

# London Borough of Lewisham

## EMPLOYMENT LAND STUDY

ROGER TYM & PARTNERS  
Planners and Development Economists



Final Report

November 2008

ROGER TYM & PARTNERS

Fairfax House

15 Fulwood Place

London WC1V 6HU

t (020) 7831 2711

f (020) 7831 7653

e london@tymconsult.com

w [www.tymconsult.com](http://www.tymconsult.com)

# CONTENTS

<b>1</b>	<b>INTRODUCTION.....</b>	<b>1</b>
	The Study .....	1
	The Method.....	1
	The Report.....	2
<b>2</b>	<b>POLICY CONTEXT .....</b>	<b>3</b>
	Introduction.....	3
	National Policy.....	3
	Regional Policy.....	5
	Local Policy.....	9
	Conclusions .....	12
<b>3</b>	<b>LEWISHAM ECONOMY .....</b>	<b>15</b>
	Introduction.....	15
	The Workplace Economy.....	15
	The Residents.....	25
	The Labour Market.....	28
	Conclusions .....	31
<b>4</b>	<b>LAND AND PROPERTY MARKET .....</b>	<b>33</b>
	Introduction.....	33
	Property Market Context.....	33
	Land and Property Supply .....	35
	Demand for Space.....	39
	Current Property Issues .....	45
	View of the Future.....	46
	Conclusions .....	49
<b>5</b>	<b>POLICY OPTIONS .....</b>	<b>51</b>
	Introduction.....	51

London Plan Position .....	51
Lewisham’s Policy Proposal .....	59
Conclusions .....	71
<b>6 FUTURE MARKET BALANCE .....</b>	<b>73</b>
Introduction .....	73
Floorspace Demand, 2006-2026 .....	73
Planned Supply, 2006-2026.....	74
Market Balance in 2026 .....	79
Conclusions .....	83
<b>7 ASSESSMENT OF EMPLOYMENT AREAS .....</b>	<b>85</b>
Introduction .....	85
Bromley Road Strategic Industrial Location (SIL) .....	88
Surrey Canal Strategic Industrial Location (SIL) .....	88
Local Employment Locations (LELs) .....	95
Other Non Defined Employment Locations .....	101
Conclusions .....	103
<b>8 CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>107</b>
Conclusions .....	107
Recommendations.....	110

## Appendices

Appendix 1: Notes from the ELR Stakeholder Workshop

Appendix 2: Examples of Successful Local Employment Stock

Appendix 3: Mixed Use Developments

Appendix 4: Notes from the Mixed Use Developer Stakeholder Workshop

Appendix 5: Economic Sectors and Business Space

Appendix 6: Review and Monitoring

## **Annex**

Annex 1: Lewisham Employment Sites Assessments

# 1 INTRODUCTION

## The Study

- 1.1 This study was commissioned by Lewisham Council to assess the future demand for employment land, compare it with the land supply under current planning policies and make policy recommendations accordingly. The study will form part of the evidence base for the Council's emerging Local Development Framework (LDF) and inform specifically the Spatial (Core) Strategy and the Development Policies and Sites Allocations development plan documents (DPDs). It deals with two broad land uses, industry/warehousing and offices<sup>1</sup>, and suggests how far existing employment sites should be safeguarded from redevelopment for other uses, whether more land should be identified for employment uses.
- 1.2 Industrial employment in Lewisham, and inner London generally, have been in decline for many years as the structure of the economy has changed and higher-value uses such as housing have competed for the available land. Coupled with this is has been a strong growth in office based employment in Central London, and the current strategic planning policy, led by the Mayor of London, sees office-based sectors such as financial and business services as key drivers of London's economic growth and competitiveness. This has left a gap in Lewisham's ability to retain and grow employment within the business based sectors outside of the local service economy, i.e. public services, leisure and retail throughout London.
- 1.3 This study extends beyond the usual employment land review by helping to plan for economic growth and regeneration, and a major question for the present study relates to whether, and how, Lewisham can continue to accommodate B-space employment and how this objective should be taken forward in the new Local Development Framework, which will replace the UDP. In particular, this study is to help inform the Council's defining of detailed strategic industrial locations (SILs), other locally defined employment areas (DEAs) and allocations for mixed use development, so that strategic and local economic development is achieved within the borough.

## The Method

- 1.4 In reviewing employment land, the approach taken is in line with guidance supported by the consultation draft PPS4 (Planning for Economic Development), and complies with the Government Guidance Note on Employment Land Reviews<sup>2</sup>. Government policy and guidance indicates that the role of employment land reviews (ELR) is to provide sound evidence to inform local planning authorities in planning for employment land uses. To inform these decisions, ELRs need to:
  - Audit the supply of land already identified for employment;

---

<sup>1</sup>As is usual in planning documents, employment space is defined here as comprising factories, warehouses and offices, covered by Classes B1-B8 of the Use Classes Order, and similar sui generis land uses. The study does not cover the many other land uses that provide employment, such as retail, leisure, education and health.

<sup>2</sup> ODPM, *Employment Land Reviews: Guidance Note*, December 2004.

- Assess how much land will be required for employment during the plan period, based on market conditions and policy objectives;
- Compare requirement with supply both quantitatively and qualitatively;
- Consequently make recommendations about:
  - Any further land that should be identified for employment;
  - Any existing or committed employment sites that should be released for other uses, having regard to their realistic prospects of coming forward for delivery;
  - Other planning policies relating to employment land as appropriate; and
  - Economic development and regeneration policies that bear on employment land.

## The Report

### 1.5 Following this Introduction:

- Chapters 2 to 4 describe the current position, providing the baseline and starting point for the future analysis that is to follow:
  - Chapter 2 briefly reviews the strategic policies to which Lewisham's employment land policies need to conform and the current local policies which the Council needs to reconsider.
  - Chapters 3 and 4 analyse the present condition of the local economy and property markets, establishing the baseline for future change and informs the objectives for the study.
- Chapters 5 to 7 takes forward the analysis to the planning period 2006-26:
  - Chapter 5 reflects on regional policy and Lewisham's own employment policy options being considered for the emerging LDF.
  - Chapter 6 quantifies the future market balance for employment land by comparing forecast demand for space with the supply currently identified and proposed;
  - Chapter 7 assesses the quality of Lewisham's employment areas for meeting future demand.
- Finally, Chapter 8 sets out the overall conclusions and recommendations on future employment land allocations and policies for Lewisham.

## 2 POLICY CONTEXT

### Introduction

- 2.1 In this section we briefly review the strategic policies to which Lewisham's employment land policies need to conform. We first set out national policy relating to employment land, then relevant regional policy (i.e. from the London Plan) and finally local policy consisting of policies still in force from the Council's Unitary Development Plan.
- 2.2 Later, in Chapter 5, we undertake a more detailed review of the regional policy requirements for Lewisham in the London Plan and the implications on the Council's future policies and strategy emerging through the future Local Development Framework.

### National Policy

#### *PPG4 and the White Paper*

- 2.2 The core statement of national planning policy providing guidance on employment land is Planning Policy Guidance Note (PPG)4, Industrial and Commercial Development and Small Firms (1992). Key statements in PPG4 include:
- "One of the Government's key aims is to encourage continued economic development in a way which is compatible with its stated environmental objectives."
  - "Policies should provide for choice, flexibility and competition. In allocating land for industry and commerce, planning authorities should be realistic in their assessment of the needs of business. They should aim to ensure that there is sufficient land available which is readily capable of development and well served by infrastructure. They should also ensure that there is a variety of sites available to meet differing needs. A choice of suitable sites will facilitate competition between developers; this will benefit end-users and stimulate economic activity."
  - "The locational demands of businesses are... a key input to the preparation of development plans. Development plan policies must take account of these needs and at the same time seek to achieve wider objectives in the public interest."
- 2.3 PPG4 was published as long ago as 1992. The Planning White Paper, Planning for a Sustainable Future, published in May 2007, promised to replace it shortly with a new Planning Policy Statement (PPS), part of a reformed planning system that will more positively support economic development.

#### *PPS4*

- 2.4 The consultation draft of the new national Planning Policy Statement 4, Planning for Sustainable Economic Development, was published in December 2007. The Ministerial Foreword states the key objectives of the new guidance:



“This draft Planning Policy Statement aims to... provide the tools for regional planning bodies and local planning authorities to plan effectively and proactively for economic growth... As a result of this new policy, regional and local planning bodies will support economic development by ensuring that they understand and take into account what their economies need to remain competitive [and that they are] responsive to the needs of business and factor in the benefits of economic development alongside environmental and social factors.”

2.5 Paragraph 9 of PPS4 states the same objective more succinctly:

“The Government wants planning policy to support economic growth.”

2.3 Para. 18 states that local authorities should undertake a range of actions including:

- Thoroughly assess the existing supply of land available for economic development through an employment land review.
- Ensure that the strategy takes into account the regional or local character and the need for a high quality environment.
- Address the particular needs of rural areas.
- Take into account the different locational requirements of businesses
- Take into account market information.

2.4 The consultation states that local authorities should limit the designation of sites for single or restricted use classes and promote mixed use developments in appropriate locations. It also widens the list of what is “economic development’ to include uses such as retail, leisure and tourism and also housing. If taken forward, these changes could weaken the ability of local authorities to protect their employment land.

2.5 The consultation paper also states that:

“If there is no reasonable prospect of a site being used for economic development during the plan period, the employment allocation should not be proposed or retained, and wider employment uses or alternative uses, such as housing, should be actively considered.” (Para. 24)

2.6 This is in line with the ODPM’s Employment Land Reviews: Guidance Note (2004). It also reiterates guidance given in PPS3: Housing (2006) which requires local authorities to consider “whether sites that are currently allocated for industrial or commercial use could be more appropriately re-allocated for housing development” (Para. 44).

### *PPS12: Local Development Frameworks*

2.6 Paragraph 2.15 of PPS12 clarifies the role of the development plan, and states that “the identification of sites should be founded on a robust and credible assessment of the suitability, availability and accessibility of land for particular uses or mix of uses”. Therefore, a number of factors should be taken into account when planning authorities allocate sites for development, and those decisions must be supportable by evidence.

2.7 The new PPS12 (creating strong safe and prosperous communities through Local Spatial Planning) published June 2008 presents “soundness” in “a different and more simple way” but states that “the rigour of the examination process remains unchanged and inspectors will be looking for the same quality of evidence and content”. To be “sound” a core strategy and DPDs should be:

- JUSTIFIED, so that the document is:
  - founded on a robust and credible evidence base; and
  - the most appropriate strategy when considered against the reasonable alternatives
- EFFECTIVE, so that the document is:
  - Deliverable;
  - Flexible; and
  - able to be monitored
- Consistent with NATIONAL POLICY.

## Regional Policy

### *The London Plan*

#### *Introduction*

2.8 The London Plan sets out the Mayor’s spatial strategy, to which individual boroughs’ planning policies are required to be in broad conformity. The current version of the Plan (2008) is consolidated with alterations since 2004. The alterations since 2004 are limited, focusing on a narrow range of issues.

2.9 The Introduction to the Plan notes (our italics):

“The Mayor believes that London’s future will be significantly shaped by a number of factors driving change... *The most significant of these, at least for a spatial development strategy, is the projected rapid growth of people and jobs, driven by powerful market and demographic forces... The London Plan cannot realistically reverse these strong, deep-rooted factors driving change, nor does the Mayor wish it to do so. This plan sets out policies to accommodate that growth in a sustainable way ....*

London must fulfill its potential as a world city in the national interest as well as that of Londoners. Accommodating the anticipated growth in London will be beneficial both to London and the rest of the UK. This plan seeks to work with the market and to address the potential supply side constraints.”

2.10 The Introduction goes on to set out key objectives of the Plan, which include:

“Objective 1: To accommodate London’s growth within its own boundaries without encroaching on open spaces;

Objective 3: To make London a more prosperous city with strong and diverse long term economic growth”.

- 2.11 With regard to future economic and employment growth, supporting text in the Introduction states:
- “Deeply rooted changes in international and UK economies and society have led to the persistence of strong structural trends over a period of three decades; the central forecast for the purposes of this revised plan is the continuation of these trends. The net growth in jobs in London 2006-2026 is projected as 912,000. The key sectoral projections that determine the total are set out in accompanying technical papers. These projections are the most authoritative currently available. However they are still only indicative and may over or underestimate the employment growth which could take place in some parts of London. It is not the intention to constrain growth and it should be fostered and provided for in accordance with the policies set out in this plan: they, and the variables which inform them, will be monitored closely.
- The finance and business services sector stands out...owing to its exposure to increased global openness and technological change, its contribution to GDP and its ongoing dynamism... The sector is projected to make the most significant contribution to economic growth in London over the next 20 years with around 605,000 further jobs, 66 per cent of the net growth... Conversely, primary/utilities and manufacturing sectors are expected to decline.”

#### *Spatial Strategy*

- 2.12 Chapter 2 of the Plan sets out the Mayor’s overall spatial strategy, stating that:
- “The greatest challenge faced in this spatial plan is to accommodate significant growth in ways that respect and improve London’s diverse heritage while delivering the Mayor’s vision for an exemplary, sustainable world city, including the issues raised by climate change. This will involve the sensitive intensification of development in locations that are, or will be, well served by public transport”.
- 2.13 Policy 2A.3 states that the sub regional structure as set out later in the Plan should be used as the basis for sub regional planning and policy delivery and that “particular attention will be given to realizing the opportunities in the South East and North East sub regions”.
- 2.14 Lewisham is now in the South East sub region covering just five authorities: Southwark, Lewisham, Greenwich, Bexley and Bromley.
- 2.15 The Plan identifies an opportunity area at Lewisham-Catford-New Cross. It states that:
- “Opportunity Areas have been identified on the basis that they are capable of accommodating substantial new jobs or homes and their potential should be maximised...These areas generally include major brownfield sites with capacity for new development and places with potential for significant increases in density. Their development should be geared to the use of public transport and they are either located at areas of good access or would require public transport improvements to support development.”
- 2.16 Policy 2A.10 requires Boroughs to identify Strategic Industrial Locations (SILs) - a new name for the Strategic Employment Locations (SELs) of the 2004 London Plan - in DPDs. It states that, although “London’s manufacturing sector continues

to contract, there are a wide range of other industrial type activities which gain competitive advantage from a London location or perform roles which are important to the wider economy, especially logistics, waste management and recycling and transport related activities.”

- 2.17 The Plan designates SILs in Annex 2. In Lewisham there are two: Surrey Canal and Bromley Road. These were both SELs in the 2004 Plan. The Plan no longer identifies local employment locations (this is left to the individual boroughs).
- 2.18 The SILs are categorized into Industrial Business Parks for companies needing a relatively good quality environment and Preferred Industrial Locations to meet the needs of firms with less demanding environmental requirements. Both Surrey Canal and Bromley Road are Preferred Industrial Locations.
- 2.19 The Mayor will continue to develop more detailed frameworks to manage the appropriate release of land in the SILs. The Plan states that:
- “Taking into account trends in the wide range of industrial type activities and scope for more efficient use of industrial capacity, as well as more specific new requirements for waste management and recycling...there is scope for an average annual net release of 41 ha 2006 - 2026, mainly in parts of North East and South East London. This should go to other priority uses, notably housing and social infrastructure.”

*Working in London*

- 2.20 Section 3B of the Plan, Working in London, provides the Mayors’ employment land policies. It begins with Policy 3B.1 Developing London’s Economy, which reads in part:
- “The Mayor will work with strategic partners to support and to develop London’s economy as one of the three world cities. He will: seek a range of workspaces of different types, sizes and costs to meet the needs of different sectors of the economy and firms of different types and sizes and to remove supply side blockages for key sectors, including the finance and business services sector.”
- 2.21 The Plan states that “Given the dominance of the office-based business sector...the availability of suitable office accommodation is a critical issue...”
- 2.22 Policy 3B.2 deals with office demand and supply stating that:
- “Working with strategic partners, the Mayor will:
- seek a significant increment to current stock through changes of use and development of vacant brownfield sites;
  - seek the renovation and renewal of existing stock to increase and enhance the quality and flexibility of London’s office market offer, in line with policies for maximising the intensity of development;
  - seek the provision of a variety of type, size and cost of office premises to meet the needs of all sectors, including small and medium sized enterprises.”
  - and that “Boroughs should:

Final Report

- enhance the environment and offer of London's office locations in terms of physical attractiveness, amenities, ancillary and supporting activities as well as services, accessibility, safety and security"
- 2.23 Renewal of the stock and new development should therefore focus on a few competitive key locations where a market can be developed for new and existing occupiers - such locations include town centre based office quarters. The office market will have a distinct role in contributing to suburban renewal.
- 2.24 With regard to industrial/warehousing uses, the Plan notes that "industrial land accommodates not only manufacturing, where employment is projected to decline, but a range of other activities essential to London's wider success", and that efficient logistics in particular is essential to London's competitiveness. The Mayor's aim is to release surplus industrial sites for other uses, while maintaining an appropriate supply to meet demand both in terms of quantity and quality, taking into account industry's needs.
- 2.25 Policy 3B.4 states that "With strategic partners, the Mayor will promote, manage and where necessary protect the varied industrial offer of the Strategic Industrial Locations (SILs)... as London's strategic reservoir of industrial capacity. Boroughs should identify SILs in DPDs, and develop local policies and criteria to manage Locally Significant and other, smaller industrial sites outside the SILs, having regard to:
- the locational strategy...of this plan, Supplementary Planning Guidance and Sub-regional Implementation Frameworks;
  - accessibility to the local workforce, public transport, walking and cycling and where appropriate, freight movement;
  - quality and fitness for purpose of sites;
  - the need for strategic and local provision for waste management, transport facilities, logistics and wholesale markets within London and the wider city region;
  - 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;
  - the potential for surplus industrial land (as defined in assessments) to help meet strategic and local requirements for a mix of other uses such as housing and social infrastructure and where appropriate, contribute to town centre renewal."
- 2.26 Further policies in Chapter 3B seek to encourage knowledge-based and innovative activities and creative and environmental industries.
- 2.27 Chapter 5 looks in detail at each sub region. Table 5A.1 breaks down jobs growth, showing growth of 110,000 jobs between 2006 and 2026 for the South East sub region. The Plan states that "These projections, although the result of robust analysis, are only indicative. The SRIFs and the ongoing process of "plan, monitor and manage" will keep employment trends under review.

- 2.28 Chapter 5 also discusses the Lewisham-Catford-New Cross opportunity area, which covers an area of 815 ha and has capacity for 3,500 homes and 6,000 jobs, stating that “There is considerable scope for further intensification in central Lewisham. This is associated with the relatively good public transport accessibility and redevelopment capacity in Catford, New Cross and in particular Lewisham town centre, where strategically important regeneration is already underway.”
- 2.29 In the 2004 Plan, the Mayor, working with the boroughs and other partners, was to draw up Sub-Regional Development Frameworks (SRDFs) for each sub-region, revising the existing SRDFs. But further amendments have turned the new SRDFs into Sub-Regional Implementation Frameworks (SRIFS), which, as their name suggests, will be about delivery rather than policy-making.

## Local Policy

### *Lewisham Unitary Development Plan (UDP)*

- 2.30 The Lewisham UDP was adopted in 2004. The 2004 Planning and Compulsory Purchase Act requires the Council to replace the UDP with a new Local Development Framework. The Act “saved” the UDP policies for a period of three years. This period expired on 27 September 2007.
- 2.31 The Secretary of State for Communities and Local Government has issued a Direction to Lewisham that specifies which policies in the UDP can continue to be saved as part of the development plan.
- 2.32 Only those policies that have been specified as part of the direction now form part of the UDP and all other UDP policies cease to be relevant for development control purposes. The policies set out below have all been saved.
- 2.33 Part I of the Plan contains the strategic policies. A strategic aim of the Council is set out in Policy STR.EMP1:
- “To protect and increase the number, range and quality of local employment opportunities...”
- 2.34 Part II of the Plan contains the detailed policies. The key policy is EMP1: Land and Premises for Employment Purposes:
- “The Council will aim to ensure a satisfactory supply of land and premises for employment uses, by protecting where appropriate those existing sites and buildings which it considers to be particularly suitable and by providing or identifying additional sites for new development in suitable locations, including, where appropriate, Town Centres.”
- 2.35 The plan states that the reason for this policy is that there is a continuing demand for land and buildings for industrial and commercial use, reflected by the continuous and high level of occupation of the purpose built industrial estates and other buildings in business or industrial use.
- 2.36 The Plan defines the main employment areas on the proposals map. These are concentrated in the north of the Borough, in Deptford. Policy EMP3 states that the Council will grant planning permission for B1,B2 and B8 uses and will not normally grant permission for other uses - although there are exceptions.

- 2.37 This policy seems to have been working because since the UDP was adopted there have been few permitted applications for change of use in defined employment areas.
- 2.38 There are also many employment sites which are not in defined employment areas. There are particular clusters in Lewisham, Catford, Sydenham, Forest Hill and Hither Green. Policy EMP4: Employment Sites outside Defined Employment Areas states that applications for the redevelopment of these sites for employment uses will normally be permitted, but that applications for other uses will also be permitted, subject to criteria.
- 2.39 The Plan states that the reason for this policy is that it remains a planning objective to retain the many small employment sites not shown on the Plan, especially where they support the functioning of Town Centres and provide valuable local employment opportunities. Several applications for the change of use of employment land outside defined employment areas have been permitted in recent years and several have been refused - suggesting that the policy of assessment against criteria is working.
- 2.40 The UDP states that mixed use developments including housing uses can help to achieve the aims of economic and physical regeneration of the Borough. Many of the losses of employment land in recent years have been mixed use developments, especially live/work schemes, suggesting that the Council has indeed been looking favourably on mixed use developments.
- 2.41 Policy EMP6 deals with new office development, stating that Lewisham and Catford town centres are the preferred locations. This is because office development in these locations will achieve sustainability objectives of siting major traffic generating activities close to public transport nodes, and to enhance these centres as major locations for employment, and to support their retail and business function. However, the town centres have attracted little new office development since the UDP was adopted.

### *Lewisham Economic Development Business Plan*

- 2.42 This was prepared for the Council in 2004 by Ancer Spa<sup>3</sup>. It points out that "Many industrial areas are occupied by low grade businesses with fragmented occupancy and uses" and states that to make the best use of employment sites, a proactive approach is required.
- 2.43 A key problem identified is the increasing pressure for housing on employment defined land. This could either be addressed by resisting such development, or accommodating both housing and employment through mixed use development. The plan states that more information is required on supply and demand to inform the Council's policies - pointing to the need for this study.
- 2.44 The plan also states that there is a need for particular types of space - an environmental industries cluster, which could be provided at Surrey Canal Road, space for creative industries which could be provided in a range of locations across the Borough and small business space. The plan identifies a general

---

<sup>3</sup> Ancer Spa (2004), *op cit*

shortage of small business space and states that: “There is a need to examine the potential of the traditional employment areas and the town centres to accommodate more of this type of development.”

- 2.45 Ancer Spa acknowledged that the town centres play a particularly important role in the economic development of the Borough and that they should provide a focal point for a range of uses including offices.

### *Lewisham Waste Strategy*

- 2.46 The GLA has waste planning powers for London. The London Plan has specified that all London authorities set aside land that can be allocated for the treatment of waste, with a target for London to be 85% self-sufficient in dealing with its waste by 2020.
- 2.47 Consequently, for the purposes of satisfying the requirements of PPS10 and the London Plan, Lewisham is required to set aside sufficient land to manage this waste, and proposes to do so in co-ordination with the four neighbouring boroughs within the South East London Sub-region (Bromley, Bexley, Southwark and Greenwich). An apportionment has been made by the GLA across London, based on how much unallocated industrial land each borough has.
- 2.48 Policy 4A.25 requires boroughs in their DPDs to identify sufficient land to provide capacity to manage their apportioned tonnages of waste. Lewisham has been set the follow targets for dealing with (both municipal and commercial) waste on an annual basis:
- By the year 2010: 208,000 tonnes;
  - By the year 2015: 275,000 tonnes; and
  - By the year 2020: 323,000 tonnes.
- 2.49 At present, Lewisham has identified areas in the north of the borough which could be allocated to waste facilities, but with SELCHP in the borough, no additional facilities are required to meet the allocation. It is not a requirement of the local authority to own or operate these facilities. The capacity of existing and proposed waste facilities within the sub region are likely to fulfil the waste requirements set out in PPS10 and the London Plan through until 2020.
- 2.50 Currently the Council are reviewing their waste strategy in preparation of a joint waste technical paper with the other boroughs in the sub-region. In this strategy, Lewisham are setting out options for extending waste processing, possibly with a waste transfer station elsewhere in the borough. This is expected to be ready for Mayor and Cabinet review in the Autumn 2008. The strategy is looking at different options and will present a preferred option to Cabinet. Once a preferred option is selected, then they will move forward to the site identification stage, if additional space is required. Given the lack of non-designated and vacant land sites in the borough, this may have implications on the planned supply of employment land.
- 2.51 There currently are three waste sites in Lewisham: SELCHP; Hinkcroft Waste management; and the Council owned municipal reuse and recycling site. All three are located together. Adjacent to this area, but outside the SIL, is Mercury Way where there are a number of private operations. None of the sites in Mercury Way



are identified for waste operations at present, however they are protected for waste management by the GLA.

## Conclusions

- 2.52 The Lewisham LDF core strategy and site allocation DPD will need to meet the requirements for soundness set in the new PPS12. The purpose of this employment land review is to generate evidence for informing these plans.
- 2.53 The new PPS4 consultation draft requires authorities to positively plan for employment. It takes a flexible approach, stating that local authorities should limit the designation of sites for single or restricted use classes and promote mixed use developments in appropriate locations. In line with the ODPM's Employment Land Reviews: Guidance Note and PPS3: Housing it states that if a site is not likely to come forward for economic development during the plan period, then wider employment uses or alternative uses, such as housing, should be actively considered. This study should therefore recommend which sites, if any, should be released to other uses or taken forward for mixed use.
- 2.54 The London Plan designates two Strategic Industrial Locations (SILs) in Lewisham: Surrey Canal and Bromley Road. The Plan states that there is scope for some release of land in the SILs to other uses, whilst maintaining an appropriate supply to meet demand. The challenge is to develop policies and criteria to manage the SILs as well as Locally Significant and other smaller industrial sites outside the SILs.
- 2.55 The London Plan also identifies an opportunity area at Lewisham-Catford-New Cross, stating that this is capable of accommodating substantial new jobs and homes. This study will comment on what types of employment use would be appropriate alongside housing in these areas, and what the mix should be.
- 2.56 The Lewisham UDP sets out local employment land policies. The Council's policy is to protect identified employment areas for B1, B2 and B8 uses but to consider applications for other uses on employment sites which are not in defined employment areas. The UDP also favours mixed use development. These policies appear to have been working and this study will recommend whether or not they should be taken forward into the LDF.
- 2.57 Both the London Plan and the UDP state that for new office development, Lewisham and Catford town centres are the preferred locations. However, the town centres have attracted little new office development since the UDP was adopted.
- 2.58 The Council's Economic Development Business Plan points to the need for a proactive approach to make the best use of employment sites, and again points to mixed use development as a possible solution. It also states that there is a need for particular types of space - an environmental industries cluster, space for creative industries and small business space.
- 2.59 Finally, Lewisham is also required to set aside sufficient land to manage waste. Its waste apportionment is able to be met through the operation of SELCHP in the north of the borough. However, Lewisham are setting out options for extending waste processing, possibly with a waste transfer station elsewhere in the

borough. Given the lack of non-designated and vacant land sites in the borough, this could have implications on the planned supply of employment land. A joint technical paper on waste is being prepared with other south east London boroughs to deal with the waste apportionment requirements of the London Plan.



## 3 LEWISHAM ECONOMY

### Introduction

- 3.1 In this chapter, we profile the Lewisham economy under three main headings:
- The workplace economy, comprising the businesses and jobs located in the borough;
  - The residents, the population and the workforce that live in the borough; and
  - The labour market, which brings together the labour demand generated by the workplace economy and the labour supply provided by the resident population.
- 3.2 Three broad questions shape the analysis:
- What are the growth prospects for Lewisham's workplace economy?
  - What is the character of the economy and what does it imply about the demand for employment space?
  - How well off are working residents, and how does their economic well-being relate to the performance of the local economy?
- 3.3 Throughout this chapter we benchmark Lewisham's current economic position and performance against the neighbouring boroughs of Greenwich and Southwark, the South East London sub-region, and the Greater London region.
- 3.4 Along with the most recent statistics at the time of undertaking this study (in Spring 2008), the analysis is also enriched by reference to other reports, notably:
- Grant Thornton's *Commercial Property Assessment*, 2006;
  - URS, *Lewisham Commercial Property Study*, 2005;
  - Ancer SPA, *Economic Development Business Plan*, 2004;
  - Local Futures Group, *The State of the Borough, an Economic, Social and Environmental Audit of Lewisham*, 2004; and
  - The Mayor of London, *Mixed Use Development and Affordable Housing Study*, 2004

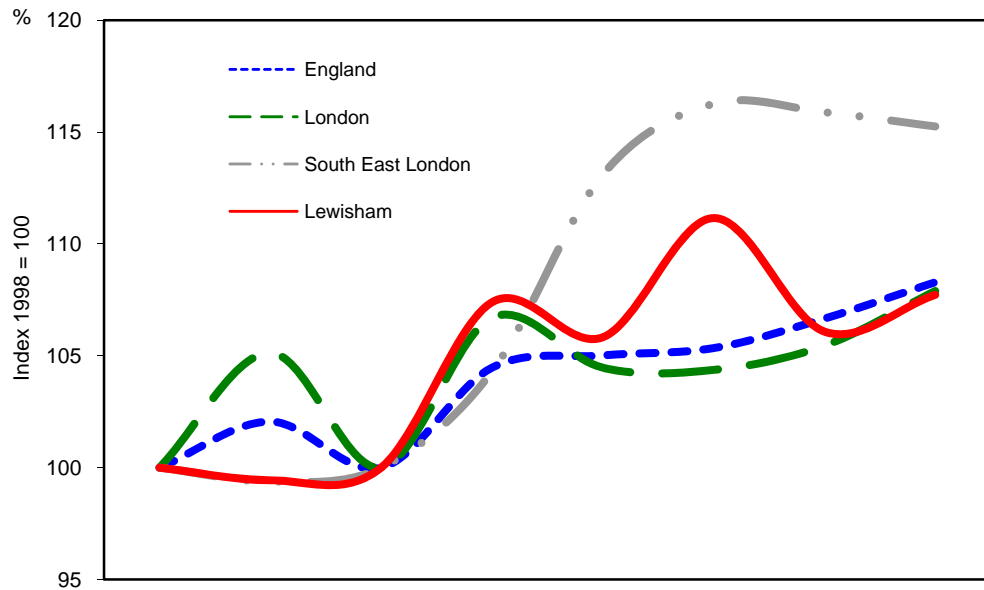
### The Workplace Economy

- 3.5 NB: The Annual Business Inquiry (ABI) is a key information source used in this section and we use the latest year (2006) data for the current profile. However, due to changes in data recording in 2006, for past changes over time we use 1998 to 2005 data to avoid discontinuities and to provide a consistent series.

#### *Broad Industrial Structure*

- 3.6 In 2006 there were 66,000 employee jobs in Lewisham. As shown in Figure 3.1, past changes suggest that the number of jobs in the borough has grown by 8% in line with the regional and national averages, but below the sub-regional average.

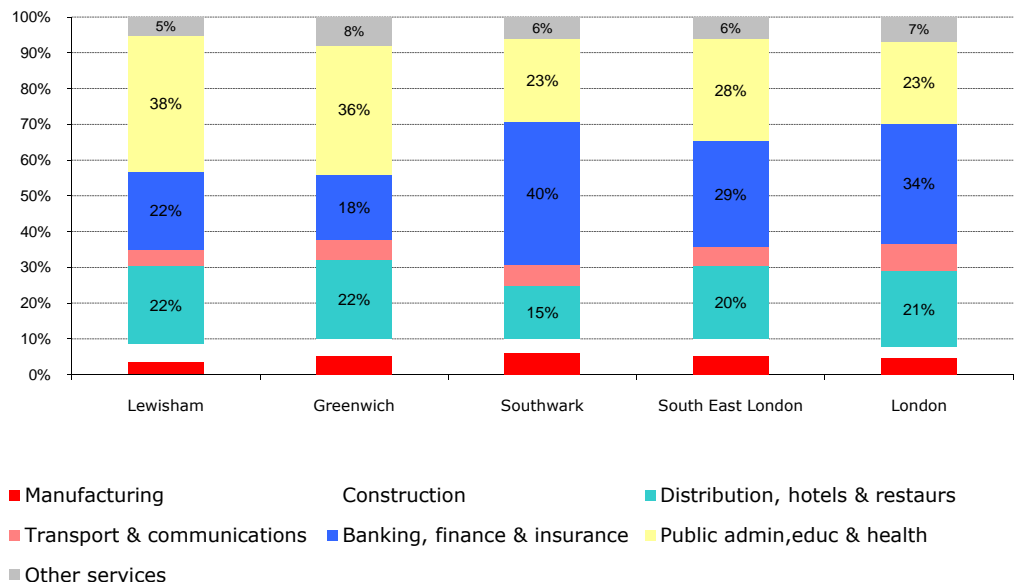
**Figure 3.1 Employment Growth, 1998 to 2005**



Source: Annual Business Inquiry

3.7 Public admin, education and health continues to be the largest employment category in Lewisham with 22,807 jobs (38%) in 2006, followed by Distribution, Hotels and Restaurants (in Lewisham this is mostly retail employment) and Banking and Finance, each of which employ approximately 12,800 employees.

**Figure 3.2 Broad Employment Categories, 2006**



Source: Annual Business Inquiry

- 3.8 As shown in Figure 3.2, the broad employment structure of Lewisham closely resembles neighbouring Greenwich, but differs significantly from Southwark and the London average in terms of the proportion of jobs in Banking, Finance and Insurance<sup>4</sup>.
- 3.9 The broad employment categories are as expected given Lewisham's place in recent history as a residential borough of the city.
- 3.10 In November 2004, Ancer SPA produced an Economic Development Business Plan for Lewisham<sup>5</sup>. That document noted that Lewisham is relatively weak in terms of high value added businesses. The Business Plan found Public Administration accounted for 23,500 (nearly 40%) of the borough's employment followed by wholesale and retail trade 10,600 (17% of jobs).

### *Key Employment Sectors*

- 3.11 Table 3.1 identifies well-represented employment sectors in Lewisham. The table lists those activities which have more than 500 employees and a Location Quotient (LQ) greater than or equal to 1.3, thereby indicating that the share of employment in the borough is 30% or more above the national average.
- 3.12 Lewisham has high shares of its employees in public administration and education, and lacks representation in productive sectors which is likely to prohibit productivity growth in the local economy (covered in more detail below).
- 3.13 Table 3.1 Indicates that Lewisham has few industries with high location quotients and many employees relative to the rest of England. Of the industries represented in Table 3.1, all except Education are likely to be located in business space accommodation.

**Table 3.1 Well Represented Employment Sectors in Lewisham, 2006**

Industry	Number	LQ England
75 : Public administration and defence; compulsory social security	5,788	1.82
80 : Education	7,623	1.39
22 : Publishing, printing and reproduction of recorded media	954	1.32
70 : Real estate activities	1,272	1.31
60 : Land transport; transport via pipelines	1,580	1.30

Source: Annual Business Inquiry

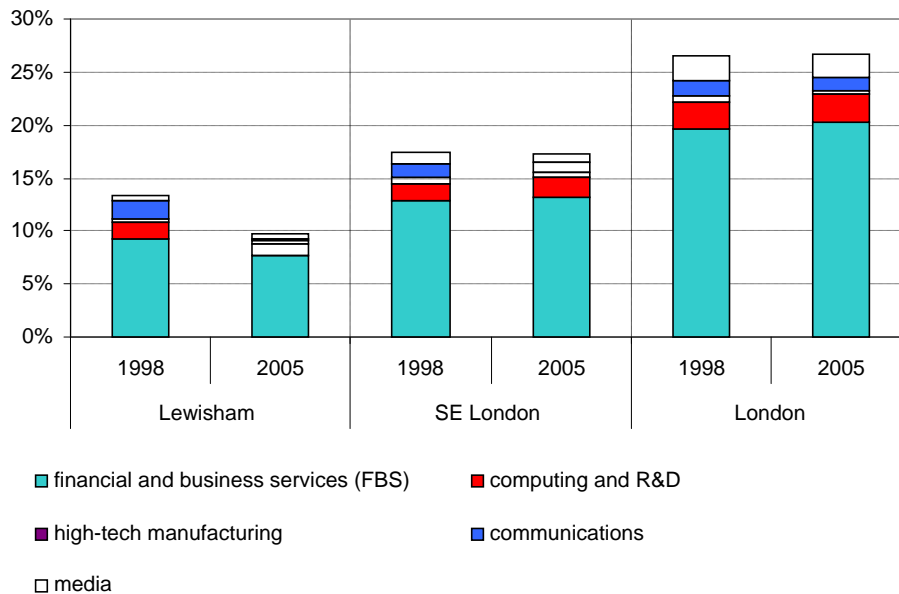
### *Knowledge-Based Sectors*

- 3.14 Employment in knowledge-based sectors is recognised as a measure of economic competitiveness, which in turn is a determinant of current and future prosperity.
- 3.15 Lewisham continues to maintain a relatively small proportion of knowledge based jobs within the borough. And added to this, Figure 3.3 shows that Lewisham's proportion of knowledge-based jobs has been declining in contrast to the sub-region and regional pattern.

<sup>4</sup> Part of Southwark is within London's Central Activity Zone, and it is likely that its employment is skewed by the concentration of strategic employment opportunities within this zone.

<sup>5</sup> Ancer SPA November 2004, Lewisham Economic Development Business Plan.

**Figure 3.3 Proportion of Jobs in Knowledge Based Sectors, 1998-2005**



Source: Annual Business Inquiry

### *Creative Industries*

- 3.16 The creative industries are often defined as those that focus on creating and exploiting intellectual property products; such as music, books, films and games, or providing business-to-business creative services such as advertising, public relations and direct marketing.<sup>6</sup> The DCMS define creative industries to include these and elements of manufacturing dependent on intellectual property rights.
- 3.17 Creative industries are promoted as potential growth drivers in the UK<sup>7</sup>. Admittedly, more research is required to understand the magnitude of its potential to contribute to growth, particularly in small-scale lifestyle businesses. However, Lewisham’s creative industries have received attention in the recent studies of the borough listed at the start of this chapter; it is believed that these industries are an opportunity for the borough to expand employment.
- 3.18 According to ABI data, Lewisham’s creative industry sector is small and not particularly well represented across the borough, but is growing rapidly. Table 3.2 provides a summary.

<sup>6</sup> Wikipedia Definition, [http://en.wikipedia.org/wiki/Creative\\_industries](http://en.wikipedia.org/wiki/Creative_industries), 2008-06-27

<sup>7</sup> The Work Foundation, *Staying Ahead The Economic Performance of UK’s Creative Industries*, 2008

**Table 3.2 Lewisham's Creative Industry Employment Profile**

	Lewisham	England
No. of workplaces in the DCMS defined creative industries sector in 2006	3,537	
Emp growth rate in creative industries, 1998-2005	3.1%	1.6%
Share of employment, 2006	6%	8%
Creative Industry LQ	0.75	

Source: Annual Business Inquiry

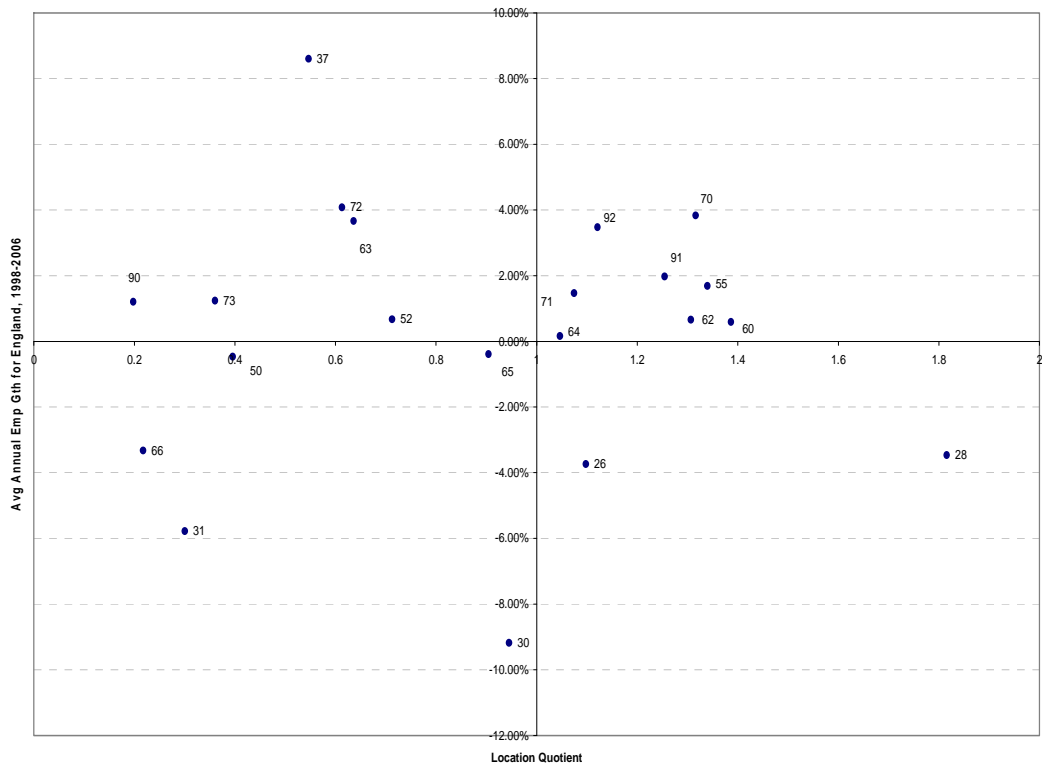
### *Sector Performance*

- 3.19 Figure 3.4 plots Lewisham industries with more than 100 employees by their recent past employment growth and local share of jobs measured using a Location Quotient<sup>8</sup>. Industries above the horizontal axis are those that have encountered growth between 1998 and 2005 nationally. The higher up the relevant point, the faster the employment growth has been over the 8-year period. These growing sectors can be subdivided into two groups
- 3.20 The north east quadrant of the chart, are sectors that are over represented and provide a greater number of jobs within the borough than nationally. The further to the right the point is located, the greater the sector's over representation. In this category, only the rental of machinery and equipment, and post / telecommunications, require employment space.
- 3.21 The industries in the north west quadrant are sectors that have grown in the national economy but are poorly represented in Lewisham.
- 3.22 Below the horizontal axis are sectors that have experienced negative growth nationally. Most tend to be in the manufacturing and utility sector, however distribution and insurance and pension funding have also been losing jobs.
- 3.23 Lewisham has concentrations in industries producing non-tradable goods, such as education and leisure, as one might expect from areas with high concentrations of housing. Sectors that are growing nationally are office based and these are well represented in the borough. By contrast, sectors that are declining are in manufacturing and are underrepresented. As demand for business space from manufacturing firms falls, this will be offset by demand for office space within the borough.

<sup>8</sup> The Location Quotient (LQ) is a measure of the concentration of industry in an area compared to the national average. The LQ highlights specialisation industries within the local economy.



**Figure 3.4 Industrial Structure (2006) and Growth (1998-2005) in Lewisham's Sectors with more than 100 employees.**



High Growth Low Representation	High Growth High Representation
37 : Recycling	55 : Hotels and restaurants
52 : Retail trade, except of motor vehicles; repair of goods	60 : Land transport; transport via pipelines
63 : Supporting and auxiliary transport activities; activities of travel agencies	62 : Air transport
72 : Computer and related activities	64 : Post and telecommunications
73 : Research and development	70 : Real estate activities
90 : Sewage and refuse disposal, sanitation and similar activities	71 : Renting of machinery and equipment without operator
	91 : Activities of membership organisations not elsewhere classified
	92 : Recreational, cultural and sporting activities
Low Growth Low Representation	Low Growth High Representation
31 : Manufacture of electrical machinery and apparatus not elsewhere classified	26 : Manufacture of other non-metallic mineral products
50 : Sale, and repair of motor vehicles and motorcycles; sale of fuel	28 : Manufacture of fabricated metal products
65 : Financial intermediation, except insurance and pension funding	

Source: Annual Business Inquiry

### *Business Space Sectors*

- 3.24 In this study we are particularly interested in “B-space employment” - the jobs that occupy industrial space, warehouses and offices, comprising classes B1-B8 of the Use Classes Order Uses. We base this on the definition used for the GLA’s employment forecasts (see Chapter 5).
- 3.25 For industrial and warehousing space, broadly the GLA’s definition includes manufacturing, sewage and refuse disposal, some parts of construction, and motor repairs and maintenance. Warehousing is occupied by a variety of transport and distribution activities. For offices (which include R&D), the GLA assumes they are occupied by Financial and business services.

- 3.26 Table 3.3 indicates that 31% of Lewisham's employment is in GLA defined industrial and offices sectors; this is a lower share than in any other SE London borough. The number and share of office jobs is greater than in Greenwich and only slightly less than in Bexley, but much higher in the remaining neighbouring boroughs. Only Southwark has fewer and a lower share of industrial jobs, Bromley has a similar share but a greater number, while Bexley has more than double the number and share of industrial jobs than Lewisham.

**Table 3.3 B-Space Employment by Type of Space, 2006**

	<b>GLA Industrial</b>	<b>% Total Employment</b>	<b>GLA Office</b>	<b>% Total Employment</b>
Lewisham	5,817	9.7%	12,889	21.6%
Bexley	12,731	20.3%	14,180	22.6%
Bromley	10,377	9.7%	30,129	28.3%
Greenwich	8,557	13.3%	11,813	18.4%
Southwark	13,598	8.7%	62,626	39.9%
S E London	51,080	11.4%	131,637	29.3%
London	442,064	11.1%	1,340,782	33.5%

Source: Annual Business Inquiry

- 3.27 When we look closely at the sub-categories used to define B-space jobs in Table 3.4, industrial jobs make up the smallest share. It has also declined by a quarter between 1998 and 2005. Within this category, Wholesale trade, Printing and recorded media, Manufacturing, and Freight and couriers are the principal sub-sectors. With the exception of the last one, all these sectors have recently experienced declining job numbers.
- 3.28 Office jobs account for more than double the number of industrial jobs at 2006. Interestingly the largest sector is industrial cleaning. We suspect that these companies employ a number of people that are sent to clean offices in Central London, and as such will not make huge demands for office space within the borough. The same may be said of industrial recruitment, which is the second largest sector.

**Table 3.4 Lewisham B-Space Employment Sub-categories**

	Jobs in 2006		Employment change 1998-2005
	Share of B-Space jobs	Share of all jobs	
<b>GLA Industrial sub-categories</b>	<b>31%</b>	<b>10%</b>	<b>-26%</b>
Printing and recorded Media	5%	2%	-17%
Recycling and Refuse Disposal	1%	0%	-78%
Maintenance	3%	1%	8%
Construction	3%	1%	0%
Manufacturing	5%	2%	-51%
Freight and Couriers	5%	1%	2%
Storage and Cargo Handling	1%	0%	-48%
Wholesale Trade	9%	3%	-7%
<b>GLA Office sub-categories</b>	<b>69%</b>	<b>22%</b>	<b>-2%</b>
Financial intermediation, etc	3%	1%	-75%
Insurance and pension funding, etc	0%	0%	-97%
Act auxilliary financial intermediation	0%	0%	-47%
Real estate activities	7%	2%	12%
Renting machinery/equipment, etc	2%	1%	14%
Computing and related activities	4%	1%	-16%
Research and development	0%	0%	-44%
Labour recruitment etc	13%	4%	32%
Investigation and security activities	5%	1%	41%
Industrial cleaning	20%	6%	-7%
Other business activities	16%	5%	43%

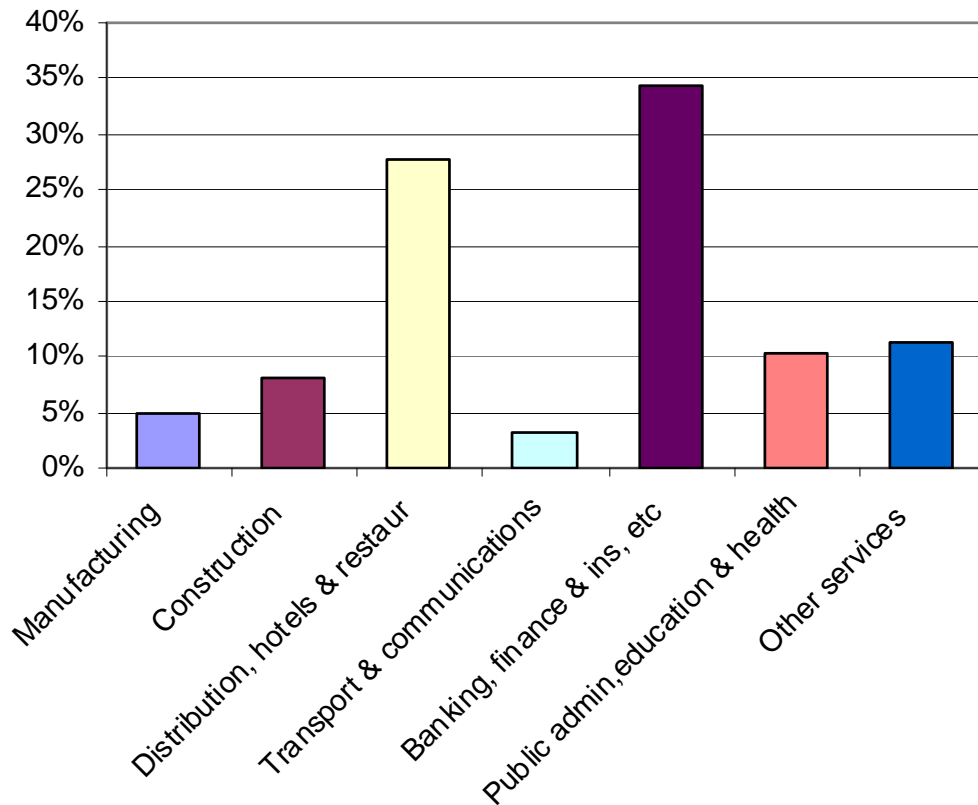
Source: Annual Business Inquiry

- 3.29 Looking at the representation among the B-space sector sub-categories, suggests those likely to be serving the Central London business market are in the strongest sub-sectors. For example, Industrial cleaning, Renting machinery/equipment, Investigation and security activities which are in the offices, and similarly in the industrial sector, Printing and recorded media, Maintenance, Freight and couriers. These sectors are all relatively clean and can equally be found in clean light industrial building, workspaces and offices.

### *Business Sectors*

- 3.30 According to the ABI, there were more than 7,000 businesses operating in Lewisham in 2006. Shown in Figure 3.5, local businesses are more likely to be operating in Financial and business services (accounting for 34% of businesses). This is followed by Wholesale and retail (27% of businesses), and Public service activities (10% of the total). Even when a broad definition of manufacturing is used, less than 5% of the Borough's businesses are operating in the Manufacturing sector; Construction activities account for around 8%.

**Figure 3.5 Lewisham Business Units by Economic Sector, 2006**



Source: Annual Business Survey

### *Size of Businesses*

3.31 The average business size is 10 employees.<sup>9</sup> While this size distribution is not unusual, the data shown in Table 3.5 hide a significant lack of private sector companies of significant size as measured by employee numbers: a substantial proportion of the 200+ employee organisations are in the public sector. Less than 3% of businesses employ more than 50 people; businesses employing more than 10 people represent just 12% of the total.

**Table 3.5 Total Employment by Business Size 2006**

	1-10 employees	11-49 employees	50-199 employees	200 or more employees
Lewisham	88.0%	9.4%	2.3%	0.3%
SE London	86.6%	10.3%	2.5%	0.6%
London	87.0%	9.8%	2.5%	0.7%

Source: ABI 2006

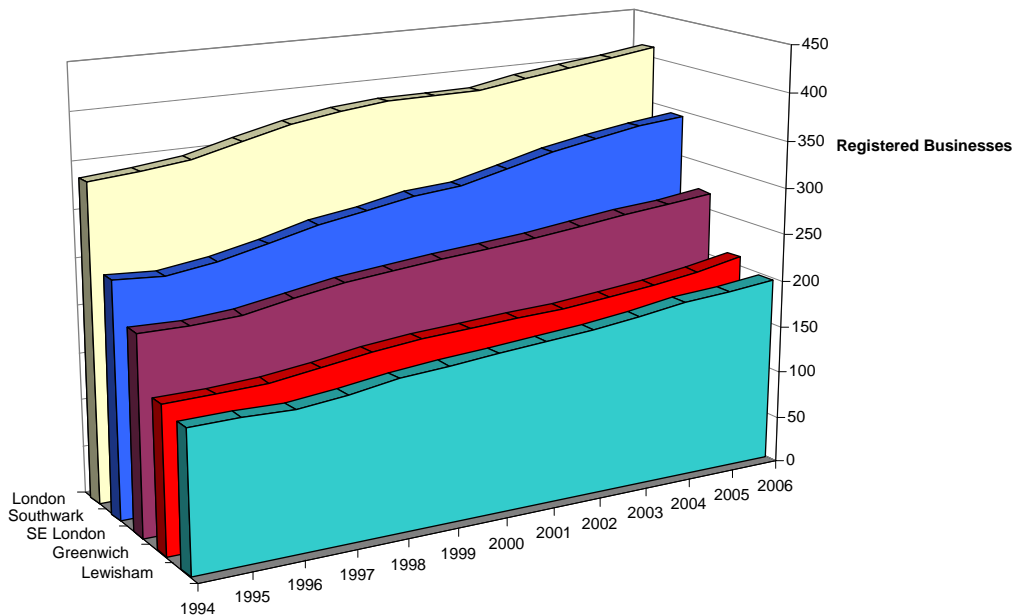
<sup>9</sup> Ancer Spa (2004), *op cit* p36

- 3.32 A check of ABI data revealed that a relatively high proportion (one quarter) of Lewisham’s workplaces are also in businesses employing ten or less employees, and is unchanged since 1998.

*Entrepreneurship*

- 3.33 The recognized measure of entrepreneurship is typically VAT registrations per population. Lewisham has a relatively small number of business registrations for its scale. However, like other boroughs in London, Lewisham has shown consistent growth (34% since 1994) in the number of VAT registered businesses, which is marginally higher than the SE London and London averages (both 23%).
- 3.34 Figure 3.6 also indicates that the relative rank of the businesses per population has not changed in the past 12 years. Areas with higher concentrations of businesses registered in 1994 continue to have higher concentrations than those in 2006.
- 3.35 Grant Thornton’s assessment of commercial property for the Thames Gateway London South area, stated found: “the area has lacked a culture of entrepreneurship”<sup>10</sup> Difficulties in measurement cast some doubt on this conclusion.
- 3.36 The low number of registrations in Lewisham might only serve to reinforce that the borough is not an attractive location for operating businesses.

**Figure 3.6 VAT Registered Businesses per 10,000 Residents, 1994 -2006**



Source: Mid Year VAT registrations and Mid Year Population Estimates, 1994 to 2006

<sup>10</sup> Grant Thornton, *South London Business Property Implications of the Draft City Growth Strategy*, 2006 Page 28

## The Residents

### Population

- 3.37 At just under 250,000, Lewisham is the third largest inner London borough by population and also area.
- 3.38 As Figure 3.7 shows, Lewisham’s population has been growing (8% in the past ten years), although at a lower rate than neighbouring boroughs and across the sub-region and region. Forecasts suggest that the population will grow by nearly 22,000 (8.8%) between 2006 and 2026. This compares with a London-wide growth of 10.5% over the same period.<sup>11</sup>

**Figure 3.7 Population Change, 1986-2005**



Source: Mid-Year Population Estimates

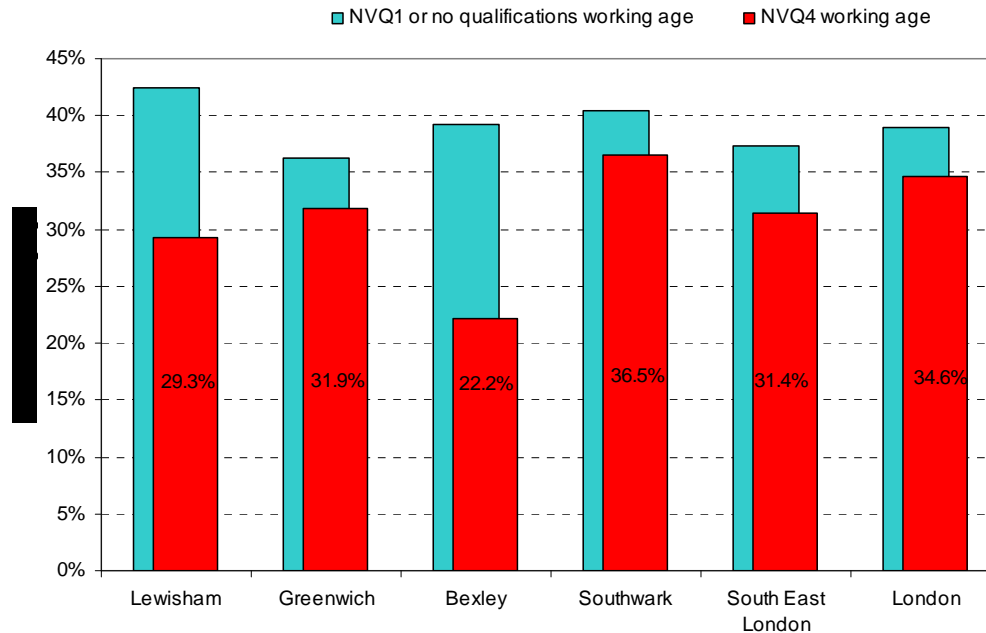
### Education

- 3.39 According to the most recent data, Lewisham has a relatively high proportion of residents with no or entry level qualifications and a slightly lower share of residents with higher skills (degree level or above) compared with neighbouring areas in the SE London sub-region and Greater London. While the marginal below average education profile suggests that local residents would be less suited to many of the knowledge based sector jobs, nearly 30% of its working age population does have NVQ4 and above (degree +) level of qualifications.

<sup>11</sup> GLA, *2006 Round Demographic Projections*, DMAG Briefing 2006/32, p14

3.40 Education differential can be changed in the short run by internal and external migration. However, should the education gap in Lewisham grow it is possible that regional migration could convert the borough into an enclave for the lesser skilled, and supplier of unskilled labour to the rest of the region.

**Figure 3.8 Qualifications of Working Age Population, 2006**

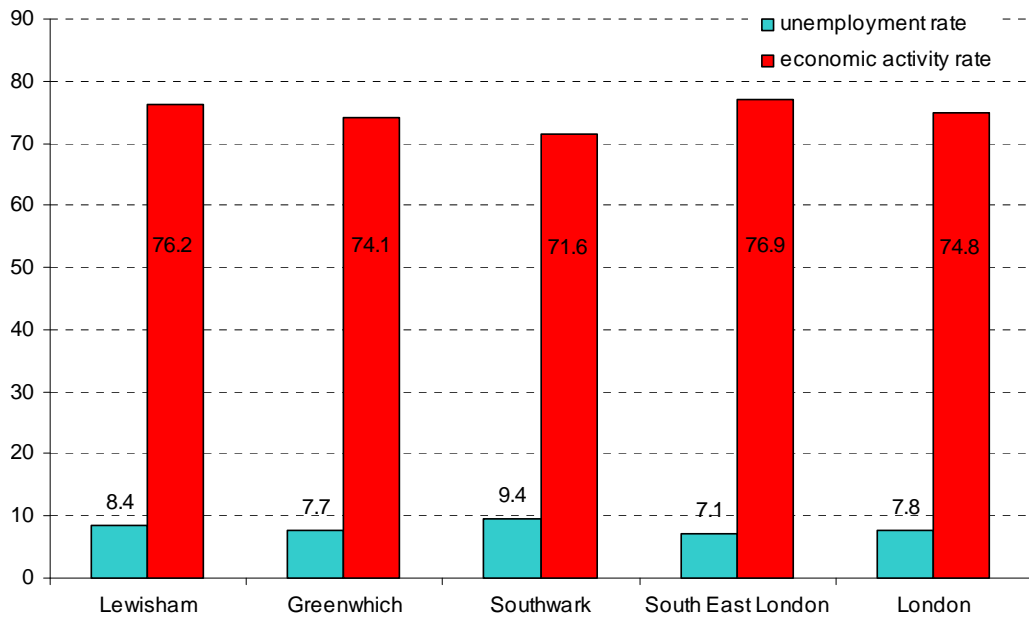


Source: Annual Population Survey

*Economic Activity*

- 3.41 Figure 3.9 indicates that the economic activity among Lewisham residents is relatively high. Lewisham’s rate of economic activity exceeds the London average. However, Lewisham experiences a greater rate of unemployment among working age adults relative to the London average. 10,900 Lewisham residents were unemployed in 2006.
- 3.42 The number of unemployed workers in Lewisham and neighbouring boroughs implies that the region could support more employment opportunities without having to draw on more in-commuters. However this will need considering in the context of Lewisham’s skills base and the profile of Lewisham’s unemployed resident workforce.
- 3.43 Interestingly, despite lower education attainment, Lewisham’s residents have achieved lower rates of unemployment and higher rates of economic activity relative to the neighbouring borough of Southwark. This may reflect a better link between resident skills and local job opportunities in Lewisham.

**Figure 3.9 Economic Activity and Unemp among the Working Age Population, 2006**



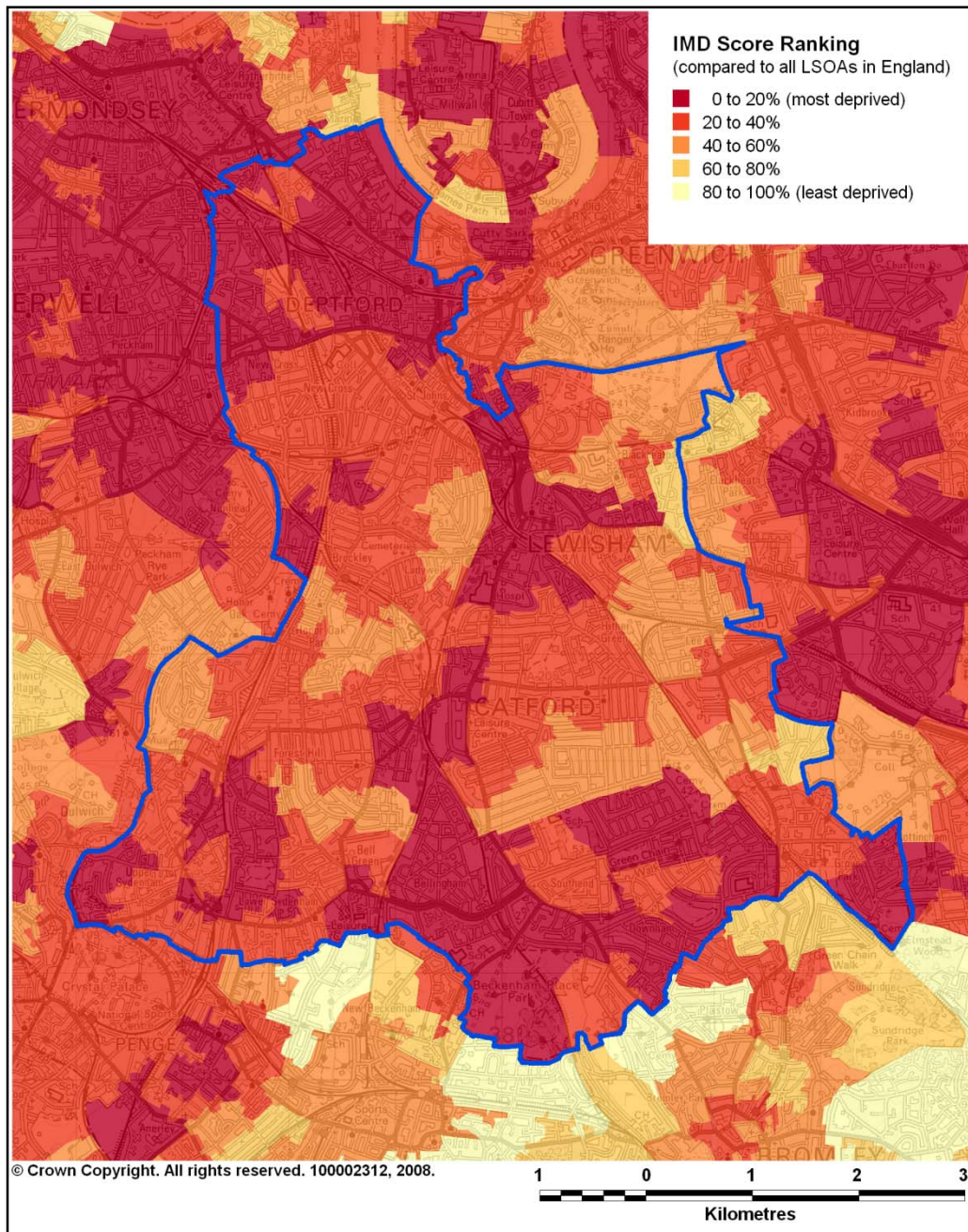
Source: Annual Population Survey

### *Deprivation*

3.44 The Indices of Deprivation 2007 (IoD'07) ranks Lewisham as one of England's most deprived districts, i.e. in the worst 10 percent, ranking 315 out of 345. Figure 3.10 Lewisham Index of Deprivation Map 2007 below displays deprivation within Lewisham's Super Output Areas (SOAs - these are statistical areas that cover neighbourhoods with approximately 5,000 residents). Concentrations of deprived areas in the northern, central and southern parts of the borough stand in stark contrast to the relatively well-off SOAs in Bromley. Be it by chance or consequence, the most deprived areas in the borough are concentrated around the borough's main employment areas. This is particularly true in the north, around Deptford and New Cross, which have the highest deprivation scores.



Figure 3.10 Lewisham Index of Deprivation Map 2007



Source: Index of Multiple Deprivation, 2007, ONS

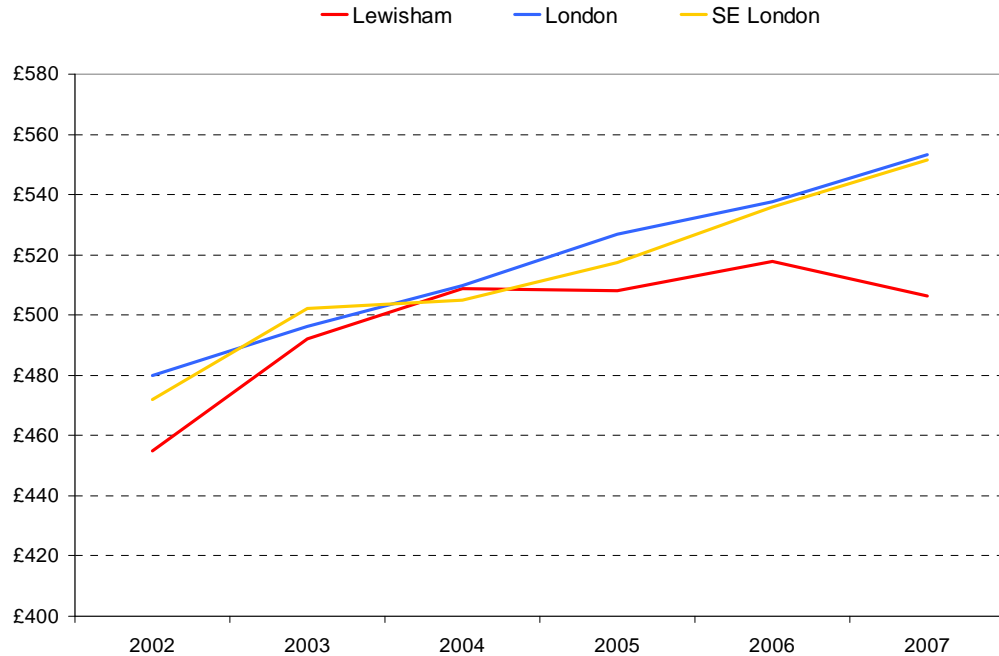
## The Labour Market

### *Earnings*

- 3.45 Figure 3.11 displays the annual average median weekly resident earnings since 2002. Lewisham resident's average weekly earnings are seven percent lower than Bexley and approximately 17% lower than the London average in 2007. Similarly, Lewisham residents' typically had lower weekly earnings than the rest of the SE London sub

region, and is the only borough in the sample that recorded a median income drop between 2006 and 2007 (approximately 2%).

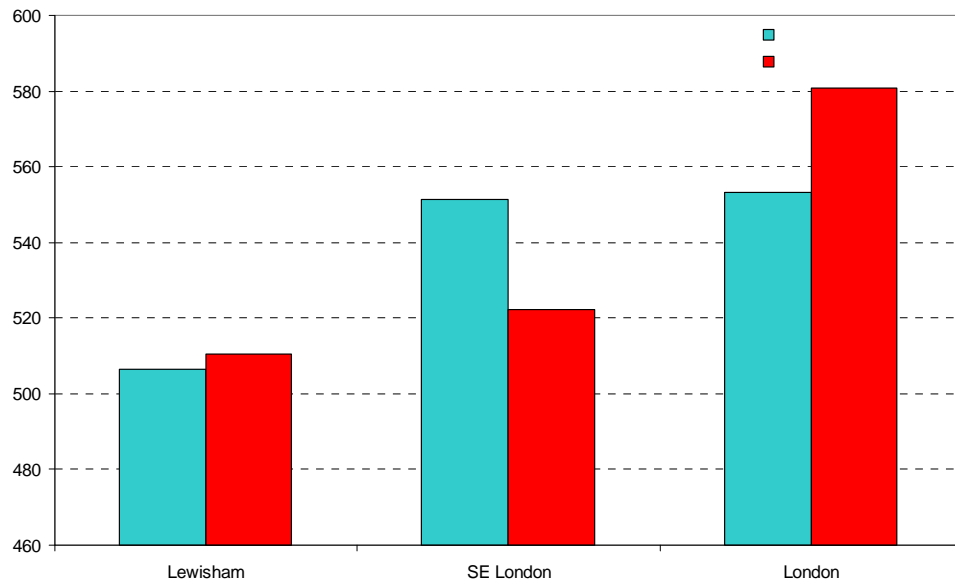
**Figure 3.11 Median Gross Weekly Resident Earning, 2002 - 2007**



Source: Annual Survey of Hours and Earnings

3.46 The difference in workplace and resident earnings is comparatively small in Lewisham. Surprisingly, the median workplace earnings were higher, £4 per week more, than the average earnings of residents (many of whom will travel to work in the City and Canary Wharf). This compares with difference between workplace and residents' earnings in Bromley, where the median income in 2007 was approximately £125 per week higher for Bromley's residents than it was in the Bromley workplace. This relationship is consistent with a large population of relatively highly paid out-commuting workers living in Bromley, as it is across London, particularly outer London, but not in the case of Lewisham.

**Figure 3.12 Workplace and Resident Earnings, 2007**



Source: Annual Survey of Hours and Earnings

*Travel to Work*

- 3.47 As referred to earlier, Lewisham is a borough with good transport access to both employment opportunities in central and East London and also workers from across London. The most recent reliable information on commuting flows is from the Census in 2001. This recorded 79,000 (69%) of Lewisham’s working residents commuted outside the borough for employment. Most commute to other London boroughs, with 96% working within Greater London in 2001. More than 11,000 residents of Lewisham worked in Southwark. Approximately 35,000 Lewisham residents worked in the borough (giving a workplace containment rate of 54%) while a further 29,000 of Lewisham’s workplaces are filled by in-commuters.
- 3.48 The high rates of out-commuting in Lewisham are similar to that of neighbouring Greenwich. Southwark is the only borough within the South East London sub-region that is a net recipient of workers relative to its population.
- 3.49 The rate of commuting reinforces the perception that Lewisham’s role in the London economy is largely one of labour supply.

**Table 3.6 Lewisham Resident Containment and Workplace Containment Rates**

	% residents working in borough	No. of out-commuters	% of borough jobs filled by residents	No. of in-commuters
Lewisham	31%	71,000	54%	30,000
Greenwich	38%	57,000	53%	30,000
Southwark	34%	71,000	26%	106,000
Bromley	45%	77,000	62%	39,000
Bexley	40%	62,000	61%	26,000

Source: Census 2001

## Conclusions

- 3.50 Lewisham's economy is relatively small, and its current economic position can at best be described as mixed by sub-regional standards and below par by Greater London region standards.
- 3.51 The borough has particular advantages for businesses such as good public transport communication, and a good representation in a number of growing sectors. And working residents show some signs of well being, with high economic activity levels and nearly a third of residents are qualified to degree level or beyond.
- 3.52 But Lewisham also has a number of disadvantages. There are few local employment opportunities and a small number of businesses for a borough of its size. Consequently, only a small proportion of Lewisham's working residents actually work in the borough. Lewisham's economy, by London terms, is fairly deficient of high value/knowledge based sectors, and generally there is a greater dependency on non B-space employment. Many of the local jobs can be considered relatively low value in output which reflects the relatively low wage levels. And the over-reliance on public sector may limit opportunities for enterprise driven by the private sector.
- 3.53 While some working residents show signs of well being, many residents are with low level or no qualifications and resident unemployment levels are relatively high by sub-regional and regional standards. There are also some deprived neighbourhoods concentrated in the north of the borough around Deptford and New Cross, Lewisham and Catford town centres, Sydenham, and to the south around Bellingham and Downham. These areas are also the main employment areas within the borough.
- 3.54 This analysis of the Lewisham economy has reinforced findings of recent studies cited at the beginning of this section. These studies have broadly found that Lewisham has a small employment base, with little local entrepreneurship and economic dynamism.
- 3.55 This chapter raises some important issues for Lewisham's employment land policies. In short the prognosis for Lewisham is: low value sectors = low opportunities = low growth. To break this cycle, Lewisham will need to look forward over the coming decade to see how it can better fit in with London's projected growth. Certainly, in terms of location, Lewisham is no less advantaged than other inner London boroughs to benefit from growth in the main business districts in the West End, City and Canary Wharf, which are all expected to see substantial growth in office employment based on GLA projections discussed later in Chapter 5. There is also the investment associated with the Olympics of 2012, and the longer-term prospect of growth within the wider Thames Gateway. The expected continuing growth of London's business economy, together with the associated expansion in service industries, culture, leisure and education, should generate opportunities for off centre locations, such as Lewisham, to accommodate the myriad businesses serving these main drivers of the London economy.



## 4 LAND AND PROPERTY MARKET

### Introduction

- 4.1 Continuing the analysis in the last chapter, we look at qualitative aspects of the demand for land and property in Lewisham borough, considering for what kinds of businesses Lewisham is an attractive location and what kinds of land and property these businesses will require. It serves as a baseline and reality check to the forward-looking analysis of demand and supply provided in Chapter 6, and it provides the qualitative dimension which is lacking from the long-term calculations in Chapter 6.
- 4.2 We begin with a general overview of the area as a business location. We then discuss in turn:
- The supply of space, including stock, vacancies and future commitments;
  - The demand for space, based on recent take-up, rents, etc; and
  - Current and future property market issues and implications for planning policy.
- 4.3 In analysing commercial property markets, it is important to note, and we have taken into account that today's market dynamics are very different to those of ten years ago, and are likely to be different again to those ten years hence. We therefore make every effort in our analysis to discount short-term market tensions, and instead consider longer-term, structural context and trends.

### Property Market Context

#### *Borough Profile*

- 4.4 Lewisham is an inner London borough covering an area of around 35 sq km (14 sq miles). It touches the Thames at Deptford and Convoys Wharf, and stretches southwards to Sydenham and Downham. The borough is generally recognised as a residential borough, with a wide variety of housing types and densities, and, as noted in the previous chapter, it has a relatively small economy, with only a small proportion of its working residents actually working within the borough. However, there are a number of proposals for radical changes to the Borough's built environment through mixed use regeneration which are expected to bring about new opportunities for employment growth.

#### *Transport*

- 4.5 Public transport links to central London - particularly the City and Canary Wharf - and the wider metropolitan area are very good. The Borough is criss-crossed with mainline rail links providing fast and frequent services into Cannon Street, Charing Cross and London Bridge, as well as frequent services to Canary Wharf and the City via the Docklands Light Rail.



- 4.6 The Spatial Core Strategy report refers to the Borough having 20 railway stations, three DLR stations, two London underground stations and 42 bus routes.<sup>12</sup> The East London Line Extension (which overground will become the East London Railway) is due for completion in 2010, and will be extended to Crystal Palace and West Croydon, while Deptford Station is to be redeveloped. The road network is also good, with the A202, the A205, the A2, the A20 and the A21 all passing through the Borough. These are all positive features in terms of accessibility for the commercial property market.

### *Main Centres*

- 4.7 The main concentrations of commercial activity are found in Lewisham and Catford town centres, which are classified as Major Centres. There are District Centres at Blackheath, Deptford, Downham, Forest Hill, Lee Green, New Cross, Sydenham; and Neighbourhood Centres at New Cross Gate, Lewisham Way, Grove Park, Crofton Park, Brockley Cross and Downham Way. The Council's Retail Capacity Assessment of 2004 indicated that there is sufficient spending capacity within the Borough to support the expansion of some of the retail centres, and for Lewisham Town Centre to achieve Metropolitan status.<sup>13</sup>
- 4.8 With the projected increase in Lewisham's population, an expansion of the retail offer will become increasingly important and is a factor underpinning the rationale for a development in Lewisham town centre known as Lewisham Gateway. This scheme seeks to transform the area with a large, comprehensive, mixed used development. The scheme contains around 7,500 sq m (80,000 sq ft) of B1 property.
- 4.9 None of the centres referred to are significant "office locations" in their own right. The majority of the office stock is occupied by small- and medium sized businesses serving local needs, and a small amount of "institutional" office stock.
- 4.10 The main concentrations of industrial activity are in the north, with a focus on the Surrey Canal SIL; with smaller concentrations scattered around the borough in places such as Bromley Road, Manor Road and Worsley Bridge Road.

### *Economy*

- 4.11 As already noted in Chapter 3, Lewisham has one of the smallest economies in London. In common with many other London boroughs, Lewisham has seen substantial economic changes during the past twenty years leading to a net outward migration of private sector employment which are having a continuing impact on the demand and supply of commercial space. From an investors' perspective this serves to weaken the Borough's status as a growth focus for employment land and commercial property. This point was commonly reflected on at a Lewisham Employment Land Stakeholder Workshop that was conducted to inform this study (see meeting notes in Appendix 1). These trends have been reflected in a lack of new supply of industrial and office property over several years.
- 4.12 Based on the profile identified in Chapter 3, for the short-term at least, any growth in demand for commercial floorspace will be driven by existing, small local companies

---

<sup>12</sup> London Borough of Lewisham (2007), *op cit* p21

<sup>13</sup> Cited in: London Borough of Lewisham, *Spatial (Core) Strategy, Preferred Options Report, 2007*, p19

undergoing growth; new businesses starting up in the area, and the public sector. Furthermore, there appears to be an under-representation of larger private sector companies to act as a magnet for smaller businesses providing them with goods and services.

## Land and Property Supply

### *B-space Stock*

- 4.13 Data from CLG and the VoA, shown in Table 4.1 shows Lewisham to have less factory space than other SE London Boroughs, and the second lowest quantum of warehousing space (after Bromley). In 2005, a finding from the URS study<sup>14</sup> was that due to a lack of large premises, there is a market perception that Lewisham is not a prime location for factories or warehouses. This is supported by the latest VoA data. In total, Lewisham has 442,000 sq m of rated industrial (factories) and warehousing space, averaging just 343 sq m per rated unit (hereditament). The average size in the sub-region is 432 sq m, and across London it is 551 sq m.
- 4.14 Similarly, with 181,000 sq m of rated office space, Lewisham has less stock than in three of the four other SE London boroughs. The average size of this stock is 326 sq m per rated unit (hereditament), which is slightly larger than the average across the sub-region (307 sq m) and slightly less than the average across London (345 sq m).

**Table 4.1 Current Levels and Past Change in Business Floorspace Stock**

2006							
	Lewisham	Greenwich	Southwark	Bexley	Bromley	SE London	London
<b>No. of Hereditments</b>							
Offices	555	908	2,688	587	1,327	6,065	83,114
Factories	1,002	551	1,323	773	563	4,212	24,794
Warehouses	575	687	1,419	583	543	3,807	23,273
<b>Floorspace (1,000 sq m)</b>							
Offices	181	200	1,154	168	339	1,861	28,691
Factories	220	326	389	461	237	1,413	10,077
Warehouses	322	544	602	670	283	2,099	15,746
Percentage Change 2001-2005							
	Lewisham	Greenwich	Southwark	Bexley	Bromley	SE London	London
<b>No. of Hereditments</b>							
Offices	-4%	24%	19%	1%	4%	12%	10%
Factories	-8%	-10%	-8%	116%	-1%	4%	-10%
Warehouses	-8%	11%	-8%	247%	12%	11%	-5%
<b>Floorspace</b>							
Offices	14%	4%	5%	6%	-7%	-6%	3%
Factories	-8%	-7%	-19%	-15%	-17%	-25%	-25%
Warehouses	-3%	15%	-17%	45%	37%	-4%	3%

Source: Commercial and Industrial Floorspace and Rateable Value Statistics, VOA

- 4.15 Lewisham's stock of commercial property has in recent times actually shrunk<sup>15</sup> - a feature made all the more surprising given the health of the market in London generally over the past five-six years. The low level of activity in the Borough's commercial property market is demonstrated by the fact that the most recent Annual Monitoring Report showed that during the previous year a total of just 2,940 sq m (31,646 sq ft) of

<sup>14</sup> URS, March 2005. Lewisham Commercial Property Study, Draft Report.

<sup>15</sup> Ancer Spa (2004), *op cit* p68



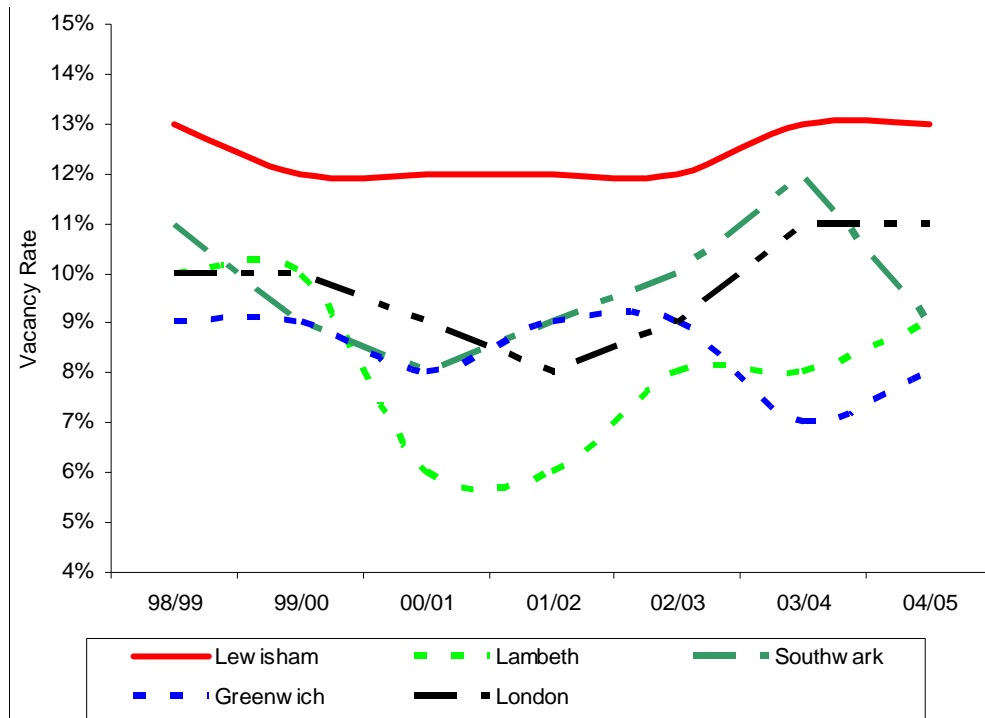
gross internal floor space was completed for employment use.<sup>16</sup> This almost insignificant addition to stock was broken down into the following use classes:

- 1,223 sq m (gross) of B1 offices, research & light industry;
- 1,717 sq m (gross) of B8 storage and distribution centres; and
- There was no general industrial B2 use created in this period.

### Vacancies

4.16 Official figures state that there is a perennial high level of vacancy in commercial and industrial space in the Borough, which accounted for 13% of stock in 2004/05, and has remained around this level since 1998 (see Figure 4.1). In seeking to explain this, the site assessments in Chapter 7 would suggest that it is caused by a mismatch between the stock that is available and the type of stock that is currently in demand.

**Figure 4.1 Commercial & Industrial Vacancy Rates in Selected South London Boroughs**



Source: DCLG<sup>17</sup>

4.17 A common theme coming through at the Lewisham employment land stakeholder workshop was the perceived shortages of stock in a highly constrained market that provides little choice either to local, growing companies, or to companies considering locating to the area from elsewhere. Repeated studies have found the same. For

<sup>16</sup> London Borough of Lewisham (2006) *Annual Monitoring Report 2005-06* p25

<sup>17</sup> DCLG, *Industrial & Commercial Floorspace Statistics, 2006*

example, Lewisham's Economic Development Business Plan<sup>18</sup> identified a number of "gaps and weaknesses" affecting commercial property in Lewisham. These include the following:

- A shortage of suitable properties for inward investors or expanding companies.
- A shortage of freehold property; much of what is available is owned by investors who want to keep it for rental investment.
- A reduction in commercial and industrial stock between 1985 and 2003.
- Few buildings available for start up and small business workspace; any new provision would have to be from conversions or new build.
- A poor supply of accommodation over 200 sq m (2,000 sq ft).

4.18 The same report goes on to note that "the lack of supply of business workspace forms one of the largest constraints to business growth and development within the borough", and that in order to "improve employment in the borough, Lewisham must ensure that employment sites and workspaces are available and promoted, particularly in relation to priority sectors".<sup>19</sup>

4.19 There is thus an apparent contradiction between high vacancy levels and reported shortages of space, suggesting that what is available is not what the market requires, raising the spectre not only of a shrinking asset base, but also an increasingly obsolete one. Put more starkly, while the Borough's commercial property market is failing to create suitable new stock, choice for occupiers is shrinking and a spiral of decline is evident in which it will lose critical mass as a business location - if it has not already done so. A particular case is the use of industrial premises in some of Lewisham's employment areas for faith groups' activities. The trend for such activities throughout London has grown, and because of the availability of cheap industrial properties with large floor areas in Lewisham, it was reported back at the Lewisham Stakeholder workshop that increasingly space was being lost to such activities which would only use them for a small part of the week, but have the capability to pay higher rents than local business.

4.20 Table 4.2 provides an availability schedule, at the Borough level, for industrial and office premises. The data are taken from an online database, *South London Business*, which is shared by a number of boroughs. While it is has proved difficult to verify that the list is comprehensive, Lewisham Council have suggested that there has been a recent drop in agent numbers contributing to the service. Nonetheless, and relative to other districts, the small number of entries indicates a small commercial property market in the Borough, which would remain the case should the number of entries be twice as many.

---

<sup>18</sup> Ancer Spa (2004), *op cit* p68

<sup>19</sup> Ancer Spa (2004), *op cit* p14

**Table 4.2 Availability of Premises in Lewisham, October 2007**

<b>Address</b>	<b>Additional Comments</b>	<b>Sq ft</b>
<b>Industrial</b>		
George Lane	Freehold sale	1,270
Units 8/9, Worsley Bridge Rd	Sub-let	13,515
Unit 2, Marlow Business Centre, Batavia Rd		778
Unit 10, Marlow Business Centre, Batavia Rd		903
Units 5,6 and 14, Deptford Trading Estate		3,200
Unit 6, Blackhorse Rd	Lease	3,200
Unit 14, Blackhorse Rd		3,200
Unit 60, Parkside Business Estate, Rolt St		1,849
Unit 36, Parkside Business Estate, Rolt St	Network Rail Solutions Tenancy Agreement	1,940
Unit 23-25, Parkside Business Estate, Rolt St		3,068
Unit 12-13, Resolution Way, Deptford High St		1,904
<b>Sub-total</b>		<b>34,827</b>
<b>Office</b>		
291 Southend Lane, Catford	FRI lease. £16.5k pa	1,774
Clipper Way, Lewisham High St	FRI lease. £10k pa	402
Heron House, 32-34 Dartmouth Rd	Sub-lease	7,304
Bellingham Trading Estate		1,100
62-66 Rushey Green Rd	Assignment/sub-lease	5,426
<b>Sub-total</b>		<b>16,006</b>

Source: South London Business Property Database

### *Supply Pipeline*

4.21 While recent activity in terms of new construction has been low, the outlook is only a little more encouraging. Table 4.3 summarises outstanding applications and permissions in the Borough as at May 2008<sup>20</sup>. There are just 9,204 sq m of full

<sup>20</sup> To split the B1 use class between light industry (B1c) and offices (B1a and b), we use the descriptions provided by Lewisham Council's planning department.

planning permissions, and a further 3,056 sq m of outline planning permissions with potential for delivering floorspace in the short term. Further out in the pipeline there are 102,997 sq m of various applications, although nearly two-thirds (63%) of the pipeline is accounted for by Convoys Wharf, a scheme with a high level of uncertainty in terms of delivery schedule.

- 4.22 The low level of supply in the pipeline suggests that there is currently little investor/developer interest in the Lewisham commercial property market. This is having a depressing effect on rents and land values because it is difficult for anyone reviewing the market for opportunities to gain a real insight into potential values. We look at this next.

**Table 4.3 Outstanding Applications and Permissions in Lewisham, Sq M, May 2008**

Site	Status	B1a	B1c/B2/B8	Total B-space
Land at the former Bell Green Gas Works SE26	Full PP		10,644	10,644
72-78 Conington Road, SE13	Full PP	496	-1,908	-1,412
William House and former Public Car Park, Childers Street SE8	Full PP	851	-879	-28
160 Bromley Road SE6 2UP	Full PP	10,591	10,244	20,835
Site of Old Seager Distillery and Norfolk House, Brookmill Road, SE8	Outline PP	3,056		3,056
William House and former public car park, Childers Street, SE8	App	453		453
The Lewisham Gateway Sites, Lewisham High Street, SE13	Outline App	8,000		8,000
Convoys Wharf, Prince Street SE8	Outline App	24,236	48,473	72,709
Thurston Road, SE1307 66539 52-54 Thurston Road, SE13	Expire Outline PP	1,000		1,000
<b>Total planning pipeline</b>		<b>48,683</b>	<b>66,574</b>	<b>115,257</b>

Source: LB Lewisham

## Demand for Space

### *Rents and Land Values*

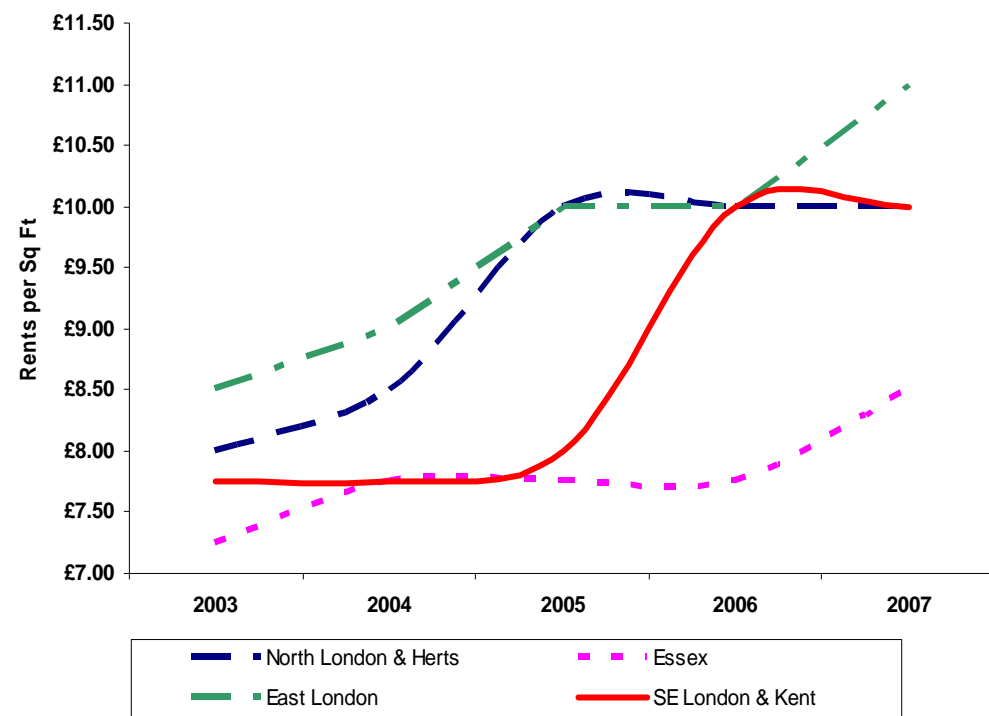
- 4.23 Owing to the small relative size of the Lewisham commercial property market, and to the low level of transactional activity, reliable evidence on rents and land values are difficult to find. As demonstrated elsewhere in this report, many of the commercial

sites in the Borough fall in small pockets within large and growing areas of residential use. This is even the case in some areas where the commercial buildings are relatively new, such as those in Plough Way, where there is an equally modern area of residential property, albeit that much of this lies in the neighbouring borough of Southwark.

4.24 The 2005 URS<sup>21</sup> report cited property agents in Lewisham quoting wide ranging levels of rent in both the industrial and office sectors. Rents in the database provided by Gateway to London<sup>22</sup> for industrial premises, and cited by URS, varied between £2.50 sq ft and £13 sq ft per annum. The most expensive ones being at Creekside and at Malham Road Industrial Estate; the cheapest industrial premises were also located at Creekside.

4.25 We sought as part of this study to update the URS data in order to judge the health of the market in value terms. On the basis of our recent research, it would appear that rents for both industrial and office property in Lewisham have changed little since the URS study. Rents in London have more generally been active in recent years, including those in the industrial sector. Figure 4.2 shows market evidence produced by Glenny, which demonstrates that rents in “South East London and Kent” have in fact risen, contrary to the evidence found in Lewisham. While the Glenny data is not entirely conclusive (it includes Kent data which might be expected to run ahead of inner London), it does suggest that perhaps Lewisham property is lagging the property market more generally.

**Figure 4.2 Prime Industrial Rents in North and East London**



<sup>21</sup> URS Corporation (2005) Lewisham Commercial Property Survey.

<sup>22</sup> The inward investment agency for Thames Gateway London.

Source: Glenny<sup>23</sup>

### *Industrial Rents*

- 4.26 Industrial estates in the area of Evelyn Street (for example: Elgood Industrial Estate and Rainsborough Avenue) are quoting rents ranging from £2 to £6 sq ft, while buildings in Juno Way and the Elizabeth Estate are currently asking £7.50 sq ft. Local agents report increased demand in areas such as the Elizabeth Estate which they believe is related to work connected to the Olympic Games and particularly the new East London Rail Line.
- 4.27 Modern units bordering on the Old Kent Road are able to demand rents of about £10 sq ft, Sylvan Street £12.50 sq ft and Glengall Business Centre is asking for £14.50 sq ft. This site is also offering two-storey new buildings with ground floor warehousing and upper storey office for sale at between £210 and £220 sq ft.
- 4.28 Much of the local stock comprises railway arches such as those at the Parkside Business Estate, which currently command between £6 and £7.50 sq ft, and the Gemini units, at between £7 and £9 sq ft.

### *Office Rents*

- 4.29 There is little evidence of local office activity, which reflects findings outlined elsewhere in this report. However, stand alone office buildings in the vicinity of the Old Kent Road for refurbished or new space are commanding rents of between £10 and £12 sq ft, and for brand new, fully fitted out space, agents are quoting £18 sq ft.

### *Type of Space in Demand*

- 4.30 According to the *Lewisham Economic Development Business Plan*, most businesses in Lewisham serve local and (east) London clients, with most of the property demand coming from small businesses requiring between 100 to 5,000 sq ft.<sup>24</sup> Feedback at the Lewisham employment land stakeholder workshop supported this.
- 4.31 Commercial agents and recent findings from Grant Thornton study<sup>25</sup> also suggest that most demand is for units up to 3,000 sq ft, and the demand is for a range of tenure requirements (see ). While businesses that require more than 3,000 sq ft have increasing requirements for freehold space.

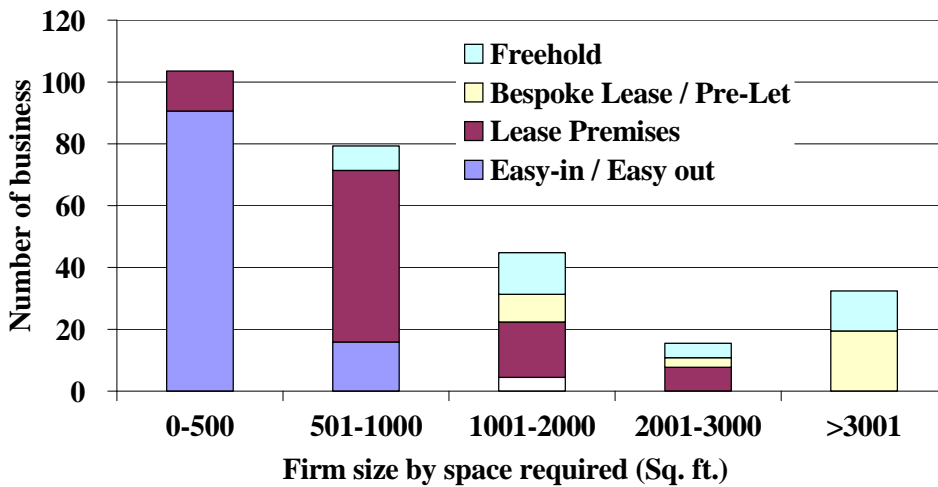
---

<sup>23</sup> Glenny (2007) *Glenny News Issue Six*

<sup>24</sup> Ancer Spa (2004), *op cit* p67

<sup>25</sup> Grant Thornton (2006), *op cit*

**Figure 4.3 Number of businesses by space required by type of premises required (excluding Home/Mobile businesses)**



Source: Grant Thornton (2006)

- 4.32 Most enquiries come from businesses already in the borough or from areas closer to central London looking for the cost benefits of a fringe location.
- 4.33 These findings were endorsed in a study by URS, in which estate agencies were asked what kind of businesses were driving demand for all commercial premises in Lewisham.<sup>26</sup> There was a trend towards a demand for premises from small firms, start-ups and local businesses seeking to relocate. There was also recognition of firms serving the City and Canary Wharf being especially interested in locating in Lewisham. When asked what kinds of premises were in highest demand in the Borough, the agencies highlighted the following:
- Freehold retail premises;
  - Leasehold shops, of about 500-1000 sq ft;
  - Retail/shop fronted premises behind which offices could locate;
  - Low rent, short lease (2-3 years) restaurant and fast food premises;
  - Small sites for 2-3 employees;
  - Increasingly shorter leases;
  - Friendly, basic buildings, no need for high profile locations;
  - Freehold office space, and
  - Premises of 5,000-50,000 sq ft in the northern part of the borough.

<sup>26</sup> URS Corporation (2005), *op cit* p18

- 4.34 The same study also examined the importance of different building characteristics to the survey respondents. Good security features were mentioned by 93%. Also important were good parking (88%), low rent (81%), suitable interior/facilities (81%), and good access to the site (69%). A second tier of priorities related to good yard and storage space (65%) and flexible lease (63%). Half of the respondents thought that freehold ownership was important for their business operations.<sup>27</sup>
- 4.35 The site assessments undertaken as part of this study included a good cross section of the Borough's employment land and property. A total of 29 sites were assessed in detail. From this work, four sites in particular stand out from the others in terms of being successful. These may be used as good examples of successful local stock and help provide clues to the nature of provision that will be required in the future. We discuss them in Appendix 2.

### *Sectoral Demand*

- 4.36 As suggested by data already presented, the retail sector is by far the most active in terms of demand, especially for retail units on Lewisham High Street and Lee High Road. The office and industrial markets are much less strong.
- 4.37 According to the *Lewisham Economic Development Business Plan*, demand is very price sensitive, with businesses looking to take advantage of the rent differential to sites nearer the City.<sup>28</sup> The Plan notes that small offices and small industrial units are the main requirement, but that there is regular demand for distribution sites and buildings, mainly from businesses supplying goods and providing support services to the City (e.g. office supplies, etc). Most demand is therefore locally generated, although the Economic Development Business Plan does record a notable pattern of demand from businesses in Bermondsey and Southwark, seeking to take advantage of lower rents.
- 4.38 The site assessments in Chapter 7 of this study verified these conclusions. In the 29 sites that were assessed, the dominant occupier type was the small, owner-managed business providing goods and services to local demand. Examples include building supplies; motor parts and repairs; electrical goods and contracting; plumbing services, shop fitting and so forth.
- 4.39 In addition to these locally focused businesses there were a large number of companies - also small and owner managed - who seem to serve a wider market. Examples include couriers, designers, facilities contractors, food businesses, importers/exporters, office suppliers, printers and removal firms. It is thought (though not verified) that many of these businesses find their markets among the supply chains of larger central and wider London businesses.
- 4.40 Most of the businesses observed could be described in some sense as "industrial" - either general or light. However, there was a significant proportion for whom an industrial description would convey the wrong impression of their activities. Art products and materials, design services, fabric supplies and design, furniture supplies,

---

<sup>27</sup> URS Corporation (2005), *op cit* p22

<sup>28</sup> Ancer Spa (2004) *op cit*



graphics firms, media services, musical instrument repair, security services and technology consulting and services illustrate the range of activities. In a few cases these firms occupied office space, but more generally they occupied light industrial premises; in land use terms both are classed as B1 and therefore would not conflict with neighbouring uses, including residential uses.

- 4.41 It is evident from other work already cited in this report and from feedback at the Lewisham employment land stakeholder workshop, that what binds these different companies together is a need for simple, cost-effective premises. For many, the stock on offer is appropriate - particularly those of a more industrial character. For others, it might be a case of sub-optimising on quality and specification in order to get the economics right.
- 4.42 None of this tells us what the nature of demand might be like if a wider product choice were available. There is a very small amount of large office stock or business park style space available in the borough. Demand for such space is reported to be low, but whether this reflects a poor supply of the right quality of space, or a perception that Lewisham is not an office location, is unclear.

### *Space for SMEs*

- 4.43 In the Chapter 3 it was noted that Lewisham has a high share of small and medium sized enterprises (SMEs). In an RTP study for the LDA<sup>29</sup>, we found higher-value uses pushing out or pricing out industrial and commercial activities, beginning with the lower-value ones which often include SME space. Also, small units generally cost more to build than larger units. Yet space for SMEs in managed workspace, railway arches and business centres/serviced offices appear healthy and there is no shortfall of supply against demand.
- 4.44 In contrast, technology-and innovation-based provision and business incubators in general are not financially viable without public sector support or cross-subsidy from other properties. Another area of provision which generally is not commercially viable, and relies on public sector support or cross-subsidy, is start-up premises to support young people from disadvantaged areas who operate their own businesses; this group is likely to be strongly represented in Lewisham.
- 4.45 There are economic efficiency arguments and equity rationale for encouraging enterprise through incubation and SME space for small technology-and innovation firms and general provision in deprived areas as part of wider regeneration strategies, which is why some local authorities and the LDA provide this space on a subsidised basis. However, the RTP research suggests that other than intervening to provide space, which is costly and not always suitable action for a local authority, is to provide information on available premises. The study found that the great majority of SMEs looking for property either use property agents or simply look round the area; almost no one asks local councils or business advice centres. This is perhaps inefficient,

---

<sup>29</sup> Roger Tym & Partners, *The Demand For Premises of London's SMEs*, for the London Development Agency, July 2006

because in our experience property agents often know little about small-scale secondary business property.

## Current Property Issues

- 4.46 Although covering a slightly wider geographical area than addressed here, Grant Thornton's *Thames Gateway* report provided a useful résumé of perceptions of the area.<sup>30</sup>
- The quality of the urban environment is poor and presents a poor image of the area. It is a barrier to the growth of existing firms and will restrict the number of new investors willing to come into the area.
  - There is a lack of good quality accommodation for potential occupiers and a lack of move-on space for businesses requiring expansion space.
  - The potential to grow key sectors will be hampered by the lack of specialist accommodation for the types of businesses within each of the sector.
  - The switch from employment to residential use is a constant pressure alongside the lack of new commercial premises, and will hamper the ability to grow or attract new businesses.
  - Different tenure patterns need to be accommodated within the area; and freehold ownership is a strong driver for commercial property in the area.
  - While the supply of existing and new business space in Lewisham has fallen in recent times, the number of businesses in the borough has increased by 10%. Supply of premises is therefore not keeping up with demand. If the growth in new sectors is to be accommodated there will need to be a greater level of new development undertaken.
- 4.47 The report emphasised that a supply of good quality land and premises was only one factor that attracted new businesses to an area, and underlined findings from other studies in identifying that a lack of skilled employees, perceived high crime rates and congestion also acted as barriers to new investment, and were probably limiting Lewisham's growth.
- 4.48 The study by URS provided a SWOT analysis of Lewisham's commercial property market to summarise both actual and perceived issues affecting market prospects (see Figure 4.4). The findings are similar to those already reported in this chapter.
- 4.49 The URS findings are cited at length here because all the research undertaken for this review points to the same overall conclusions. However, while there are clearly many factors contributing to Lewisham's failing commercial property market, perhaps the single-most important, most frequently occurring reason appears to be a chronic shortage of the right kind of space.

---

<sup>30</sup> Grant Thornton *op cit* p31

**Figure 4.4 Lewisham’s Commercial Property Market SWOT**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Low cost sites</li> <li>- Creative industry cluster</li> <li>- Attractive for start-ups</li> <li>- Attractive for small businesses</li> <li>- Proximity to City and Canary Wharf</li> <li>- Public transport links</li> <li>- Road access</li> <li>- Good customer base for small shops</li> <li>- Diverse customer base</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of freehold properties</li> <li>- Lack of large premises</li> <li>- Shortage of retail space</li> <li>- Shortage of office space</li> <li>- Perception as residential Borough</li> <li>- Customer base not attractive for large, high prestige retailers</li> <li>- Quality of environment</li> <li>- Quality of premises</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- Planned transport infrastructure</li> <li>- Start-up cluster</li> <li>- Deepen creative cluster</li> <li>- Growing ethnic minority customer base</li> <li>- Growing and improving catering industry</li> </ul>	<ul style="list-style-type: none"> <li>- Losing existing businesses due to poor environmental quality</li> <li>- Not enough large premises for move-on needs and inward investment</li> <li>- Attractive commercial property market in neighbouring Boroughs</li> <li>- Increasing rateable values push out small businesses, start-ups and creative industry</li> </ul>

Source: URS Corporation<sup>31</sup>

## View of the Future

4.50 One of the most significant issues for Lewisham’s commercial property market is the apparently insatiable appetite for new housing, which according to data we have showing past trends in the loss of B-space, is one of the principal causes of the decline of industrial stock. Residential development can outbid industrial values by a factor of

---

<sup>31</sup> URS Corporation *op cit* p34

two or three, and many borough councils have been unable to save industrial land as they have struggled to meet the GLA's housing targets. Without intervention, continuing pressure for residential development will further denude Lewisham's stock of commercial property.

- 4.51 But if the conditions for growth can be nurtured, then there are opportunities for Lewisham's commercial property market. London's business economy and its population are both forecast to grow significantly through to 2026. While most of this growth will be office-led, it will inevitably generate increased demand for myriad goods and services from companies which occupy premises close to, but away from Central London where land rents will be cheaper. The same is also true for the forecast growth in both the Hotels & Restaurants and Other Services sectors: both are serviced by businesses from off-centre premises. The message here is that Lewisham's commercial property market prospects are to a large degree tied to the fortunes of London's growing, predominantly business services, economy rather than to "industrial" or "manufacturing" activities *per se*. The fact that manufacturing is in decline is not therefore an over-riding cause for concern.
- 4.52 Thus it is in the "*servicing of the services*" that significant opportunities might lie for the commercial property market in Lewisham. This has major implications for the nature of the product that is in demand, but given the strong growth that is forecast for the service economy in London, the prospect for continuing demand for "industrial" premises away from the centre must remain strong.
- 4.53 The term "industrial property" is normally used to denote "dirty" uses and there are generally accepted perceptions about the types of businesses occupying such property. However, much "industrial" space is now occupied by businesses providing goods and services to other businesses in central London. They include myriad activities, a small flavour of which is provided in Table 4.4 below.

**Table 4.4 The Range of Activities Operating in Industrial Premises**

- |                         |                        |
|-------------------------|------------------------|
| - Building services     | - Marketing services   |
| - Catering              | - Media production     |
| - Cleaning              | - Office supplies      |
| - Courier services      | - Plumbing supplies    |
| - Design                | - Printing             |
| - Distribution          | - Property management  |
| - Electrical supplies   | - Removals and storage |
| - Furniture and joinery | - Security             |
| - Hospitality           | - Shop fitting         |
| - IT support services   | - Training             |

- Mail management
- Vending supplies

4.54 These modern suppliers of goods and services require accessible, economic and simply specified premises from which to service their customers. Because they are relatively clean they are generally compatible with alternative neighbouring uses including housing. Consequently, they could fit in mixed use developments. The buildings they occupy can be either one or two storey (or a mix); they are simple, cheap and have good servicing provision. Good examples of these in Lewisham can be found in industrial estates and/or multi-occupied buildings such as Endwell Road, Willow Way, Worsley Bridge estates and Faircharm.

#### *Growth Sectors*

4.55 Grant Thornton<sup>32</sup> referred to three economic sectors where it is believed there to be “growth potential” for the area: food, creative industries and business services.

- **Food** - already has a significant presence in the area, producing a wide range of products. There is potential to secure business and “export” the area’s diverse offering to the rest of London. Food is among the industries showing the highest birth rate of new firms (17.9%).
- **Creative industries** - including architecture, visual arts, performing arts, craft and design as strong sub-sectors, already based around existing creative institutions in the area, such as Goldsmiths College and Trinity Laban. A creative Hub is also being promoted around Creekside. Smaller industries such as IT and graphic design hold further opportunities.
- **Business services** - the region’s proximity to Canary Wharf and the City presents opportunities to host second tier suppliers to London’s primary business areas. The area is ideally positioned to accommodate professional and business services (eg: legal activities, accountancy, market research, consultancy, advertising) and competitive back office support (eg printing, security, courier firms, recruitment, cleaning, secretarial, call centre).

4.56 There is clearly already a significant presence of the first two sectors in the Borough, although there remains a large question mark over the ability of the Borough to offer sufficient, appropriate stock to encourage growth in either sector. While the lack of suitable stock could also be identified as an inhibitor to the growth of business services, it is also clear that the number of large businesses looking for back office locations outside of the central London core has declined in recent years as technology has enabled them to go further afield, either to the UK regions or overseas. Certainly, Lewisham currently lacks any kind of critical mass in stock that is likely to act as an attractor to large businesses.

---

<sup>32</sup> Grant Thornton (2006) *South London Business: Property Implications of the City Growth Strategy* p12

## Conclusions

- 4.57 Currently the Lewisham commercial property market is in a fragile state. Never having been very large by London standards, the office market is failing to take off: most office activity is small-scale and serving only local demand. Similarly, the industrial market is struggling, particularly against the pressure arising from demand for residential development and against the more general structural decline in traditional manufacturing.
- 4.58 The stark truth is that Lewisham is highly unlikely in the short- to medium-term to become a preferred location for large, blue-chip office occupiers; and neither is it likely to stem the de-industrialisation process. But there are opportunities associated with the growing London business economy and population. While most of this growth will be office-led, it will inevitably generate increased demand for goods and services from companies operating in cheaper premises for clean industries and small offices away from, but close to, Central London.
- 4.59 If these types of activities (listed in Table 4.4 above) are a significant source of future demand, then there is a possible mismatch between the kinds of premises in greatest demand (i.e. “clean industrial”, or hybrid buildings, on multi-unit estates), and the kinds of premises available, which typically are poor quality industrial sheds in low quality environments.
- 4.60 It should be clear from the analysis in this chapter that Lewisham’s commercial property market is not as dynamic as perhaps it could be. The market is quite restricted, providing little choice either to local, growing companies, or to companies considering locating in the area from outside. The market suffers from an acute shortage of modern premises catering for a diverse range of needs, and instead concentrates on low quality, general industrial premises and locations. The reduction in the amount of commercial stock in recent years signifies the extent of the problem.
- 4.61 There are also reported shortages of premises for start up and small businesses, and for owner-occupation, and we would recommend a role for Lewisham Council to provide information and brokerage to help SMEs find suitable accommodation as a way of supporting new enterprise, particularly in the deprived parts of the borough.
- 4.62 If this analysis of the opportunities for Lewisham’s commercial property market is correct, then it will be imperative to encourage development that provides a range of size and specification of premises, which target both start-up and larger established businesses, and which are available on both leasehold and freehold terms. Flexibility is also important for many businesses seeking to respond to dynamic market conditions, and so physical space and tenure terms are also important in this respect.
- 4.63 Lewisham Council have already embarked on a policy to address the lack of investment to meet the needs of businesses by seeking to maximise investment in employment space through mixed use schemes. There is likely to be scope to accommodate most of the activities listed in Table 4.4 within mixed-use developments, but some consideration on compatibility between uses, particularly where employment use and residential use are combined, will need careful consideration. We look at this in more detail in the next chapter and in appendices 3 and 4.

Lewisham Employment Land Study

Final Report

## 5 POLICY OPTIONS

### Introduction

- 5.1 This section reviews the industrial land policy approach put forward in the London Plan and in Lewisham's Draft LDF. We look at both the technical work and rationale underpinning these approaches. We start with a review of the London Industrial Land Release Benchmarks which formed the basis of the London Plan SPG on Industrial Capacity, before addressing Lewisham's proposals for changes in its employment land allocations.

### London Plan Position

#### *London Industrial Land Release Benchmarks*

- 5.2 This research was undertaken by URS Corporation in 2007. It looked at:
- Overall stock of industrial land relative to the market area
  - Current levels of vacancy, both land and buildings
  - Current rental values
  - Proportion of both built-on and vacant industrial sites within SILs
  - Demand for warehousing land
  - Demand for general industrial premises
  - Apportionment of waste facilities
  - Other demands on industrial land, such as transport functions and wholesale markets
  - Industrial land demand projections in relation to the market area
  - Short-term and long-term phasing of the industrial land release benchmarks
- 5.3 It states that the total of built on industrial land in Lewisham fell from 106 ha in 2001 to 90 ha in 2006, a fall of 15%. The total of vacant industrial land in both years was estimated at 14 ha, representing an increase from 13.2% in 2001 to 15.6% in 2006.
- 5.4 However there are a number of points emerging from this report that are difficult to reconcile in the context of Lewisham.

#### *Concentrated loss of non SIL*

- 5.5 Of the 90 ha in 2006, 30% of industrial land was estimated to be in SELs (now referred to as SILs). Lewisham should lose 49 ha of industrial land over the period 2006-26, 54% of its total. Or if the SIL were to be protected then this would imply losing 78% of the borough's remaining stock of industrial land. This is likely to restrict local business's choice for finding suitable land or premises when they



require them, potentially forcing them out of the borough; and potentially longer journeys to work for Lewisham's residents.

*Disproportionate loss of land in Lewisham*

- 5.6 Lewisham is scheduled to account for 37% of the total loss of employment land in the South East sub-region. It is scheduled to lose the highest quantity of any borough in this sub-region. Although scheduled for "Limited" release under the SPG, Lewisham is scheduled to release more land than Bexley, which is classified as managed release but only due to lose 33 ha from a much larger stock.

*Excess loss of vacant land in South East London*

- 5.7 South East London is scheduled to lose 176 ha of land through management of vacant land and premises. Yet it only had 156 ha of vacant land in 2006 and a floorspace vacancy ratio, which is the lowest of any sub-region and below the 8% frictional benchmark.

*Industrial and warehousing Land*

- 5.8 The Industrial Land Benchmarks Study shows a positive demand for warehousing land and a negative demand for industrial land. Thus we would expect all the loss to come from industrial land. Yet according to the report there are only 37 ha of industrial land in 2006.

*Changes in the GLA's employment growth forecasts*

- 5.9 As discussed later in this chapter, the GLA latest borough level employment forecasts (2006), expect only a small decline in industrial employment in Lewisham. In addition, office employment within Lewisham is expected to grow significantly, but with the indicative SIL designations covering a significant proportion of Lewisham's employment areas, and the protection given to the SIL from B1 uses, it is difficult to identify where the space can be provided to meet the expected change in demand that is consistent with these forecasts.

*Evidence from past losses in Lewisham's industrial land supply*

- 5.10 The past trend of annual losses in Lewisham is only half that proposed for the future by the GLA (see Table 5.1).
- 5.11 One third of past losses occurred in defined employment areas (DEAs). Yet, the argument to safeguard strategic and local employment land allocations in the future (as set out in the response to Lewisham's Consultation Preferred Core Strategy) sets a high bar.

**Table 5.1 Industrial Land Loss in Lewisham, Past and Present, 1998 - 2026**

	DEAs	Other sites	Total
<b>Past loss</b>			
1998-2007	4.0	8.0	12.0
Per year	0.4	0.8	1.2

**Future loss, 2006-2026**

Continued past trend of losses	8.4	16.8	25.2
GLA proposed loss			49.0
Per year			2.3
<b>Difference between continuing past loss to the GLA's proposed loss</b>			<b>-23.8</b>

Source: RTP; LB Lewisham

- 5.12 Therefore we are unclear and unable to identify where these windfall losses will come from to make up the difference in meeting the GLA's benchmark allocations. Allowing some release of existing employment land in some DEAs and the Surrey Canal SIL area would seem more sensible. As noted through the site assessments in Chapter 7, it will be difficult to support industrial uses when some sites continue to lack investment, and become increasingly lower grade as (forecast) demand for industrial space is falling. Currently the GLA position does not support this, which may suggest that new development of old/poor under-utilised sites will not happen, leaving no growth in employment in Lewisham.

*Supplementary Planning Guidance: Industrial Capacity*

- 5.13 Supplementary Planning Guidance (SPG) on Industrial Capacity was adopted by the Mayor in March 2008.
- 5.14 The SPG aims to guide implementation of the London Plan "to accommodate industry and other activities with similar land-use needs (including logistics waste management, utilities and transport functions)".
- 5.15 Using new research on land demand and supply,<sup>33</sup> the SPG sets out a London-wide benchmark of 814 ha of industrial land to be released in 2006-26. Of this total, 254 ha is a reduction in the required stock ('negative demand') and 560 ha results from an outright release of vacant and under-used industrial land from 12.7% to 5% of the stock, resulting from more effective management.
- 5.16 The SPG breaks down the London-wide land release benchmark by sub region. For the North East and South East sub regions, where the Mayor's consultants carried out additional research, there are breakdowns by borough. Annex 2 of this report states that (as per the London Industrial Land Release Benchmarks research) for Lewisham, 49 ha of industrial land should be released.
- 5.17 The SPG divides all the London boroughs into three groups to reflect the pressure of demand for industrial uses. "Managed transfer" boroughs have the most generous supply relative to demand and should allow managed release of

<sup>33</sup> URS, GVA Grimley, *London Industrial Land Release Benchmarks*, GLA (2007); URS, *North East and South East London Industrial Land Baseline*, GLA, (2007); URS, GVA Grimley, Cranfield SLSCM, *Demand and Supply of Land for Logistics in London*, GLA, (2007); URS, *London Wholesale Markets Review*, GLA, (2007); Land Use Consultants, *Recycling and Recovery Facilities, Sites Investigation in London*, GLA (2006)

- industrial land to other uses. “Restricted transfer” boroughs are at the other extreme, with an undersupply of industrial land and little or no land protected by SIL designations, and should adopt a more restrictive approach.
- 5.18 Lewisham is in the “limited transfer” category which is an intermediate - the SPG states that “Taking account of local variations in demand, boroughs are encouraged to manage and where possible, reconfigure their portfolios of industrial land, safeguarding the best quality sites and phasing release to reduce vacancy rates for land and premises.”
- 5.19 Paragraphs 4.11.4.13 set out three categories of criteria to be used in allocating or de-allocating industrial sites. The first is economic criteria, including whether the site meets demand, offers potential for business expansion, supports clusters, or provides lower cost accommodation for start-ups. The second is land use criteria, including whether the site has good transport links, is located in a town centre or has sufficient space for operational parking. The third is demand based criteria, including whether a site has been adequately marketed and has been vacant for a considerable period of time.
- 5.20 Of particular importance to Lewisham’s preferred options for supporting mixed use developments within employment land areas is Policy SPG8, which discusses industrial uses in mixed-use developments, stating that the Mayor, LDA, TfL, boroughs and other partners should:
- i) “Consider through strategic and local demand and supply assessments, and DPDs whether industrial areas that have, or will have, good public transport accessibility, especially those within or on the edge of town centres, would be appropriate for higher density, mixed-use redevelopment. This redevelopment should not incur a significant net loss of industrial capacity or compromise the offer of wider areas as competitive locations for industry, logistics, transport, utilities or waste management. Where this affects SILs this consolidation should be managed sensitively having regard to the process set out in SPG1 (relates to Plan, Monitor and Manage approach);
  - ii) Focus consolidation through this process on the periphery of SILs near to public transport nodes or town centres, especially where there is a barrier separating the area from the rest of the SIL and enable consolidation of more environmentally sensitive, existing PIL tenants while maintaining the integrity of a local business cluster;
  - iii) Establish robust and sensitive industrial relocation arrangements to support redevelopment where necessary;
  - iv) Where necessary, improve the provision of small scale, “walk to’ amenities and services including crèches, which serve the needs of people working within industrial areas”
- 5.21 This suggests that the GLA will accept mixed use options within existing employment locations, including some in the indicative SIL area, so long as the above criteria are taken into account.
- 5.22 Other particularly relevant guidance in the SPG includes:

## Final Report

- At Policy SPG9, qualitative principles, including good design and efficient use of space;
- At policy SPG10, guidance on meeting the full range of occupier requirements including those for low-cost space, accommodation for SMEs and start-ups.

### *Employment Forecasts*

5.23 The employment projections that informed the EiP into the Further Alteration to the London Plan were set out in GLA Economics Current Issues Note 13. These are the second round of projections produced using the GLA's Triangulation method. The Triangulation method brings together three components to produce Borough level forecasts<sup>34</sup>. These are:

- Trend projections prepared by Volterra;
- Site Capacity projections based on RTP's London Employment Sites Database; and
- Accessibility projections based on CBP accessibility indices.

5.24 Table 5.2 sets out the forecasts for Lewisham based on each of the components and the final triangulated projection. The 17,000 jobs increase for Lewisham formed the basis of the industrial employment projections.

**Table 5.2 GLA Triangulation Projections for Lewisham, 2006-2026**

	2006	2026	Change 2006-26	
			#	%
Trend	82,000	94,000	12,000	15%
Site Capacity	80,000	94,000	14,000	18%
Accessibility	81,000	97,000	16,000	20%
Triangulated Projection	81,000	98,000	17,000	21%

Source: GLA

### *Land Use Sector Forecasts*

5.25 Figure 5.1 shows the employment forecasts for Lewisham, the South East London sub-region and London, mapped into GLA defined land use class sectors, while Table 5.3 details the net change in Lewisham. To identify these jobs the GLA used a range of economic sectors based on the Standard Industrial Classifications (SIC'92), shown in Appendix 5.<sup>35</sup> The "goodness of fit" between sectors and types of space is not perfect; hence the GLA definitions of industrial/warehousing and office jobs are no more than approximations.

<sup>34</sup> The detailed method is set out in GLA Economics Working Paper 18, Borough Employment Projections to 2026.

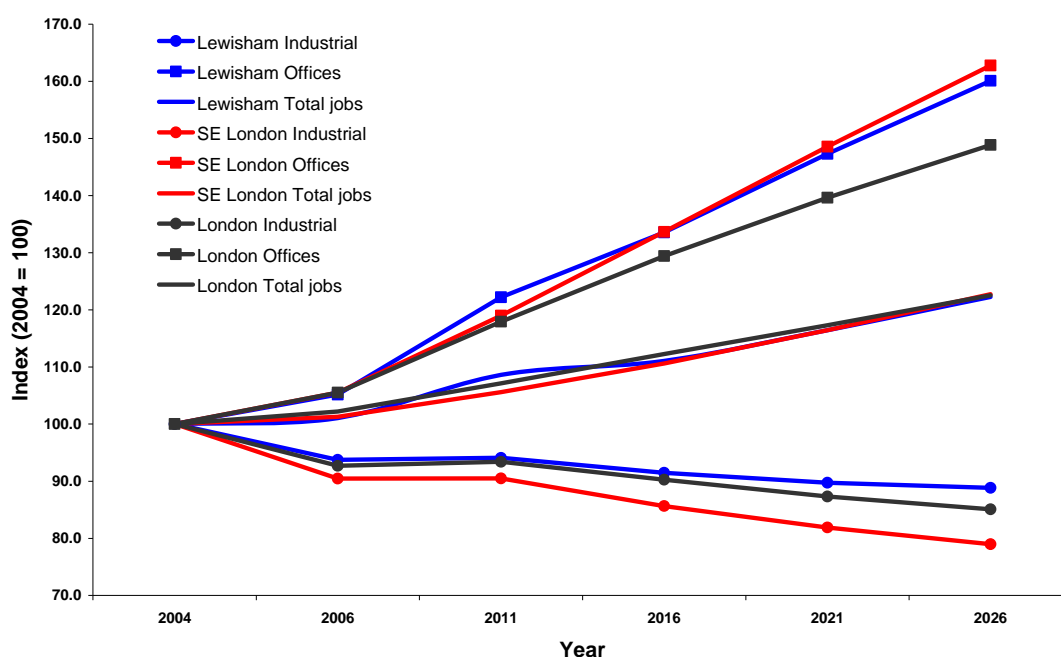
<sup>35</sup> Government Guidance on Employment Land Reviews (ODPM, 2004) endorses this approach.

- 5.26 For industrial and warehousing uses, the GLA study on London Industrial Land Release Benchmarks<sup>36</sup> points out the weaknesses of this employment-based approach for some industrial-type activities, in particular logistics and waste, and uses a new method to forecast the land requirements of these activities, partly based on output (GVA) change. But this approach cannot be applied to individual boroughs, because the necessary data are not available, and the GLA study stops at sub-regions. Therefore, on industry and warehousing the GLA's demand calculations are not strictly comparable with the GLA London Industrial Land Release Benchmarks.
- 5.27 Between 2006-26, Lewisham's total employment is forecast to grow by some 16,950 jobs in total, or 847 jobs per year. This is a 21 percent increase over the plan period, which is in line with the London average (20 percent). The bulk of this growth is accounted for in non B-space sectors, which grow by 465 jobs per year, closely followed by office employment, gaining approximately 400 jobs per year. Industrial and warehouse change is insignificant by comparison.
- 5.28 Whilst this study is primarily about B-class employment land, it is important to bear in mind the scale of jobs growth that will come from non-B class activities. This employment also requires land and should be considered when looking at overall land use allocations.
- 5.29 The office B-space sectors are forecast to have the highest rate of jobs growth. Office jobs are forecast to grow 52 percent, compared to a regional average of 41 per cent, while industrial jobs fall 5 percent which is below the London average of 8 percent. In all B-space sectors grow by 31 percent, surpassing the London rate of 28 percent. Given Lewisham's low representation in this sector it means that Lewisham needs to capture more of London's growth in these activities.

---

<sup>36</sup> URS for the GLA, *London Industrial Land Release Benchmarks*, April 2007

Figure 5.1 Employment Forecasts by Land Use Sector, 2006-2026



Source: Volterra, GLA, RTP

Table 5.3 Forecast Change in Lewisham's Employment, 2006-2026

Jobs, net change	2006-11	2006-16	2006-21	2006-26	2006-26 per year
<b>Industrial</b>	33	-224	-396	-483	-24
<b>Offices</b>	2,520	4,203	6,235	8,126	406
<b>Non B-space</b>	3,466	4,005	6,444	9,305	465
<b>Total jobs</b>	6,020	7,984	12,283	16,948	847

Source: Volterra, GLA, RTP

5.30 There is nothing either in the current 2004 Plan or the emerging FALP update to make the GLA borough level figures binding on individual boroughs. But the GLA forecasts are useful, firstly because they fit the objectives and policies of the London Plan, to which the Boroughs *are* required to conform, and secondly because they provide a consistent picture London-wide. The GLA have advised us that Boroughs should use the latest available GLA forecasts for informing their site allocation policies, and that annual updates on these forecasts will be available in the future.

*Reality Check*

5.31 Table 5.4 below reality-checks the forecasts by comparing them with past change from 1998 to 2005. This is the longest period for which consistent data are readily available.

**Table 5.4 Past and Projected Annual Employment Growth in Lewisham**

	1998-2005	2006-2016	2006-2026
<b>Industrial</b>	-3.1%	-0.2%	-0.3%
<b>Offices</b>	0.1%	2.4%	2.1%
<b>All B-space</b>	-1.0%	1.5%	1.4%
<b>All jobs</b>	1.1%	0.9%	1.0%

Source: Volterra, ABI, RTP

- 5.32 Overall, the projections for the future job growth reflect the recent past trend, growing by just over 1% per year. However, the growth is very much concentrated in the B-space sectors which grow 1.4% pa in the future compared with the 1% pa decline experienced in the recent past. In the industrial sectors, the annual rate of job loss reduces significantly from 3.1% pa in the past to very little loss of 0.3% pa in the future. For offices the reverse is true, with very little annual change in the recent past to a more substantial 2.1% annual growth in the future. This suggests that the GLA projections reflect past trends; however there is a much stronger emphasis for growth in office type jobs.
- 5.33 A different kind of reality check on the projections is to compare them with the market evidence in Chapters 4 above.
- For offices, the market analysis reflects little change given the current conditions of stock to deliver the projected quantum of growth.
  - For industry, the projections and the market analysis carry the same message: from a demand perspective, the market does not want the steep decline of recent years to continue.
- 5.34 The GLA land use employment forecasts are aggregated figures not based on local knowledge, distributed so that Lewisham (and other boroughs) get their share of London's overall growth. Given the findings in Chapter 4 and the reality check above, employment growth in Lewisham will relate more widely than the "Financial and Business Service" sectors that define the GLA's office employment. In Lewisham, this growth is more likely to be in sectors that support Financial and Business Services. For example, building services, courier services, catering and printing, are sectors that provide goods and services to Financial and Business Service businesses in London. Consequently, it is difficult to reconcile the growth in office jobs in Lewisham with the typical B1a land use class for offices. In reality, some of these jobs will be accommodated in other B-class buildings, most notably light industrial and workshop units, reflecting a wider B1 use class definition.

## Lewisham's Policy Proposal

### *Local Development Framework*

- 5.35 As part of their Local Development Framework, which will replace the Local Plan, the Council have started work on several documents; the Spatial (Core) Strategy and the Development Policies & Site Allocations, and Town Centre Area Action Plans for Lewisham and Catford. These documents all reached Preferred Options stage in 2007.

### *Core Strategy Vision for Lewisham 2025*

- 5.36 Lewisham Council's aspiration over the planning horizon to 2025 is for the borough to have been a key component and contributor to the success of the Thames Gateway and of London as a world city. In doing so the Council's focus is on the regeneration and physical transformation of the Borough.
- 5.37 A major growth corridor will be focussed on the North Lewisham (New Cross and Deptford) and Catford Lewisham town centres "major growth corridors" (see below). These locations form the borough's main contribution to the Thames Gateway and the Council consider them optimal locations for encouraging active change through significant regeneration and intensification of built development. This includes plans for substantial new housing, increased employment uses, mixed use development, retail and town centre uses, and the necessary social, economic and transport infrastructure required to support the existing and new communities.

### *Deptford New Cross (DNX)*

- 5.38 The North Lewisham (Deptford and New Cross) locality of the growth corridor is that part of the borough to the north of the A2 Road. The area enjoys a Thames-side location and is within easy commuting distance to central London. This area contains the majority of the borough's employment sites that lie outside of the town centres.
- 5.39 The London Plan policy 2A.2 identifies the Deptford Creek/Greenwich Riverside as an opportunity area, where redevelopment for significant employment and residential uses are expected.
- 5.40 To achieve transformation of the north of the borough, around DNX, the Council's plans are for the regeneration of key sites that will enable new development delivering a mix of jobs and homes. The target is to reduce the levels of deprivation in this area, and create better socio-economic outcomes for the local residents. Improved vibrancy is sought for Deptford High Street and New Cross Road shopping areas.
- 5.41 Development in DNX is expected to integrate and connect individual sites and contribute to the provision of new links and public places. These will enhance the influence of the river, promote north-south and east-west links and connect to the proposed Surrey Canal Station (as part of the East London Underground Line Extension). The strategy is for 'place making' together with site-based principles, and proposes the redevelopment of several employment sites for mixed use development in this London Plan opportunity area.



*Lewisham and Catford Town Centres*

- 5.42 The aspiration for Lewisham Town Centre is for a metropolitan scale town centre and quality destination. The success of this 'place making' aspiration is for Lewisham Town Centre to be a place of choice for people to live, work and spend time.
- 5.43 The aspiration for Catford Town Centre, the civic heart of the borough, is for a lively and attractive centre, with improved retail and leisure offer and home to a large, diverse residential community. The focus is on creating a high quality network of public spaces, driven by the redevelopment of key opportunity areas including the Catford Stadium site and the Shopping Centre.
- 5.44 With significant change likely within the Lewisham and Catford town centres, the Council will prepare Area Action Plans to guide and direct future change in these town centres. A key feature of an Area Action Plan will be the focus on implementation by will setting out a comprehensive policy framework and site allocation to direct:
- A significant increase in retail capacity;
  - A change in Lewisham that will seek to reclassify its status as a metropolitan retail centre;
  - Substantial new residential development within the town centres;
  - An increase in other town centre employment uses; and
  - New cultural and leisure facilities provision.

*The Rest of the Borough*

- 5.45 Outside these key areas of physical regeneration, the Council will seek to preserve historic areas, improve the network of open space, and enhance public transport and better road linkages. The plan is to have vibrant hubs of local activity, centred on the district and local centres of Blackheath, Downham, Forest Hill, Lee Green, Sydenham, Hither Green and Brockley Cross.
- 5.46 As part of this change, the council's aim is capitalise on new opportunities, such as the East London line extension and Thameslink and the Building Schools for the Future programme to improve educational standards.
- 5.47 As the growth corridor will accept substantial change in the built form. Urban design considerations will be particularly important, with a focus on quality design that helps establish 'place making'. Tall buildings may be acceptable provided they contribute to the overall aim of good urban design. The Council will seek to exploit linkages and connections between all large new developments in the north of the borough and will require the establishment of new public spaces.

*Restructure of Employment Land*

- 5.48 The spatial strategy proposes to restructure the allocation of employment land in Lewisham into:
- Strategic Industrial Locations (SILs)

Final Report

- Local Employment Locations (LEL) and
  - Mixed Use Opportunity Locations (MEL).
- 5.49 SILs are the core of the former industrial areas where a variety of business uses are located. In accordance with the London Plan policy 3B.5, the Council aim to safeguard sites and business in the SIL for business and waste related uses.
- 5.50 The LELs are the residue of business clusters located throughout the borough that are considered to be coherent areas suitable for continued business use. The LELs are to be protected for continued business use class development.
- 5.51 The MELs are areas identified for mixed land use redevelopment. This will include a significant contribution to employment but will also be driven by the significant value of high density residential development. These will be high quality master-planned developments. 'Place making' and linkages between the sites and open space areas will be core elements of the strategy. SILs and LELs are dealt with by Draft Policy CP26, which states that the Council will protect them for a range of uses within the B Use Class and for activities that support the functioning of the local economy and the London Economy as a whole.
- 5.52 Draft Policy CP28 deals with Other Employment Sites, stating that:  
"The Council will protect other employment sites for employment use where this is considered viable and identify new sites in order to promote a wider range of business activities and job opportunities".
- Development Policies & Site Allocations*
- 5.53 This document discusses the sites in more detail. It defines the two SILs as set out in the London Plan; Surrey Canal and Bromley Road and states that these provide important land for London as a whole for uses such as waste transfer and processing, warehousing, industrial and service businesses.
- 5.54 Draft Policy E1 states that new developments which will intensify the business and industrial function of the SILs will be welcomed - employment and ancillary uses will be permitted. Residential uses will not be permitted.
- 5.55 The Council has reviewed the SILs and proposes to redefine the Surrey Canal SIL to exclude the following sites: Arklow Road and Childers Street, Bolina Road (Enterprise Industrial Estate), Grinstead Road, Orion Business Centre, Oxestalls Road, Rollins Street and Stockholm Road. This is because they are poorly used and no longer perform a strategic function due to the uses located on them and the poor quality of their physical fabric. The Council proposes to allow redevelopment of these sites for mixed use, because they consider that the regeneration benefits of this would outweigh their retention for employment.
- 5.56 The Council proposes no change to the boundary of the Bromley Road SIL. This is because it performs an important function for the south of the Borough, being the only large area in industrial and commercial use, including important public utility uses.
- 5.57 The document defines twelve LELs as concentrated areas in employment use, in sustainable locations where the employment use is not detrimental to the amenity of residential or other nearby uses. Draft Policy E4 states that employment use

on these sites will be protected and that residential development will not be permitted.

5.58 The Council has reviewed the LELs as set out in the previous (2004) version of the London Plan and has concluded that Goodwood Road should no longer be on the list because it includes student accommodation and health facilities and so can no longer be considered a concentration of employment land. The Council has also concluded that part of Plough Way should also be excluded because the potential for it remain in industrial and commercial use is constrained by new residential development on the boundaries of the area.

5.59 The document also defines seven Mixed Use Opportunity Locations (MUOLs). These are areas of older and poorer quality industrial use at low densities, where mixed use regeneration would be appropriate:

- Arklow Road and Childers Street;
- Oxestalls Road;
- Plough Way / Yeoman Street;
- Surrey Canal Road / Stockholm Road / Bolina Road;
- Grinstead Road;
- Convoys Wharf; and
- Kent and Sun Wharf.

5.60 Draft Policy E11 states that: “The Council will encourage development that maximises the employment contribution from these sites in the form of mixed use development.”

5.61 The sites should be redeveloped comprehensively, should increase the number of jobs, include on-site affordable housing, improve environmental quality and connections to the rest of the Borough, provide small business units, increase architectural quality and improve social and leisure amenities.

5.62 Draft Policy E19 deals with Other Employment Sites, stating that the Council will allow their release if they are not compatible with adjacent residential or other uses, have been vacant for at least 18 months and are not within a town centre. If they are in a town centre, Draft Policy E20 requires redevelopment to include a ground floor B1 employment or (in shopping areas) a retail use.

#### *GLA Response to Consultation*

5.63 The GLA responded to the Core Strategy and Development Control Policies & Site Allocations documents, in August 2007. The response highlights some areas of potential future non-conformity - these include Strategic Employment Locations (SELs) and Waste.

5.64 With regard to SELs, the GLA object to them being opened up to wider B Class use, stating that “any attempts to release SEL land without the appropriate levels of justification will be strongly resisted as contrary to London Plan policy”. The GLA state that any reclassification should take place with a criteria-based

approach similar to that outlined in the Industrial Capacity SPG. Justification should include a local and strategic assessment of supply relative to demand. In addition, the Council would need to demonstrate that the loss of these areas would not harm the wider industrial offer. The responses states that “it is the promotion of production activities, rather than office based activities, that is the purpose of SEL designations”.

- 5.65 The GLA response includes comments from the LDA along similar lines. In particular, the LDA objects to the inclusion of B1b (research and development) use within the list of acceptable uses on the Surrey Canal SEL, because it is identified as a Preferred Industrial Location in the London Plan and so is only suitable for industrial uses.
- 5.66 The GLA also object specifically to the designation of the Mixed Use Opportunity Locations, stating that “the purpose of this policy is not clear”.
- 5.67 With regard to waste, the GLA are not satisfied that sufficient sites have been allocated to meet the Borough’s waste apportionment. Also, the identification of Surrey Canal SEL as the preferred location for new waste management facilities is too limited and the policy protecting existing waste sites is not robust enough.

#### *Town Centre Area Action Plans*

- 5.68 In the Lewisham Town Centre Area Action Plan, Draft Policy LTC EMP1: Employment Uses in Lewisham Town Centre states that existing employment sites can be converted to a mix of uses including housing, subject to criteria.
- 5.69 Draft Policy LTC EMP2 favours office use in the town centre:  
“Lewisham Town Centre is the preferred location for large scale office development in the Borough and the Council will seek to promote new office development where appropriate”
- 5.70 The document identifies six opportunity sites, suitable for mixed use development. For two of these - Lewisham Gateway and Engate Street - the draft policies states that uses should include B1 employment.
- 5.71 The Catford Town Area Action Plan states that “a key aspiration is for the civic role of Catford Town Centre to be enhanced and the Council’s operations in the town centre to be a key anchor for its wider development and regeneration”.
- 5.72 Draft Policy CAAP10 states that the Council will seek to retain existing employment and office space and that large scale mixed use developments should include employment.
- 5.73 The document identifies five opportunity sites, suitable for mixed use development. For three of these - Catford Shopping Centre & Milford Towers, Greyhound Stadium Area and Wickes - the draft policies states that uses should include B1 employment.
- 5.74 LB Lewisham have had an historic policy of encouraging town centre office uses, but this has not succeeded in attracting any large scale investment, and therefore a new approach of introducing a mix of uses has been sought to encourage new and the right sort of investment. The benefits of mixed use schemes within town

centres are that can generate more jobs, more homes and improve the place environment. A so called “triple win”.

### *Masterplans*

- 5.75 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 as proposed in the Development Policies & Site Allocations:
- Arklow Road and Childers Street;
  - Oxestalls Road;
  - Plough Way / Yeoman Street;
  - Surrey Canal Road / Stockholm Road / Bolina Road;
  - Grinstead Road; and
  - Sun and Kent Wharves.
- 5.76 These sites are currently under used, with low quality buildings and often low grade industries and activities. The Masterplan states that “if regenerated, with a mixed-use component, the sites could collectively have a major impact on the quality of the environment, the public realm and the image of Deptford New Cross.”
- 5.77 All the sites are identified for both employment and housing development. The drawings show some of this development in single use buildings and some in mixed use.
- 5.78 Surrey Canal Road is identified for sport and community activities - the drawing shows a stadium which the plan says will provide employment. At Arklow Road, the Masterplan identifies the railway arches for employment development. At Kent and Sun Wharves, the Masterplan states that the employment floorspace should strengthen the creative quarter.
- 5.79 In total, the Masterplan estimates that the six sites could provide around 5,000 residential units and around 4,300 jobs.
- 5.80 The remaining Mixed Use Opportunity Area is Convoys Wharf. The Richard Rogers Partnership produced the latest Masterplan for this site in 2002 and submitted a planning application for mixed use development including 72,000 sq m of employment floorspace. This is still in progress.

### **Mixed Use Opportunity Locations**

- 5.81 It should be clear from the analysis Chapter 4 that Lewisham’s commercial property market is not as dynamic as perhaps it could be, or as is desired to meet the borough’s growth and regeneration agenda. The question therefore is whether, from a commercial property market perspective, planning policy is providing an enabling context. It is possible in Lewisham to assess this from two perspectives: industry policy and mixed use policy.

*Industrial policy*

- 5.82 The GLA acknowledged last year in its Draft Supplementary Planning Guidance on Industrial Capacity that structural economic change in London “has led to a shift in employment away from traditional manufacturing industries and into the service sector”. Having noted the scale of decline in traditional industries, the report went on to argue that
- “...over the plan period ... there will be increasing demand for industrial land from a range of other important industrial type functions. These include an efficient and sustainable logistics system, waste management, recycling, transport functions, utilities, wholesale markets and some creative industries. In the highly competitive London land market, making provision for these requires positive planning to achieve sustainability and climate change as well as economic objectives as outlined in the FALP and the Mayor’s Economic Development Strategy.”<sup>37</sup>
- 5.83 This conclusion may well be correct, but our role here is to assess the prospects for the *commercial* market, and many of the uses implied by the above are *sui generis* type uses that do not result in tradable property. In this context, we believe that the GLA Industrial Capacity study might underestimate the potential demand from businesses whose SIC does not place them within the industry sector but which, nonetheless, occupy industrial and quasi-industrial premises. The danger of this is implicit in the Summary to the GLA report, which states that “Release of industrial land should generally be focused on smaller sites outside of the SIL framework.”<sup>38</sup>
- 5.84 In other words traditional industrial land such as SILs (less favourable to new industries and growth sectors) is to be protected whilst other areas (more attractive to new industries and growth sectors) are to receive less protection and bear the brunt of transfers to residential usage. This is particularly important in areas - like Lewisham - where the SILs are in fact PILs (Preferred Industrial Locations) rather than higher quality IBPs (Industrial Business Parks). The guidance encourages boroughs to
- “...manage the differing offers of PILs and IBPs through co-ordinated investment, regeneration initiatives, transport and environmental improvements and the use of planning agreements, and provide local planning guidelines to meet the needs of different types of industry appropriate to each ...”<sup>39</sup>
- 5.85 And at the same time, to
- “(i) encourage the re-development of London’s industrial areas to enhance their offer as competitive locations attractive to modern industry;

---

<sup>37</sup> GLA, *Industrial Capacity*, 2007, p2

<sup>38</sup> *Ibid* p3

<sup>39</sup> *Ibid* p24

(iii) seek imaginative, sensitive design and investment solutions which do not entail a net loss of industrial capacity, which make more efficient use of space and enhance the environment within and around industrial areas ...<sup>40</sup>

5.86 However, it is difficult to see how, in the context of north Lewisham's industrial area this can be achieved without some loss of PIL. There are no IBPs in which to "manage" a different offer; and there is limited prospect of re-classifying SIL and as IBP. Later on, the report observes that

"Flexibility in the Use Classes and General Permitted Development Orders has in some areas led to changes from low value industrial to high value office uses. In London, the SIL framework seeks to manage this balance and accommodate industries of different types ... recognizing that they will have different spatial and environmental requirements."

5.87 While in principle this observation is correct, it simplifies the position to the point where policy is in danger of failing to recognise an important source of demand for commercial property. One of the dangers of this approach, from a commercial property market perspective, is that policy implementation will bifurcate between traditional industrial provision, and office provision as an ancillary requirement in mixed use schemes. However, between "low value industrial" and "high value office" there is in fact a vast swathe of economic activity that policy largely ignores, and some of this will be space for accommodating potential growth sectors and activities identified in Chapter 3.

#### *Mixed-use policy*

5.88 It is clear that Lewisham is undergoing a period of rapid transformation, with the residential market booming while the commercial market is contracting. These two trends are reinforcing the image of the Borough as a residential dormitory for, mostly, central London workers. The two current developments of Silkworks on Conington Street and the migration of Citibank from the Borough's main office tower symbolise, respectively, the contrasting fortunes of the residential and commercial property markets. Clearly, with the current credit crunch, the residential market has gone through a correction in recent times, but over the longer plan period the underlying shift in Lewisham's image is unlikely to change as a result of the recent decline in housing land values.

5.89 The *Economic Development Business Plan* argues strongly for a balanced approach to the mix of housing and commercial development. In reference to industrial areas occupied by low grade businesses, with fragmented ownerships, it suggests that several "are under pressure from applications for housing on employment land, and a key issue is how to prevent their loss exclusively to these uses".<sup>41</sup> The plan argues for best use of employment sites is by keeping them in employment uses and to build on the economy of the area by focusing on achieving the best mix of uses within the borough's employment areas. It states:

"In some cases there is scope for many of the old industrial areas to reinvent themselves. In other cases, where the pressure for housing development is

---

<sup>40</sup> *Ibid* p46

<sup>41</sup> Ancer Spa (2004), *op cit* p68



strong, regenerative schemes involving a mix of uses, such as housing combined with business space (e.g. workshops and studios) would have higher impact in meeting these conflicting demands.<sup>42</sup>

- 5.90 There are currently three flagship mixed use schemes which the Council has resolved to approve and these are summarised below to examine the Council's approach.

#### *Lewisham Gateway*

- 5.91 An application for planning permission for a mixed use redevelopment of the Lewisham Gateway site was submitted in April 2006 on behalf of Lewisham Gateway Developments. The proposal is for the comprehensive development of a large 5.6 ha town centre site centred on the roundabout at the junction of Lewisham High Street, Molesworth Street and Loampit Vale.

- 5.92 The site is currently under-utilised, and the proposals entail a comprehensive, mixed use redevelopment of the site for up to one million square feet of space, dominated by residential units. The proposals include up to some 7,500 sq m of offices, plus significant additional retail space and the potential for leisure uses all of which will provide local employment opportunities. The lack of an office market in Lewisham and the loss of Citibank means that the new office space needs to be seen as an option for companies servicing Canary Wharf (and the development surrounding the 2012 Olympics if it is ready on time) rather than a step change in Lewisham's status as an office location.

#### *Bell Green Gas Works*

- 5.93 The redevelopment of the former gas works site in Lower Sydenham will provide new homes and employment within Lewisham. The Council has granted planning permission for an application from Castlemore Developments to develop two sites in this area. Phase one is complete. Phase two comprises around 10,000 sq m of B1, B2 and B8 in a three storey, easy in easy out, building so it will be different from the usual shed development. Phase three comprises the residential element of 156 flats, with associated retail and restaurant space.

#### *Convoys Wharf, Deptford*

- 5.94 This is News International's former paper importing site. In 2002 News International submitted an outline application for redevelopment of the site, featuring 4.5 million sq ft of floorspace, with around 3,500 new homes, 70,000 sq m of B1, B2, B8 employment space, plus around 15,000 sq m of other employment space. The development will open up a major part of Lewisham's river to the public and connect Deptford High Street with the River Thames. The Council has resolved to grant planning permission subject to conditions and signing a S106 agreement. The development will deliver a significant amount of new B class employment space; around half of which will be for B2/wharf activities and the balance B1 and B8 space, and respond positively to the policy constraints relating to the re-use of wharfs.

---

<sup>42</sup> *Ibid*

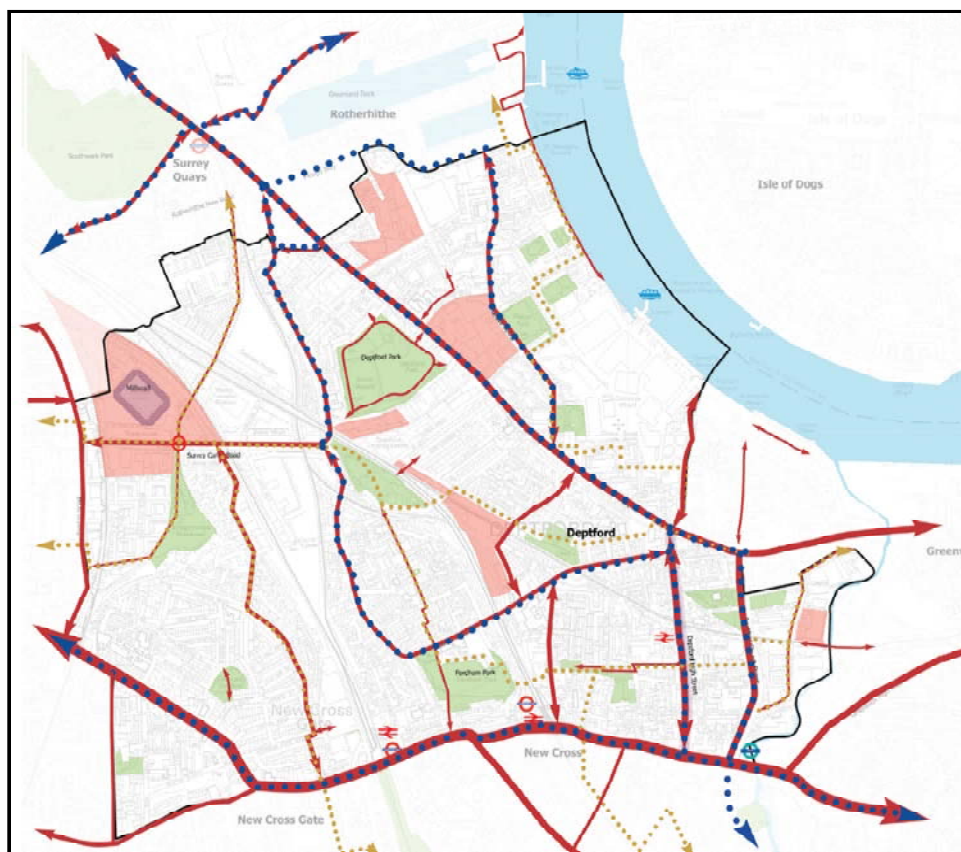


- 5.95 Thus, in three major 'mixed use' projects, whilst in themselves they will not significantly change the Lewisham commercial property market they do provide evidence of a mixed use approach to sites that will deliver new employment space, albeit most are in non B-space sectors, as well as achieving wider regeneration objectives. For example, figures from the Environmental Statements related to these schemes estimate that the proposal for Convoys Wharf redevelopment could support between 1,505 and 1,825 (plus 150 to 550 indirect/induced) jobs, Lewisham Gateway could generate 1,300 jobs and Bell Green is estimated to generate around 450-475 jobs including 300 jobs in the B-class building. In particular, these schemes follow the principles being set out in Lewisham's LDF Core Strategy, which focuses strongly on regeneration.
- 5.96 While the balance on regeneration may be stronger than commercial space delivery in these "real" projects currently being planned, more positive approaches to deliver both is being pursued through mixed use developments in the DNX Masterplan.

*Deptford and New Cross Masterplan*

- 5.97 The DNX Masterplan sets out a vision for six key sites in the northern part of the Borough. The sites are shown in pink in Map 5.1.

**Map 5.1 The Deptford New Cross Masterplan**



- 5.98 All six sites are currently in employment use, mainly for general and light industrial and occupying a wide range of premises, many old and in poor condition. Table 5.5 summarises some of the key statistics contained within the

Masterplan for each of the sites. One of the striking things to emerge from the table - apart from the 5,000+ new homes proposed, is the treatment of employment and jobs.

- 5.99 Since the Masterplan is a visionary urban design document, we do not treat it too literally at this stage. However, in implementing the proposals there needs to be some degree of realism in the proposed jobs figures since the Masterplan assumes some employment densities that are the equivalent of office employment.<sup>43</sup> Closer examination of the Masterplan also shows that some of the employment space is integrated into not only mixed use sites, but also mixed use buildings - again suggesting very neighbour-friendly, office type work. However some of these schemes may need to cater for "industrial" type employment that will meet the kind of demand identified in various previous reports as well as the research for this study.
- 5.100 Given its high level assessment, we use the Masterplan only to illustrate the potential of Lewisham's preferred option for mixed use development in delivering employment space in the borough. We look at this in detail in Chapter 6 before giving our own assessment of potential through sites that would be suitable for redevelopment during the course of the Plan.

---

<sup>43</sup> A more realistic approach would be for a mixed use policy addressing the Economic Development Business Plan's call for a balanced approach to the mix of housing and commercial development.

**Table 5.5 Development Potential of Sites in the DNX Masterplan**

<b>Site</b>	<b>Existing</b>	<b>Proposed</b>	<b>Site Area</b>
<b>Surrey Canal Road</b>			10.7 ha
Total built area (sq m)	32,800	265,000	
Employment area (sq m)	44,700	44,700	
Jobs	360	2,500	
Residential area (sq m)	-	232,300	
Residential units	-	2,700	
<b>Grinstead Road</b>			0.8 ha
Total built area (sq m)	2,800	16,400	
Employment area (sq m)	2,800	2,800	
Jobs	20	160	
Residential area (sq m)	-	13,600	
Residential units	-	160	
<b>Plough Way</b>			5.1 ha
Total built area (sq m)	12,100	71,000	
Employment area (sq m)	10,000	10,000	
Jobs	170	160	
Residential area (sq m)	-	61,000	
Residential units	-	750	
<b>Oxestalls Road</b>			4.6 ha
Total built area (sq m)	17,000	100,000	
Employment area (sq m)	17,000	17,000	
Jobs	80	1,000	
Residential area (sq m)	-	83,000	
Residential units	-	950	
<b>Arklow Road</b>			2.1 ha
Total built area (sq m)	24,000	45,000	

Employment area (sq m)	24,000	24,000
Jobs	120	480
Residential area (m <sup>2</sup> )	-	16,000
Residential units	-	200
<b>Kent &amp; Sun Wharf</b>		1.4ha
Total built area (sq m)	8,300	34,000
Employment area (sq m)	8,300	8,300
Jobs	-	350
Residential area (sq m)	-	25,700
Residential units	-	300

Source: HKR<sup>44</sup>

- 5.101 A further issue related to mixed-use schemes, particularly those that include residential, is the deliverability of B-space. With higher achievable values in residential development prompted by demand pressures in London, it is arguable that residential units located anywhere in the borough will be taken up so long as they are not over-priced. However, take up of B-space, particularly office space, in any location is not so easily assured. B-space occupiers will look for a number of factors before committing to a location, including access to markets, labour and services and the wider environment including neighbouring uses.
- 5.102 To help understand if mixed use developments are likely to improve the market for employment space in Lewisham and therefore deliver jobs, we have searched for examples of similar developments to those proposed in the Deptford New Cross Masterplan, to assess what the outturn was and what are the successful ingredients for making them deliverable. However, in our brief search we were unable to identify any useful comparables for schemes that are analogous to the proposals for mixed use development in Lewisham. This is not to say that they do not work; it is more likely that physical development will take many years before we can fully judge their success, and mixed use schemes are relatively new. Despite these difficulties, in Appendix 3 we discuss some of the key findings from a number of mixed use development case studies with the intention of delivering B-space within the mix of uses.

## Conclusions

- 5.103 This chapter has specifically focused on industrial land policy approaches taken at the strategic level and policy options identified by Lewisham Council through its emerging LDF. There are conflicts between two.

<sup>44</sup> HKR Architects (2007) Deptford New Cross Masterplan

Final Report

- 5.104 The GLA is seeking to protect strategic industrial locations within the region, which include sites around Surrey Canal and Bromley Road in Lewisham. Similarly, the GLA has set Lewisham an allocation to release some 49 hectares of existing industrial land. Since the SILs are protected then this would be equivalent to losing 78% of the other locally allocated employment land supply, which may affect business choice of land and premises.
- 5.105 In terms of delivering on this benchmark, in addition to meeting its own agenda for encouraging mixed use developments, Lewisham are proposing to reallocate four sites within the GLA's indicative SIL area and two sites outside the SIL area, but within locally defined employment areas, for mixed use development.
- 5.106 In this chapter we have raised difficulties that we have in reconciling strategic policy to Lewisham. Similarly, we have raised issues regarding Lewisham's approaches to delivering employment through mixed use allocations.
- 5.107 Of particular importance is Policy SPG8 in the GLA Industrial Capacity SPG which discusses industrial uses in mixed-use developments. This Policy states that strategic and local demand and supply assessments should be used to consider whether industrial areas would be appropriate for higher density, mixed-use redevelopment. The remaining part of this study is to inform this evidence base by identifying how much space is required to comply with the GLA's employment forecasts set out in this chapter. And then to assess the suitability of current allocated supply within Lewisham to meet this future growth, and the implications of its mixed use policy proposals on this.

## 6 FUTURE MARKET BALANCE

### Introduction

- 6.1 In this chapter, we consider the future market balance for business space in Lewisham to 2026. Following an accepted method, in this study we use future employment as a proxy, or indirect measure, of the future demand for employment space. We then compare these projections with planned supply - the sites currently identified by the planning system for change in employment land uses - to assess future market balance - the relationship between forecast quantum of demand and supply for employment space.
- 6.2 The analysis focuses on a 20 year planning horizon, from 2006 to 2026. We treat 2006 as the starting base because this is the latest year for known information about the number and type of jobs in Lewisham; any year after 2006 is considered a forecast year.
- 6.3 In reading the calculations below, it is important that the reader bear in mind two kinds of caveats. First, as is well known and reiterated in the London Plan and supporting papers, all projections and forecasts are highly uncertain. Second, and perhaps less obvious, it is especially difficult to forecast demand for space in an area which, like Lewisham, is a closely connected part of larger, sub-regional markets. Within these wider markets, occupiers to varying extents do not mind where they locate, and most neither know nor care about borough boundaries. Whether such footloose occupiers locate in Lewisham or a neighbouring borough is not a matter of demand. Rather, it depends on supply-side factors, including where planning authorities choose to make sites available.

### Floorspace Demand, 2006-2026

- 6.4 For estimating future floorspace demand we rely on the latest (2006) GLA borough employment projections by land use sector that were produced for the GLA by Volterra to inform the London Plan. These are set out and explained in Chapter 5.
- 6.5 We then translate future employment change into demand for space using employment densities (floorspace per worker). For offices, we use the same density assumptions as the London Office Policy Review. In the existing office stock, floorspace per worker is constant at 16.3 sq m. For industry and warehousing, we assume 32 sq m per worker, based on a 1997 survey by Roger Tym & Partners for SERPLAN, which was broadly confirmed by a similar 2004 survey by DTZ Pida for SEERA .
- 6.6 Table 6.1 shows the results from the expected net change in employment floorspace between 2006 and 2026. This net change in the stock is the difference between floorspace gained, mostly from new development, and floorspace lost, for example where industrial sites are cleared and redeveloped for housing and other uses.
- 6.7 The forecast demand in 2006-26 is for a net increase of some 132,500 sq m of office space, i.e. 6,600 sq m in office space per year; and a net fall (negative

demand) of 15,500 sq m in industrial space, i.e. 770 sq m per annum. In all demand for some 117,000 sq m, or 5,850 sq m pa, of net additional business space is projected over the plan period 2006 to 2026.

**Table 6.1: Floorspace Demand Forecast, Sq M, 2006-2016**

Net floorspace change	2006-11	2006-16	2006-21	2006-26	2006-26 per year
<b>Industrial</b>	1,066	-7,153	-12,677	-15,462	-773
<b>Offices</b>	41,078	68,501	101,636	132,458	6,623
<b>Total B-space</b>	42,145	61,347	88,959	116,996	5,850

Source: RTP

- 6.8 For the reasons explained in paragraph 5.34 in Chapter 5, the demand for offices should be considered more widely than the office (B1a) land use class, and include sectors that serve the Financial and Business Services sectors, such as building services, catering and design activities. It is not possible to identify the split in forecast “office” sector jobs (which is why we have applied office employment densities to the GLA office jobs forecasts), however it should be acknowledged that some of the forecast demand for office floorspace in Lewisham could be accommodated in a range of premises shading from standard offices, workspace, multi-occupied buildings to more standard warehousing/ workshop units. These are more appropriate to the wider B1 use class definition than the straight forward B1a.

## Planned Supply, 2006-2026

### *Study Method*

#### *Supply-side Scenarios*

- 6.9 In looking at future supply, we review how much space by type will come forward under three scenarios.
- 6.10 The first scenario is the planned (or committed) supply of employment space, which is the land currently identified by the planning system to accommodate change in the B-class land uses. This is calculated as the sum of:
- Any surplus vacant space at the start of the plan period (i.e. 2006) over and above the “equilibrium vacancy” which is required for smooth operation of the market.
  - Outstanding planning permissions, comprising current permissions not yet started and space under construction;
  - Because 2006 is the base year, we also include net completions after 2006, taken from the LB Lewisham’s Annual Monitoring Report (2006/7); and
  - Outstanding plan allocations for developments that will produce gains or losses in B-space.

- 6.11 The second scenario expands on the committed supply with respect to the last bullet point, by adding the assumed changes to supply based on the Council's proposed allocation of mixed-use employment land sites (MUOLs). These sites are those identified in the DNX Masterplan, which are shown in Chapter 5.
- 6.12 The third scenario expands on the committed supply and the last bullet point by including the likely redevelopment opportunities within current employment areas. This is based on our site assessments (see Chapter 7), where we have identified sites that may deliver net change in employment space over the course of the plan period.

#### *Windfalls*

- 6.13 It is important to note that our supply calculations exclude windfalls - future developments which are not yet identified by the planning system. In the office sector we expect both positive and negative windfalls. But in industry and warehousing windfalls may be overwhelmingly negative as market pressures drive transfer of existing sites to housing, unless the Council successfully safeguards these sites.

#### *Distinction between Warehouses and Industry*

- 6.14 When distinguishing between demand for space we merge production and distribution space (industrial and warehousing) into one category, called "industrial/warehousing" because our experience suggests that data on the supply of space - such as CLG floorspace statistics and planning data on completions and commitments - do not distinguish accurately between industrial factories (typically B2) and warehouses (B8). This is not surprising since production and distribution can generally operate in the same buildings and, furthermore, subject to size limitations, space can be transferred between production and distribution without planning permission.

#### *Surplus Vacant Supply*

- 6.15 Vacant space is required to provide frictional vacancy and choice so that the market operates smoothly; therefore it is included in all three supply scenarios above.
- 6.16 Through discussions with local and national property agents, the frictional supply of vacant space is estimated at around 8 per cent.<sup>45</sup> However, there may be additional vacant space above this 8% mark, and therefore this would constitute surplus vacant supply. It was noted in Chapter 3 that there was 13% vacant supply at the start of the plan period in Lewisham, which suggests that 5% of B-space stock could be used to meet future requirements (i.e. demand) without forcing prices beyond their optimal (equilibrium) level.<sup>46</sup>

---

<sup>45</sup> This is supported by empirical evidence in a recent study by Kings Sturge, *European Office Property Markets, 2005*, which found the mean average office vacancy for Western Europe has been 7.2% over the last 15 years.

<sup>46</sup> This is taken from the CLG, *Industrial & Commercial Floorspace Statistics, 2006*. The CLG data does not differentiate between retail, industrial and office uses therefore we make the assumption here that vacancy rates are the same for across all land uses.



- 6.17 Table 6.2 shows floorspace stock, vacant floorspace and the surplus vacant floorspace calculation for Lewisham. In total, there is some 9,000 sq m of built office stock and 27,000 sq m of built industrial/warehousing stock.

**Table 6.2 Vacant and Surplus Floorspace, 2006**

	Offices	Ind/whsg	All B-space
Stock of built space (sq m)	181,000	542,000	723,000
Vacant space (%)	13.0%	13.0%	13.0%
Surplus space (%)	5.0%	5.0%	5.0%
<b>Surplus built space (sq m)</b>	<b>9,050</b>	<b>27,100</b>	<b>36,150</b>

Source: RTP; CLG Commercial & Industrial Floorspace and Vacancy Statistics

### *Scenario 1 - Planned Supply*

- 6.18 Table 6.3 summarises the total planned supply pipeline at 2006. This identifies a committed net supply of 162,000 sq m of B-space. Nearly two-thirds is for industrial/warehousing uses, based largely on current planning commitments (applications and permissions) shown in Table 4.3 in Chapter 4. Since this is a projection, we treat it as a supply scenario and label it Scenario 1.
- 6.19 In the committed floorspace figures is the East London Line service depot on Juno Way which is currently under construction. This scheme is on approximately 7.5 ha of railway land, more recently used as a car pound, extending to the Surrey Canal Road. The proposals are to build the main servicing depot for the East London Line and will include a number of new buildings and structures to accommodate train maintenance, servicing, operational control facilities, cleaning, signalling and train stabling. Together, there will be some 10,400 sq m of new employment space, which we allocate to the industrial/warehousing space since transport activities are included in the GLA's industrial jobs category.
- 6.20 Planned office space is some 56,500 sq m, including 9,000 sq m from surplus vacant built stock.
- 6.21 Convoys Wharf, the largest potential development in the pipeline, only provides figures for all B-space, so for the purpose of this exercise where we compare future demand with supply for different B-space types, we have assumed that around one third will be for office space (B1a) and the remaining is for industrial/warehousing (B1c/B2/B8) supply.

**Table 6.3 Scenario 1 - Planned Supply, May 2008**

	Offices	Ind/whsing	All B-space
Total planning pipeline, 2008	48,683	76,961	125,644
Surplus built space, 2006	9,050	27,100	36,150
Net completions, 2006/07	-1,270	1,802	532
<b>Total supply</b>	<b>56,463</b>	<b>105,863</b>	<b>162,326</b>

Source: RTP; LB Lewisham; CLG

**Scenario 2 - Committed Supply plus MUOLs**

6.22 As an illustrative scenario, we consider the potential supply of space should the Council's preferred policy option of redefining six defined employment areas in North Lewisham to Mixed Use Opportunity Locations (MUOLs) be implemented as set out in The Deptford New Cross Masterplan. Table 6.4 shows the sites proposed for mixed use development with summaries of the key numbers from the DNX Masterplan. Indicatively, the Masterplan assumes industrial/warehousing space on these six MUOL sites are replaced with new space built at their current scale but with greater employment intensification (i.e. higher employment densities). We therefore assume that in this scenario the less neighbourly industrial/warehousing type uses switch to friendlier office/workspace uses. The reasoning is that mixed use developments tend to favour cleaner (office) type sectors.

**Table 6.4 Potential Redevelopment Supply of MUOLs**

Site	Site area (Ha)	Existing floorspace (Sq m)		Redeveloped floorspace (Sq m)		Net floorspace change (Sq m)	
		Ind/whsing	Office/workspaces	Ind/whsing	Office/workspaces	Ind/whsing	Office/workspaces
Surrey Canal Road (inc: Bolina Rd, Rollins Wharf, Stockholm Rd)	10.7	44,700	0	0	44,700	-44,700	44,700
Arklow Road	2.1	24,000	0	0	24,000	-24,000	24,000
Grinstead Road	0.8	2,800	0	0	2,800	-2,800	2,800
Plough Way (without Marine Wharf)	5.1	10,000	0	0	10,000	-10,000	10,000
Oxestalls Road	4.6	17,000	0	0	17,000	-17,000	17,000
Kent & Sun Wharf	1.4	8,300	0	0	8,300	-8,300	8,300
<b>MUEL potential</b>	<b>24.7</b>	<b>106,800</b>	<b>0</b>	<b>0</b>	<b>106,800</b>	<b>-106,800</b>	<b>106,800</b>

## Final Report

Source: HKR

- 6.23 On the basis of no loss of employment floorspace that is set out in the DNX Masterplan, the assumed net change is a loss of 107,000 sq m of industrial/warehousing space and a gain of 107,000 sq m for office/workspace type uses. The impact on jobs will be more significant because of the lower employment densities associated with industrial/warehousing uses compared with offices/workspace uses.
- 6.24 After adding the current planned supply (shown in Table 6.3) to the additional MUOL supply, the total net supply generated by this scenario is summed in Table 6.5. We call this supply Scenario 2, which provides for a total additional B-space supply of 174,000 sq m. Nearly all this supply is assumed to come forward for higher density B1/office type uses.

**Table 6.5 Scenario 2 - Planned Supply and MUOL Potential**

	Offices	Ind/whsg	All B-space
Committed supply	56,463	105,863	162,326
MUOLs	106,800	-94,900	11,900
<b>Total supply</b>	<b>163,263</b>	<b>10,963</b>	<b>174,226</b>

Source: RTP; HKR/LB Lewisham; CLG

### *Scenario 3 - Committed Supply plus Existing Employment Area Potential*

- 6.25 A further supply scenario (Scenario 3) looks at the potential within existing employment areas to provide new floorspace over the life of the plan. We base our estimates on the sites assessments in Chapter 7 (and Annex 1) with broad assumptions on land use split and plot ratios to derive an estimate of B-space floorspace supply. This includes bringing new employment space forward on some sites through mixed use development but retaining 20%<sup>47</sup> of the land for employment uses. Table 6.6 shows the indicative changes within existing employment areas.

**Table 6.6 Potential Redevelopment Supply of Existing Employment Areas**

Site	Site area	Built units	Unbuilt sites (Sq m)		Potential floorspace (Sq m)		Net floorspace change (Sq m)	
	Ha	Sq m	Open	Vacant	Office	Ind/whsing	Office	Ind/whsing
Trundleys Road & Apollo BC	1.4	2,571	6,905		2,740	891	2,740	-8,586

<sup>47</sup> We are informed by Lewisham Council and developers that 20% of land area is a realistic assumption for employment space within mixed uses developments.

## Final Report

Rollins Wharf & Stockholm Road	2.9	18,099			3,770		-14,329
Arklow Way & Childers Street	5.0	38,028			20,120	20,120	-38,028
Grinstead Road	0.8		8,000		3,200	3,200	
Plough Way (with Marine Wharf)	8.2	50,500	9,798		16,440	5,343	16,440 -45,157
Oxestalls Road	4.6	18,526	14,463		9,200	2,990	9,200 -29,999
Kent Wharf & Sun Wharf	1.4	8,300			4,480	560	4,480 -7,740
<b>Sub-total</b>	<b>24.3</b>	<b>136,024</b>	<b>21,368</b>	<b>17,798</b>	<b>56,180</b>	<b>13,554</b>	<b>56,180 -143,839</b>

Source: RTP/Ramidus

6.26 To complete Scenario 3, we add the current planned supply (shown in Table 6.3) to the redevelopment potential identified in Table 6.6 to give total supply. This gives an indicative potential net supply of 107,000 sq m of new office/workspace, equally split by redevelopments - mostly mixed use - on existing sites and planned supply. These figures are summarised in Table 6.7, which shows that despite a growth in current commitments, there would be an overall loss of nearly 40,000 sq m in industrial/warehousing space in this scenario. This relates to the likelihood of future redevelopments within existing employment areas creating significant replacements of industrial space with offices, workspaces and, in some locations, residential.

**Table 6.7 Scenario 3 - Planned Supply and Existing Employment Area Potential**

	Offices	Ind/whsg	All B-space
Committed supply	56,463	105,863	162,326
Potential within existing employment areas	56,180	-143,839	-87,659
<b>Total committed + redevelopment potential</b>	<b>112,643</b>	<b>-37,976</b>	<b>74,667</b>

Source: RTP/Ramidus, HKR/LB Lewisham; CLG

## Market Balance in 2026

6.27 To identify the future market balance, we need to compare requirements in Table 6.1 based on the GLA employment growth forecasts for Lewisham with the total supply of future space in Lewisham based on the above three supply scenarios. The following charts summarise this future balance. In the charts:

- The red circles identify how much space is required to cover future changes in Lewisham’s employment, based on the GLA (2006) forecasts.
- The blue vertical bars represent the floorspace capacity of planned supply identified through current planning permissions (committed supply) and surplus vacant built space; scenarios 2 and 3 will also include net changes from redevelopment of existing employment land areas.
- Vertical distances between the red circles and blue bars measure the over or under-supply of space.

6.28 Throughout the analysis, calculations relate to floorspace capacity expressed in square metres.

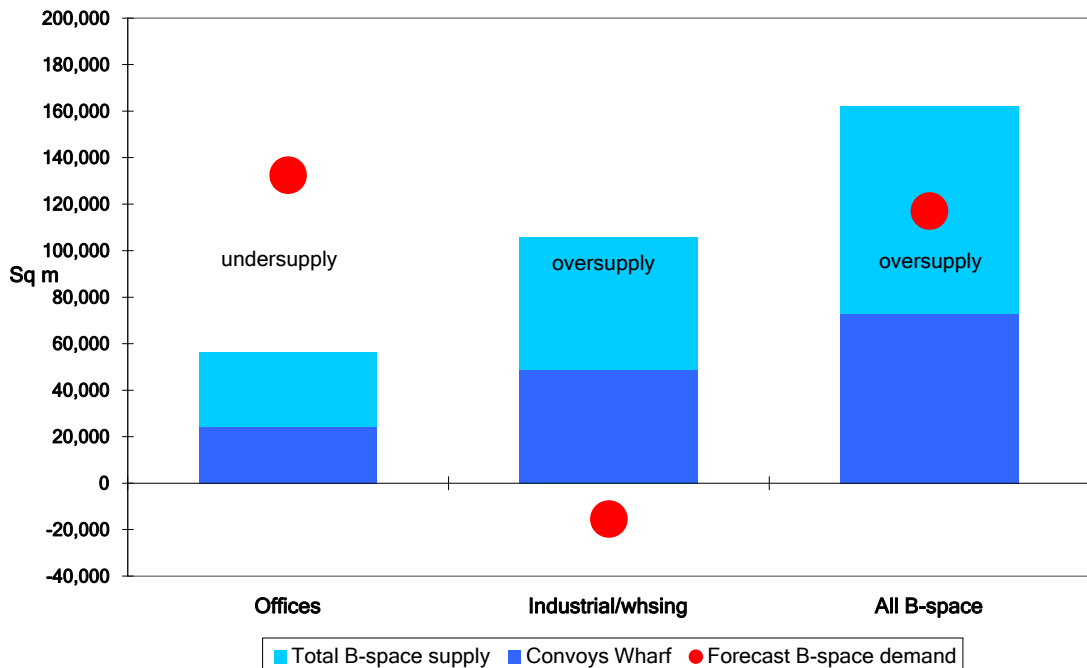
*The Quantitative Balance*

*Market Balance under Scenario 1: Planned Supply*

6.29 Given the supply that can be expected to come forward through current commitments shown in Table 6.3, the resulting market balance in Figure 6.1 shows that the planned office supply will fall significantly short of forecast demand to 2026. With a forecast demand for some 6,600 sq m of offices per year, then the planned office supply provides only some seven years worth of supply.

6.30 In contrast, industrial/warehousing space is oversupplied. While forecast demand shows no growth - in fact a minor decline - the planned supply is for an additional 106,000 sq m. Thus the imbalance is potentially for 121,000 sq m of over supplied space by 2026.

**Figure 6.1 Lewisham Market Balance, Planned Supply, 2006 - 2026**



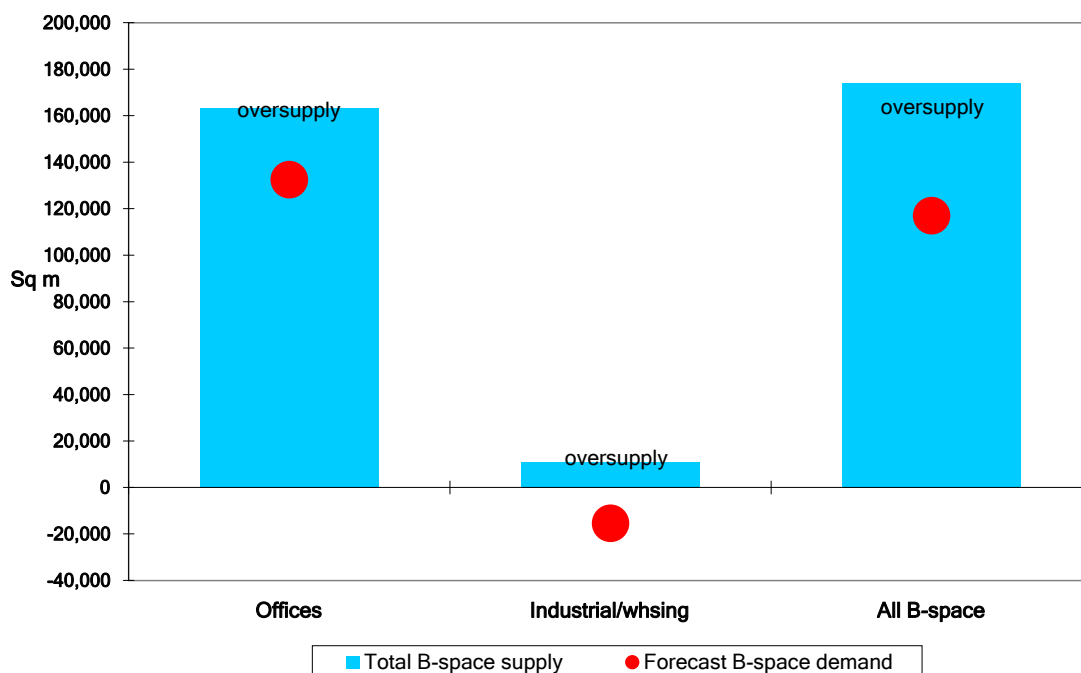
Source: RTP; Volterra, LB Lewisham

- 6.31 However, the demand-supply relationship may not entirely be what it seems because these calculations do not allow for future losses of industrial/warehousing space to windfall gains for other uses - i.e. space which may be lost in the future but is not yet covered by current planning applications and permissions. (It is important that the Council monitor these future losses and plan accordingly.) At this stage we do not know what or where the losses may occur, but Table 5.1 in Chapter 5 does show that in the past ten years the recorded gross losses of employment space amounted to some 12 hectares (equivalent to around 50,000 sq m of floorspace). No breakdown by space type is provided, but the locations and descriptions of these losses suggest that the majority would have been in industrial/warehousing space.
- 6.32 By way of illustration, should past losses continue on the same trend for the next 20 years and should 80% of losses be in industrial/warehousing space, then this would amount to 80,000 sq m of gross lost space. This loss is equivalent to two-thirds of the projected oversupply.
- 6.33 In the darker shaded area of the vertical supply bars, Figure 6.1 shows the amount of planned supply at Convoys Wharf alone, which is the single largest employment site in Lewisham but also the most uncertain. As the chart illustrates, this site contributes to nearly half the planned supply of offices and industrial/warehousing space. Should Convoys Wharf fail to deliver during the life of the plan, then this will have a strong negative impact on meeting the GLA's employment projections unless new supply is identified elsewhere.

*Market Balance under Scenario 2: Planned Supply plus MUOLs*

- 6.34 Figure 6.2 shows the supply of new offices increases and the supply of industrial warehousing falls under the indicative Scenario 2. This scenario has a better fit with the forecast demand projections. The suggested capacity within the MUOLs, gives a small oversupply of office space, equivalent to around 30,000 sq m, and a small oversupply of industrial/warehousing space of some 26,000 sq m. Again, no allowance for windfall losses to 2026 are included, and this could reduce the oversupply, particularly in industrial/warehousing space.

Figure 6.2 Lewisham Market Balance, Planned Supply plus MUOLs, 2006-2026

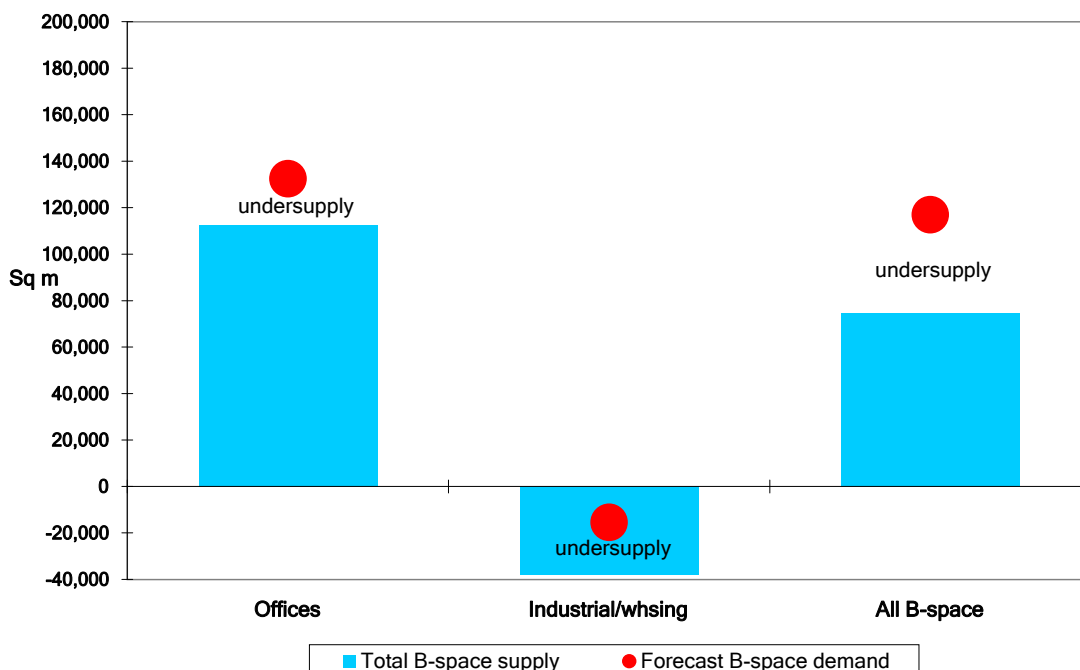


Source: RTP; Volterra, LB Lewisham

*Market Balance under Scenario 3: Planned Supply plus Existing Employment Area Potential*

- 6.35 Along with the planned supply, the site assessments identified potential for redevelopment of employment land for a mix of uses within existing employment areas, including non-employment uses. The likely mix is expected to generate more office space while releasing some poorer industrial/warehousing space in line with the forecast demand. However, based on our assessment for redevelopment potential, Figure 6.3 shows that the future market balance in Scenario 3 may still leave a small shortfall of around 20,000 sq m of office supply; and a small excess loss of some 22,500 sq m of industrial/warehousing space.
- 6.36 This mismatch is not significant since the office supply would be enough to meet 15 years of demand, giving enough time for further supply to emerge through other redevelopment or windfall gains not yet identified. Additionally, where demand for industrial/warehousing space remains strong, the reality of excessive loss is unlikely. This will require monitoring and it would be wise to take a flexible approach in building new employment space so that it can accommodate different uses.

**Figure 6.3 Lewisham Market Balance, Planned Supply plus Existing Employment Area' Potential, 2006-2026**



Source: RTP; Volterra, LB Lewisham

## Conclusions

6.37 From a quantitative view covering Lewisham, we have assessed the forecast demand for space (based on the GLA's employment forecasts) against three potential employment space (supply side) scenarios to identify potential supply gaps in 2026 that may need filling. The results are shown in Table 6.8.

**Table 6.8 Over(under) Supply, 2006 - 2026, Sq M**

	Offices	Ind/Whsing	Total B-Space
Sc1 Planned Pipeline	-75,995	121,325	45,330
Sc2 Planned Pipeline + MUOLs	30,805	26,425	57,230
Sc3 Planned Pipeline + Existing Emp Area Potential	-19,815	-22,513	-42,328

NB: A negative figure denotes undersupply and a positive figure denotes oversupply.

Source: RTP; Volterra, LB Lewisham

6.38 The quantified results for Scenario 1 - the current planned supply - form the basis for this study's conclusions and recommendations on the amount of additional employment space to be identified if Lewisham is to meet the GLA's growth expectation.



### *Offices*

- 6.39 It has become apparent that allocating sites to meet future growth in B-space requirements should particularly focus on office based sectors since this is where most of the growth in Lewisham's economy is forecast to occur.
- 6.40 The three supply scenarios suggest that there is an imbalance between future demand and supply. To meet the GLA's growth expectation, on top of the current planned supply pipeline, Lewisham will need to identify around 45,000 sq m of additional office space.
- 6.41 Using the figures set out in the NXD Masterplan document, there is potential to meet this gap and possibly exceed it by some 20,000 sq m. At this stage the Masterplan does not specify exact uses, and there is scope to better fit demand by reallocating some excess employment space to non B-space uses such as retail and leisure which are also expected to grow.
- 6.42 The third scenario looked at the potential for redevelopment within existing employment areas based on an assessment of all designated (and some non-designated) employment sites. This gives a closer match in future supply and demand for office space, leaving just 20,000 sq m of additional office space to be found.

### *Industrial/Warehousing*

- 6.43 Jobs in industrial/warehousing activities are forecast to decline in Lewisham, and therefore so will the demand for industrial/warehousing space.
- 6.44 Despite the forecast decline in demand, the current planned supply pipeline identifies a net increase in industrial/warehousing space. Consequently there could be a significant oversupply of some 120,000 sq m in industrial/warehousing space, as shown in Table 6.8. However, a significant amount of this is likely to be lost through increasing windfall changes, leaving the planning authority with less control than it would otherwise have through plan making, over what is lost.
- 6.45 Should the Council's proposals in the DNX Masterplan be implemented as shown in Scenario 2, then a significant amount of industrial/warehousing space will be lost through reallocation to mixed use compatible uses. Even after the gains following implementation of current commitments, the net loss is projected to be some 15,000 sq m, leaving 26,000 sq m of undersupplied space.
- 6.46 Scenario 3 identified some sites with potential for delivering new industrial/warehousing uses, although primarily for light uses, through redevelopment (mostly in mixed use schemes) within existing employment areas. This Scenario shows a better fit with expected employment change, but could result in a minor net undersupply of 22,500 sq m of industrial/warehousing space. Over the 20 year life of the plan, this is an insignificant mismatch. However, with some expected windfall losses, the mismatch could be more significant and therefore the Council may need to plan accordingly.

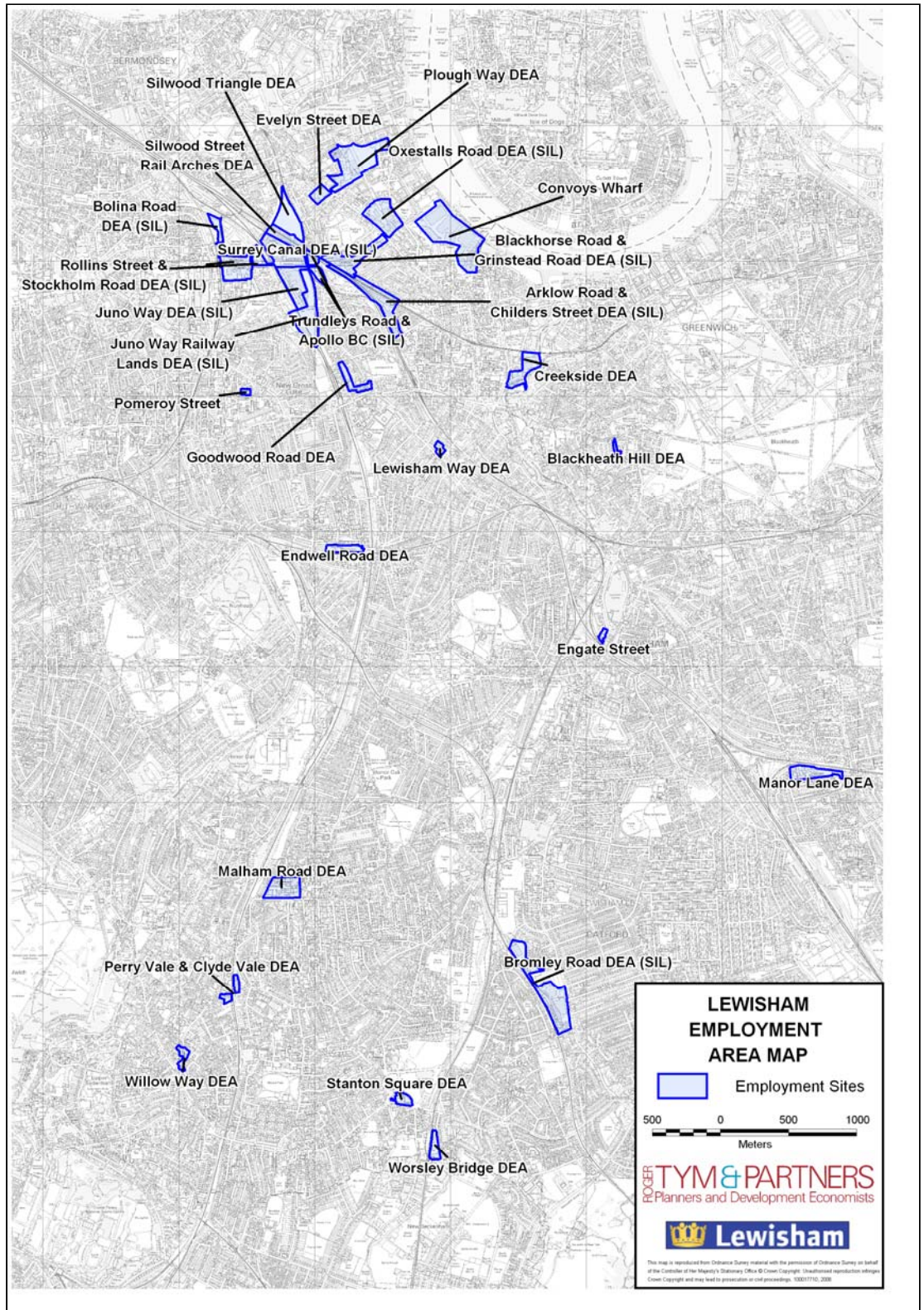
## 7 ASSESSMENT OF EMPLOYMENT AREAS

### Introduction

- 7.1 In this chapter, we provide an overview of the assessment of employment land supply in Lewisham (the full assessment is provided in Annex 1). Sites are assessed based only on their fitness for purpose in matching market requirements of business occupiers, which we have discussed in Chapters 4 and 6.
- 7.2 We assess sites that are strategically and locally defined employment allocations (DEAs), and some that are not. These include:
- Strategic Industrial Locations (SILs) as defined by the London Plan East London Sub-Regional Development Framework;
  - Local Employment Locations (LELs), defined by Lewisham's Adopted Local Plan; and
  - Non-defined employment sites, including Mixed Employment Locations (MELs) and existing sites with, or with potential for, a significant amount of employment space.
- 7.3 Map 7.1 lists the sites' polygons in relation to their location.
- 7.4 As recommended in the Government's guidance on Employment Land Study's (2004), we have given a property market assessment of areas on the basis of the following criteria:
- General location - here we consider the location of the area from a sustainability perspective, assessing its location relative to urban/town centres. For example, whether it is in an edge of centre or out of town location, its accessibility by a choice of means of transport and the proximity of facilities that would be of benefit for existing or future occupiers.
  - Accessibility - this criterion takes account of the proximity of a site to the public transport network network and good quality roads, which are important locational factors both for industrial and office occupiers. We also consider the quality of the area/site in terms of its local access characteristics, for example, whether it is located on near unclassified roads, or constrained by congestion or other physical factors.
  - Environment - this criterion takes account of the nature and extent of the area's neighbouring uses and in particular, considers the likely risk of conflict arising from existing or potential future employment uses of the area. And reviews the internal environment of employment areas, with regards to prominence and internal layout of the employment area. It also considers whether there are potential areas of risk that are likely to influence the cost of future development, such as contamination, environmental or conservation issues (eg, listed status, floodplain, area of landscape value, etc).
  - Market conditions/perception and demand - looking at recent market activity, likely market demand and the level of vacancy within the area, in terms of either vacant floorspace or land that is disused or derelict.

- 7.5 Each of the employment sites assessed in this report has been evaluated in a consistent manner by Ramidus - a specialist built environment advisory and real estate knowledge business. Ramidus visually inspected each employment site during December 2007 and February 2008. The assessment is also informed by a sites audit carried out by Lewisham Council in late 2005 and early 2006.
- 7.6 This chapter shows the *context* and *overview* summaries of the assessments, leaving a full description of each inspection and the Council's audit of sites in a separate annex (Annex 1) to this report. In this chapter we also provide a comment on Lewisham Council's Development Policy & Site Allocation Preferred Options for sites considered for a mixed use allocation. At the end of this chapter we give conclusions to the assessments of all employment sites.

Map 7.1 Assessed Employment Areas





## Bromley Road Strategic Industrial Location (SIL)

- 7.7 Bromley Road is a large employment site with prominent frontage onto the busy A21 leading into Catford. It is a long-established industrial location, and the main site accommodates a small number of mainly large users. Bellingham Trading Estate, which nestles alongside the rail tracks on the western fringe of the site, is a purpose built estate housing smaller businesses. The area is defined a SIL within the London Plan.
- 7.8 A central part of the site has recently been redeveloped as a retail park - Bromley Road Retail Park. The southern part of the site is dominated by a bus depot, while to the north of the retail park the two main buildings are a police garage and a disused BT building. A river runs through the site, and separates the Bellingham Trading Estate on Franthorne Way from the main estate.
- 7.9 Bromley Road SIL is of strategic importance partly because of its location, but also because of its scale and, therefore, potential to accommodate a large concentration of employment land. It has a number of subsidiary advantages, including access, local shops and services and profile. It provides a useful focus for economic activity in a part of the borough that is relatively under-served with such land. While Bellingham Trading Estate provides relatively dense employment opportunities, the remainder of the site is currently occupied at a low density. The site would benefit from a planning brief that took an overview of the site's potential, including internal access and servicing, landscaping and use profile. This site should rank high on any list of sites to benefit from protection as employment land in the borough.

## Surrey Canal Strategic Industrial Location (SIL)

- 7.10 Surrey Canal SIL is made up of a number of employment estates and sites in the north of the borough around the Surrey Canal Road. These sites, which are GLA defined as SILs, are reviewed individually.

### *Arklow Road and Childers Street DEA (SIL)*

- 7.11 The Arklow Road and Childers Street DEA is bounded to the west by the New Cross mainline railway, and to the east by Arklow Road and Childers Street. The northern part of the site is bisected by the Deptford rail line, under which lies a long terrace of business unit arches (Parkside). The area is surrounded by residential activity and, at its northern end is just a few minutes walk from the busy and commercial Evelyn Road, while ten minutes walk from New Cross to the south.
- 7.12 This area is a reasonably dense concentration of economic activity which shows signs of investment and growth. While its future growth is constrained by the closeness of surrounding housing and by the railway lines that run through the area, the railway embankments provide a landlocked site that is suitable for employment uses. A number of the buildings are in clear need of repair and maintenance. The two DEAs provide a valuable concentration of light industrial space that is different from, and generally of a higher quality, than that which forms the bulk of the Surrey Canal SIL.
- 7.13 While Arklow Road adds to a concentration of employment activity, its allocation may need to be balanced with its potential for encouraging wider regeneration in this part of the borough. Consequently, it one of six sites in the borough identified

for mixed used development as part of the DNX Masterplan. The plan envisages the demolition of the existing estate and the replacement of the Childers Street buildings with a residential-led scheme providing an equivalent amount of employment space, together with 200 residential units. The Masterplan states that “The advantages of the site for employment use are its land-locked position unhindered by residential neighbours ...”, while proposing a 12 storey residential building in the most constrained part of the site. It seeks to “extend the success of the Glasshouse development further south” and provide a “vibrant new place for working and living” in a “distinctive mixed-use development supporting creative industries”. The overall level of employment space is expected to remain the same as now.

*Council's Development Policy & Site Allocation Preferred Option*

7.14 The Council's preferred option for the Arklow Road/Childers Street site is:

- Intensification of B1(a) and B1(c) uses
- Creative Industries utilising existing buildings
- New small business units
- Residential use

7.15 This option is preferred over retention of employment use on the site as it is considered on balance a comprehensive redevelopment of the site would make best use of the area, improve the environment for adjacent residential and maximise the employment contribution from the site.

7.16 The indicative Masterplan shows retention of the current quantum of employment floorspace, but an increase in the estimated number of jobs. We would comment as follows:

- It is not clear if the proposed mix of uses is financially viable, particularly if a comprehensive redevelopment of the site is sought. But it is highly unlikely that any of these sites are viable for commercial-only redevelopment. The future for these sites is most probably mixed use, but this requires realistic expectations in terms of the type of employment uses created.
- There is unproven demand for B1 (particularly B1(a)) uses.
- “Studio” or “creative” and non-B employment are probably feasible; significant numbers of office/light industrial- type B employment, on the other hand, are unlikely given the site constraints.
- Creative Industries can be transitory and there are other competing locations both locally in Deptford, and regionally in places such as Hackney Wick and the Three Mills Studio areas in Lower Lea Valley.

*Blackhorse Road and Grinstead Road DEA (SIL)*

7.17 Blackhorse Road and Grinstead Road DEA is, mostly, a large, purpose-built group of industrial/warehouse buildings, generally of a modern and well managed character. The area is accessed directly off the busy A200. The area is bisected along its length by Surrey Canal Approach, which separates the buildings on

Blackhorse Road (mainly Deptford Trading Estate) from Evelyn Court and the buildings on Grinstead Road. The latter contrasts with Blackhorse Road in that it comprises a collection of scaffolding and other low value uses, together with a cleared site where a large building burned down recently (about a year ago). This was a relatively modern office building that had been vacant for a lengthy period of time. The car park adjacent to the building had relatively recently been occupied by a scaffolding yard. We are advised by the council that the site is known to be contaminated. The area represents a valuable pool of employment land, with a mix of uses and unit sizes.

7.18 This DEA represents one of the borough's more successful concentrations of employment land. There are a relatively large and diverse number of occupiers, in a self-contained site with good access. The site should also be seen in its wider context. This DEA's location close to the Arklow Road DEA provides a strategic, critical mass of generally good light industrial stock.

7.19 The Grinstead Road part of this DEA is also one of the six sites in the borough identified for mixed used development as part of the DNX Masterplan. The plan envisages the comprehensive redevelopment of the site, replacing the existing employment uses with an equivalent amount, and the development of 160 residential units. The plan suggests five residential blocks and a single, nine storey commercial block. Given the proposed 2,800m<sup>2</sup> size of the latter, and the expectation that it will house 160 workers, the suggestion seems to be that this will be an office building.

*Council's Development Policy & Site Allocation Preferred Option*

7.20 This forms part of the preferred option for the Surrey Canal Road Mixed Use Opportunity Location. The proposed Grinstead Road Mixed Use Opportunity Location requires a comprehensive redevelopment of the site for residential and B1(a) or (c) uses.

7.21 We would comment on this as follows:

- It is highly unlikely that Grinstead Road site is viable for commercial-only redevelopment. The future for this site is most probably non B-space uses or a small element of "studio" space. Significant numbers of office/light industrial-type B employment, on the other hand, are unlikely given the size and site's constraints.
- It is not clear if the proposed mix of uses is financially viable.

*Bolina Road DEA (SIL)*

7.22 Enterprise Estate on Bolina Road lies next to the Millwall FC football ground and between two converging rail lines. The estate lies at the northern tip of the borough, on the Lewisham-Southwark border that sits within the Surrey Canal SIL. It is a purpose-built, industrial estate, dating from 1978. There are 42 units on the site, arranged in three separate blocks. The units are occupied predominantly by motor trades.

7.23 The site provides a well managed and useful pool of small industrial premises in a location that is well-suited to such uses. There is clearly a demand for units on the site; and the buildings, although thirty years old, appear suited for continued

industrial uses. It should be noted that the DNX Masterplan identifies this DEA for a comprehensive redevelopment that takes in Enterprise Estate, replacing it with high density housing up to 40 storeys alongside commercial uses that will not undermine the viability of the Football and other leisure uses on the site. (See Council's Development Policy & Site Allocation Preferred Options in the Rollins Street/Stockholm Road assessment.) Along with Rollins Street, Stockholm Road and the Orion Business Centre, this site will have the benefit of the future Surrey Canal Road Station on the East London Line extension, which improves its future scope for higher density and possibly mixed use development.

### *Juno Way DEA (SIL)*

- 7.24 Juno Way is accessed directly off Surrey Canal Road, immediately opposite the entrance to the SELCHP. The area is bounded on the east and west by railways. Much of the surrounding area is light or heavy industrial in operation. The area lies at the centre of the Surrey Canal SIL, and is a dense concentration of employment land, with buildings of widely varying quality. The area immediately to the east is vacant railway lands where the ELL New Cross Gate Service Depot Facility is being constructed.
- 7.25 Juno Way is integral to the core offering of the Surrey Canal SIL's industry role. If the SIL as a whole is considered to have an on-going purpose, then Juno Way is part of that purpose.

### *Juno Way Railway Lands DEA (SIL)*

- 7.26 The Juno Way Railway Lands lie immediately south of the main Juno Way site described above, and also form part of the Surrey Canal SIL. The two sites are separated by Cold Blow Lane. Most of this area is being transformed by the construction of the East London Line (ELL) Extension and its servicing depot. The remainder of the site has recently been developed for residential use.
- 7.27 The ELL Service Depot scheme is on approximately 7.5 ha of railway land, more recently used as a car pound, extending to the Surrey Canal Road. The proposals are to build the main servicing depot for the ELL and will include a number of new buildings and structures to accommodate train maintenance, servicing, operational control facilities, cleaning, signalling and train stabling.
- 7.28 It is assumed here that none of this land will revert to commercial use once the ELL works have been completed. It has, therefore, not been assessed from a commercial property market perspective. However, the transport uses on this site fit the specifications for a SIL designation and contribute to the functioning of the SIL.

### *Oxestalls Road DEA (SIL)*

- 7.29 This is a large, strategic site in the north of the borough fronting onto Evelyn Street, and backing on to the Pepys Estate, accommodating a mix of uses. As a large, cohesive site it presents a major regeneration opportunity, with good access and critical mass potential. It is occupied by a mix of more modern warehouses, older commercial and warehousing buildings, open sites and environmentally unfriendly uses, in particular various metal and motor recycling activities.
- 7.30 The location and scale of this DEA are important in the context of the borough's employment land policy. It currently accommodates a range of occupiers but is,



however, an untidy site that lacks coherence. Furthermore, the commercial uses on the site do not reflect its full employment potential, and several are incompatible with the wider environment. It does therefore represent a longer-term opportunity for a planned employment location, with an upgrade in the quality of some of the uses on the site. This is particularly the case given its location opposite the Blackhorse Road DEA, which provides another large, dense and viable concentration of employment land.

- 7.31 Oxestalls Road is one of six sites in the borough identified for mixed used development as part of the DNX Masterplan. The plan envisages the demolition of most of the existing built space on the site and its replacement with an equivalent amount of new employment space, together with 950 residential units up to 15 storeys high. The proposed replacement of the estimated 17,000 m<sup>2</sup> of employment space on the site is expected to accommodate 1,000 workers. This represents densities broadly equivalent to office space, which might be ambitious. The site has sufficient scale to allow a distinct “business quarter” that could be adjacent to, rather than integral to, residential buildings as part of an intensive mixed use development. Redevelopment for employment use only may be more difficult to achieve given its size, potential remediation costs and the likely level of demand for space in the north of the borough.

*Proposed Council's Development Policy & Site Allocation Preferred Option*

- 7.32 The Council's preferred option for the Oxestalls Road site includes:
- A mixed use development that increases the employment generating capacity of the site
  - Small B1(a) , B1(c) and B8 units
  - An element of residential development including affordable housing
  - Retail and community facilities
- 7.33 The option is preferred over retention of employment use on the site as it is considered the site has not attracted investment over many years and the current employment uses are low density and cause environmental problems adjacent to residential development.
- 7.34 The indicative Masterplan shows retention of the current quantum of employment floorspace, but an increase in the estimated number of jobs. We would comment as follows:
- Its size, integrity, location and access all suggest strong potential for a mixed use scheme that has the potential to attract a good and sustainable mix of B and non B-space employment.
  - It is not clear if the proposed mix of uses is financially viable, particularly if a comprehensive redevelopment of the site is sought and community facilities are required.
  - There is unproven demand for B1 uses.
  - The sites present a range of opportunities, at different scales and with different potential use profiles. Given its size and potential, it will be important to maintain

a strategic direction in terms of making decisions on a site-by-site basis. In other words, it will be important to ensure that site-specific decisions are taken in the context of employment land objectives set out in future LDF planning documents, which may include the type of employment space provisions recommended in Chapter 8 of this study.

### *Rollins Street and Stockholm Road DEA (SIL)*

- 7.35 Rollins Street and Stockholm Road provide the northern and southern boundaries to an area that is bisected east-west by the Surrey Canal Road. The area lies immediately south of Millwall FC, and it sits within the Surrey Canal SIL. The area comprises a mix of building types and ages, and has three estate developments - Orion Business Centre, Excelsior Industrial Estate and Stockholm Road.
- 7.36 The Rollins Street/Stockholm Road DEA sits within a relatively harsh environment, dominated by general industrial uses, SELCHP, Millwall FC and busy roads. It is difficult to conceive redevelopment for other uses (i.e. residential or mixed use) on a piecemeal scale. The area also has to be seen within the context of the large industrial area to the west of Ilderton Road, in Southwark.
- 7.37 The area is a significant and established source of employment land and buildings. However, most of the area south of Surrey Canal Road requires significant refurbishment or redevelopment, and the units along Stockholm Way appear to have an uncertain future. The area will require new investment if it is to retain its role as a location for industrial employment.
- 7.38 Together with Bolina Road and the area around Millwall Football Ground, this DEA is one of six sites in the borough identified for mixed used development as part of the DNX Masterplan. The plan envisages the demolition of all the existing employment buildings as part of a residential-led scheme creating 2,700 residential units. The Masterplan shows the Bolina Road estate, for example, yielding to at least three tall residential buildings, one rising to 40 storeys. The proposals represent a radical transformation of what is currently a general industrial area. As with other sites in the Masterplan, the proposals for this site suggest mixed employment and residential buildings. Again, this does not seem to exploit the site's scale to provide distinct business buildings adjacent to rather than integral to residential buildings.

### *Council's Development Policy & Site Allocation Preferred Option*

- 7.39 The Rollins/Stockholm Road areas with Bolina Road fall within the proposed Surrey Canal Mixed Use Employment Area.
- 7.40 The draft policy for the Surrey Canal Mixed Use Employment Area requires a comprehensive approach to the redevelopment of these sites to provide:
- High quality/density mixed use business development
  - A range of businesses and commercial development to maximise the employment contribution from the site
  - A range of potential uses, including B1(a) and B1(c), residential, hotel, retail, leisure and community facilities

7.41 The indicative Masterplan for the site envisages an increase in the overall employment floorspace and a significant increase in the number of jobs. Demolition of all the existing employment buildings on the Bolina Road part of the site to build approximately 2,700 residential units with at least three tall residential buildings, including one rising to 40 storeys.

7.42 We would comment on this proposed option as follows:

- These sites seem to have limited redevelopment potential as industrial stock.
- The sizes of the sites support their prospects as mixed use developments and, given the limited prospects for attracting either replacement activities or higher quality B1 uses, then a mixed use strategy is appropriate.
- Given the size of these sites, this could probably support a higher component of office/light industrial-type B employment, given careful consideration to site layout.
- It is not clear if the proposed mix of uses is financially viable.

7.43 There is unproven demand for B1 (particularly B1(a)) uses.

#### *Surrey Canal DEA (SIL)*

7.44 This area lies at the heart of the Surrey Canal Road SIL. The area is dominated railways, railway lands and the SELCHP waste transfer facility. It is a harsh environment in parts and very industrial in character and includes Gemini and British Wharf industrial estates.

7.45 This DEA sits at the centre of the Surrey Canal SIL and is highly industrial in character. The scope for intensification is limited, but continuing use as employment land should be assured.

#### *Trundleys Road and Apollo Business Centre (SIL)*

7.46 The Trundleys Road site and Apollo Business Centre are situated within an area dominated by rail lines and roads at the eastern end of Surrey Canal Road. They are within the Surrey Canal SIL. The two main sites are situated at the junction of Trundleys Road, Surrey Canal Road and Canal Approach. The Trundleys Road site is a collection of older, poor quality buildings housing a collection of low value businesses; while the Apollo Business Centre is squeezed into a triangle of land immediately north of Surrey Canal Road.

7.47 The Trundleys Road buildings are of a poor quality, and yet form a site that is a very good industrial employment opportunity. Bounded by railways, Surrey Canal Road and Trundleys Road the site is self-contained and separate from residential areas (apart from the few first floor residences above the shops). The site is of a sufficient size to present a comprehensive redevelopment opportunity, although a new ELL extension switching station has significantly reduced this potential. The Apollo Business Centre is a self contained industrial site that appears to be relatively successful and clearly should continue in its current use.

## Local Employment Locations (LELs)

### *Blackheath Hill DEA*

- 7.48 The Blackheath Hill DEA sits on the Lewisham/Greenwich border. It is bounded to the north by the A2, a major arterial road into central London, and to the east by The Thames Brain Injury Rehabilitation Centre (this site is as large as the industrial site). On all other sides the site is surrounded by residential houses and flats - the four storey block of flats nearest to the front of the site (Glennie House) appears to be empty because of resident decanting with Heathside and Lethbridge estate being in the early stages of an estate remodelling. Residential will be re-provided on site.
- 7.49 Blackheath Hill DEA appears to be fulfilling a local demand for small business units, is well maintained, and well occupied. It is, however, constrained by surrounding uses, has a tight site access and is not particularly well connected to public transport. It should not therefore be considered of “strategic” importance in terms of Lewisham’s employment land use strategy. However, it is of local importance in supplying a number of small business premises in a part of the borough where these are almost non-existent.

### *Creekside DEA*

- 7.50 The Creekside DEA is bounded to the north by the Greenwich to Deptford mainline, to the west by the Crossfield residential estate and Deptford Church Street and to the east by Deptford Creek. At the northern end of the site is the Creekside Educational Centre, a nature site. Immediately north of the DEA, and on the other side of the railway bridge, in Greenwich, there is a continuation of industrial and warehousing uses on Sun Wharf and Kent Wharf, including the creative hub “Cockpit Arts”.
- 7.51 Creekside is a well established industrial area. It appears to be emerging as a significant cluster for creative businesses. Faircharm anchors the area and is clearly the dominant use. The area has potential to underpin local job creation, but this will be dependent upon new investment to replace the other parts of the DEA, most notably to the south, which will require refurbishment and/or redevelopment in the not too distant future. It will therefore be important to protect the area if this upgrading work is not to result in its loss to residential.

### *Council’s Development Policy & Site Allocation Preferred Option*

- 7.52 The area between the Creekside DEA and the Laban Dance Centre to the north is comprised of Sun Wharf and Kent Wharf. This collection of buildings is one of six sites in the borough identified for mixed used development as part of the DNX Masterplan.
- 7.53 Currently, the site includes a selection of buildings housing scaffolding businesses, motor trades, a food business and, significantly, the Cockpit Arts Centre. This latter is a registered charity which helps designer-makers to achieve commercial success by supporting them through their development and by subsidising the workspaces it provides and the services it offers. The organisation has a second site and head office on High Holborn in central London. The centre clearly has an important role here as an anchor for creative businesses.

- 7.54 The proposed preferred option for the site requires a mixed use development including B1(a) and B1(c), and residential uses. In particular, the Masterplan envisages a comprehensive development “that celebrates this area’s connections with the creative industries”.
- 7.55 The Masterplan envisages a replacement of the quantum of employment floorspace (8,300 m<sup>2</sup>) and a total of 350 jobs (at the same time as retaining the existing Cockpit Arts building). The Masterplan also envisages 300 new residential units, in 5-7 storey buildings.
- 7.56 We would comment as follows:
- It is not clear if the proposed mix of uses is financially viable, however, the location does have particular advantages for a delivering mixed use employment. This includes proximity to district town centres at Deptford and Greenwich. Proximity to good public transport. And potential to encourage compatible business uses, largely in the creative sector, for a successful mixed use scheme, with a high employment component.
  - Creekside retains some very successful employment spaces, mainly used by creative companies, and it is important that any plans for mixed use development in this area does not undermine the strategic importance of this location. Likewise, there are some parts of Creekside, including Kent and Sun Wharf which do have the potential for generating further employment uses possible though mixed use development.
  - The option recognises the need to maintain a creative cluster. The Council may wish to consider encouraging any significant growth in the creative sector to a more targeted area within Creekside. The Kent and Sun Wharf area is one such potential area/site.

### *Endwell Road DEA*

- 7.57 The Endwell Road DEA comprises the Brockley Cross Business Centre, a two storey, good quality building constructed in 1980. The site is adjacent to Brockley town centre and mainline rail station, and is accessed off the busy Mantle Road/Endwell Road junction. The site is quite narrow, and it is likely that access is constrained at times. The site has a narrow egress onto Endwell Road, and is a long, pencil-shaped site stretching westwards. The railway embankment lines its southern boundary, while its northern boundary runs along the rear gardens of houses fronting onto Drakefell Road the (B2142).
- 7.58 Unlike most other sites in this assessment, this is predominantly an office development, comprising 55 small suites. The main building works well as a business centre, with a critical mass and identity of good quality accommodation; and being fully occupied, it is obviously successful.
- 7.59 The rest of the site is largely made up of office suites, but there is also a scaffold business and a building business on the site. The site appeared to be fully occupied during the visit even though the site overall presents an untidy image - largely due to the scaffolding business and on-site management issues.
- 7.60 The Brockley Cross Business Centre in close proximity to Brockley town centre provides a valuable employment resource south of the Deptford-New Cross area,

and an area where other such accommodation is in relatively short supply. The scaffolding yard that is to the north of the Business Centre could present an opportunity for expansion of these uses.

### *Evelyn Street DEA*

- 7.61 This area is a self-contained site, which is accessed directly off Evelyn Street (A200). The area comprises buildings for two large occupiers - Robert Horne Group (paper and plastics) and Rent-a-Crate. The buildings are purpose-built, modern structures, perhaps from the early 1990s. The area sits within a residential area, surrounded by houses, except for a fast food drive-through.
- 7.62 This DEA is a good employment site with easy access and local facilities. It comprises only two occupiers, although there is potential for sub-division. The buildings are of a good quality and uses on the site are compatible with the surrounding environment.

### *Goodwood Road DEA*

- 7.63 The Goodwood Road DEA is a very well located site, on the edge of New Cross town centre, directly off the strategic A2 route, and adjacent to New Cross Gate mainline rail station. Goldsmith's College is in the locality and the area is well served with local shops and services. The site is located on the edge of New Cross/New Cross Gate town centre, almost directly adjacent to New Cross Gate
- 7.64 The Goodwood Road part of the site is under serious threat from redevelopment from other uses. The site has already become splintered with the development of Ewen Henderson Court, and the southernmost building is low value, deteriorating and isolated. The wholesale business on the northern corner also occupies an old building that will be in need of attention in the near future.
- 7.65 By contrast, Batavia Road presents a more coherent site, which is well occupied. However, there is congestion resulting from uncontrolled parking close to the centre of New Cross, and the uses on this site tend to be low value, predominantly storage uses. Its poor appearance and low value uses may undermine surrounding uses and hinder wider plans for regenerating the perennially busy centre of New Cross.

### *Lewisham Way DEA*

- 7.66 Lewisham Way is a discrete site of early 1980s buildings, providing ten purpose-built industrial units. The site is bounded to the south west by the A20, but is boarded to the east and west by residential property. It has a good selection of shops and services available nearby on Lewisham Way. The estate comprises modern, purpose-built buildings, with good parking and servicing standards.
- 7.67 Lewisham Way provides a useful pool of employment land. Whilst probably not falling within a "strategic" definition, it does make a useful contribution to employment land. However, recognising market realities, if it became the subject of redevelopment proposals, it might be difficult to justify its retention as employment land because of its small scale; however we would recommend against de-designation from employment uses.

### *Malham Road DEA*

- 7.68 Malham Road is a discrete island block of premises, with the A205 South Circular running along its southern boundary. The area has prominent frontage on four sides, and accommodates a wide variety of businesses. The building stock is diverse, generally of a good quality and well managed.
- 7.69 The area contains a number of self-contained estates (e.g. Malham Road Industrial Estate, Dulwich Business Centre and Connaught Business Centre), as well as a broad mix of office, industrial and storage buildings.
- 7.70 The Malham Road DEA makes a valuable contribution to the borough's employment objectives. It comprises relatively high density employment, in a variety of business types, in generally good quality stock. It is well located, and the very low vacancy suggests a healthy demand.

### *Manor Lane DEA*

- 7.71 The Manor Lane DEA is an industrial estate called Chiltonian at Hither Green in the east of the borough. The site sits within a pleasant surrounding residential district, and the estate is of high quality, providing a mixture of modern one and two storey industrial/warehouse units, with a builders yard and merchants at the east end of the site. The site has good accessibility, appears to be well managed and is largely let.
- 7.72 Chiltonian offers a good quality, well-maintained and valuable employment land resource for the borough, in an area not otherwise well provided for with such space. It could justifiably be described as having strategic importance and should therefore be recognised as such in policy terms.

### *Perry Vale and Clyde Vale DEA*

- 7.73 The Perry Vale/Clyde Vale DEA comprises two separate, purpose-built, industrial estates. The first is Forest Hill Industrial Estate, which lies just to the east of the Forest Hill to Croydon mainline rail; close to Forest Hill town centre, and just off the A205 South Circular. The second is Forest Hill Business Centre, which lies on the other, western, side of the railway.
- 7.74 Both estates provide valuable employment generation opportunities, and their proximity to the town centre gives an added benefit in terms of support services and access. However, Clyde Vale is showing signs of deterioration although the general condition of the estate is better.
- 7.75 Perry Vale and Clyde Vale sit within a busy, commercial area, surrounded by residential. They provide purpose-built space in appropriately sized units for local demand. Although their scale probably precludes them from "strategic" importance, they do provide an important source of employment land in the west of the borough.

### *Plough Way DEA*

- 7.76 The Plough Way DEA is on the borough's northern boundary with Southwark, close to the Thames, and comprises a collection of sites with a variety of different uses of varying age and quality. The area is accessed from various points, and there is not continuous internal circulation. Much of the area is now surrounded by well established and also new, high quality housing. The south-western corner of the



site is bounded by Evelyn Street and consists of a distinct site called Cannon Wharf. The eastern part of the site, known as Marine Wharf, fronts Plough Way and consists of two modern buildings: a large shed and an office building. The middle part of the area, referred to here as the “Industrial Area”, is the lowest quality in the area and is accessed via Yeoman Street.

- 7.77 The Plough Way DEA is a large area with a mix of uses. It does not form a coherent site with continuous circulation, but has critical mass and its coherence could be improved with careful planning. It is thus a “strategic” site with good access and the potential to deliver significant new employment space close to an established commercial centre.

*Proposed Council's Development Policy & Site Allocation Preferred Option*

- 7.78 Plough Way (excluding Marine Wharf) is one of six sites in the borough identified for mixed used development as part of the DNX Masterplan. The Council’s preferred option for the Plough Way site is:

- Intensification of B1(a) and B1(c) uses;
- Replacement of the Cannon Business Centre with small business units; and
- A mixed use development that replaces the employment uses on the site with a mixture of employment, with an element of residential development.

- 7.79 The illustrative Masterplan for the site envisages the retention of the quantum of employment space, but with a slight reduction in the number of jobs, and 750 new homes.

- 7.80 The option is preferred over retention of employment use on the site as it is considered that many of the current employment uses are low intensity and of low environmental quality. In particular, without investment it is considered that there is likely to be a deterioration of employment levels and the physical environment.

- 7.81 We would comment on the preferred option/Masterplan as follows:

- It is not clear if the proposed mix of uses is financially viable, particularly if environmental improvements on the site are sought.
- The reduced emphasis on employment does not seem to match the potential of the site which, given the overall environmental improvement envisaged by the Masterplan, could provide a significant addition of higher quality business space for SMEs.
- The Masterplan also suggests mixed employment and residential buildings. Our assessment suggests that the site has sufficient scale to allow a distinct “business quarter” adjacent to, not integral to, residential buildings.
- The scope for achieving a large scale and successful place making mixed use scheme may be enhanced with the inclusion of Marine Wharf. The lack of demand for its current use suggests that redevelopment with a mix of B-space similar to those found in Cannon Wharf and the adjacent Business Centre on the other side of the road in the LB Southwark may be a better option. This will help bring employment back onto the site. And given the lack of local service facilities, non B-space uses may also be more preferable.



### *Silwood Street Rail Arches DEA*

- 7.82 Silwood Street rail arches are located under the Deptford-London Bridge stretch of rail line. Rotherhithe New Road provides local shops and services. The area is surrounded by residential uses, but there is also significant light industrial activity to the north and west, over the borough boundary in Southwark.
- 7.83 These arches do not form a strategic employment use within the borough. They provide a valuable local resource for businesses, but would require significant refurbishment to suit new or emerging uses.

### *Silwood Triangle DEA*

- 7.84 Silwood Triangle DEA lies to the east of Oldfield Grove. The area to the west of Oldfield Grove is dominated by new housing, both high and low density, ranging from two storey houses to a seven storey apartment block.
- 7.85 Assuming that a proportion of this land becomes available for development once more when the ELL extension is complete, it does present a significant industrial opportunity. When all the East London Line extensions are completed, the size of the triangle will be reduced, reducing the availability of land for any development, but also increasing the separation of any new development from housing. The site lies in an established industrial area - effectively on the same site as Gemini - and is reasonably self-contained (assuming earthwork screening in the western boundary). It could present a rare opportunity to provide some modern, replacement stock for "cleaner", light industrial uses.

### *Stanton Square DEA*

- 7.86 Stanton Square sits on an island site in the south of the borough, surrounded by major roads and adjacent to Bell Green. Part of the western portion of the island site lies outside the DEA boundary, and is occupied by a pub, and a new block of flats called St Michael's House.
- 7.87 The DEA is made up of Stanton Square itself, a scaffolding business, and sundry other small scale premises. Stanton Square was developed in 1970, and is showing signs of neglect and decay.
- 7.88 While the premises on Stanton Square are reasonably good quality (despite some recent neglect), the quality of the immediate environment is unlikely to attract new businesses for whom staff facilities and environmental quality are important. The site is not of strategic employment significance, given its proximity to Worsley Bridge Road and the potential development of Bell Green.

### *Willow Way DEA*

- 7.89 The Willow Way DEA is a relatively quiet side road linking the commercial areas of Dartmouth Road and Kirkdale in the south west corner of the borough. It is a long-established, tightly-defined employment site within a largely residential district.
- 7.90 The site provides a wide variety of building types, housing a diverse range of businesses. All the premises appear to be occupied. As well as traditional industrial uses such as printing, catering and motor trades, the site accommodates two design companies, a diamond blade supplier and a medical equipment supplier.

- 7.91 Willow Way appears to be a successful employment area, providing good quality stock, close to a commercial centre in the south of the borough. While parking is problematic, the “side road” nature of the area limits the negative impact of on-street parking. The DEA provides a valuable employment resource and should be managed as such in policy terms.

### *Worsley Bridge Road DEA*

- 7.92 Worsley Bridge Road is a relatively large concentration of economic activity, on a triangular strip of land, backing on to the railway. It lies on the southern boundary of the borough, and should be seen within the context of the wider employment land uses in the neighbouring London Borough of Bromley. The site is only a few minutes walk from Stanton Square, and accommodates a broad mix of businesses ranging from office to industrial.
- 7.93 Immediately to the south of the site, and within the London Borough of Bromley, there is a large vacant 1960s building previously occupied by Dylon International Ltd, a business that manufactures fabric dyes and household products. Around 7,000 sq m (75,000 sq ft) of office space in the building is currently being marketed at £4.64 sq ft.
- 7.94 This DEA provides a rare concentration of office activity in the borough as well as the more usual sundry selection of industrial uses such as motor trades. The buildings are generally in good order and the environmental quality is high. However, there is a level of vacancy, and the relocation of Dylon International has led to a large amount of space coming on to the market. More recent residential development to the east of Worsley Bridge Road is likely to make intensification of use in the site unlikely, but there is a proven track record for attracting clean, non-intrusive businesses to the site. This site should continue as an important employment location in the borough.

## Other Non Defined Employment Locations

### *Convoys Wharf MEL*

- 7.95 Convoys Wharf is not a designated DEA but is nevertheless a major prospective scheme that could potentially have a major impact on employment opportunities in the borough. The site is situated on the edge of the Thames, east of Evelyn Street, looking across to the Isle of Dogs. It is large and, by any measure, strategic.
- 7.96 Convoys Wharf was previously used by News International to import paper for its print business. In 2002, News International submitted an outline planning application for a large-scale development, comprising over four million square feet of floorspace with around 3,500 new dwellings; around 750,000 sq ft employment space, and major new cultural and creative facilities. The proposals also retain a working wharf to serve a waste recycling and remanufacturing facility on the site.
- 7.97 This is clearly a strategic site of long-term importance to the borough. It has the capability of providing a large amount of employment space as part of a major mixed use development. Its future employment role should, however, be placed in the context of expectations for other DEAs. For example, Plough Way, Oxestalls Road and Creekside (all sites identified within the DNX Masterplan as appropriate for major, comprehensive mixed use development) are potential providers of major

new employment land opportunities. The implications of the totality of this provision are examined in Chapter 6 in this report.

#### *Council's Development Policy & Site Allocation Preferred Option*

7.98 Part of the site is a protected wharf. The relevant policy is London Plan policy 4C.9, which states that any new development must use the site as a wharf unless it can be demonstrated that the wharf is "no longer viable or capable of being made viable for cargo handling". However, if an applicant were able to demonstrate that the wharf is no longer required for this purpose, a comprehensive mixed use development would be considered that maximises the employment contribution from the site. This would need to include the following uses:

- Tourism, heritage and leisure uses;
- Commercial development, especially river related development (including B1, B2 and live-work units); and
- High density housing.

7.99 The Deptford/New Cross Masterplan does not deal with Convoys Wharf, but there are indicative floorspaces for different uses in the planning application. These are up to 39,415 sq m for B1/B8 and up to 33,315 sq m for a wharf use. This is an outline planning application that is still current.

#### *Engate Street*

7.100 Engate Street is a short cul-de-sac just off the large roundabout at the junction of Lewisham High Street and Molesworth Street. Its southern end backs onto the Hither Green-Lewisham rail line; and it is bordered to the north by a small green area and the Ravensbourne River. Engate Street is not a DEA.

7.101 This site is not a "strategic" site in market terms - it is small and constrained, and the presence of the Royal Mail sorting office limits redevelopment options. Even if Royal Mail relocated elsewhere, there is not a proven office market in the location (despite the nearby presence of the Citibank building). Assuming the site became vacant, it would seem more suitable for some form of Mixed Use development as it is in a Town Centre location and the general policy for Town Centres is to promote mixed use development supportive of the functioning of the Town Centre.

#### *Mercury Way Waste Sites*

7.102 The non-designated Mercury Way waste sites lie immediately to the west of the Juno Way DEA. The two areas are separated by the New Cross Gate to London Bridge stretch of railway line. The area comprises five or six separate sites accommodating both waste management sites and various car trades activities. To the north, Mercury Way emerges onto Surrey Canal Road, and to the south onto Cold Blow Lane.

7.103 The sites have been protected by the GLA for waste management.

7.104 This site is of strategic employment importance, but only for its current uses which is commercial waste transfer. It lacks commercial viability for delivering B-space. Bearing to the west of the rail line it is physically separated from the core SIL area and it is undefined as a SIL. However, since this site is defined by the GLA, and

actively used, for waste management, it is strategically important and therefore should be included in the SIL area.

### *Pomeroy Street*

- 7.105 Pomeroy Street is a non-designated site of about four businesses located in a primarily residential neighbourhood. Pomeroy Street, the B2227, runs north-south, and marks the border between Lewisham and Southwark. The area is close to New Cross.
- 7.106 This site is not of strategic importance, and it operates at a relatively low employment density. There is some scope for intensification of use but, given the surrounding residential area, this would need to be sensitive and appropriate in scale.

## Conclusions

- 7.107 This chapter has summarised the quality and market prospects for 29 employment areas scattered throughout the London Borough of Lewisham. The sites vary enormously in terms of their characteristics, size, quality and use profiles. Consequently their prospects are mixed. Therefore in terms of their suitability for employment over the life of the plan, we have grouped the sites according to similar themes and prospects.
- i) Bromley Road
    - Bromley Road is a large site defined as a SIL area. It has developable land available; and plans for its reuse are already in hand. In size terms alone, it is of strategic importance and should be seen as such in policy terms. The redevelopment potential could enable industrial and offices uses. Bromley Road might require a planning brief and encouragement to attract solely good quality employment uses
  - ii) Blackhorse Rd (excluding Grinstead Rd); Surrey Canal; Juno Way
    - These are large strategic sites used for industrial/warehousing, waste management, recycling, logistics and land for transport activities (i.e. ELL extension). These activities are described in the London Plan as being essential to London's wider success and sustainability. Most of them are within the GLA's Surrey Canal SIL area.
    - Blackhorse Rd (excluding Grinstead Rd) has seen recent investment and is a well managed exemplar estate. Despite its fringe location, it is in the Surrey Canal SIL and should remain so;
    - The industrial stock on Juno Way, Gemini and British Wharf are well occupied but may be considered tired and will need redeveloping during the course of the plan. Along with SELCHP, this area has potential to accommodate further waste management services, particularly around British Wharf to the east of SELCHP, that will enable Lewisham to meet its waste apportionment allocation over the course of the plan.

- Juno Way has a new permanent depot operation for the East London Line Extension and is already accommodating a significant number of transport related jobs.
- Because of their strategic importance and fit with the GLA criteria for SILs, we would recommend that these sites should be protected for strategic uses integral to the core offering of the Surrey Canal SIL,

iii) Silwood Triangle; Mercury Way

- These two sites support employment activities relating to transport (East London Line Extension) and waste activities, and both are or could be of strategic importance.
- Silwood Triangle, when it is released by London Underground Limited following completion of East Line Extension works, may be a valuable resource for replacement stock of cleaner light industrial uses displaced from less suitable locations. And because of its location immediately adjacent to the core Surrey Canal SIL area, this site should be safeguarded under the SIL designation for employment uses.
- Mercury Way is protected by the GLA for strategic waste management. While we have concerns regarding its restricted access and wider environment, that may make it unsuitable for expanding waste management (or other employment purposes), it is already providing this service and has scope for helping the borough meet its waste apportionment tonnage set by the GLA. Therefore since this site is currently meeting a strategic need and is protected by the GLA for waste management, it should also be defined as part of the Surrey Canal SIL. But should access be a problem, both for the waste operators and adjacent residential area, then we would also recommend that the area around British Wharf to the east of SELCHP should be considered for waste management activities.

iv) Bolina Rd; Rollins St & Stockholm Rd; Trundleys Rd & Apollo BC

- All of these sites are very industrial in character, and generally have poor quality stock (with the minor exception of Bolina Road), that looks increasingly unviable coupled with limited redevelopment potential (as industrial stock). Two of these sites (Bolina Rd and Rollins St & Stockholm Rd) have been identified for mixed use development. The sizes of the sites support their prospects as mixed use developments and given the limited prospects for attracting replacement activities or higher quality B1 uses, plus new opportunities for intensification with the arrival of an East London Line Railway station, suggest that a mixed use strategy could be an option for delivering better employment and appropriate employment space. However this approach would no longer fit the criteria for a SIL designation, although given careful consideration to site layout this group could probably support a higher component of office/light industrial-type B employment compared to the sites in group (v) below.
- Trundleys Road has lost a significant share of its land to the East London Railway Line infrastructure, limiting its future potential, but it is serving a

strategic transport function, and therefore alongside the neighbouring Apollo BC, should remain covered by the Surrey Canal SIL designation.

v) Arklow Rd & Childers St; Grinstead Rd; Creekside

- These are three tightly constrained sites, surrounded by railway lands and residential uses. All have been identified for mixed use development with the exception of Creekside where only Sun Wharf and Kent Wharf have been identified. It is highly unlikely that any of these identified sites are viable for commercial-only redevelopment. The future for these sites is most probably mixed use, but this requires realistic expectations in terms of the type of employment uses created. "Studio" or "creative" and non-B employment are probably feasible; significant numbers of office/light industrial-type B employment, on the other hand, are unlikely given the site constraints.
- In the remaining part of Creekside there are a number of successful businesses and trading estates, most notably Faircharm which should remain protected for employment uses. There are also sites to the south of the railway line that are poorly used but provide useful premises and a suitable for small businesses; although equally they may also benefit from a more flexible allocation, including mixed use, so long as the reallocation does not impact on the successful employment locations to the north.

vi) Oxestalls Road, Plough Way; Convoys Wharf

- These are three large sites with clearly developable land available; all are in the north of the borough. Plans are already in hand at Convoys Wharf and Plough Way. They are, in size terms alone, of strategic importance and should be seen as such in policy terms. Given the scale (and proven interest) in these sites, the redevelopment potential for a mix of employment and non employment uses are undoubted. Also given the scale, it is less likely that redevelopment for solely good quality employment uses would be deliverable on any of them.
- Oxestalls Road is on the fringe of the Surrey Canal SIL. It is the only SIL site to the north of Evelyn Street, and is highly unlikely to be viable for commercial-only redevelopment, Given its separation from the Core SIL area by the A2 road and close proximity to a large housing estate, a SIL designation seems inappropriate for this site. In addition, this site offers a good opportunity for new employment space within a mix of uses that should be less focused on its current un-neighbourly uses.

vii) Silwood Arches; Endwell Rd; Evelyn St; Malham Rd, Manor Lane; Willow Way; Worsley Bridge Rd

- By and large, these are all good, successful and clearly viable sites. They each have a good mix of light industrial users, vacancy is low and the quality of the stock is generally fair to good. They provide valuable pools of local employment opportunities spread across the borough. They therefore should be protected, and piecemeal loss of individual sites to residential use should be resisted as redevelopment potential is reasonably good.

viii) Goodwood Rd; Lewisham Way; Perry Vale & Clyde Vale

- With one qualification (see below), these sites are, in some ways similar to the previous group: not large with narrower user bases. However, they are all well-located and offer redevelopment opportunities, close to town centres.
- The exception is Clyde Vale which appears neglected and suffers from high vacancies. This Council owned estate requires significant investment and refurbishment in order to provide suitable space for meeting demand for future employment uses within the borough.
- Goodwood Road is known already to be the subject of preliminary redevelopment proposals.
- These sites should be protected for employment use.

ix) Blackheath Hill; Engate Street; Pomeroy Street; Stanton Square

- These are all smaller sites than those described above with narrower user bases, and are isolated. They provide smaller employment opportunities and are likely to be under intense pressure for residential development. All are well occupied, and the stock in each is reasonably good. However, if occupiers leave any of the sites then their viability will be threatened. None is large enough to support a meaningful mixed use scheme, and none is likely to be redeveloped for light industrial use.

## 8 CONCLUSIONS AND RECOMMENDATIONS

### *Introduction*

- 8.1 This chapter draws together our conclusions on Lewisham's employment land. We then set out our recommendations to inform the employment space policies in Lewisham forthcoming Local Development Framework (LDF).

### Conclusions

#### *Summary Context*

- 8.2 Despite being the third most populous inner London borough, Lewisham's underlying economy is one of the smallest in London, ranking 30<sup>th</sup> out of 33 boroughs. Lewisham has seen substantial economic changes during the past twenty years to a net outward migration of private sector employment. Public services form the largest employment sector, accounting for one third of local jobs. The retail sector and a milieu of smaller business services companies have largely provided what growth in private sector employment there has been. This change is ongoing and is continuing to impact on the demand and supply of commercial space. The baseline profile suggests that, for the short-term at least, any growth in demand for commercial floorspace will be driven by existing, small local companies undergoing growth; new businesses starting up in the area and the public sector.
- 8.3 These trends have been reflected in a lack of new supply of industrial and office property over several years. At the Borough level, Lewisham's stock of commercial property has in recent times shrunk, and there are reported shortages of premises for start up and small businesses, and for owner-occupation. This is all the more surprising given the health of the London property market generally over the past six years.
- 8.4 The low level of activity in the Borough's commercial property market is demonstrated by the performance of the past three years, 2004-07, when less than 10,500 sq m of gross internal floor space was completed for employment uses. In addition, the supply of vacant premises is likely to be above the optimal rate by around 5% of the total commercial stock of space. This is an almost insignificant level of activity and raises the question to whether this is due to a lack of demand or a mismatch between the stock that is available and the type of stock that is currently in demand. Our own assessments of employment sites suggest it to be a combination of the two.
- 8.5 But Lewisham's location does have advantages. A survey of London's SMEs found the three principal reasons for choice of business location were: convenience to staff/owners; close to customers/clients; good public transport.<sup>48</sup> The strength of Lewisham as a location is that it is a good place to serve central London markets and that it is relatively cheap. Yet despite its relatively good strategic location, Lewisham is not seen as a business location. Unless it is on the map for developers

---

<sup>48</sup> RTP (2006), *op cit*



and occupiers then new employment premises will not get built and Lewisham will continue on its present trend.

### *Planning for the Future*

- 8.6 While there are pressures from the market to release industrial space, this is further reinforced by regional policy. Although identified for 'Limited' release of industrial land by the GLA, Lewisham is scheduled to release more land than any other borough in the South East London sub-region, including Bexley, which is classified as 'Managed' release but only due to lose 33 ha from a much larger stock. Lewisham is expected to lose 49 ha of industrial land over the period 2006-26, 54% of its total. Or if the SIL were to be protected, then this would imply losing 78% of the borough's remaining stock of industrial land.
- 8.7 The current (2006) GLA forecasts expect a significant growth in office based employment sectors (i.e. Financial and Business Service), which are projected to grow by more than half in Lewisham by 2026. This is very different to the past where there has been little employment growth (no more than population growth) in Lewisham and very little shifting towards office employment - the shift has been more away from industrial to retail and public services activities.

### *Planning for New Space*

- 8.8 The future path of Lewisham's economy is not certain and existing policies reflect this uncertainty. Lewisham must shed industrial land because of continuing structural change yet it must also protect existing employment areas. It is forecast to have large growth in office employment, yet it has no significant base of office employment. It is seeking to accommodate further housing growth yet cannot provide jobs for its existing residents.
- 8.9 With the projected further shift of London's economy to Financial and Business Services sectors, despite the poor market conditions, Lewisham is a good location for a range of activities that serve the service economy, like catering, stationery supplies, and design and print, and suitable provision of space for these activities should be supported.
- 8.10 For all these business sectors that are likely to be serving the Central London economy, an industrial description would convey the wrong impression of their activities. Our site assessments found that in a few cases these firms occupied office space, but more generally they occupied light industrial premises; both are classed as B1.

### *Planning for New Space*

- 8.11 If the above analysis of the opportunities for Lewisham's commercial property market is correct, then it will be imperative to encourage good quality development for "clean industrial" or hybrid units that provides a range of size and specification of premises, which target both start-up and larger established businesses, and which are available on both leasehold and freehold terms. Flexibility between premises types and physical space is also important for many businesses seeking to respond to dynamic market conditions.

- 8.12 But unless it is on the map for developers and occupiers then new employment premises will not get built and Lewisham will continue on its present trend. From the consultations carried out during our study it became clear that Lewisham needs to change its image. Momentum is a real factor in the development industry and Lewisham needs to create some transformational projects to create momentum.
- 8.13 Yet transformational should not be read as large-scale or over-ambitious. We do not think, for example, that Lewisham will become a large office destination in the plan period. But it could be well placed to attract the types of small service sector companies that are growing in London.

*Mixed Use Development*

- 8.14 Lewisham's approach to developing a mixed use policy is an attempt to reconcile the different economic tendencies. In dealing with new forms of development that may deliver employment uses, and a better quality employment use, mixed use development can be a suitable tool. If successfully delivered, it brings benefits on all fronts:
- It provides commercial premises for the new types of growth activity thus raising the number of jobs in the borough;
  - It can also provide jobs in non-B class employment, which constitute the majority of employment and a growing share of the total;
  - It frees up land to enable the borough to deliver its housing targets;
  - It creates a better environment, improving the quality of life for local residents;
  - This itself can help with the image transformation that is required if Lewisham is to become a more attractive business location; and
  - It can assist with deliverability of commercial space, where the developer market for such space has been very weak.
- 8.15 The broad structural pressures would suggest this is a good solution. Yet there are limited examples of successful mixed use development in practice and no obvious examples of a successful policy to follow. The challenge for Lewisham is to develop a policy that is sufficiently flexible that it encourages development, yet sufficiently precise that it achieves the desired balance.
- 8.16 One approach might be to adopt broad policy guidance and more site specific SPDs. This should distinguish between different types of employment uses and compatibility with other uses within mixed use schemes<sup>49</sup>. For example, where employment space is integrated in the same built structure as residential space, then its use profile must be compatible with a residential use. In particular, there is a requirement to keep the residential access to a building separate from the commercial access and servicing areas. Consequently, mixed use developments immediately reduces the opportunities for re-providing a range of employment types

---

<sup>49</sup> See Appendix 2 for further information gathered from the Lewisham mixed-use development workshop.

within some schemes unless they can be accommodated on appropriate large sites offering light industrial/office and residential in separate quarters.

- 8.17 As a result, the majority of mixed-use schemes within integrated buildings involve the provision of office/workspace type employment space and more often retail/leisure on the ground floor with residential above. This is appropriate in Lewisham's case because office and light industrial/workspace employment is forecast to grow strongly, similarly so are non B-space employment uses that will include retail and leisure, while industrial/warehousing employment is not. But should there be need for new or replacement space for the latter where existing sites are reused for alternative purposes, then there is also potential for mixed use schemes on larger sites such as Convoys Wharf, Oxestalls Road and Plough Way, which will allow for a separation of uses and therefore scope for accommodating more industrial uses.
- 8.18 Estate management is also critical to the success of mixed-use schemes and this should be sought through s106 agreement.

## Recommendations

### *Quantity of Floorspace and Site Allocations*

- 8.19 For policy compliance with the London Plan, the quantum of employment floorspace that Lewisham should plan for are based on the GLA employment growth forecasts. These future jobs have been converted into net demand for employment space, and compared with planned supply as set out in Chapter 6 of this study<sup>50</sup>. The supply gap in Scenario 1, which relates to the current planned supply of space in Lewisham, is used for recommending the changes in employment space to be identified by the LDF over the period 2006 to 2026. We also investigated two further supply scenarios focusing on redeveloping existing employment spaces in addition to the current planned supply, to gauge Lewisham's potential for delivering space that will accommodate the GLA growth expectations.
- 8.20 Under Scenario 1, we calculate that in the period up to 2026, Lewisham should release or reallocate 121,000 sq m of industrial/ warehousing space and identify 76,000 sq m of office/B1 supply. Allowing for some redistribution between the two uses, then overall the net difference suggests that Lewisham should plan for a loss of 45,000 sq m of industrial/warehousing employment floorspace.
- 8.21 The quantity of industrial floorspace to release equates to around 30ha of industrial land, significantly lower than the 49ha set out in the Industrial Land SPG. The 49ha guideline figure appears too high in the context of Lewisham, and it is unclear if this loss of industrial employment land should be wholly concentrated outside the designated SIL. We would suggest there is a case for reconsidering the allocation losses between the South East London boroughs.
- 8.22 The Council through its plan making control should identify where the losses of industrial/warehousing space should happen. This will avoid relying on windfall

---

<sup>50</sup> This covers allocated development sites, the current planned supply, covering development commitments and completions since 2006, plus available surplus stock of built space.

gains and losses to deliver the right amount of space, which is far less reliable outcome.

- 8.23 Given the structural change evident in Lewisham, as elsewhere in London, consideration should be given to where B2 employment land can be redeveloped for B1 uses. The growth sectors will be occupying B1 premises with companies seeking to service the central London market. Should Lewisham promote additional employment in new and emerging sectors that are likely to accommodate B1/office type space then it must utilise the strategic locational advantage of sites in the north of the borough.
- 8.24 The two supply side scenarios (scenarios 2 and 3) identify the potential for shifting sites from industrial/warehousing uses to a mix of uses, including B1/office type space. These should help the Council identify where losses of space should occur through reallocation. In particular, Scenario 3, which is considered the more market deliverable, generates losses of industrial/warehousing space but achieves a positive employment and regeneration outcome for the borough more consistent with the GLA's and Lewisham's growth expectations.
- 8.25 Although there is significant gains to be achieved in B1/office space above the planned supply, we do not anticipate Lewisham being attractive for major inward investment, thus the Council should seek to focus on opportunities for small-scale office and light industrial developments.

#### *Existing Employment Areas*

- 8.26 In these conclusions we have noted that Lewisham should aim to release some industrial warehousing land but identify space for office and light industrial employment uses. With consideration to the London Plan objectives and Lewisham's own regeneration objectives, we offer the following recommendations for land designations based on the findings above and the assessment of Lewisham's stock of employment areas in Chapter 7:
- 8.27 The following sites should remain designated Strategic industrial Locations (SIL):
- Bromley Road;
  - Blackhorse Road (excluding Grinstead Road);
  - Juno Way;
  - Surrey Canal; and
  - Trundleys Road & Apollo Business Centre.
- 8.28 The following sites should be considered for SIL designation:
- Silwood Triangle; and
  - Mercury Way.
- 8.29 The following sites should be removed from a SIL designation and identified for mixed employment uses with scope for light industrial and office uses in line with the policy recommendations below:

- Arklow Road & Childers Street;
- Bolina Road;
- Grinstead Road;
- Oxestalls Road; and
- Rollins Street & Stockholm Road;

8.30 The following sites should remain locally defined employment area designations:

- Creekside (outside Sun and Kent Wharves)
- Silwood Arches;
- Endwell Street;
- Evelyn Street;
- Malham Road,
- Manor Lane;
- Willow Way; and
- Worsley Bridge Road

8.31 In line with the policy recommendations below, the following sites should be reallocated from locally defined employment area designations and identified for mixed employment uses, including significant elements of light industrial and office uses:

- Plough Way; and
- Convoys Wharf.

8.32 These sites should be retained in their current designated uses but closely monitored following the Plan, Monitor and Manage approach (see Appendix 6).

- Blackheath Hill DEA;
- Goodwood Road DEA;
- Lewisham Way DEA;
- Perry Vale & Clyde Vale DEA;
- Stanton Square DEA;
- Engate Street; and
- Pomeroy Street.

### *Policy Recommendations*

- 8.33 Given the future undersupply of planned office/B1 space and continued doubts about the viability of speculative development, mixed use development (including mixed business use) may help fill the mismatch. Supply scenario 3 provides a more realistic indication of the potential for employment space through implementation of mixed uses on a number of employment sites. This scenario suggests that there is potential for a much lower shortfall in B1/offices but this is now accompanied by a minor shortfall in industrial/warehousing space because of redeveloping on existing industrial sites.
- 8.34 Lewisham might consider 'exporting' some of this demand to other boroughs in the SE London sub-region, but in the absence of real sub-regional planning this may not be practicable. Therefore here we focus on how to get the most from the mixed use policy.

### *Mixed Use Employment Land*

- 8.35 By introducing a mixed use policy within employment areas, the Council should refer to the GLA Industrial Capacity SPG Policy SPG8 (described in Chapter 5), which deals with industrial uses in mixed-use developments. In summary, this policy recommends that:
- Mixed use scheme be supported by a strategic and local demand and supply assessments (we assume that this study serves this point);
  - Focus on areas that have, or will have, good public transport accessibility, especially those within or on the edge of town centres that would be appropriate for higher density, mixed-use redevelopment;
  - Redevelopment should not incur a significant net loss of industrial capacity or compromise other competitive locations for industry, logistics, transport, utilities or waste management;
  - The focus should be on the periphery areas of SILs near to public transport nodes or town centres, especially where there is a barrier separating the area from the rest of the SIL;
  - Maintaining the integrity of a local business clusters within SIL areas; and
  - Establish robust and sensitive industrial relocation arrangements for existing users.
- 8.36 In retaining, improving and delivering new space the Council has three broad policy options, which are summarised in Table 8.1 along with their associated benefits and risks. We recommend that the Council considers Policy Options 2 and 3 (or a combination of both). Although these options support the de-allocation of some employment sites, they potentially allow for the development of new employment floorspace achieving a long term viable mix of employment in the study area.
- 8.37 The Deptford New Cross Masterplan (dated November 2007) has investigated the potential options for the redevelopment of some identified sites, but we understand

that no financial assessment of these indicative proposals has been completed to date. We would therefore recommend a financial viability assessment of the Masterplan options is undertaken to establish whether these proposals (or what mix of uses) are viable. Such will help to refine the proposed preferred options as part of the LDF process and improve the evidence base, and it will help to inform any future planning applications on these sites. This could be of particular importance where increased residential development is sought by developers on viability grounds which may not accord with the Council's employment aspirations for the site.

8.38 We would also recommend the Council considers whether a pro-active approach to releasing existing poor employment space for high value redevelopment (where appropriate), and securing contributions from this to directly provide new employment floorspace would be the most effective means to achieve the Council's objectives. For example, we are aware the London Borough of Hackney has an adopted s106 strategy for securing contributions from a loss of employment floorspace on the following basis.<sup>51</sup>

- i) Defined Employment Areas (i.e. allocated in the Adopted UDP or the emerging LDF and shown on the Proposals Map): £1,024 per sq m of (net) lost employment space; and
- ii) Non-defined employment sites (i.e. whose lawful use is for employment generating uses but which are not allocated in the Adopted UDP or the emerging LDF and not shown on the Proposals Map): £512 per sq m of (net) lost employment space.

8.39 Securing such contributions could be used to acquire and develop land for new employment floorspace (potentially by CPO) or acquire and improve privately owned employment areas, particularly those in the Surrey Canal SIL. To deliver this policy, the Council could seek a private sector partner for a joint venture (JV). We are aware of a number of local authorities that have set up asset backed vehicles to secure private sector partners to invest in, and improve, local authority owned industrial properties/estates. Other public sector bodies, such as Regional Development Agencies, have set up JVs with private sector partners to deliver regeneration objectives. Should the Council wish to explore this possibility, we would recommend the following work streams are considered:

- Calculation of the loss of employment space and the cost of reproviding this space. This should include a site search for suitable alternative sites/premises.
- Calculation of the contribution/tariff required to reprovide lost employment space. The viability of this contribution/tariff should then be assessed against alternative options identified to ensure the policy is deliverable.
- Identification of options for viable joint venture structures and potential private sector partners.

---

<sup>51</sup> Hackney Council *Planning Contributions SPD*, Approved November 2006

- Consultation with landowners/developers on proposed policy approach and contribution/tariff level.
- Consultation/discussion is also undertaken with potential supporting public sector bodies, such as the London Development Agency (LDA), which have experience of employment redevelopment (for example to relocate businesses displaced for the Olympics) and may be able to provide funding.

8.40 To help deliver a strategy of proactive intervention, it will be important that Lewisham have staff with the right specialist skills and experience. Following the last bullet point, Lewisham should approach the LDA regarding the possibilities for seconding LDA staff that have gained similar skills through the work done on the Olympics sites.



**Table 8.1 Broad Policy Options**

<b>Policy option</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
	Retain all identified sites for employment use.	Allow selective de-allocation of employment sites for mixed use development on a criteria based approach.	Allow selective de-allocation of employment sites. Re-provide lost employment floorspace on alternative sites.
<b>Description</b>	Retention of existing policy options.	Current proposed policy approach. Comprehensive redevelopment of identified sites with requirement for on-site re-provision of lost employment	Pro-active approach to providing employment. Tariff/Sec.106 contribution required from sites where employment is lost. Contributions used by Council to develop new (off-site) employment provision.
<b>Benefits</b>	A strong evidence base would protect sites from conversion to residential, resulting in a loss of employment.	Encourage market to deliver mixed use development and improve employment space on site. Other benefits (e.g. community facilities, affordable housing) provided under a comprehensive approach.	Achieve provision of new private/affordable housing and environmental improvements, and utilise contributions secured to invest in more viable long term employment locations in the area.
<b>Risks</b>	As highlighted in this report, some sites are becoming unattractive for employment purposes and may not be viable as long term employment locations. This may result in a gradual decline in investment and weaken the employment provision in the area.	As outlined in Appendix 3, there are few truly mixed use employment developments. Allowing a mix of uses can lead to residential led development leading to unmet employment aspirations for the site.	More complex delivery mechanism required, and dependent on finding alternative suitable sites and sufficient contributions from development. Also requires a significant amount of resourcing of Council time.



- 8.41 We would also recommend the Council writes a Supplementary Planning Document (SPD) to give further detail to policies and proposals on mixed use schemes supported through the Development Plan. The SPD may cover a range of issues and can be thematic or site specific. Although it will not be part of the statutory Development Plan, the SPD will be an important consideration in determining future planning applications.
- 8.42 The SPD should seek to maximise the employment within proposed mixed use sites but also be sensitive to not make development unprofitable. Based on discussions with stakeholders at the Lewisham Mixed Use Developers Workshop (see notes in Appendix 4), in developing an SPD the following points should be considered:
- The focus should be on the quantum and quality of jobs rather than the amount of floorspace provided.
  - Note the expected outputs in terms of numbers of jobs to be accommodated rather than what needs to be provided within a scheme to achieve the expected outputs.
  - Conditions can be placed on applications relating to the phasing and use of sites to avoid developers only building the residential elements only. For example, setting a condition on the delivery time for employment space coming forward to ensure business space is provided and can operate on a site.
  - Flexibility within the MUEL policy will be important. So, rather than a generic policy or restricted policies, each scheme should be looked at case by case.
  - The SPD should not set the size for employment space in the absence of a viability assessment.

### *Policy Recommendations for Industrial/Warehousing Employment Areas*

#### *Grant Thornton Report (2006)*

- 8.43 This report<sup>52</sup> usefully summarised what they termed the “wider support interventions” for Thames Gateway London South to support more specific property interventions. Although set at a high level, we would recommend that the council also note the recommendations in this report. The framework has four areas of proposed intervention:
- Encouraging new supply through direct public sector interventions on the focused sectors for growth, encouraging the accommodation of specific property types within the major new developments proposed.
  - Encourage upgrading and renewal of existing stock through improving the image, landscaping and security of existing estates, and the development or encouraging the renewal of existing sites, as well as considering sub division / extension of premises where appropriate. Support the development of a wider

---

<sup>52</sup> Grant Thornton *op cit* p33

empty property strategy to identify vacant or redundant commercial premises and bring them back into beneficial use.

- Continuing to raise the image and promotion of the area. In addition, targeting those companies from sectors which are priority targets for the area. Encourage the development of an over-arching environmental strategy.
- Continuing the development of an influencing strategy by undertaking and maintaining research activities around property supply, demand, values as well as forward trends

8.44 We would support these aims as being appropriate to encouraging the expansion and diversification of Lewisham's commercial property offering. We would add to the last point the importance of understanding the role of inner London areas in supporting central London business districts with support services from appropriate premises.

8.45 To help met reported shortages of premises for start up and small businesses, and for owner-occupation, we would recommend strengthening and targeting information and brokerage to help SMEs find suitable accommodation as a way of supporting new enterprise. This service should particularly focus on deprived parts of the borough.

### *Monitoring and Review*

8.46 As section 11.2 of 'Creating Local Development Frameworks: A Companion guide to PPS12' (and in particular Checklist 11a) notes, there is a need to regularly review the evidence base for the LDF. For instance, where it is evident that there is unexpectedly slow or rapid progress in delivery of employment sites, a new or revised ELR should be undertaken. In Appendix 6 we identify the stages when ELRs may need revising and how this should be monitored. In addition, government guidance on monitoring LDFs<sup>53</sup> should help to guide future monitoring processes of employment land in Lewisham.

---

<sup>53</sup> ODPM, *Local Development Framework Monitoring: A Good Practice Guide*, March 2005



## APPENDIX 1

---

### Notes from the ELR Stakeholder Workshop



## LEWISHAM EMPLOYMENT LAND WORKSHOP NOTES, 11 MARCH 2008

### Group 1

#### **Why is Lewisham Good Place for Business?**

- For firms that have to be there because they are servicing central London markets - e.g. Taxi repair firm.
- It is relatively cheap. Appeals to charities, government funded bodies etc that need cheap premises
- It is close to Central London and Canary Wharf

#### **What are Negative Aspects as Business Location?**

- Poor public perception of area. Hence difficult to get staff to want to work there. Places such as Deptford have reputation as being dangerous.
- Lewisham has image as residential borough, not business location
- Railway stations are about serving central London. Internal movement within Borough is not good.
- Poor return on development. Poor covenants with existing stock of tenants. Therefore doesn't encourage investment/development of stock.

#### **What Kind of Space Available/Unavailable?**

- V. difficult to find larger units - say 30,000 sq ft.
- Churches have bought up some of the larger industrial premises.
- A lot of employment historically related to Dockside industries. These have gone. Existing sites do not have 21st Century infrastructure - narrow back lanes.

#### **What is Needed?**

- Deptford Station., Office building. Turn away people.
- Surrey Canal could be redeveloped for more jobs



- Area needs Catalyst. Something to make things happen.
- Regenerate Lewisham Town Centre. This could create development opportunities.

### **Examples of Mixed Use**

- Mixed use very difficult to do properly.
- Tabard Square good mixed use example.

### **Sectors Occupiers**

- Larger companies have been driven out
- Significant artists community of 300 mainly self-employed with need for small units.  
Creative industries and educational projects
- Homeworking a growing trend

### **Changes in Policy**

- Option could be to develop residential schemes and invest s106 in Defined Employment Areas. Better to have dedicated residential and employment locations.
- Look at SILs for mixed use

## Group 2

### **Is the borough a good location for business?**

- Participants considered it cheap and centrally located.
- A cab company said they would move to Thamesmead if they could but they needed to be in Oxestalls Road in order to serve Central London.
- Business has increased by a third since moving to current location on Evelyn Street.
- LBL great for access - 80% drivers live in the SE and we employ SE people.
- Don't want to move from area as close to workforce and this is an ideal location.
- Probably more opportunities in the East across the river but this would not suit our business.
- Crime is an issue - the threat/perception of crime is greater than in Southwark. Need CCTV for current site.
- Victoria Wharf estate is 'down and out'.
- Need long term leases for people to invest in the area.
- Whether closeness to Canary Wharf represented a good business opportunity was discussed.
- A developer considered that the areas were used by charities and start-up businesses.
- If two years on they are successful they leave due to the public perception of the area. They don't want to bring their customers here.
- The borough needs to look at the transport hubs into North Deptford.
- There are only the bus and tube stations that serve the periphery of the area.
- It doesn't serve business needs.
- People do not believe that Deptford is only one rail stop from the City.
- Would not be happy to have key staff walk from the station and they refuse to come here.
- The end result will be smaller and smaller units.

### **Existing Supply of Premises?**

- Private church groups are using large premises (>730,000 sq. ft) in employment areas. This means large sites can't be used by business.
- Can't find large site within LBL and owners are only offering 3 year leases.
- Land owners holding onto land and banking on redevelopment potential.
- Average price in the borough is £10 per sq.ft.
- Large sites are being replaced by residential uses - lost Convoys Wharf site. Victoria Wharf could be redeveloped.
- Storage businesses use large sites but only employ two people on-site.
- Problem if old industry that grew up with the docks but is not conducive to modern uses and difficult to adapt. This was the wrong place for high density employment.
- Big space/large sites are being chopped into smaller units - don't see this working for business
- Don't see Deptford being a prime location for business or for people to live. It still has its problems. Pepys Estate has a bad name.
- Regeneration occurred in Southwark and business had to move - the same looks like happening in LBL.
- Couldn't run business in this location as full of lorries especially 3pm. Can't park.
- Struggle to find tenants for smaller/ creative spaces/business.
- A company said they have 300 artists in the areas all self employed in small units. They have a need for local services. Creekside provides this symbiosis.
- Need critical mass.
- LBL needs to be aspirational - re-pitch and re-brand the area to create new markets.
- A developer commented that mixed use can work well providing security for both types of occupiers at different times of the day. Creating places can address image problems but the scheme needs to be of a scale to get over the image problem.
- Heavy industry is misplaced. It is necessary to identify those businesses that fit into the modern economy - nothing is manufactured here, however repair and support services need to be in close proximity.
- Demand seems to be for storage, warehousing and lower type employment uses, small business.
- My aspiration is for more mixed use with as much commercial as we have now but with the ability for housing.

- Build on creative sector, technical office business supporting media, design etc
- Current businesses located there because the rent is cheap and they can't afford anywhere else.
- Problem for LBL finding critical mass and supporting businesses to ensure economies of scale.

#### **Other parts of the borough**

- A company considered Deptford preferable because of the main routes running through.
- Could be priced out of Deptford with no where else to go.

#### **Existing Planning Policies - should they change?**

- A developer suggested that money could be offset from some developments and used to invest in Defined Employment Areas where this works. Building small amounts of commercial floorspace does not make an impact. Freehold properties are very attractive.
- A planning company commented that the SIL is not achieving its aim. It would be better off Mixed Use.

#### **Group 3**

#### **Is Lewisham a good business location?**

- Operator of a Taxi repair business said they had moved from Southwark to Victoria Wharf, Deptford as a better location. For them the key advantages were the proximity to their market; it was also convenient as staff were all from local area. The location on Lower Road/Evelyn Street was also helpful as it gave them good visibility to their customers. The location had increased their business over that achieved at the Southwark location.
- LBL economic development service had carried out a business survey in 2006 that asked this question and the majority replies indicated that location and affordable rents were the key issues of attraction.
- Other points raised included the critical mass issue. It was stated that an advantage of creekside location for creative industries was that others were already there.

### **Is the supply of property for business fit for purpose, in the right place, at the right price?**

- Taxi repair business said they were looking for larger premises at 30,000 sq.ft. but can't find anywhere.
- Two properties they had looked at had been taken by churches and this was a concern. Another difficulty was that landlords were holding onto sites for redevelopment value and only offering 3 year short term lease which was insufficient to give certainty and encourage investment in the business.
- They could find property to meet their needs in Belvedere but this was not a suitable location for their business. They would welcome owning their own site to give certainty to the business but it was proving difficult or impossible to find appropriate property for sale in the area.
- Other comments include a recognised demand for storage units in lower road. Demand for space from creative industries in Creekside area.

### **Lewisham employment sites- where do you put them?**

- Not much discussion on this specific question. It was felt that LBL needs to re-brand itself if it is to attract new development, particularly offices.
- Also felt that developing a critical mass was important so that there was sufficient business to attract further new business.
- Some businesses need a high visibility location to be successful others can exist in more remote locations.
- Important social point made that having visible business located in areas of high unemployment and deprivation had the advantage of providing good role models for the younger generation.
- It was felt that simply seeing people go to work was important.

### **Are there any changes you'd like to see to current policy?**

- It was felt that everyone needed more certainty about the policy position of LBL.
- Owners and occupiers both wanted some security about the future.
- It was felt by some that not sufficient protection of traditional business was offered by the Council.
- Others felt the Council needed to take advantage of the market opportunities that mixed use could offer particularly acknowledging that residential was needed to pay for less viable employment opportunities.





## APPENDIX 2

---

### Examples of Successful Local Employment Stock





## *Successful Stock*

The site assessments undertaken as part of this study included a good cross section of the Borough's employment land and property. A total of 29 sites were assessed in detail. From this work, four sites in particular stand out from the others in terms of being successful and, perhaps, provide clues to the nature of provision that will be required in the future. The four sites are:

- **Blackhorse Road;**
- **Malham Road;**
- **Willow Way, and**
- **Worsley Bridge Road.**

So what do these sites have in common that separate them from the rest? Whilst recognising that none of the sites are under a single ownership, there are at least four generic themes.

- **Quality** - by and large, these sites are well maintained and they provide reasonable quality stock providing flexible uses.
- **Scale** - each site has a scale that allows a higher quality of estate management, and movement within the estate.
- **Mix** - the sites all contain a rich mix of businesses, which protects them from business weakness in one sector, whilst providing a breadth of employment opportunities.
- **New investment** - the sites show evidence of recent investment in new stock. Owners clearly have confidence in their sites - the acid test of success.

There are two other sites that stand out for a separate reason: Creekside (specifically Faircharm) and Endwell Road (specifically Brockwell Business Centre). Both demonstrate the potential to accommodate a multitude of smaller occupiers in a mixture of light industrial, workshop and office space all within a single, large, intensively managed building.



## APPENDIX 3

---

### Mixed Use Employment Schemes



## *Introduction*

This appendix notes our findings from initial research into mixed-use development schemes. We firstly review existing literature for insights of benefits and risks inherent in these projects. We then investigate two case studies (Saint Georges Wharf and Bristol Paint Works) to demonstrate two very different but relatively successful examples of mixed-use developments. And finally based on our brief research, we note some of the potential merits and risks in promoting mixed-use schemes as a policy tool for gaining or retaining B-space sector employment.

## *Existing Literature on Mixed Use Schemes*

The definition of mixed use varies within the UK. A definition provided by Knight Frank states<sup>54</sup>:

*“The definition [of mixed use] remains unclear. Up and down the country authorities are working to a different set of definitions ranging from an office block with a café on the ground floor, to a six acre site being developed under a master plan.”*

For the purpose of this research we borrow from the Knight Frank definition<sup>55</sup> in referring to “mixed-use developments” as larger scale developments within a single planning permission that offer significant employment and living opportunities. And “mixed-use buildings” refers to single properties that may or may not be a part of a mixed-use development. Lastly, “mixed-use schemes” refer to either developments and/or buildings of mixed-use.

Mixed-use schemes have been widely studied; many papers have discussed their potential benefits towards improving environmental sustainability, social cohesion, and health.<sup>56</sup> Mixed-use development in particular, is widely championed; however, significant difficulties exist in bringing these projects forward. Many of the potential benefits of these projects, such as environmental sustainability, are social gains that do little to contribute as investment opportunity attractiveness.

The Mayor’s Office 2004 case study into mixed-use developments highlighted the investment decisions that feed into them.<sup>57</sup> One of these case studies involves a previously underutilised industrial space, which may reflect the situation for a number of Lewisham employment areas. A brief of that case follows.

### *Wandle Valley Industrial Location - “scruffy underused Industrial Estate”*

*There is considerable pressure from residential developers to redevelop non-strategic industrial estates for GLA mixed use and affordable housing, a trend that many boroughs view with caution. The Wandle Valley case study utilises two appraisals to explore the potential for mixed use, first the present status then residential led redevelopment of an industrial estate.*

*Case 1: maintain zoning. At present, a suitable option for redevelopment is to create a single use industrial space replace the existing 50,000 sq ft of B1 and B8 with 100,000 sq ft of B8. It is estimated that extensive renovations by the site’s*

---

<sup>54</sup> Knight Frank (2003) *Mixed-Use Art or Science?*

<sup>55</sup> Knight Frank (2003) *ibid*

<sup>56</sup> For example: The Princes Foundation 2007, Valuing sustainable urbanism.

<sup>57</sup> Mayor of London (March 2004) *Mixed Use Development and Affordable Housing Study*.

owners could increase the site's value by approximately £6.5 million. However, the total costs of renovations exceed the increase in value by approximately £0.5 million. Thus, redevelopment is unlikely to happen, particularly if there is any chance of the site possibly becoming available for mixed or residential use.

*Case 2: a mixed-use development. Allows for 200,000 sq ft of residential, including 60,000 sq ft social rented and 20,000 sq ft intermediate, together with 25,000 sq ft B1, including B1(c). In the second case, the development's value increases by over £47 million at a cost of approximately £44 million. a gain of approximately £3 million for the owner (equating to a profit on cost of 7%). Consequently, with planning permission the development maybe possible if the level of profit is deemed sufficient by the landowner/developer. The report concludes: "The "scruffy underused industrial estate" is moving onto centre stage in terms of the strategic aim to increase housing land, without jeopardising the jobs and services which such sites currently provide. It is our strong view at LRR that where such sites are clearly under utilised and do not fall into the category of Defined or Strategic Employment Site in the UDP, the mixed-use residential led option can deliver a triple win outcome. The triple win is very simple, more homes, more jobs, and a better urban environment offering more facilities for local residents".*

Source: London Residential Research, CBRE

The numbers provided in the Wandle Valley example highlights another issue surrounding mixed-use developments and incentives. In numerous articles, authors have commented on a lack of commitment to the creation of good employment space in mixed-use developments. Experience from America found that the commercial elements in mixed residential buildings are largely empty, and not promoted<sup>58</sup>. There is a perception that the employment space is included at poor specification in hopes of converting property to mostly residential space<sup>59</sup>.

The Wandle Valley case two demonstrates the investment value for the mixed-use space, broken down as follows:

***Table A Wandle Valley Scenario 2***

---

<sup>58</sup> Daniel J. Tirrell Preliminary Mixed-Use Development Survey USC Center for Economic Development Research Assistant

<sup>59</sup> For example see London SE1 Community website. <http://www.london-se1.co.uk/>

	Size of Space sq ft.	Value of Space (£'000s)	Cost to construct (£'000s)	Difference (£'000s)	Diff. £/Sq Ft
Commercial Space(B1)	25,000	£2,955	£2,083	£872	£34.90
Residential Space	120,000	£36,000	£17,600	£18,400	£153.30
Affordable Housing	80,000	£10,800	£8,800	£2,000	£25.00
<b>Total</b>	<b>225,000</b>	<b>£49,755</b>	<b>£28,483</b>	<b>£21,272</b>	

Source: GLA 2004

As shown in Table A, the difference between the construction cost of the office space and the value of the space (office value is based on the discounted rents collectable) is relatively small. Ignoring costs other than construction, the private residential space is worth roughly four and a half times that of the office space.

Costs other than construction associated with renting the office space include the developers profit, marketing and leasing fees. Unless the office space is rented or sold before the construction commences there is a risk that the commercial space might not be taken up, particularly if the building is in an uncompetitive site. Therefore if commitment to the office space is minimized, the project is more likely to turn a profit, because as in this case with 25,000 sq m of office space, estimated construction costs on the office space is only £2m, meaning that the project would still earn £1m even if the office space is left empty. Private businesses, being profit maximising, will place as little funding into the office space as possible if it is perceived that the offices have a low likelihood of being rented. Furthermore, there is incentive to leave the office space empty, particularly if there is any chance of the space being allocated to residential space having demonstrated that the site is not an attractive office location.

### *Examples of mixed use development*

#### *Saint Georges Wharf, Vauxhall*

The former Effra site is perhaps one of the most high profile mixed-use developments in London. Located in a highly visible site within close proximity of the Westminster World Heritage Sites, the building has its fans and critics.<sup>60</sup> The site has further permission for the construction of an additional residential tower. Approximately 20% of the sites residential units are allocated to affordable housing.<sup>61</sup>

- Number of residential units - 1,400 units
- Jobs Created - Over 800 jobs will be created once complete

<sup>60</sup> See, <http://www.timesonline.co.uk> (August 2007) "Britain's ugliest buildings".

<sup>61</sup> Greater London Authority (2003) planning report PDU/0434B/01, Vauxhal Effra site.



- Commercial Uses - 135,000 Sq ft<sup>62</sup>

The site has a long history of planning permissions and projects not being completed.

The site was occupied up to the 1950s by the former Phoenix Gas Works resulting in partial contamination. In 1961, permission was granted for the erection of the Nine Elms cold store. This was implemented and has now been demolished. In 1969, planning permission was granted for a television centre. This was never implemented. From 1963 onwards, the site was mainly used for parking.

During Michael Heseltine's reign as Secretary of State for the Environment, he considered that important Thames-side sites should be the subject of architectural competitions to bring them forward for re-development. In 1982, a competition was held for the Effra site (planning powers were taken out of the hands of Lambeth Council and planning permission was granted by means of a Special Development Order).

In 1988 this led to the approval and eventual construction of Terry Farrell's design for the Foreign Office on the eastern side of the bridge. In 1995, the Secretary of State later approved outline planning permission for part of the original "Street. George's Wharf" site, now known as "Phase 1".<sup>63</sup>

The mayoral report on mixed use developments describes Vauxhall as a "Weak office market, strong residential market."<sup>64</sup> Table B Provides details of the office space rental as of year-end 2007 in Saint Georges Wharf. The B-space is occupied, but the largest occupant is the Borough of Lambeth. The space is thus successful in terms of being filled, however its main occupant is unlikely to have been driven by the same market motivations as the typical occupiers for this sort of space.

***Table 8.2 Saint Georges Wharf Occupancy***

---

<sup>62</sup> Barkley Group Holdings PLC, (2008).

<sup>63</sup> Greater London Authority (2003) op cit.

<sup>64</sup> Mayor of London March (2004) *Mixed Use Development and Affordable Housing Study*.

Unit	Status	Type/Use	Occupiers	Sq ft
1	Unreleased	A1		482
2	Occupied	A1	Hudsons	503
3	Unreleased	A3	Marketing Suite	3,754
<b>4</b>	<b>Occupied</b>	<b>B1</b>	<b>Husband &amp; Carpenter</b>	<b>2,215</b>
<b>5</b>	<b>Occupied</b>	<b>B1</b>	<b>Lambeth Council</b>	<b>62,873</b>
7	Sold	D2	Medi-Gym	824
8	Occupied	A1	Lloyds Pharmacy	2,136
9	Sold	A1	The Male Grooming Club	1,633
<b>10</b>	<b>Sold</b>	<b>B1</b>	<b>Lanware Limited</b>	<b>1,508</b>
<b>11</b>	<b>Occupied</b>	<b>B1</b>	<b>Life Residential</b>	<b>1,115</b>
12	Exchanged	A3	Souk Restaurants	3,520
14	Occupied	A3	Youngs - The Riverside	6,058
15	Sold	D2	Educo Gyms	1,209
16	Occupied	A1	Tesco Express	5,231
17	Under Offer	D2		13,902
18 & 24	Occupied	D1	Riverside Medical Centre	9,073
19	Unreleased	A1		153
22	Exchanged	D1	Dental Practice	1,694
<b>23</b>	<b>Unreleased</b>	<b>B1</b>		<b>722</b>
<b>25</b>	<b>Unreleased</b>	<b>B1</b>		<b>537</b>
<b>26</b>	<b>Unreleased</b>	<b>B1</b>		<b>2,545</b>
27	Unreleased	A3		6,414

Source: Barkley Group Holdings PLC, 2008.

### *Bristol Paint Works*

Bristol Paint Works is a 12-acre former industrial site with buildings of varying ages. The site is located within one mile from Bristol's main line station. The former paint works operations fell into decline in the 1950s. As buildings were vacated from paint making, they were let out to other users. Eventually all paint manufacturing ceased and the site became known as "Central Trading Estate". The site then changed hands several times, with the various owners sharing one common theme, lack of

interest and lack of investment. By 2003 much was empty, some lying empty for 15 years.<sup>65</sup>

The site was identified in the local plan as being disadvantaged, and was marketed for redevelopment before 2003. Unlike Saint Georges Wharf, where a competition was held, the site scheme at Bristol was drawn up independently by Verve Architects, that sought to create an example of best practice for creative culture and design. Planning application came from the developers seeking a mixed-use scheme, and despite initial suspicion from the Local Authority, permission was granted and work commenced in 2004<sup>66</sup>.

The finished site will include about 277 homes and live work units alongside business units ranging from sculptures to a dentist; the site also includes a 59,000 sq ft studio for a television production company. The design's aim was to be unconventional and act as a hub for small businesses. The designs are based on functionality and usability with shared green space.<sup>67</sup>

Formerly the site employed just 70 people but presently it employs more than 700.<sup>68</sup> 37 businesses are now occupants of the site. Only three of approximately 35 units are currently available. At present only ten residential units have been developed and 17 live work units.

The sites agents, Alder King, has approximately 200 people on their information list enquiring for suitable workspace at the site.

Unlike most mixed-use sites, the commercial space at Bristol Paint Works was developed first. Given the shortage for suitable local spaces, currently the workspaces are earning higher profits than the residential space development.<sup>69</sup>

### *Mixed Use Buildings*

Owing to the higher value of retail uses, historically market forces have largely delivered ground level retail with upper level residential living, with buildings with residential space and with B-type employment still being relatively rare.

Being relatively new, there is a paucity of information identifying occupier preferences, so it remains unknown if occupants prefer mixed-use buildings to single use buildings. In 2004 Savills found that offices and retail outlets in mixed use buildings earned higher rents than single use buildings.<sup>70</sup>

In revisiting the data, Savills found:

*"On the whole investment return for offices in mixed-use was lower [6.8%] than those in Single use [7.3%], which would suggest that office rents are lower in mixed use buildings, but this probably reflects the performance of London offices which tends to be single use and obviously achieves higher rents than properties*

---

<sup>65</sup> Bristol Paint Works (2008), <http://www.paintworksbristol.co.uk>

<sup>66</sup> *Ibid*

<sup>67</sup> Smit (2007), *What's working: industrial sites (using industrial sites for mixed-use development)*, In *Regenerate*, pp34-36, 38-39

<sup>68</sup> *Ibid*

<sup>69</sup> Alder King contact Tom Dugay.

<sup>70</sup> Savills Research (2004) *Mixed Use Issues Investment returns*.

*elsewhere. When you look at regional investment return, the pattern is reversed with offices in mixed-use building actually outperforming single use, for example, Midlands saw a 7.5% [return] for offices in MU vs 7.3% for single use and East of England saw 3 year pac of 8.5% vs. 7.5% for SU. Although this data reflects the situation 3 years ago and this may now be different.*<sup>71</sup>

It is therefore still unclear as to whether mixed use buildings increase attractiveness for potential occupiers. For developers however, mixed use buildings are not preferable due to the difficulties in accommodating the business space needs in conjunction with residential space needs.

*“The office will be on a lease of 25 yrs with resi above on a 125 yr lease....this limits the exit strategy/redevelopment potential of the office element, and therefore has tended not to be an attractive investment opportunity.”*<sup>72</sup>

### *Planning approaches*

Housing is the priority use for inclusion of mixed-use developments at all scales and locations in London. Other uses including retailing, employment, and social and community facilities are, not surprisingly, more scale and location sensitive.

Land uses, other than residential, can be costly for developers and in places where business space is not demanded can create financial losses. Planning briefs must be specific in order to gain the desired social results, without being so demanding as to make development unprofitable.

Local authorities may choose to adopt a more proactive and positive approach to promoting, maintaining or otherwise managing mixed-use developments. Camden’s planning policy for example, actively promotes mixed-use schemes. Considerable effort and expenditure might be invested in preparing briefs for sites and in negotiating with landowners and other development partners; and the whole issue of mixed-uses, the evening economy and town centre “vitality and viability” may become the subject of a council-wide corporate approach in which planning officers and the development plan become one part of a large team.

---

<sup>71</sup> Information provided to us by Savills

<sup>72</sup> *ibid*



## APPENDIX 4

---

### Notes from the Mixed Use Developer Stakeholder Workshop



## MIXED USE DEVELOPMENT WORKSHOP, 16 MAY 2008

### What types of jobs should mixed use employment land (MUEL) schemes deliver?

- There are no specific occupiers/business sectors that can be specifically identified for the MUEL; demand will relate to the character of the area/surrounding environment.
- Lewisham is a transitional borough with new residents bringing new skills; it is these skills that the MUEL should seek to accommodate.
- It is difficult to identify typical occupiers in Lewisham because in the longer term demand may change in response to local area improvements, changes in the area's character and its perception as a place to live and work.
- Some areas are identified with certain sectors which influence type of occupiers that are attracted. For example, in Deptford and Brockley you have a creative industry sector and therefore MUEL space is more likely to attract those types of activities and should provide suitable space for those occupiers.
- Different job types will occur depending on the size of the MUEL scheme, i.e., smaller MUEL will attract different occupiers and workplaces to bigger sites.
- Business taking space within non-town centre MUEL will often be those with a local proprietor; it's the location that's important.
- Small freehold, hybrid industrial/office development occupiers are more likely to be attracted to MUEL.
- Uses should be looked at in terms of the economic activity they generate rather than the number of jobs or the floorspace provided.
- A wider view on employment types, including commercial activities covering restaurants, bars, childcare and healthcare facilities, will be attracted to MUOLs and not just B-class uses. However, this does not help meet the projected growth for office demand in Lewisham.
- Poor neighbour uses, including those business that generate dirt, noise or significant access disruption should be discouraged. Restrictions beyond land use classification can be placed on employment uses within schemes, such as setting noise thresholds.
- Businesses operations that generate significant numbers of deliveries should have separate delivery access routes to the residential/office elements.
- A proposition was raised that MUOLs with small space will not be enough to meet the future growth in offices anticipated for Lewisham. Consideration for sites unlikely to be suited to MUEL being reallocated to office type uses may be more appropriate.

▪



## What are the ingredients that will make mixed use schemes deliverable?

- A strong residential element is sometimes required to enable commercial uses.
- MUEL schemes with a significant residential element can generate demand for commercial elements, although this is more likely for shops, health and leisure services than the standard B-class elements.
- Design is a key element in the generate success.
- The difference in the attractiveness of vertical/horizontal development, eg. offices on the ground floor and residential above, is largely to do with the design of the integration rather than one being better than the other. Although offices with a significant number of workers are more difficult to let/sell if they occupy the same building as the residential elements. Smaller units, on the ground are more likely to be taken up than units in stand alone buildings within a MUEL scheme.
- Some business like sharing locations with residents for improved security and nighttime safety.
- Businesses are attracted to an area by price, but the environment plays a key part. The surrounding environment (public domain) will be important to businesses, such as parks/spaces to have lunch, feel safe walking down the street, connections to other areas, easy access to sandwich bars, McDonalds, restaurants and leisure.
- Some uses don't work well on Mixed Use, eg, nightclubs have a negative impact. Pubs and bars can create problems.
- Not providing large areas of floorspace but breaking it up into deliverable chunks rather than one space of 30,000 sq.ft
- Bespoke development should be discouraged. Units with flexibility for a multitude of uses for different business types, including incubation and move-on space, will widen demand for space and enable businesses to grow within the same location. This should improve take potential.
- The on-going management, i.e. keeping communal areas tidy and discouraging nuisance activities, is important within MUOLs. However, because of the costs in implementing, this is only likely to occur on big schemes.
- MUEL schemes will speed the take-up of units because the separate elements are marketed to different customers and therefore can simultaneously phase the residential and commercial elements. This will generate early returns on investments which is attractive for developers.
- However, commercial occupiers are more reluctant to take space during the construction of the development because of the poor image this generates. They are also less likely to buy off plan because they suffer greater uncertainty - smaller business are uncertain they will still be around when the units are ready for occupation.

- In other mixed use schemes, demand for commercial space tends to be weak when first built but then gain momentum following take up of the first (few) commercial properties.
- Can have an element of s106 conditions seeking both affordable housing and affordable commercial space but to enable this it may be necessary to reduce the requirement on the affordable housing element.
- There was a suggestion that the Council could help generate commercial interest by locating service providers such as Council offices, health, education centres on these sites. This may also release town centre locations that are suited to promoting commercial offices.
- Car parking is very important in attracting businesses. On big schemes it is possible to share the business parking spaces with other uses because of greater churn; but on small schemes there will need to be designated spaces for the businesses.
- Management of the estate is very important. This can help ensure uses do not conflict.
- Planning conditions can be enforced through environmental health regulations

#### **What might stop a mixed use policy working in Lewisham?**

- Land assembly on some of the proposed MUEL sites in Lewisham could make comprehensive redevelopment difficult, and it may be necessary for the council to implement compulsory purchase orders (CPOs). Developers may be willing to assist. CPOs need to be introduced early.
- It is possible that S106 can help to pay for, or subsidise, employment space, eg small workspaces. Therefore S106 accompanying the housing element may be used to cross-subsidise this within the same scheme and possibly (not checked Circular 05/05) on adjacent sites/areas if the contribution is relevant to planning.
- The match in residents' skills may restrict demand for B-space because occupiers and their employees will often come from the local area. If there is a deficit of skills matching typical office space businesses, then this may impact on the attractiveness of this location to those businesses.
- Restrictive planning policy for implementing MUEL can be problematic, particular in the absence of viability assessments. For example, setting the size of space without an assessment of viability has a good chance of discouraging actual development. Using SPGs or business plans for each MUEL, particularly in setting the quantum of different space types and how sites will be cut up, are seen as overly prescriptive.
- Conditions can be placed on applications relating to the phasing and use of sites, eg, B1 uses to come forward within x period, to ensure business space is provided and can operate on a site, rather than just building the residential.

- Flexibility within the MUEL policy will be important. So, rather than a generic policy or restricted policies, each scheme should be looked at case by case.
- Tower Hamlets is suggested to have had a good policy allowing for this flexibility.
- Prefer to be told about what the expected outputs are rather than what needs to be provided within a scheme to achieve the expected outputs.
- The focus should be on the quantum and quality of jobs rather than the amount of floorspace provided.

## APPENDIX 5

---

### Economic Sectors and Business Space



## *GLA Industrial Sector Employment Definition*

### *SIC 1992 class (4 digit)*

- 4533 : Plumbing
- 4534 : Other building installation
- 4541 : Plastering
- 4542 : Joinery installation
- 4543 : Floor and wall covering
- 4544 : Painting and glazing
- 4545 : Other building completion
- 6024 : Freight transport by road

### *SIC 1992 group (3 digit)*

- 222 : Printing etc
- 223 : Reproduction of recorded media
- 502 : Maintenance and repair of motor vehicles
- 504 : Sale/maintenance/repair of motorcycles
- 631 : Cargo handling and storage
- 632 : Other supporting transport activities
- 641 : Post and courier activities

### *SIC 1992 division (2 digit)*

- 15 : Manuf food products and beverages
- 16 : Manuf tobacco products
- 17 : Manuf textiles
- 18 : Manuf apparel; dressing/dyeing fur
- 19 : Tanning/dressing of leather, etc
- 20 : Manuf wood/products/cork, etc
- 21 : Manuf pulp, paper and paper products
- 23 : Manuf coke, refined petroleum products
- 24 : Manuf chemicals and chemical products
- 25 : Manuf rubber and plastic goods
- 26 : Manuf other non-metallic products

- 27 : Manuf basic metals
- 28 : Manuf fabricated metal products, etc
- 29 : Manuf machinery and equipment nec
- 30 : Manuf office machinery and computers
- 31 : Manuf electrical machinery/apparatus nec
- 32 : Manuf radio, tv/communications equipment
- 33 : Manuf medical, precision instruments, etc
- 34 : Manuf motor vehicles, trailers, etc
- 35 : Manuf other transport equipment
- 36 : Manuf furniture; manufacturing nec
- 37 : Recycling
- 51 : Wholesale trade/commission trade, etc
- 90 : Sewage/refuse disposal, sanitation, etc

### ***GLA Office Sector Employment Definition***

#### ***SIC 1992 division (2 digit)***

- 65 : Financial intermediation, etc
- 66 : Insurance and pension funding, etc
- 67 : Act auxiliary financial intermediation
- 70 : Real estate activities
- 71 : Renting machinery/equipment, etc
- 72 : Computing and related activities
- 73 : Research and development
- 74 : Other business activities

## APPENDIX 6

---

### Monitoring and Review





## *Plan, Monitor and Manage*

Policy is always based on the best knowledge available at the time. Forecasts of future employment land requirements reflect a snapshot in time and, like all forecasts, are never certain and often wrong. Nevertheless, we must use them because no other tools are available to help you plan for the long term - which you are required to do by national and regional guidance. The GLA have advised that Boroughs should use the latest available GLA forecasts for informing their site allocation policies, and that annual updates on these forecasts will be available in the future.

There is another, and less obvious, difficulty in planning for the long term: while forecasts and Plan periods have a definite end date, in reality time will not end abruptly at that date. Good planning has to take account of both the near and the far future, in different ways and with different degrees of precision, with no hard and fast dividing lines between distinct periods.

The best way to deal with these difficulties of course is to Plan, Monitor and Manage. In this approach, analysis and forecasting and the resulting policies are periodically reviewed and rolled forward. Policy is always based on the best knowledge available at the time, and the end of the planning period is never reached or even approached closely.

In this spirit, Lewisham Council should undertake the following approaches to monitoring:

- Review employment forecasts and the resulting demand forecasts at 3-5 year intervals and when there are major step changes in the economy or strategic guidance.
- Review employment forecasts should there be significant revisions to the inputs in forecasting employment.
- Continuously monitor key economic data, especially employment change by sector.
- Engage with local stakeholders including property agents, developers and land owner on a regular basis, possibly through group sessions such as breakfast workshops.
- Continuously monitor demand, supply and market balance, covering:
  - Development completions (land demand) and commitments (land supply), focusing on net floorspace change (both negative and positive);
  - Vacancy rates (both for land and floorspace), rentals and land values compared to competing areas, which provide a direct measure of the balance;
  - Insofar as possible, business relocations and expansions into and out of the borough together with enquiries for business space.

Finally, Lewisham Council should consider reviewing employment land policies if new information on Convoys Wharf suggests a significant deviation from the assumptions used in this study. Convoys Wharf accounts for nearly two-thirds of the current pipeline, yet it remains uncertain to go ahead during the life of this plan.