largely meeting demand.
- 8.2.10 These sub-regional trends have been well-borne out in LB Lewisham, with an estimated loss of 30 hectares of industrial land having taken place in the borough since 2010³⁸. When this is compared to estimated land requirements to the end of the plan period (18 years) being around 21.5 hectares, there is clear evidence of a position of relative equilibrium being reached, that prevails more widely, now being felt at least partly in LB Lewisham.
- 8.2.11 On the supply-side, our qualitative appraisal of employment clusters evidenced by the field survey and the consultation with market agents and stakeholders, indicates that the current supply of industrial premises is generally considered to be appropriate for the needs of

³⁸ As set out within the GLA's 2015 London Industrial Land Baseline, though some of this loss will have occurred between 2006 and 2010 once methodological changes are taken into account

occupiers in the borough. The borough's two SILs are judged to have the key strategic characteristics required by employment land activities. These characteristics include good/very good parking and servicing arrangements, very good/ good or average condition and a lack of incompatible land uses that create bad neighbour issues. It is notable that two clusters within the Surrey Canal SIL, Mercury Way Waste Sites (C7) and Trundleys Road / Apollo Business Centre (C6), impact or have the potential to impact on neighbouring sensitive land uses, owing to the predominant uses contained within them (waste management/recycling and car related uses), and contain markedly poorer quality buildings and public realm than other employment land clusters within SIL.

- 8.2.12 The majority of SIL areas in the borough contain either 'core' or 'wider' industrial uses, which is in-keeping with the areas' status as forming London's strategic reservoir of employment land as detailed in the London Plan and Land for Industry and Transport SPG. An exception which was noted during the field survey are two office buildings (Parker House and Evelyn Court) located on Evelyn Street which lie at the eastern extremity of the Surrey Canal Road SIL in the Blackhorse Road (C8) employment cluster. Given that these uses are non-industrial, and in light of prevailing permitted development rights for the conversion of office to residential, the SIL designation (characteristics of which are set out in Section 3) is not considered as being appropriate for the land/sites which these buildings occupy.
- 8.2.13 The great majority of the borough's LELs are, as is the case with the SIL areas, assessed to have the key strategic characteristics required to be well functioning employment areas. Vacancy rates are generally low or very low and the majority are in good or very good condition generally and serve an important role in providing varied skilled jobs to local residents, often in areas of relative deprivation. In order to retain their status as well functioning local employment area, it is considered important that other non-B use class uses are kept out of these areas, to prevent a gradual erosion of the area suitable for accommodating employment uses – general industry particularly – and the potential loss of working integrity of the location. There are three LELs where the presence of non-B class uses may result in the loss of integrity of the employment land and that the designation may no longer be appropriate; Endwell Road (C12), where residential-led mixed use development with an office/light industrial component has been permitted and implemented; Lower Creekside (C11), where an outline planning application for residential-led mixed use development has been granted permission within part of the location and; Molesworth Street (C22), where part of the designation has seen recent office to residential conversion.
- 8.2.14 Some existing industrial clusters in LB Lewisham have been identified through recent Council policies, such as the Core Strategy and Site Allocations Local Plan as appropriate for release or change of use to enable wider regeneration benefits to be achieved. These sites fall into two categories; MELs, some of which have already seen redevelopment to non-industrial use or have planning permissions for such redevelopment, and: site allocations with an industrial land component, again some of which have already been either partially or fully redeveloped with a resulting loss of industrial land. Specifically these clusters are:
- Surrey Canal Rd Triangle (C23);
 - Convoys Wharf (C24);
 - Sun and Kent Wharf (C25);
 - Arklow Road (C27);

- Oxestalls Road (C28);
- Sun and Kent Wharf (C30);
- Thanet Wharf (C31);
- Site west of Forest Hill Station (C35);
- O'Rourke Transport/ Sivyver, 154-160 Sydenham Road (C36); and
- 80-84 Nightingale Grove (C37).

8.3 Recommendations

- 8.3.1 The employment land use strategy recommendations below are presented in the format of a recommendation and then a supporting justification and rationale. The specific recommendations build upon our conclusions presented above.
- 8.3.2 This ELS is one of a number of evidence base documents the Council will be considering that will feed into and inform its Local Plan evidence base. These are AECOM'S independent recommendations and the Council will subsequently consider these before drafting its own Local Plan policies.

B1 Offices

R1 The forecasting exercise suggests that there is a net additional demand for between 13,686m² and 18,606m² of office (B1a/b) floorspace up to 2033 once frictional vacancy, pipeline permissions and prior approvals related to permitted development rights have been factored in. Based on the evidence base the most suitable locations for accommodating this additional demand will be Lewisham, Catford and Deptford town centres and Mixed Use Employment Locations (MELs).

Justification

- 8.3.3 The demand forecasting exercise estimated that there was demand for an additional approximately 13,686m² and 18,606m² of office development over the planning period. This, albeit modest, positive outlook can be partly attributed to a positive demand trend in the wider PMA, which includes boroughs with significantly larger stock levels. The justification for applying the positive demand trend to LB Lewisham, despite the currently less positive outlook for office floorspace demand in the borough itself, is the expectation that in the medium to long term LB Lewisham could capture some of the positive sub-regional demand due to the major regeneration initiatives in Lewisham Gateway and North Deptford. Whilst market agents and literature such as the LOPR are not overwhelmingly positive about future office demand in LB Lewisham, these views primarily focus on the short term demand trend and should be seen as a reflection of and within the context of there being a small market, both currently and historically, for office floorspace in Lewisham.
- 8.3.4 Vacant office floorspace is estimated at 14,900m² or 10% of total floorspace. Whilst the consultation with agents suggested that much of this vacant floorspace might be second-hand and thus difficult to let, such a rate of vacancy is not considered to be problematic in terms of enabling the market to operate efficiently. Indeed, new floorspace availability is coming onto the market through the redevelopment of MELs (e.g. Plough Way (C24)) and as such the fit between available floorspace and that demanded by occupiers (i.e. small, modern/good specification) is considered to be generally good.

8.3.5 Whilst new development in the MELs provides the focus in terms of known new office development in the borough in the short-term, the longer term regeneration of Lewisham, New Cross and Catford Opportunity area and Deptford could provide opportunity for small-scale office development, driven by the increased attractiveness of these areas as locations, including through transport improvements, e.g. Bakerloo Line extension, given that these locations are well-endowed with facilities and amenities.

8.3.6 Development within both the MELs and town centres would be expected to be small-scale and in-keeping with the wider context of there being a low absolute demand for floorspace within the small LB Lewisham market over the planning period, and catering primarily for small and medium local enterprises.

R2 The Council should consider removing the designation of Molesworth Street as a Local Employment Location designation given low remaining quantum of B-use class floorspace

Justification

8.3.7 Though well located for office occupiers being as it is close to both Lewisham Station and the shopping centre/high-street, the Molesworth Street LEL (C22) has experienced a relative decline in its value as a designated employment area in recent years owing to both local and wider factors.

8.3.8 Demand/requirements for office space in Lewisham town centre is noted by agents to be generally muted, and the office premises which has been traditionally provided at and adjacent to Molesworth Street has catered for mostly medium-large occupiers, resulting in persistently above average vacancy levels. This inefficient balance of land and premises can be seen as part of a wider regional/national trend which the UK Government sought to correct in 2013 by introducing permitted development rights for office to residential conversions, primarily to increase the housing stock but with the by-product of redeveloping often vacant or underused floorspace. At Molesworth Street, the effect of this policy change has resulted in one of the anchor office buildings in the LEL, Riverdale House, being redeveloped for residential uses with a subsequent significant reduction in the office floorspace offer within the area.

8.3.9 The remaining office-type premises within the LEL comprise solely of the Citibank data centre, which cannot be considered as being a typical office occupier given such premises are of sui generis use class. Furthermore, the designation of the land accommodating this site is such that it does not, at least currently, provide protection against the redevelopment of the floorspace to residential uses owing to permitted development rights. The designation of Molesworth Street as an LEL should therefore no longer be considered as appropriate in meeting the needs of businesses

B2 and B8 General Industrial, and Storage and Distribution

R3 To help ensure there is sufficient capacity to meet projected demand for industrial/warehousing land and floorspace in LB Lewisham to 2033 the following existing designated employment land should continue to be protected for Industrial employment uses:

- Surrey Canal Strategic Industrial Location:
 - Juno Way (C1)
 - Juno Way Railway Lands (C2)
 - Surrey Canal (C3)

- Silwood Triangle (C4)
- Silwood Street Rail Arches (C5)
- Trundleys Road / Apollo Business Centre (C6) (part – see R2 below)
- Blackhorse Road (C8) (part – see R3 below)
- Bromley Road Strategic Industrial Location (C9)
- Local Employment Locations:
 - Blackheath Hill (C10)
 - Lower Creekside (C11) (part – see R4 below)
 - Endwell Road (C12) (part – see R4 below)
 - Evelyn Street (C13)
 - Lewisham Way (C14)
 - Malham Road (C15)
 - Manor Lane (C16)
 - Perry Vale (C17)
 - Clyde Vale (C18)
 - Stanton Square (C19)
 - Willow Way (C20)
 - Worsley Bridge Road (C21)

Justification

- 8.3.10 Over the Local Plan period to 2033 there is projected to be gross demand for approximately 85 ha of Industrial land (B2 and B8) in LB Lewisham (see Table 7.8). There is currently approximately 107 hectares of industrial land in the borough. In line with the principles of the NPPF it is considered that this demand should be accommodated at the most appropriate locations for these uses within the borough. The PPG states that Councils should identify a future supply of land which is suitable, available and achievable for economic development uses over the plan period³⁹. The vast majority of existing SIL and LEL sites remain the most suitable location for accommodating this industrial and warehousing demand. This corresponds to the principles set out in London Plan Policy 2.17.

Retention as SIL

- 8.3.11 Land currently allocated as SIL should for the most part be protected. The Surrey Canal SIL (Clusters 1 to 8) is primarily occupied by distribution and logistics operators, as well as wider industrial uses such as waste management at Landmann Way and other locations, and railway depot and servicing areas – all being strategically important uses of industrial land. New premises are under construction, including pre-let floorspace for distribution use and a trade park and vacancy is generally low. The majority and core of the SIL is bordered by railway land and/or roads, providing separation from residential areas and giving good access to key transport nodes. The Bromley Road SIL (Cluster 9) is also a well-functioning SIL containing a variety of premises and occupiers, from smaller light industrial and storage firms at Bellingham Trading Estate to larger storage/warehousing occupiers on Bromley Road itself, including Selco and a bus depot, and a Metropolitan Police facility at the north of the cluster. Some sui generis use, principally a car wash, is to be found at the junction of Bromley and Bellingham Roads, demonstrating that a mix of occupiers are in the SIL. Generally vacancy is low and quality of sites and environment is high. Though some trade counter and self-storage units are found in the cluster, these do not detract from the areas' industrial character.

³⁹ PPG paragraph 001 Reference ID: 3-001-20140306

Retention as LEL

- 8.3.12 Local Employment Locations account for only around 16% of the industrial employment land in Lewisham. However, the diversity of occupiers, focused within the B use classes, demonstrates the broad base of the borough's small business community and provides a range of job opportunities for local residents.
- 8.3.13 The vast majority of sites within the borough's suite of LELs form well-functioning industrial/warehousing areas, with low observed levels of vacancy, generally good quality buildings and environment and having little to no impact on neighbouring sensitive uses where these are present. Although the LELs do contain some office (B1a/b) employment space and non-B sector occupiers, these do not in the majority of instances conflict with the mostly industrial nature of the clusters, and instead bolster the employment generating potential of these areas and provide more varied local job opportunities. There is thus good justification for retaining the designation of the LELs through the planning period, with the exception of areas listed in R5 below, where non-compliant uses have been introduced into the LEL.

R4 To help meet housing and wider regeneration objectives the Council could consider a change of use away from industrial employment uses at the following SIL industrial/warehousing clusters (2.6 hectares):

- Trundleys Road / Apollo Business Centre (C6) part – 1.2 hectares
- Mercury Way Waste Sites (C7) – 1.4 hectares⁴⁰

Justification

- 8.3.14 The Trundleys Road / Apollo Business Centre employment cluster (C6) lies at the south-eastern edge of the Surrey Canal SIL. The cluster accommodates mostly low intensity occupiers, mostly engaged in scrap metal working/sale of scrap or vehicle/plant storage. Railway arch premises adjacent to the business centre were noted to appear more intensely used, and a London Overground rail infrastructure facility (a traction station) serves an essential function. Although established and mostly not of new-build, the cluster contains residential and retail uses along Trundleys Road and is situated opposite parkland and some mid-density housing. Although the road provides some screening, parking is inadequate with evidence of congestion caused by businesses within the cluster. Of the various designated employment clusters visited in the field survey, the area to the south of Surrey Canal Road, excepting the rail infrastructure facility, was amongst the poorest quality in terms of environment and functionality. Non-industrial uses should be permitted through managed release of land, potentially through re-designation as MEL, throughout the cluster with the exception of the rail infrastructure facility, which is appropriate to remain within the SIL, and the relatively well-used railway arch premises which are of limited suitability for development for other uses. It is advised that access to the railway premises should be secured by appropriate means to retain their use
- 8.3.15 Premises on the eastern side of Mercury Way (Cluster 7) in the Surrey Canal SIL accommodate several businesses engaged mostly in waste/management recycling uses. Whilst fairly well-used, the findings of the field survey and property agent consultation were that much of the site generated bad neighbourhood uses to the neighbouring residential areas,

⁴⁰ Release/loss equates to quantum of industrial/warehousing land within cluster as opposed to employment cluster area which may contain non-industrial uses.

which closely border the cluster. This includes HGV traffic, noise and dust. The cluster had relatively poor quality buildings and environment and so was deemed not fit for its current purpose. Redevelopment to provide better quality premises and environment is not considered to be readily viable owing to the peripheral location of the cluster within/detachment from the rest of the Surrey Canal SIL, and neighbouring uses. Non-industrial uses should be permitted through managed release of land.

R5 The Council should consider redefining the boundary of the following industrial employment designations to exclude office, residential and other non B-use classes, thus helping to strengthen and maintain the integrity of the remaining industrial employment uses at these locations.

- Blackhorse Road (C8) – 144 Evelyn Street and Evelyn Court
- Lower Creekside (C11) – Faircharm Trading Estate (1.0 hectares of industrial land release)
- Endwell Road (C12) – Dragonfly Place

Justification

- 8.3.16 144 Evelyn Street and Evelyn Court, situated along the A200 Evelyn Street within the Blackhorse Road (C8) cluster of Surrey Canal SIL, are two established office multi-occupancy office buildings. The SIL framework as set out in the Land for Industry and Transport SPG does not support the provision of office floorspace within SIL areas unless deemed ancillary to industrial/logistics operations or providing a crucial support function. The two office buildings do not fulfil such functions and can therefore be considered as inappropriate for location within SIL. Their peripheral location is such that removing the site area they occupy from the Surrey Canal SIL designation would not result in the remainder of the SIL being compromised by potential encroachment of non-compatible uses. The de-designation of the sites they currently occupy should therefore be facilitated.
- 8.3.17 The Faircharm Trading Estate located within the northern portion/half of the Lower Creekside (C11) contains average quality industrial floorspace, catering to a range of occupiers including creative industries/artists, for whom Deptford Creekside forms a cluster for such activities. The site is subject to a consented planning application for mixed-use development, providing B1 employment space along Creekside road, with C3 class residential units at the rear. Whilst it is acknowledged that the redeveloped floorspace is aimed at ensuring that employment opportunities remain at the site, and indeed potentially increase, the primarily office (B1a) and residential focus of the site make it unsuitable to remain within the Lower Creekside LEL designation. The boundary of the designation should therefore be redrawn to exclude the proposed residential areas at/adjacent to the Faircharm Trading Estate. An alternative designation is proposed in R8 below.
- 8.3.18 Dragonfly Place lies within Endwell Road (C12) LEL and consists of three recently constructed buildings, accommodating office and light industrial floorspace at ground level and residential properties above. Although completed fairly recently, the commercial floorspace is fairly well occupied and accommodates creative and craft industries. Whilst it is clear that this portion of the LEL retains a B1 use employment component which is consistent with the LEL designation, the inclusion of residential uses within the site area is considered broadly incompatible with the LEL designation, and thus it is recommended that the boundary of the

Endwell Road designation should therefore be redrawn to exclude these three buildings. An alternative designation is proposed in R8 below.

R6 To help meet housing and wider regeneration objectives and given the forecasted net decline in industry in Lewisham over the plan period (see Table 7.8) the Council should permit a change of use away from industrial employment at the following clusters, currently either designated as MEL or Site allocations (equating to 15.4 hectares).

- Surrey Canal Rd Triangle (C23) – 6.2 hectares
- Sun and Kent Wharf (C25) – 1.0 hectares
- Arklow Road (C27) – 1.4 hectares
- Oxestalls Road (C28) – 4.1 hectares
- Grinstead Road (C30) – 0.8 hectares
- Thanet Wharf (C31) – 0.6 hectares
- Site West of Forest Hill Station (C35) – 0.1 hectares
- O'Rourke Transport/ Sivyer, 154-160 Sydenham Road (C36) – 0.5 hectares
- 80-84 Nightingale Grove (C37) – 0.7 hectares

Justification

8.3.19 The clusters identified above are mostly either in poor condition, contain large areas of vacant or underused land or are in the process of being redeveloped for non-industrial use. In keeping with the principles of the NPPF, when boroughs are assessing which sites are most appropriate for release/redevelopment for other uses, particular consideration should be given to sites which are in poor quality or are underused and do present viable prospect for redevelopment/intensification of the existing use.

8.3.20 In several of the MEL clusters, planning applications currently propose release of the remaining industrial land with some re-provision of other non-industrial employment floorspace, which is in keeping with the MEL designation and is consistent with Council policy regarding the maximisation of employment provision at MELs. Elsewhere, Site Allocations permit/encourage the release of the remaining industrial land within their boundaries so as to achieve housing/regeneration objectives through redevelopment for more sustainable/intense use of land. It is recommended that the Council continue to permit loss of industrial land within these MEL and Site Allocations areas.

R7 To help retain an appropriate balance of supply and demand of industrial employment land over the planning period, the Council could consider a more flexible approach to changes of use away from industrial uses at a limited amount of industrial employment land not designated as SIL or LEL. The decision on which land to release or allow change of use on should be based on certain criteria listed below being met. The loss of industrial employment uses in non-designated employment sites should not lower the overall industrial capacity of the borough significantly below that estimated by this study to be necessary to meet anticipated need over the planning period. This

means that along with the 19.0 hectares of industrial/warehousing land recommended for release in Recommendations above, an additional 3 to 5 hectares would be appropriate to change from industrial employment use over the planning period.

To help ensure that not too much industrial land changes use the Council could introduce a policy in the updated Local Plan that states that industrial land will ideally only move to alternative uses if all of the following criteria are met:

- There is no evidence of current or future market demand for the site as evidenced through a period of at least 24 months of active marketing for industrial employment uses at realistic market rates;
- poor access from the strategic road network i.e. they can be accessed only via local roads;
- a lack of on-site servicing such as loading/unloading bays and/or inadequate parking provision; and
- The overall total quantum of industrial employment land release within the borough for the plan period (as identified within this study) has not been exceeded.

Justification

- 8.3.21 There are around 53 hectares of industrial employment land in LB Lewisham which is not SIL and not LEL that was surveyed in this study or is identified in the 2015 Industrial Land Baseline. The majority of these sites surveyed and assessed in Section 5 perform adequately as employment areas, or provide functions. They are generally meeting a local business need. These non-designated sites are currently protected by planning policy, which is criteria based and permits redevelopment subject to these criteria. This notwithstanding, to avoid a potential over release of industrial land it is therefore recommended that the Council agree on appropriate action in the updated Lewisham Local Plan that protects existing employment land that is predominantly industrial. This land could only be released to non-industrial uses if all of the criteria listed above are met.
- 8.3.22 However, the demand forecasting exercise (Chapter 7) estimated that to retain an appropriate balance between supply and demand in the borough over the planning period there would be a need to release approximately -23.0ha and -19.8ha of existing industrial land by 2033 under the low to high growth scenario range.
- 8.3.23 The monitoring and managed release of industrial land corresponds to the principles of the NPPF. Paragraph 21 of the NPPF outlines the requirement for local planning authorities in their Local Plan to; *'meet the anticipated needs of businesses over the planning period'*. 'Anticipated needs' can be assumed to be the range of demand scenarios as described in the demand forecasting exercise of this study. If too much land is released the Council might be unable to meet these anticipated needs. The NPPF also states that *'planning policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances'*. This provides justification for monitoring the release of industrial land and ensuring that not too much is released during the planning period. This is because the lack of developable land in London and the high price differential between industrial land and residential land means it is likely that *'once industrial land has gone, it has gone forever'*. To ensure that employment land is not protected unnecessarily as required by paragraph 22 of the NPPF, the demand forecasting exercise should be updated regularly. This could be performed every three to five years.

- 8.3.24 To demonstrate a lack of market demand the applicant should submit evidence that the site is vacant and a thorough marketing exercise at realistic prices for the area has been sustained over a 24 month period. Marketing must be through a commercial agent at a price that genuinely reflects the market value in relation to use, condition, quality and location of floorspace. It must be demonstrated that consideration has been given to alternative layouts and business uses, including smaller premises with short term flexible leases appropriate for SMEs.

Creative Industries

R8 The Council should seek to protect and encourage the growth of clusters of activity of Creative Industries in recognition of the growth of the sector, with particular regard to the following locations:

- **Lower Creekside (C11);**
- **Endwell Road (C12);**
- **Malham Road (C15), including at 118 Stanstead Road; and**
- **Sun and Kent Wharf (C25).**

Justification

- 8.3.25 Lewisham was identified in 2008 as having one of the fastest growing Creative Industries sectors among London boroughs, in a study by the GLA⁴¹, with employment growing by 20% between 2005 and 2009. Although employment growth has become somewhat more muted since, this can in part be explained by the general economic recession in the UK, and the field survey and consultations with agents noted that there was demand for space from creative occupiers, and clustering of industries was evident, particularly at Lower Creekside (C11) and Endwell Road (C12).
- 8.3.26 As an Inner London borough with good transport links to the CAZ containing affordable workspace, Lewisham is considered to be well placed to accommodate creative industries which could provide a welcome stimulus to economic growth in the borough.
- 8.3.27 It is recommended that the Council consider means by which clusters of creative activity can grow and the workspace they occupy protected. The latter is especially important given the perceived lack of premises of suitable quality, and evidence of good occupancy levels in clusters containing new space (e.g. Endwell Road (C12)). One means by which this could be achieved would be to 'protect' existing clusters at the locations listed above through a planning policy designation. Equally a more informal, engagement led approach in conjunction with the economic development functions within the Council could be implemented.

⁴¹ GLA Economics (2008); London's Creative Sector, 2008

Table 8.1: Summary of Recommendations per Cluster (for Industrial/Warehousing)

AECOM Cluster No.	Employment Area/ Name of Cluster	Adopted Local Plan/LDF Designation / Site Proposals	Total industrial/warehousing employment land for release / change of use (ha) (Approx.)
C1	Juno Way	SIL	0
C2	Juno Way Railway Lands	SIL	0
C3	Surrey Canal	SIL	0
C4	Silwood Triangle	SIL	0
C5	Silwood Street Rail Arches	SIL	0
C6	Trundleys Road / Apollo Business Centre	SIL	-1.2
C7	Mercury Way Waste Sites	SIL	-1.4
C8	Blackhorse Road	SIL	0
C9	Bromley Road	SIL	0
C10	Blackheath Hill	LEL	0
C11	Lower Creekside	LEL	-1.0
C12	Endwell Road	LEL	0
C13	Evelyn Street	LEL	0
C14	Lewisham Way	LEL	0
C15	Malham Road	LEL	0
C16	Manor Lane	LEL	0
C17	Perry Vale	LEL	0
C18	Clyde Vale	LEL	0
C19	Stanton Square	LEL	0
C20	Willow Way	LEL	0
C21	Worsley Bridge Road	LEL	0
C22	Molesworth Street	LEL	0
C23	Surrey Canal Rd Triangle	MEL	-6.2
C24	Convoys Wharf	MEL	0
C25	Sun and Kent Wharf	MEL	-1.0
C26	Childers Street	MEL	0
C27	Arklow Road	MEL	-1.4

AECOM Cluster No.	Employment Area/ Name of Cluster	Adopted Local Plan/LDF Designation / Site Proposals	Total industrial/warehousing employment land for release / change of use (ha) (Approx.)
C28	Oxestalls Road	MEL	-4.1
C29	Plough Way	MEL	0
C30	Grinstead Road	MEL	-0.8
C31	Thanet Wharf	MEL	-0.6
C32	Lewisham Gateway	Site Specific Allocation 5	0
C33	Giffin Street Redevelopment Area	Site Allocation 2	0
C34	Seager Buildings, Brookmill Road	Site Allocation 3	0
C35	Site West of Forest Hill Station	Site Allocation 19	-0.1
C36	O'Rourke Transport/ Sivyer, 154-160 Sydenham Road	Site Allocation 21	-0.5
C37	80-84 Nightingale Grove	Site Allocation 32	-0.7
C38	Bell Green Retail Park	Site Allocation	0
C39	Pomeroy Street	Not designated	0
C40	Goodwood Road	Not designated	0
C41	Engate Street	Not designated	0
C42	Ashgrove Road	Not designated	0
C43	Lewisham Town Hall	Not designated	0
C44	Deptford Library	Not designated	0
			-19.0

