

Report

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Economic Land Use Vision Euston Area Plan London Borough of Camden

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Executive Summary

The Euston area is strategically located to the immediate north of London's West End and Bloomsbury. The Euston Plan Area is anchored by Euston railway station, but is also defined by the communities that live within it, the mix of local businesses including the unique character of Drummond Street, and its links to Camden Town. Key assets underpinning the economic vision include:

- High value West End and Holborn office markets,
- A global centre of the knowledge sector at Bloomsbury and the Euston Road, anchored by businesses as well as UCL, the University of London, UCL Hospital and the Wellcome Trust
- An international destination for inward investment by next generation corporations, at Kings Cross on one hand and Regents Place on the other;
- One of the world's great urban open spaces at Regent's Park;
- A high visibility central London gateway location based on national and regional rail assets on the A40/Euston Road corridor.
- High value residential neighbourhoods at Bloomsbury, Regents Park, Kentish Town and Camden Town.

Euston currently sits at a critical point in its evolution with a range of influences converging to create a major opportunity for change. This includes proposals for a new high speed rail terminal attached to the west of the existing Euston Station, the potential for redevelopment of the existing station, significant commercial office and institutional demand, the delivery of nearby schemes at Regents Place, St. Pancras and Kings Cross and ongoing housing estate renewal.

Euston Station is also the only significant piece of Government-owned land in Central London that may undergo change at this scale, which provides the potential to create a new mixed use piece of city that can contribute to the long term value of Camden's, London's and the national economy.

The HS2 proposals could lead to a higher level of development than originally anticipated in the Euston area by the London Plan. This is based in both new potential over-site development opportunities at a new HS2 station, as well as the catalytic effect it could have on realising redevelopment and new over-site development at the existing Euston Station and as a key catalyst for increasing commercial interest in the wider Euston area through to Somers Town and Camden Town. HS2 would also have significant impacts on communities and the environment around Euston. At the timing of writing Camden Council is opposed to the HS2 project based on

potential negative impacts of the form of development proposed. In the event the project proceeds Camden Council wishes to secure the best deal for local communities and the Borough. Its objectives will be set out in the Euston Area Plan.

The Euston Area has substantial assets that underpin the Economic Vision that has been developed to respond to this potential. Key assets include:

- A central London location, immediately adjacent to the West End, Bloomsbury and King's Cross;
- High accessibility based in national rail, commuter rail and tube service via multiple lines;
- An established employment base and a proven commercial office role;
- Anchor higher education, hospital, research and cultural institutions with national and global reach and ongoing development requirements;
- Established nearby retail destinations, whether the West End, Drummond Street or Camden Town;
- Strongly expressed confidence in Euston as a location for mainstream, central London commercial office development;
- Expressed interest in Euston as a location for institutional growth, a knowledge sector cluster and an 'Innovation Hub'.

However, there are a number of barriers to progress in the Euston Area.

- A shortage of unconstrained development sites that could accommodate larger commercial office or institutional developments;
- The absence of a clear framework for future land use and development that would reduce investor risk;
- Physical barriers, particularly north and south across Euston Road and also east – west with St. Pancras King's Cross;
- The absence of a funding structure that could prepare a development framework and foundation the private, institutional and public sectors can respond to.

The Economic vision responds directly to these drivers to create a unique proposition that is rooted in the area's current and future strengths and assets, and also proposing mechanisms for overcoming the identified barriers.

It is clear there is a strong future role for Euston as a natural extension of West End office market based on:

- The ongoing 'migration' of occupiers out of the core Mayfair area as rents increase and other uses secure floorspace;

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- The success of King's Cross & Regent's Place in securing significant, high profile occupiers (including significant pre-lets);
 - The value proposition, offering an unrivalled location with values below the core West End market whilst still sufficient to support development; and
 - The area's connectivity, both to the rest of London and regional economic hubs such as Birmingham.

Market experience suggests that the key to maximising the opportunity for commercial offices in Euston will be the creation of a unique identity and vibrancy for the development. Occupier priorities have changed significantly with large corporates seeking to locate in areas with their own character rather than within more 'standard' business park type environments.

Euston has the potential to accommodate a significant level of demand for office floorspace. A programme that included an average of 10 - 15,000 sqm of new employment floor space per year could be supported.

There are considerable demands for knowledge and creative sector spaces from locations immediately around the Euston Area Plan area. The demand comes from teaching, research and practice and includes institutional and private sector interests. The scale of requirements ranges from small workspaces to major departments of internationally recognised institutions. It is recommended that the requirements of the knowledge and creative sectors be incorporated in masterplanning for the Euston Area. This can be part of the economic vision, and also part of realising the type of diverse, mixed-use place that mainstream employers and office occupiers increasingly seek.

The range of combined knowledge, science and creative sector possibilities is considerable. However, the above analysis suggests that the very largest scale schemes will be significantly dependent on a single large institution to deliver.

At this time, and in the absence of a single large requirement or commitment, it is recommended that masterplanning provide opportunities for 50,-70,000 sqm of knowledge sector space incorporating both private sector and institutional developments across both science and creative sectors should be incorporated in future planning. There is likely to be some overlap between the masterplanning quantities recommended for mainstream commercial office sectors and these floor-areas. The knowledge and creative sectors will also have office and workspace requirements.

Of the total commercial development capacity it is likely that around 60% should be considered for 'office' development, a further 30% for R&D activities and 10% retail. This would enable

sufficient capacity and flexibility to accommodate a range of potentially interested parties including large corporates, academic institutions and innovative small businesses

This will provide flexibility within these typologies to effectively have a larger innovation hub, with the ability of digital creative businesses and some academic research functions to occupy the 'office' floorspace.

Construction phasing requirements suggest that larger increments will need to be delivered that respond to development zones and opportunities. It is recommended that future masterplanning explore ways in which employment components at Euston Station could be delivered early and before new rail operations in the near term. This would include opportunities to re-use existing buildings, retaining some of the local character.

Given the range of potential uses the floorspace types will vary considerably, however the following broad parameters could apply on sites linked to the station redevelopment:

- Grade A offices which provide clear, flexible floorplates in the region of 10,000-15,000sqft, with potential to deliver to the maximum heights permitted by planning policy;
- Larger scale science research space, albeit this could be multi-tenanted.

This spatial distribution will be driven by the prominence of the station site as the main frontage to the site from Euston Road, the role and profile of the Station itself, and the need to provide large, clear sites to accommodate this form of growth. The fabric of the surrounding area is unlikely to provide sites of sufficient size to accommodate these units.

Outside of the over-station development opportunities to bring forward commercial floorspace should focus on smaller units aimed at SMEs and creatives, linking closely to the character of finer grain neighbourhoods. There is the potential to utilise a range of existing buildings to retain and enhance the areas character.

These sectors will also seek out smaller and near term opportunities within the Euston Area that may include refurbishment or infill sites outside of the station and rail facility footprints. A flexible approach to the integration of these activities across the Euston area while station and rail matters are being resolved is recommended as a way to establish a new role and identity. It is also recommended that a prominent role for knowledge sectors be sought within the potentially most visible and earliest stages of over-site development at the front of the station addressing the Euston Road.

The Economic Vision is founded on the strong demand potential for mainstream central city commercial office and the clear, local and relevant demand for knowledge economy space. The knowledge sector in particular is driven by a range of nearby higher education and health institutions, as well as a nearby private science and creative economic and employment sector. Mid Town, Bloomsbury and Kings Cross have a significant presence of globally recognised institutions and firms within their fields.

Lease values and recent land transactions in nearby areas, as well as in the Euston Area itself, indicate that commercial development would be viable in the Euston area generally in the event that sites were to become available.

Under normal conditions, the Euston Area could be expected to deliver a range of economic and housing objectives. It is considered that general development opportunities in the Euston Plan area reflect a more typical range of issues found in mature, central city locations and are resolvable.

However, despite the obvious market and development potential, the Euston Plan area will be confronted with challenges in delivering major new development associated with the current and potential future station footprint and other over site developments. These challenges are rooted primarily in the cost of providing a new structural deck, or other structural system, that could support development above the station and rail lines.

While the economic and sectoral opportunities identified by the report are generally applicable, securing higher value employment and realising the full potential of the knowledge economy at Euston is more likely with a more comprehensive scheme.

Research and development activities and larger corporate occupiers in particular are likely to seek high quality property types that can be tailored to their needs and set within a high quality, mixed-use environment with a strong and integrated public realm. There is significant pre-existing demand for mainstream central London employment and knowledge economy space in the area and strong evidence of future demand. A comprehensive scheme will also secure significant regeneration and place-making gains for adjacent areas.

A number of over-site schemes prepared through GLA led masterplanning activities to support the Euston Action Plan have been considered in parallel to the development of this economic vision. Emerging development options prepared by HS2 and the constraints identified have also been reviewed. These focus on development at and above the immediate rail station environment and over existing and proposed HS2 rail alignments. These have identified significant

economic and housing potential associated with over-site development and a transformational scheme at this gateway to Central London.

A broad assessment of market viability and public investment requirements to enable comprehensive development suggests that a comprehensive scheme would meet and exceeds typical public investment criteria for development and regeneration schemes. Substantial economic, employment, housing and fiscal benefits can be expected.

It is considered that a smaller scale, non-transformational or piecemeal approaches to the major development opportunity at Euston would have a lesser gross impact and also diminishing proportional returns because development framework and quality of place issues will be incompletely addressed. This will potentially present economic, employment, housing and fiscal opportunity costs to London and the UK economy.

The rationale for public intervention is based on:

- The strong likelihood that over-site development would not occur but for the public intervention;
- The extensive economic, employment and housing benefits to Camden and Central London;
- Enabling Euston to realise its full potential as a component of the Central London and UK economy, offering an inward investment destination at a natural extension of London's commercial office core;
- The strong prospects for capturing knowledge economy components that might otherwise disperse or not happen within London, or potentially the UK;
- Responding to international trends in higher education, where UK institutions hold a leading market position and where, in addition to Oxford and Cambridge, central and inner London institutions hold a leading position;
- An increase in efficiency, enabling the integrated expansion of a range of existing local higher education and health institutions - which might otherwise lead to dispersed and facilities;
- An uplift in public sector revenues from business rates, council tax and VAT at the over-site location;
- An uplift in public sector revenues from business rates, council tax and VAT across the wider Euston Action Area;
- Realising the full potential of the south part of Camden and the Euston Road corridor that stretches from globally recognised Regents Park to the Kings Cross economic hub; and
- A significant increase in the attractiveness, functionality and appeal of Euston as a place within London.

1. Introduction

Why the Euston Area Needs an Economic Vision

1.1 The Euston area is strategically located to the immediate north of London's West End and Bloomsbury. The Euston Plan area is anchored by Euston railway station, but is also defined by the communities that live within it, the mix of local businesses including the unique character of Drummond Street, and its links to Camden Town. The opportunity at Euston is driven by:

- A high visibility London and national location;
- Immediate adjacency to prime Central London employment markets;
- Local anchor occupiers with the Wellcome Trust, major hospitals, University College London, the University of London and the emerging Mid-Town office market;
- A unique sectoral clustering around health and life sciences;
- A strong digital, media, engineering and architecture presence;
- The adjacent transformation of St Pancras and King's Cross as vibrant, mixed use districts;
- Improving accessibility via tube upgrades, the effects of Crossrail and the potential for new national rail via HS2;
- An existing labour market catchment – which has one of the highest skill profiles in London and the South East.

1.2 Euston currently sits at a critical point in its evolution with a range of influences converging to create a major opportunity for change including:

- Ongoing Central London employment, retail and housing growth, including at the near-by King's Cross Central development;
- An evolving institutional base, with health and higher education institutions responding to a range of trends including overall growth; new interdisciplinary ways of working and centralising and decentralising factors across different components of their operations;
- A target of up to 5,000 new jobs, along with new residential development set for the Euston Area by the London Plan and in the Camden local plan;
- The physical and perception impact of the new high speed rail alignment through the Euston area;

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- The proposals for a redeveloped Euston Rail Station and an entirely new HS2 station integrated within it;
 - Prospects for over-site development at either or both station components;
 - Significant increases in travellers passing through the Euston area;
 - Ambitions to extend the influence of the creative cluster in Camden Town within the borough;
 - Integrate and link regeneration plans in neighbouring areas to create a cohesive and permeable community that benefits from the major infrastructure upgrades at Euston and King's Cross; and
 - Potential opportunities for infill and Estate renewal within the Regent's Park Estate associated with the need to find replacement housing for homes affected by the construction of HS2 in the vicinity.
- 1.3 Euston Station is also the only significant piece of Government-owned land in Central London that may undergo change at this scale, which provides the potential to create a new mixed use piece of city that can contribute to the long term value of Camden's, London's and the national economy.
- 1.4 HS2 could provide a catalyst for change in the wider area. However, Camden Council has identified the potential for negative impacts on communities and the environment around Euston. At the timing of writing Camden Council is opposed to the HS2 project based on the potential impacts. However, in the event the project proceeds, the Euston Area Plan produced by the Council, GLA and TfL will seek to secure a station design that allows the maximum development of new homes, jobs, streets and open spaces. Even without HS2, opportunities have been identified for new development above a redeveloped Euston station, and in the wider area.
- 1.5 Even without HS2, opportunities have been identified for new development above a redeveloped Euston station, and in the wider area. The purpose of this Economic Vision and Futures Report is to identify the strategic employment role and economic sectoral focus, including the potential for an 'Innovation Hub' to inform the town planning and property strategy for the Euston area within this context. The intention is to provide a clear direction regarding the potential roles and requirements of a range of mainstream and specialist economic and occupier sectors. Delivery requirements associated with these will also be addressed.
- 1.6 This will inform the Euston Area Plan being prepared jointly by the London Borough of Camden, the Greater London Authority (GLA) and Transport for London (TfL), supported
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by High Speed Two Ltd (HS2). The Euston Area Plan will provide a single strategic planning document to guide the development of Euston over the next 15 years.

Process, Partners and Stakeholder Engagement

1.7 This report has been commissioned by the London Borough of Camden, GLA and TfL in their joint role to produce the Euston Area Plan. The report was prepared by GVA Ltd, along with its sub-consultant AECOM. Interim and emerging findings have been reviewed by the Euston Area Plan Management Board that included: LB Camden, the Greater London Authority, Transport for London, also attended by HS2 Ltd and Network Rail. Development of this report has drawn heavily on consultation with a range of Euston area stakeholders, as well as wider development interests. Interviews and working sessions were held with

- British Land
- The British Library
- Derwent
- The Francis Crick Institute
- HS2 Ltd
- Network Rail
- Sydney and London / Euston Estate
- University College London
- UCL Advances and Enterprise Operations
- University of London
- The Wellcome Trust
- The British Library

1.8 Interviews focused on attitudes to the Euston Area, its prospects as a future economic location and future individual growth and expansion requirements. The interviews have informed the findings and conclusions reached reflect broad prospects rather than specific space requirements. The conclusions reached in this report remain the responsibility of GVA Ltd. A wider review of central London commercial office activity and prospects has drawn on GVA Office Agency and internal Research teams.

1.9 This report is organised to address fundamental questions for the Euston Area:

- Prospects for commercial office expansion in the Euston Area;

- Prospects to create an 'Innovation Hub';
- The role of station related and other retail in the Euston Area;
- The potential role of housing intensification;
- The potential delivery process;
- The overall benefits that could be achieved for London, Camden and Euston;

2. The Euston Context

The Economic Context

2.1 The Euston Area includes the following components;

- The Euston station forecourt and existing office developments;
- The existing Euston Station footprint;
- Existing rail corridor alignments as far north as Parkway;
- Eversholt Street, a mixed use retail, business and residential corridor to the east;
- The Drummond Street and environs retail, dining and residential area to the west of the station;
- The Regents Park housing estate to the west of Hampstead Road.

2.2 The Euston Area also includes the proposed location of the HS2 rail alignment and terminal station facilities to the immediate west of existing rail facilities. Potential new over-site development is also within the study area.

2.3 Key neighbours include:

- University College London (UCL) to the south of Euston Road, one of the top 20 universities in the world, with a mission to both grow and become a global leader in open enterprise and innovation;
- High profile medical and research institutions, including the Wellcome Trust, the Francis Crick Institute and University College London Hospital, also located to the south;
- A knowledge economy cluster in Bloomsbury to the south encompassing digital, media, advertising, publishing, engineering and architecture firms;
- The emerging King's Cross Central development to the east which is leading the transformation of the King's Cross area, and has secured employment investment from companies as varied as BNP Paribas and Google for major office operations;
- Camden Town to the north, an established hub for creative industries, distinctive shopping, an internationally renowned market and a night time entertainment destination;
- Successful commercial office developments to the west, including Regent's Place.

Euston's Economic Position in Town Planning

2.4 Euston has been earmarked as one of Camden's key areas for growth and development. Euston is a growth area in the London Plan (July 2011), which expects that a minimum of 1,000 new homes and 5,000 jobs should be provided in the area between 2001 and 2026.

The Camden Core Strategy (October 2010) envisaged that redevelopment at Euston could include 1,500 new homes and in the region of 70,000 sq m of additional business floorspace, as well as significant retail floorspace.

The Catalytic Role of Potential Rail Schemes

- 2.5 The current Euston Railway Station was opened in 1968. An office podium and towers were arranged around the forecourt and entrance. Euston Railway Station has been the subject of redevelopment proposals for a number of years. The station itself is seen as tired by users, and failing to completely respond to new national and passenger services and rail technologies that have been delivered. Retail and food services are also aging, and in the case of the forecourt area, decidedly temporary.
- 2.6 At the same time, many of London's other main rail terminals have been or are in the process of comprehensive renewal as part of major mixed use development schemes. Examples include Paddington and St Pancras, with King's Cross and London Bridge now advancing.
- 2.7 Proposals for a new high speed rail line from London to the UK midlands and the north, with a new terminus at Euston is now a catalyst for a wider reconsideration of the future of Euston Station as a whole and the wider Opportunity Area.
- 2.8 The HS2 proposals could lead to a higher level of development than originally anticipated in the Euston area. This is based in both new potential over-site development opportunities at a new HS2 station, as well as the catalytic effect it could have on realising redevelopment and new over-site development at the existing Euston Station. In addition, over-site development along rail alignments to the north of the station facilities are being considered in concept. New development linked to rail infrastructure is considered a key catalyst for increasing commercial interest in the wider Euston area and through to areas such as Somers Town and Camden Town.
- 2.9 The potential scale of development across this entire area could be substantial, with capacity in excess of the housing and employment targets set by the London Plan.
- 2.10 At the same time, new rail services and the potential for new development provide the opportunity for a fundamental shift in the perception, image, identity and economic role of a locale that has lagged behind the pace of transformation elsewhere in central London. There is now the opportunity to consider a wide variety of possible futures of the Euston area.

- 2.11 The Euston Area is a city district within a local, national and international significance. The opportunity for jobs and productivity growth at Euston is potentially outstanding. A coordinated response could provide the basis for a once in a generation step-change in the area, while completing another component in advancing London's role as a global centre of commerce and knowledge.

Intervention and Development Zones

- 2.12 The Euston opportunity can be linked to a set of existing interventions and potential new development zones. This includes:

Existing Intervention Zones

- The office and retail forecourt to the south of the station;
- The Eversholt Street corridor;
- The Drummond Street area;
- Regents Park Estate;

Potential New Development Zones

- Existing passenger station / terminal – new over-site development
 - HS2 passenger station / terminal – new over-site development
 - Existing platforms and train departure corridor – new over-site development
 - HS2 platforms and train departure corridor – new over-site development
 - Rail corridor Hampstead Road to Parkway – new over-site development
- 2.13 These potential components represent different opportunities based on the surrounding character and existing economic roles, potential for infill within an existing context, the potential for delivery outside the confines of the HS2 scheme and those that are directly related to the HS2 scheme. The Economic Vision will need to respond to this range of opportunities; the components that can become available individually, those that are conjoined and the sequence in which they will become available. This report will return to these considerations as part of viability benchmark analysis and the next steps in the delivery strategy.

3. Central London Commercial Office Investment Activity and Prospects

- 3.1 Euston is located at the edge of the core London office market. This location, coupled with its good public transport connections, provides an environment that encourages new commercial office development. A number of office schemes are in place, as with the Euston station frontage, and recent years have seen a number of nearby comprehensive office developments, such as Regent's Place.
- 3.2 Within this section we consider the potential for commercial office activity at Euston by identifying:
- The key strategic market drivers in London;
 - The forecast core growth sectors;
 - Recent performance of key market locations;
 - The competitors for future occupiers; and
 - The strengths and opportunities for future demand in Euston.
- 3.3 In undertaking this analysis two strategic themes emerged. Understanding these provides an important context to the analysis presented within this section as they directly influence both the direction the analysis has taken and the type and role of office floorspace within the Euston Plan.
- 3.4 Firstly it is important to understand the market perception of Euston with, or without, HS2. Ultimately HS2 is unlikely to greatly enhance the demand for high quality office space at Euston. The wider market forces that are driving occupiers to take up space to the north of the traditional 'West End' market area (in places such as Kings Cross Central) are expected to continue in the medium term.
- 3.5 These factors (explored in detail below) will have a bigger influence on the demand for new office space than a new High Speed station, as such regardless of the ultimate HS2 decision we would expect a high level of demand for any new space delivered at Euston.
- 3.6 Irrespective of the decision to introduce HS2 services at Euston it is reasonable to expect that, once the situation is confirmed, Euston Station would be redeveloped. Therefore the main influence of HS2 would be the scale of capacity created for an over-site development.

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- 3.7 HS2 would require a larger station and offer the potential to create a larger development platform above the station. Capacity estimates developed by the EAP team indicate inclusion of an HS2 Station would increase the capacity for commercial development by 30%. In either scenario the market is likely to be strong enough to absorb the quantum of floorspace delivered.
- 3.8 The nature of the development platform created, its cost, current occupier requirement trends and the primary drivers of the market lend themselves to the delivery of large floorplate stock. Therefore the analysis here focuses on the market for such space and the scale of the opportunity for Euston.
- 3.9 Whilst the over station sites may not provide a viable opportunity to deliver small business focussed office space, they are likely to be an important part of the mix to create a vibrant business district. This may not be possible on the 'deck' sites, however the Euston Area will offer a range of other opportunities both in existing properties and through smaller scale 'infill' development within the existing community.
- 3.10 This capacity may be restricted should HS2 link to Euston with a number of the opportunity sites identified outside of the current station footprint likely to be required either for HS2 operational activities or incorporated within an extended station envelope.

Key Demand Influences

- 3.11 London is not a single, homogenous office market. Within the central city there are three core office markets: the west end, the City and east London/Canary Wharf. Each is divided into separate sub-markets which, at a finer grain, have similar market characteristics in terms of scale, floorspace provision and (largely) sectors attracted. The map below shows this sub market distribution within the centre of London.

London Office Sub-Markets



Source: GVA, 2012

- 3.12 In general the three core office markets have differing scales, functions and underlying values. The East London/Canary Wharf market and the City (light and dark blue locations respectively) predominantly focus on the financial and business services sector (FBS) and are capable of providing significant scales and floor-plates for large office occupiers. Prime rents within Canary Wharf in Quarter 3 2012 were £35/sqft whilst the core City market achieved £57.50/sqft albeit with a much greater range, with the London Bridge area achieving £45/sqft.
- 3.13 The 'West End' market (the green shaded areas) has a different general character to the City and Docklands market. The area tends to offer smaller floorplate stock than the City, although there are notable exceptions such as Paddington Basin, Regent's Place and King's Cross. The West End premium locations such as Mayfair, St James's and Soho command rents in excess of £80/sqft. Areas on the edge of the West End market (such as Camden Town, Battersea and Vauxhall) achieve much lower rents, peaking at approximately £30/sqft. Euston operates towards the periphery of these markets.

Strategic London Office Market Trends

- 3.14 Whilst the main geography of the core London office market is long established, development and demand trends over the past two decades have created significant changes within the Central Activities Zone (CAZ). As recognised by the London Office Policy Review 2012 (LOPR12) the delivery of high quality office space in the CAZ fringe locations (such as Paddington, King's Cross, and the Isle of Dogs) has created an increasingly polycentric office market.

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- 3.15 This shift in demand towards the fringes of the CAZ has been driven by a number of factors which make the benefits of being within the traditional City/West core less tangible. The key drivers have been a combination of the development of new office stock allied to rail terminals and significant improvements in transport infrastructure, meaning access to core markets, clients and institutions is not adversely affected not being slightly further from the traditional core.
- 3.16 The changing needs of occupiers have also driven the migration out from the core of the CAZ. Occupiers are increasingly sensitive to a range of influences and building trends which affect the efficiency and usability of the stock they occupy. This is driving shifts in the stock demanded by occupiers who place much more significance on:
- Environmental performance;
 - Floorplate dimensions (businesses increasingly seek bigger sizes);
 - Space flexibility – to provide space for independent and group work;
 - ICT infrastructure – to enable flexibility and flexible working;
 - Amenity and servicing – within the building and the surrounding area; and
 - Enhanced working environment – with greater natural light penetrations and efficient ventilation.
- 3.17 Meeting these occupier demand requires significant ICT and servicing infrastructure from improved wiring to new air conditioning ducts, often it is difficult (if not impossible) to accommodate this infrastructure within older structures. The adaptability of older office stock is restricted by:
- The cost and viability of retro-installation, particularly compared to achievable rents;
 - The ability to install infrastructure and maintain an acceptable working environment given low floor-ceiling heights which prevent the installation of suspended ceilings or raised floors;
 - The floorplate dimensions which prevent the penetration of natural light into the core;
 - Location of servicing cores which reduce usable space.
- 3.18 Large occupiers are also increasingly seeking to occupy space that reflects and enhances their image and brand and acts as a key component in attracting new employees. Hence there has been an increased focus on the look, feel, design and functioning of property and a subsequent increased requirement for new 'bespoke' space.
- 3.19 It is increasingly difficult to meet these requirements within second hand stock hence the ability to occupy high quality, modern office floorspace with excellent access to London's
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- business and institutional core and at an affordable rent has proved an attractive proposition for most businesses particularly where there is limited development capacity within the core markets, forcing businesses to look elsewhere.
- 3.20 Businesses are also being 'squeezed' out of key market areas within the West End from competing, higher value land uses. Increasingly high end retail and residential uses are occupying office floorspace within the West End which, coupled with a lack of space for new development, are driving up rents and causing occupiers to consider alternative locations.
- 3.21 A key challenge for the office market within London in the short to medium term is the level of new space being brought to market. LOPR12 estimates that the current development starts are only sufficient to meet two years worth of demand, whilst the current ratio of starts to permissions is at its lowest point for a significant number of years. There are significant risks therefore for the ability of the current permitted pipeline to come forward and meet future demand across the CAZ area.
- 3.22 LOPR12 recognises the large potential office supply pipeline in LB Camden, which largely comprises King's Cross Central, however with the office market extending beyond the Camden administrative boundary there are still potential shortages to 2031 within the West End market.
- 3.23 As London's office geography is beginning to evolve so too are the types of businesses seeking to move into the city. Areas which have traditionally focussed on the FBS sector have seen a broadening of their occupier base, partly as a response to changing economic drivers and partly as a drive by investors and policy makers to help areas recover from the financial services led recession and protect against similar scale impacts in the future.
- 3.24 Increasingly Technology, Media and Telecommunications (TMT) activities have become the target sector with its presence in London's economy forecast to grow significantly over the next twenty years. Initiatives such as Tech City are driving new demand in the City whilst developers are actively pursuing new types of space within the Isle of Dogs.
- 3.25 Whilst recent major office deals have remained within the 'traditional' core FBS activities in 2012 the major commitments of companies such as Google and Amazon are likely to drive increased demand from 2013 onwards. As such the knowledge driven technology sector is now an integral part of the office occupier structure in London.
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Recent Market Performance

- 3.26 Unsurprisingly the office market within London has remained quiet throughout 2012 across all of the market areas. Annual take up within the CAZ is below the 5 year average despite a growth in lettings in Quarter 3 within the West End, lettings in Q3 within the City however decreased, this underlines the current fragility of demand, largely driven by the wider economic context.
- 3.27 Within this context the West End market has strengthened its position relative to the wider London market. This has largely been driven by a lack of supply of space which, as discussed above, is principally a result of alternative uses occupying current office floorspace. Vacancy rates within the core West End market have remained consistently below 5%, increasing rents and forcing occupier interests to other locations.
- 3.28 Despite mixed performance of the office market there have been some notable deals within the West End market in the 'traditional' sectors and also in sectors which broaden the employment base. The table below summarises some of the key market activity.

Summary of Key Market Deals

Company	Sector	Location	Deal Size	Achieved Rent
Nokia	TMT	Paddington	60,000sqft	
Coca Cola	FBS	North of Oxford St	61,000sqft	£70/sqft
Saudi Aramco	Oil & Gas	North of Oxford St	24,000sqft	£90/sqft
Publicis	TMT	Mayfair	44,000sqft	
Intuit	TMT	Victoria	16,000sqft	£59/sqft
John Lewis	FBS/Retail	Victoria	35,000sqft	£55/sqft

Source: CoStar, Estates Gazette, GVA, 2012

- 3.29 What is particularly interesting from the pattern of deals above are the variety of sectors being attracted in to the capital and the locations they are choosing. The interest from TMT sector organisations in the West End market alongside corporate HQs (such as Vodafone/John Lewis) shows the competitiveness of central London against traditional 'London Fringe' markets such as Reading.
- 3.30 The locations within the CAZ are also important to note with all but one of these deals locating outside of the traditional office core. Major new office developments in Paddington and Victoria have drawn significant occupier interest alongside refurbished space to the north of Mayfair. The only 'core area' deal considered lies at the northern end of the Mayfair area in newly developed space on Oxford Street.

- 3.31 These trends support the general view that occupiers are being driven to consider locations previously thought of as 'peripheral' that border the more traditional market in Mayfair. This suggests that Euston would be a location that would be attractive to mainstream office occupiers should capacity be identified.

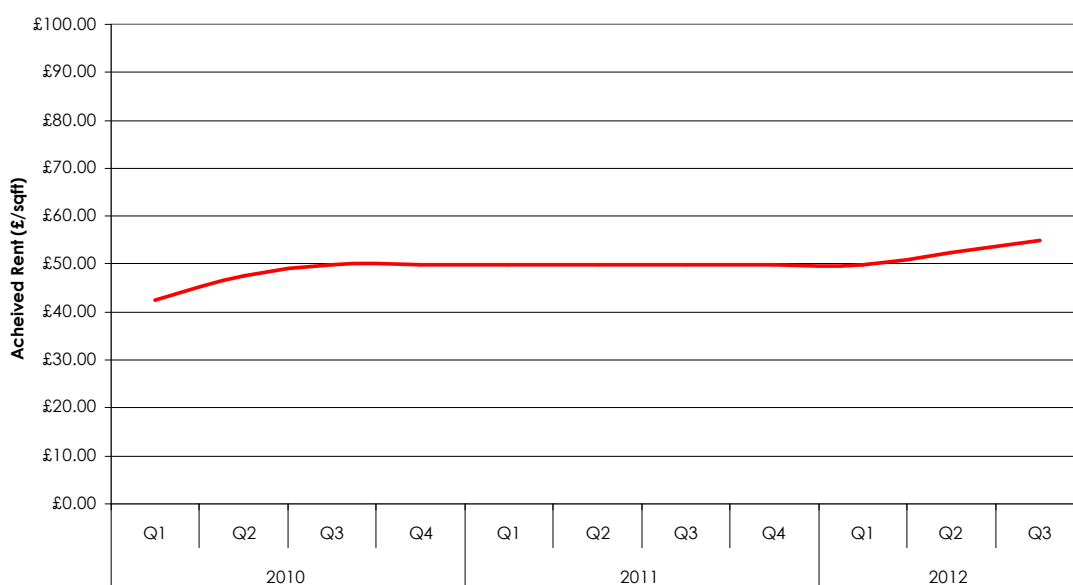
Identifying Euston's Potential

- 3.32 The previous section established a clear direction of travel for the London office market, which will create a more polycentric market and is likely to see an ongoing migration of occupiers to CAZ fringe locations alongside ongoing growth within the City.
- 3.33 The opportunity for Euston within this market will be driven by its competitive position relative to other growth locations. This competitiveness will be based on occupancy cost, connectivity, the nature and quality of floorspace and proximity to other similar activities, businesses or supply chain linkages. Increasingly the success of office locations is also driven by wider amenities, character, a mix of uses and intensity of activity.

Competitive Position

- 3.34 Average rents within the Euston area currently lie at approximately £55/sqft, representing a high for the area over the past three years.

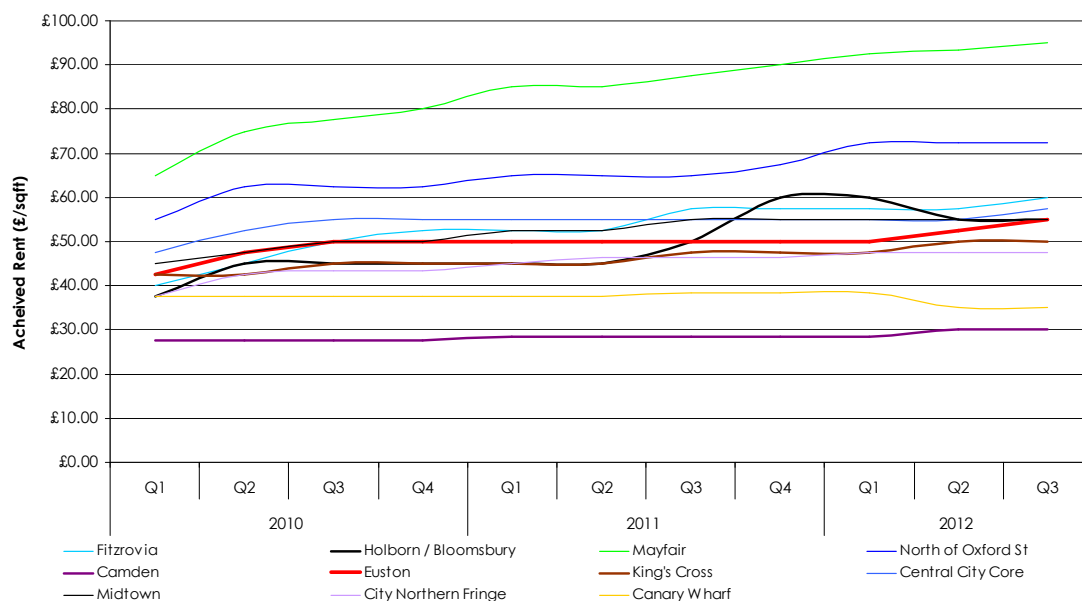
Euston Area Headline Rents



Source: GVA, 2012

- 3.35 Despite a rise in headline rents in the first half of 2010 rents held for two years before a further increase in Q2 2012, considering trends shown in the graph below this rent change pattern reflects the wider performance within London.

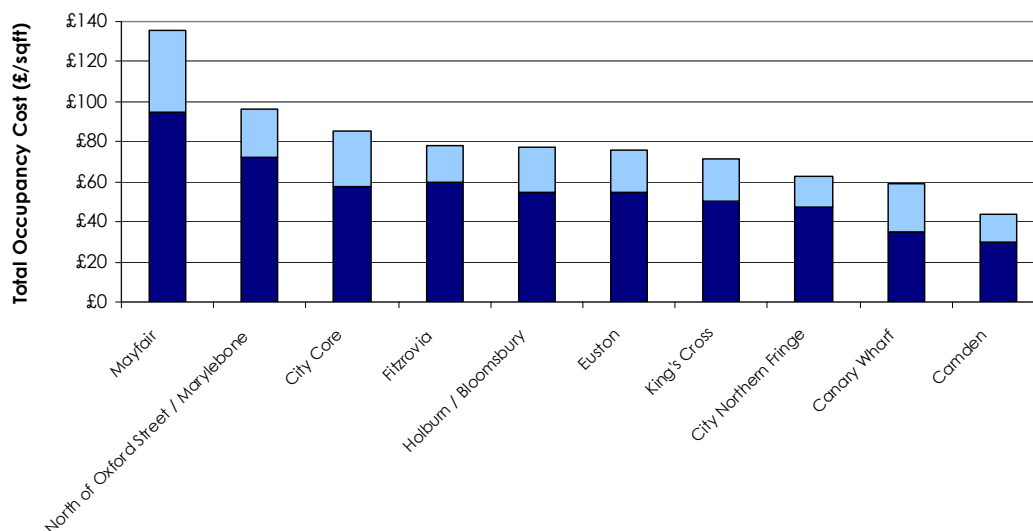
London Office Rent Comparison



Source: GVA, 2012

- 3.36 The performance of Holborn/Bloomsbury rent levels over this period highlight the potential for future development at Euston with levels increasing considerably in the latter half of 2011 and, over the whole period moving its relative performance from below that of Euston to above.
- 3.37 Achieved rents are only one element of the total cost to a potential occupier. A decision to locate in an area will generally be based on the total occupancy cost, which includes business rates, insurance and service charges. As shown below shows the relative occupancy cost of Euston in the context of other key London locations.

London Office Total Occupier Cost Comparison



Source: GVA, 2012

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- 3.38 As shown the total occupancy cost at Euston lies in the mid-range for the CAZ area. Within the chart the dark blue bars represent the proportion of cost from rent whilst the light blue signifies the additional costs over and above the rent. Encouragingly for Euston the 'additional costs' represent a lower proportion of the total cost than higher value areas such as the City Core, Marylebone and Mayfair, even lower cost areas such as Canary Wharf have higher additional costs.
- 3.39 Whilst there is a risk that servicing and business rate costs could rise if new stock is delivered they are unlikely to increase sufficiently to change the relative position of Euston to the wider West End sub-markets.
- 3.40 Given this cost structure even if rents were to rise in Euston it is likely to still present an attractively priced opportunity for occupiers as the total cost would still lie below other competitors in London. This presents an opportunity for developers to maximise their return on investment whilst still presenting a cost effective opportunity for occupiers.

Previous Development and Occupier Activity

- 3.41 The wider Euston area has demonstrated an appetite from the developer and investment community to deliver new commercial floorspace that is matched by significant occupier interest.
- 3.42 Since its commencement in the 1990s Regents Place has led the delivery of high quality office space within the area as a considerable 'business park' type offer to the west of Euston station, since the first new building was completed in 1990 it has delivered approximately 1,000,000sqft of office and other floorspace. This development has been followed by a number of standalone office developments (such as the 300,000sqft Wellcome Trust Building on Euston Road), refurbishment and occupancy of existing stock (such as Euston Tower) and major brownfield regeneration to the east (including King's Cross and Regent Quarter).
- 3.43 The performance of the major developments is summarised below:

Office Schemes in the Euston Area

	Floorspace Let sqft (2007-2012)	Floorspace Available sqft (total)	Floorspace Available sqft (complete)	Floorspace Available sqft (Permitted)	Achieved Rent £/sqft
King's Cross Central	550,000	2,700,000	0	2,700,000	£37.50
King's Place	95,000	0	0		£44
Regent Quarter	81,000	0	0		£45
Regents Place	475,000	185,000	40,000	145,000	£40
Total	1,201,000	2,885,000	40,000	2,845,000	£42

Source: CoStar, Estates Gazette, GVA, 2012

- 3.44 It should be noted that the data in the table for King's Cross includes the significant pre-let commitments of the LB Camden and BNP Paribas however it excludes the Google and the Aga Khan Foundation commitments as the sub-division of space within these large scale investments is yet to be confirmed.
- 3.45 What is clear from these schemes is that there is a healthy appetite for Grade A office space within the Euston area with an average demand per annum of some 200,000sqft (c.18,500sqm). This rate of demand would increase significantly if the two further pre-let sales at Cross were able to be considered.
- 3.46 Average achieved rents since 2007 have varied considerably both within and between developments however the trend lying beneath the average suggests that rental performance has been steadily improving. For example, while the average reported for King's Cross Central is low at £37.50/sqft the current rate is around £50/sqft whilst the newest floorspace at Regents Place would achieve between £55 and £60 /sqft.
- 3.47 There have been a number of high profile deals at King's Cross, including developments for Google, the Aga Khan Foundation and BNP. Within King's Cross it is the significant level of pre-let activity that has driven value, particularly as it is serving to create an integrated mix of uses that will prevent the area becoming a more sterile office environment. Whilst Central St Martins has been a lead influence the scale of investment by the Aga Khan Foundation has been critical in ensuring a range of institutional, amenity and residential uses will be brought forward early in the development period to animate the area.
- 3.48 The 4 acre, 500,000sqft Aga Khan Foundation development alongside the 2 acre 100,000sqft Google campus will create a significant critical mass when allied to the more conventional office space being occupied by LB Camden and BNP Paribas. This is already starting to draw in further occupier interest and commitment.

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- 3.49 The Google deal at Kings Cross demonstrates that the 'office market' and knowledge driven technology sector opportunities at Euston are not separate entities but, as the diversification of the London economy continues, are increasingly blending into one market. As such, Grade A office space should be considered an integral part of the Euston masterplan's approach to the technology sector.
- 3.50 Large scale redevelopments are not the only drivers of demand locally, both the BBC research unit occupancy of 1 Euston Square and the leasing of floors within Euston Tower by office Space in Town to provide managed workspace both highlight the potential for smaller, flexible managed workspaces as a key element of the Euston commercial offer.
- 3.51 The BBC occupancy is linked to UCL activity within the same building and, over time, offers the opportunity to grow an innovative ICT hub of unique activities which have the potential to drive wider demand from similar businesses and also the potential for these activities to expand within the area.

Quantifying the Scale of Opportunity

- 3.52 With an established 'need' and competitive market position for commercial office provision the next step is to understand the realistic quantity of floorspace the market could absorb within Euston. To set this analysis in its strategic context LOPR12 forecasts a total demand for office space within the CAZ of c. 3,140,000 sqm to 2031, which equates to an annual requirement of some c.158,000sqm.
- 3.53 It is important to note that this is additional stock demand beyond churn within existing floorspace. Historically take up across the CAZ has varied by market area with annual average take up as follows:
- Midtown – c.105,000sqm
 - West End – c.295,000sqm
- 3.54 Across the whole of Central London annual take up has been c.900,000 sqm suggesting almost 45% of all take up has occurred in the market areas immediately surrounding Euston.
- 3.55 However it is brought forward the redevelopment of Euston is likely to be viewed by the market as a single entity; as such it is important to understand how similar recent schemes have performed. By considering the take up rates in these comparator developments we can gain an understanding of how Euston may perform. Below we outline performance

of a few comparator developments, identifying the total floorspace let since they started and a calculate annual average:

- Regent's Place – 120,000sqm at 8,000sqm per annum
- Greenwich Peninsula – 30,000sqm at 10,000sqm per annum
- Paddington – 150,000sqm at 15,000sqm per annum
- More London – 150,000sqm at 25,000sqm per annum

3.56 Performance varies significantly between developments and is considerably influenced by the scale of pre-let activity, pre-lets have ranged between 20,000sqm and 100,000sqm. For example More London secured considerable pre-let and early stage interest from Ernst and Young, Norton Rose and KPMG, helping to underpin the large annual take up rate and ensuring a relatively quick delivery and completion of the scheme.

3.57 The considerable level of pre-sale activity within King's Cross suggests that any future office development at Euston would attract pre-let activity, helping to underpin demand and support development viability.

3.58 Based on historic market performance we would expect average annual take up rates within a redeveloped Euston area to reflect those within the wider market outlined above and, as a minimum be in the region of 10,000sqm per annum. Given the estimated capacity at Euston this would lead to a total development period of between 10 and 15 years, however this could be significantly shortened if a considerable pre-let is secured.

The Euston Opportunity

3.59 Based on our understanding of the London office market, and following consultation with agency and developer colleagues and contacts it is clear there is a strong future role for Euston as a natural extension of West End market. Our assessment and confidence is based on:

- The ongoing 'migration' of occupiers out of the core Mayfair area as rents increase and other uses secure floorspace;
- The success of King's Cross & Regent's Place in securing significant, high profile occupiers (including significant pre-lets);
- The value proposition, offering an unrivalled location with values below the core West End market whilst still sufficient to support development; and
- The area's connectivity, both to the rest of London and regional economic hubs such as Birmingham.

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- 3.60 However, the most recent market experience suggests that the key to maximising the opportunity for commercial offices in Euston will be the creation of a unique identity and vibrancy for the development. Occupier priorities have changed significantly with large corporates seeking to locate in areas with their own character rather than within more 'standard' business park type environments.
- 3.61 The success of King's Cross is linked to the early stage animation provided by Central St Martin's alongside the wider amenity provision being made by both the residential elements of the development proposals and the redevelopment of King's Cross and St Pancras stations. Anecdotal previous major developments such as Regents Place and Paddington that do not benefit from this positive contribution from other uses have seen rates of demand slow as occupiers begin to view them as comparatively sterile environments, particularly outside of core office hours and at weekends.
- 3.62 The implications of these changing market dynamics on development and land use will be for Euston to deliver a truly integrated mixed use proposition which capitalises on the office potential and brings it forward in line with any institutional, innovation, residential and retail opportunities. This will maximise the appeal and competitive position of the Euston opportunity to both occupiers and developers.

Conclusion

- 3.63 In commercial office terms it is realistic to assume that the full potential capacity for office space would be realised over a 10-15 year development programme. A programme that included an average of 10 - 15,000 sqm of new employment floor space per year could be supported.
- 3.64 This would represent a take up rate of between 3% and 5% of the West End / Midtown market demand over the period. Given the delivery timescales of office floor space (likely to be post 2025 given estimated HS2 delivery timescales as stated in their Business Case) this would be an achievable target with many of the other large scale office schemes being forecast to deliver the majority of their floor space by this date, providing a clear gap in the market that Euston can fill.
- 3.65 There will still be competitors for occupiers within this later time period, most notably the Battersea end of the Vauxhall, Nine Elms and Battersea Opportunity Area and Wood Wharf. However the inherent strengths of the Euston area as immediately adjacent to the constrained Mayfair and core West End sub-markets alongside its strategic accessibility

(something Vauxhall Nine Elms Battersea will lack) are likely to place it in a much stronger market and demand context.

- 3.66 The delivery of high quality office space will considerably enhance the opportunities for knowledge and technology driven employment. Businesses in these sectors are a core element of London's occupier portfolio. Office space should not be considered or delivered separately to the aspirations for technology orientated growth, indeed it will be a fundamental element of the offer Euston can make to these businesses.
- 3.67 It should also be considered whether the development programme should be underpinned by a single larger anchor tenant or development partner. Given the nature of the scheme at Euston Station, it is unlikely that employment space can be delivered at a steady rate of 10,000 sqm per year at this location given the nature of the construction phases. Current capacity analysis by LB Camden and the GLA identify scenarios of 150,000 to 190,000 sqm of floorspace, with individual buildings of 20,000 to 50,000 sqm. Construction phasing requirements suggest that larger increments will need to be delivered that respond to development zones and opportunities. It is recommended that future masterplanning explore ways in which employment components at Euston Station could be delivered early and before new rail operations.
- 3.68 Delivery of SME orientated space is likely to be better suited to opportunities away from any over-station development and may provide opportunities to re-use existing buildings, retaining some of the local character and in the nearer term.

4. The Knowledge Economy

EUSTON'S VALUE PROPOSITION – ITS KNOWLEDGE SECTORS & INSTITUTIONS

'The ability to store, share, and analyse knowledge through networks and communities using the new ICT technologies allows firms to exploit the unique properties of knowledge to gain competitive advantage. Perhaps the most important property is that knowledge is the ultimate economic renewable - the stock of knowledge is not depleted by use. Indeed, the value of knowledge to an economy comes from sharing with others'

The Work Foundation¹

- 4.1 Building on this thinking, the Euston Area Plan Draft Objective 5 (as at November 2012) stated that development in the area should also seek to establish an innovation hub at Euston:

'To create a leading edge hub for innovation, research and knowledge, that strengthens London's city-centre economic functions and complements the local business and retailing offer, providing new employment opportunities for residents and trade and business development opportunities for local businesses'

- 4.2 There are myriad definitions of the term innovation. For the purposes of this work, the following is helpful: *'Innovation: the process by which an idea or invention is translated into a good or service for which people will pay, or something that results from this process'*². A focus on innovation could provide real opportunities at Euston. There is national, regional and local government understanding of the importance of innovation. The OECD has indicated that innovation is the main driver of growth in many developed countries, including the UK³. Furthermore, NESTA's Innovation Index shows that two-thirds of UK private sector productivity growth between 2000 and 2007 was the result of innovation⁴. As such, by promoting innovation at Euston, it provides the opportunity for high levels of growth to support economic development at the local and national level.

¹ http://www.theworkfoundation.com/assets/docs/publications/65_defining%20knowledge%20economy.pdf

² <http://www.businessdictionary.com/definition/innovation.html>

⁴ <http://www.nesta.org.uk/library/documents/innovation-index.pdf>

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- 4.3 To do this, Euston must build a value proposition that builds on existing strengths. The Euston Area and its surrounding context are already part of a multi-sector knowledge cluster. Knowledge companies demand proximity (with each other), which promotes the interaction and convergence of ideas within and across sectors, so adding value. Furthermore, the Euston Road corridor contains an unprecedented density of knowledge rich institutions, surrounded by areas of significant commercial activity.

Clusters.....are not to be made artificially. They cannot be. Instead, they grow and blossom organically from the rich soil of the surrounding city'.⁵

- 4.4 As such, an economic vision for Euston can and must draw heavily on this context and help to provide the framework allowing these sectors to grow. It cannot be overly prescriptive. The ebb and flow of the economy, the choices of institutions and companies and the delivery of various pieces of infrastructure will all have a significant impact.
- 4.5 However, by understanding this knowledge economy context, the vision can help to influence, provide certainty to the private sector and build momentum, and direct public sector intervention to where it could be most beneficial.

GLOBAL SECTOR FORESIGHT ASSESSMENT – IDENTIFYING KEY POTENTIAL KNOWLEDGE ECONOMY SECTORS FOR EUSTON

- 4.6 Employment in knowledge-based industries has dominated job creation in advanced industrialised economies since the early 1970s. The OECD defines “the knowledge economy” as an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by businesses and the public sector.
- 4.7 The Future of London (FoL) group, using the OECD criteria, define the knowledge economy sectors as follows⁶:

⁵ Ben Hammersley, The Prime Minister's Ambassador to Tech City
http://www.demos.co.uk/files/A_Tale_of_Tech_City_web.pdf

⁶ <http://www.futureoflondon.org.uk/futureoflondon/wp-content/uploads/downloads/2011/10/Future-of-London-Knowledge-Economy.pdf>

Market based knowledge industries	Public based knowledge industries
<ul style="list-style-type: none"> • High to medium high tech based manufacturing • High tech services (telecommunications, computer services, R&D services) • Financial services • Business services (real estate, advertising, accountancy, legal, technical, consultancy) • Cultural and creative industries 	<ul style="list-style-type: none"> • Education • Health and social work

4.8 Based on this definition, FoL estimate that in 2008, 60% of all inner London workers were in the knowledge economy. They note that employment in the knowledge economy in London has grown strongly over the past decade with London continuing to be recognised as a global hub for knowledge intensive industries, which account for a high proportion of new jobs, including an 18 per cent increase in private sector knowledge economy jobs (about 24,000 additional jobs), and 22 per cent growth in public sector knowledge economy jobs (about 140,000 additional jobs) between 1998 and 2008.

4.9 The knowledge economy sectors are also heavily involved in innovation, both in terms of traditional R&D type of activities, but also to improve processes and gain efficiency savings. For example, the UK's financial services invest heavily in innovation, particularly in developing new products and services and by exploiting ICT. Furthermore, as discussed in the previous section the commercial office and knowledge sectors are intrinsically linked, with physical provision of new floorspace able to attract and accommodate new business activity within the knowledge sector. As such office floorspace should be considered a key component of the knowledge/innovation hub, providing a valuable link between institution and private sector led innovation,

A FOCUS ON SCIENCE AND CREATIVE INDUSTRIES

4.10 Given the strength of Euston as an office location, a wide range of knowledge economy sectors are likely to form a major part of the future sector mix and innovation credential of the area. However, Euston should also seek to develop a unique value proposition based around the proximity and interaction of both the science and creative industries. Each has

strong growth potential globally and nationally, and is supported by the world class institutions and sectors located in the Euston area.

THE SCIENCE SECTOR

4.11 In broad terms the science sector covers:

- Biotech & Pharma (Biotechnology, Pharmaceutical, Biopharmaceutical)
- Medical / Scientific Devices & Equipment
- Life Science Research and Lab Services (Clinical Laboratory Services, Research Institutes & Organisations)
- Publishing, patents, scientific communication
- The science underpinning the engineering development of other sectors.

4.12 Activities across these sector include: teaching, research, practice, treatment, manufacturing, distribution, servicing, finance and marketing.

The Global Science Context

4.13 Science and innovation will continue to be a key driver of global competitiveness and is a central pillar of the World Economic Forum competitiveness index.

4.14 There are significant global economic opportunities within life sciences. Expanding government healthcare coverage worldwide, aging populations, a growth in chronic diseases and an emerging middle class in developing countries have led to a major uplift in public and private spend on healthcare. This in turn has led to considerable new growth opportunities in R&D, drugs treatments, medical devices and healthcare services.

4.15 There is however a general recognition that companies in developed countries must design and develop cutting-edge products and processes and move toward higher value-added activities in order to maintain a competitive edge. This progression requires an environment that is conducive to innovative activity and supported by both the public and the private sectors. In particular, it means sufficient investment in research and development (R&D), especially by the private sector; the presence of high-quality scientific research institutions that can generate the basic knowledge needed to build the new technologies; extensive collaboration in research and technological developments between universities and industry; and the protection of intellectual property, in addition to high levels of competition and access to venture capital and financing. It also requires the availability of highly skilled workers along with the quality of life to attract them, a key component of which is the provision of appropriate housing stock.

The UK Science Context

- 4.16 The supporting economic analysis to the UK Government's A Strategy for Life Sciences, sets out a number of industry trends that are directly relevant to the UK context.
- 4.17 *Regenerative medicine using stem cells:* Stem cells are master cells which are able to differentiate into any of the body's cell types. Stem cell biology is considered to represent a substantial opportunity for future Life Sciences innovation. The stem cell therapeutics market is largely untapped and currently estimated at around US\$87million but could grow to as much as US\$8.5 billion over the next decade. The tissue engineering and regenerative medicine market was estimated at US\$8.5 billion in 2008 and could grow to US\$118 billion by 2013.
- 4.18 *Biopharmaceuticals and Biologics:* Derived from living organisms, biopharmaceuticals provide much greater specificity, than small molecules (engineered by chemists and produced synthetically and the traditional mainstay of the pharmaceutical pipeline), binding to specific targets in the body. Their specificity not only increases their effectiveness as medicines, but also reduces their side effects significantly over small-molecule drugs. However, they are more difficult and time-consuming to manufacture than traditional medicines. Research, development and manufacturing techniques are thus highly specialised. According to GlaxoSmithKline (GSK) the biopharmaceutical medicines are an exciting area of growth for the UK and an area that GSK, the UK's largest pharmaceutical company, considers is core to its future success.
- 4.19 *Stratified medicine:* This is the targeting of medicines to relevant sub-groups of the population based on information from genetic or other biomarker based tests. There is a growing trend for new drugs, especially expensive drugs such those targeting particular cancers, to be developed in tandem with diagnostic tests allowing physicians to predict which patients will respond best to the drug (theranostics). This is creating a new market for rapid diagnostic tests, and there is interest from the pharmaceutical companies which are developing tests for stratified medicine. Significant improvements in personalised medicine should be expected in the next few years. Molecular diagnostics represent one of the fastest growing segments in the US\$37 billion in vitro diagnostics market. The overall market is expected to grow by 5% per annum to US\$50 billion between 2007 and 2012 with sales of molecular diagnostics expected to grow by 14% per annum from US\$2.6 billion to US\$5 billion.
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- 4.20 *Pharmacogenomics*: This is the science of using genomic markers to predict drug response. It has the potential to lower the cost of drug development by shortening drug development times and increasing a drug's effective patent life.
- 4.21 *Contract Research Organisations*: Today, fewer firms have large in-house clinical research units. They increasingly rely on external Contract Research Organisations (CROs) to run the clinical trials. According to Business Insights (2006), CROs now account for over 40% of annual research spending by pharmaceutical firms, compared to 4% in the early 1990s. Many European CROs are based in the UK and the UK has a number of worldclass CROs of its own. However, Eastern Europe also has a well developed infrastructure for outsourcing clinical research. India and China are also expected to account for a substantially greater proportion of outsourced clinical research over the next few years. European Life Sciences firms face an increasing challenge from lower R&D costs in developing countries.
- 4.22 Central Government's Strategy for UK Life Science's⁷ sets out a package of measures, now being implemented that is making the UK one of the most attractive places in the world to commercialise life science. This includes:
- A new Patent Box will offer a 10% tax rate reduction on patent profits
 - Tax relief on angel investment will be increased from 20% to 30%
 - The introduction of 50% tax break for the first £100,000 invested in a start-up
 - R&D relief (130% allowance for revenue costs) and R&D allowances (100% allowance for capital costs)
 - An investment of £310m across the UK will be made to support the discovery, development and commercialisation of research. This will be used to help the best ideas get to a point where they hold a more acceptable risk: return profile for angel investors, venture capitalists and industry (crossing the early stage "valley of death").

The London Science Context

- 4.23 London is a strong position to take advantage of the UK push towards the life sciences. The sector is also moving up the agenda for London government⁸. London has a number of advantages in this area:

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32457/11-1429-strategy-for-uk-life-sciences.pdf

⁸ http://www.pharmatimes.com/magazine/latest%20issue/oct_special_report_London.pdf

- Three of the world's top universities: Imperial, Kings and UCL;
- Three leading teaching hospitals including Imperial College Healthcare, Guy's and St Thomas' and University College London Hospitals;
- A highly diverse population of 8.5m, with the potential to integrate patient-level data, both very attractive for research and clinical trials;
- Universal integrated healthcare system;
- Two regulators (Medical and Healthcare products Regulatory Agency (MHRA) and the European Medical Agency (EMA));
- Special initiatives in disease areas and technology platforms such as rare diseases through Global Medical Excellence Cluster (GMEC) and stem cell research (through the Catapult);
- Seven of the UK's 12 Biomedical Research Centres dedicated to driving progress on innovation and translational research including Great Ormond Street, Moorfield's eye hospital, Institute of cancer research, Kings College London Institute of psychiatry;
- A culturally rich city that attracts students, researchers, academics and professionals within the science sector from around the globe;

4.24 With Imperial, Kings and UCL ranked so highly against world universities, UCL Provost, Malcolm Grant suggests *"these rankings.....confirm the view that higher education, science, research, technology and health are all remarkable strengths of London, every bit as strong as financial services"*.

4.25 Using data compiled by London Medicine⁹, in 2010 it is estimated that there were 7,055 life science companies in the UK, of which 995 life science were in London, 14% of the UK total. The majority of these companies were in the pharmaceutical sector and a large number were involved in the manufacture of medical and dental instruments. With the concentration of medical, dental and pharmacy higher education in London, and the close links between the life science industry and academia noted above, it is not surprising that London has a high number of life science companies start up.

4.26 London Medicine draw on evidence that shows that over the period from 2005-2009 there were 37 life science start ups in London. The wider South East, East and Scotland all performing better in this regard, ranging from over 40 to over 50 start ups each. This demonstrates that while the capital is capable of nurturing new business there is room for improvement.

⁹ <http://www.londonmedicine.ac.uk/health-economy/london-s-life-science-industry>

- 4.27 Overall, London Medicine concludes that 10,400 people were employed in London's life science industry in 2009 – 7% of the UK's life science employees, with the life science industry tending to be comprised of small and medium enterprises. In 2008 73% of London's life science companies employed 1-4 people, 86% employed 10 people or fewer, a pattern that is broadly similar to the UK picture.
- 4.28 Convergence between life sciences and digital technology and 'Tech City' are also seen as a significant opportunity moving forward.

'The city [London] is one of the biggest superclusters of integrated life science and clinical expertise in the world, with thousands of biomedical researchers and clinicians delivering treatment to millions of patients each year. It's an unparalleled competitive advantage given the access to new research tools and data that such proximity provides. While the entrepreneurs of Silicon Valley are targeting healthcare as the next big opportunity, they can only dream of the assets on Tech City's doorstep'.¹⁰

- 4.29 There are some notes of caution however. Despite the institutions identified above, London has fewer than 10 high tech patents per million labour force, compared to over 60 for regions such as Paris and Bavaria¹¹. Innovation capacity is not translating into product opportunities at the rate found elsewhere.

The Euston Science Context

- 4.30 Euston is home to the University College London (UCL), University College London Hospital (UCLH) and the HQ of the Wellcome Trust, with the London BioScience Innovation Centre and the future Francis Crick Centre located in adjacent King's Cross.
- 4.30.1 *University College London:* UCL is ranked as high as the 4th best university in the world¹². It has a significant focus on research in the sciences. UCL's Enterprise Strategy sets out objectives to 'create a portfolio of support to improve and encourage working with industry and other enterprises'¹³. It also focuses on supporting university entrepreneurs with UCL Business (part of UCL Enterprises), the university's Technology Transfer Office (TTO),

¹⁰ Steve Caddick, Vice Provost UCL Enterprise http://www.huffingtonpost.co.uk/stephen-caddick/tech-city-joanna-shields-people-not-technology-are_b_2039136.html

¹¹ Eurostat 2009

¹² <http://www.ucl.ac.uk/news/news-articles/1209/10092012-QS>

¹³ <http://www.ucl.ac.uk/enterprise/files/enterprise-strategy>

having spun out 26 companies to date with a clear focus on biopharma, engineering and physical science¹⁴.

- 4.31 UCL operates from within the relatively constrained historic fabric of Bloomsbury, while it also has ambitious long term expansion plans. While locations away from this core are being investigated, a number of functions benefit from immediate proximity and have significant sunk investment and infrastructure in the Euston context. Ongoing interest in growth opportunities in proximity to the core Bloomsbury campus can be expected in the long term.
- 4.32 *UCL Hospital (UCLH)* is a major institution in its own right. It is located on Euston Road. There are long term and increasing links between hospitals and the research base in terms of both treatment and teaching generally. Strong links between the hospital and UCL are likely to ensure the science, and in particular the life science focus for UCL has a strong orientation to remaining in Euston.
- 4.32.1 *The Wellcome Trust:* The Wellcome Trust is a global charitable foundation dedicated to achieving improvements in human and animal health. It is located on the Euston Road. The Trust spends a total of approximately £600 million every year, in the UK and internationally, from an endowment of approximately £13 billion. It is the UK's largest non-governmental source of funds for biomedical research. Its support includes fundamental research in biomedical science and supporting proof-of-concept research and development for new healthcare products, through technology transfer. Other areas of focus include international research, capacity building and engagement, medical history, public engagement and ethics.
- 4.33 The endowment investment vehicle has also sought to invest in major mixed use commercial development schemes in London in recent years, including bids for development opportunities - a 2012 bid to develop a major site in the Royal Docks¹⁵, in 2011 a bid to buy the Olympic Park, including the creation of a Life Sciences Innovation

¹⁴ <http://www.uclb.com/what-we-do/our-companies>

¹⁵ <http://www.standard.co.uk/business/markets/on-property-groundbreaking-alliance-signals-wellcome-approach-7444362.html>

Centre¹⁶ and in 2001 a proposal to buy the Millennium Dome including a life science park¹⁷.

- 4.33.1 *The Francis Crick Institute*: The Francis Crick Institute is a partnership between six of the UK's most successful scientific institutions (UCL, Imperial College, Kings College, the Medical Research Council, the Wellcome Trust and Cancer Research UK). Established as a charity, it will be a world-class research centre and is one of the most significant developments in UK biomedical science for a generation. It aims to play a key role in creating the foundation of knowledge on which this century's improvements in health will be based by improving understanding of the basic biology underlying human health.
- 4.34 The Crick will take interdisciplinary and multidisciplinary approaches to biomedical research, drawing input from chemists, physicists, mathematicians, computer scientists, engineers and others; drive the development and roll-out of innovative new technologies; nurture a culture in which clinical and commercial translation is valued as highly as discovery research; and build extensive networks with academia, industry and the public sector¹⁸.
- 4.35 In advancing these aspirations it will work through the existing technology transfer offices of its partners and establish links with pharmaceutical and biotech sectors. This could provide significant opportunities for the Euston area to capitalise on the benefits of proximity with other institutional partners. Potential opportunities for Euston include both new 'spin out' companies and convergence with other sectors.
- 4.36 *The London BioScience Innovation Centre (LBIC)* a veterinary and biomedical research institute located to the north of St Pancras station at Royal College Street. It is owned and operated by the Royal Veterinary College. It offers 1,800sqm laboratory and office space and is one of only two 'wet' lab incubators in the city. LBIC supports a broad range of companies from university spin-outs and entrepreneurial start-ups to established UK firms and international subsidiaries. The centre includes biotechnology and life science product and diagnostic companies, contract research organisations, as well as medical device,

¹⁶ <http://www.wellcome.ac.uk/News/Media-office/Press-releases/2011/WTVM052331.htm>

¹⁷ <http://spin.wellcome.ac.uk/PreviousIssueResults.aspx?Edition=535&Year=2001&Month=12>

¹⁸ http://www.crick.ac.uk/media/12823/tap1130_ukcrmi_brochure_v11i_web.pdf

industrial biotechnology and clean technology based companies. It is currently supporting 43 companies from the facility¹⁹.

- 4.37 Royal College of General Practitioners: The organisation has recently relocated to 30 Euston Square, a Grade II* Listed building, which has been extensively renovated to provide bespoke facilities for this organisation and will be a focal point for general medical practice and the promotion and delivery of GP education, training, research and clinical standards throughout the UK and internationally. It is also a conference venue with a 300-seat auditorium. The presence of the college should provide significant links to health agenda in the area.

CREATIVE INDUSTRIES

Creative Industries – definition and key trends

- 4.38 Often referred to as 'creative and digital', this sector represents a group of industries where creativity or the production of 'creative content' drives economic value. In terms of providing a technical definition for this eclectic range of activity the UK leads the way. The most useful definition is the 'DCMS 13' which includes Advertising, Architecture, Art and antiques, Computer games, Crafts, Design, Designer fashion, Film and video, Music, Performing arts, Publishing, Software, TV and radio.

The Global Creative Industry Context

- 4.39 The creative sector has undergone large degree of convergence with ICT globally. Growth in the sector as a whole has been inextricably linked with growth in new digital technology. This has led to rapidly growing new sectors in areas such as mobile technology, cloud computing and social media. The rise of social media is perhaps the most widespread cultural phenomena of our time, Facebook has over 1 billion users worldwide and the volume of people using twitter is rising by 300,000 a day, the volume of tweets has risen to over 175 million on average per day²⁰. Clearly firms in all sectors and organisations are using social media to generate awareness, brand loyalty in new and emerging markets and in overall terms the opportunities in these areas are vast and will shape our economy and skills base over the coming decade.

¹⁹ <http://www.lbic.com/clients>

²⁰ <http://edudemic.com/2012/12/14-twitter-statistics-you-may-not-know/>

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- 4.40 There is a mutual requirement for continuous evolution of content, software and hardware. Currently, over 4 billion of the world's population use the internet and this figure is expected to grow 6 billion by 2015. Retail transactions have been transformed by the internet and mobile transactions are the fastest growing component within this and are expected to represent \$630 billion by 2014²¹

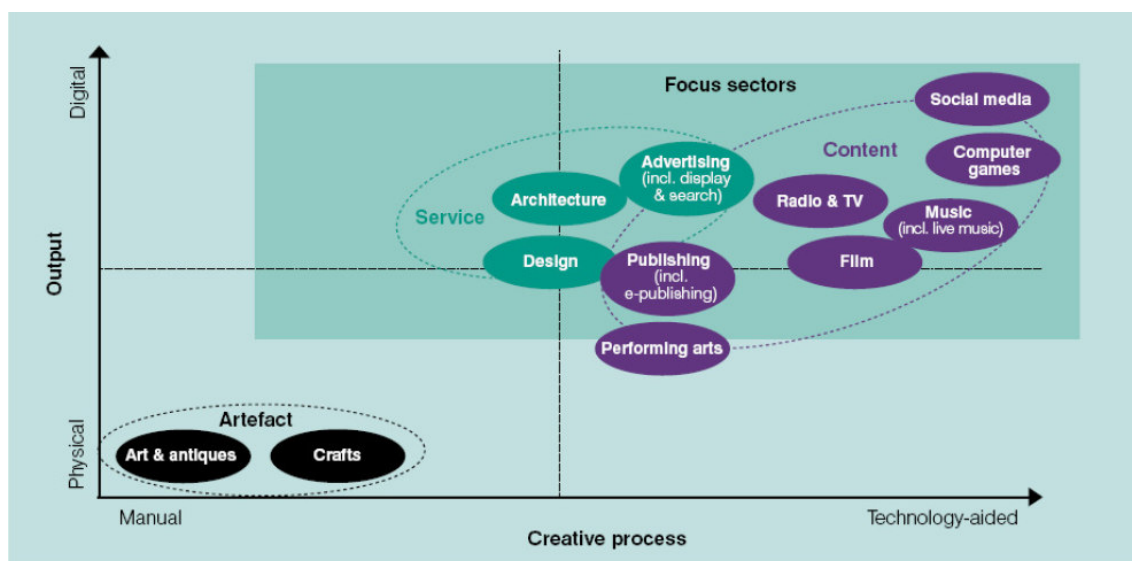
"The internet is triggering a third wave of capitalism that will transform business and government and lead to extraordinary wealth creation." John Sviokla, Partner, Strategy & Innovation PWC

The UK Creative Industry Context

- 4.41 The Work Foundation has suggested that the future of the UK creative sector will mirror the global focus on convergence, digitalisation, and internationalisation. Furthermore, it is contended that innovation will be vital to its success, concluding that 'particularly as convergence continues, sub-sectors of the creative industries need to view themselves in relation to the innovation eco-system. They will not be able to hang on to older business models, but will thrive if they position themselves as part of a networked culture of innovation within a much broader economy'²².
- 4.42 The sector in the UK is mapped by the Technology and Strategy board which differentiates sectors by, firstly, the degree to which the industry's output is digital or physical, and secondly by the role of technology in the creative process. The majority of sub sectors found in the areas highlighted are influenced by digital output and technological aided processes.

²¹ eMarketer in Oxford Economics The New Digital Economy 2011

²² http://www.theworkfoundation.com/DownloadPublication/Report/277_277_A%20creative%20block.pdf



4.43 While it is clearly difficult to predict future technologies, one area that has caught the imagination of commentators is 3D printing. This allows businesses and individuals to download designs from the internet and turn them into physical objects, using a technique known as 'additive manufacturing'. The Work Foundation hope that this could lead to a new kind of British manufacturing, orientated around the consumer, with profits flowing increasingly to UK businesses. It also plays to existing UK strengths in design, when technological advancement allows for a mass-market in 3D printing to emerge, the digital designs used as the basis for products will become increasingly important, with 3D printers worldwide sourcing designs developed in the UK²³.

4.44 From the point of view of the overall UK economy, growth forecasts range from 3.7% per annum to 9%²⁴. Even at the lower ranges, this is significantly higher than wider UK economic growth forecasts.

The London and Camden Creative Industry Context

4.45 In 2011, London had 35.5% of all creative enterprises in England²⁵. London has successively been the centre of the UK's print, radio and television industries, closely allied to London's role as political and financial capital. These are joined by architecture, graphic design, advertising and public relations.

²³ <http://www.theworkfoundation.com/blog/934/3D-printing-from-hype-to-economic-growth>

²⁴ http://www.theworkfoundation.com/DownloadPublication/Report/277_277_A%20creative%20block.pdf

²⁵ <http://www.culture.gov.uk/images/research/Creative-Industries-Economic-Estimates-Report-2011-update.pdf>

- 4.46 Soho, to the immediate south of the Borough is an established global centre of excellence for a number of creative industries, including film, post-production, fashion, television, advertising and new media²⁶. Also, in close proximity to the east is the vibrant and emerging high-tech cluster focused on Shoreditch and Clerkenwell, now called 'Tech City', with over 3200 digital economy firms in the area in 2010²⁷.
- 4.47 Euston and Kings Cross sit in between these two areas, both of which share significant constraints in terms of land supply and significant levels of suitable existing commercial premises for the creative sectors expanding and evolving needs. Moreover, a number of digital creative European Headquarters and/or R&D centres are now located in this broad area, with Facebook in Soho, Amazon in Farringdon and Google recently announcing their move to Kings Cross²⁸. As such, especially in the digital element of the creative industries, there could be a real opportunity at Euston to capitalise on current trends in the surrounding commercial districts.
- 4.48 DPA and URS were commissioned by LB Camden to undertake a research report and action plan for the Creative and Cultural Industries in Camden²⁹. Camden's creative clusters include:
- Radio and Television: Camden Town, Euston and in Bloomsbury
 - Museums and other cultural facilities: Bloomsbury
 - Music, Performing and Visual Arts: Camden Town, Euston and King's Cross
 - Computer Games, Software and Electronic Publishing: Camden Town, Euston and King's Cross
 - Publishing: Bloomsbury
 - Video Film and Photography: Bloomsbury and Camden Town, as well as Euston
- 4.49 This study demonstrates that Camden has a strong basis from which to capitalise on the projected growth and sector trends in the creative sector. Businesses and organisations in the creative and cultural industries (CCIs) in Camden have an estimated gross turnover of between £955 million and £1,166 million, which represents, approximately, 15% of the gross turnover generated by Inner London's CCIs.

²⁶ http://www3.westminster.gov.uk/docstores/publications_store/CI_FINAL_REPORT_OCT_2007.pdf

²⁷ http://www.demos.co.uk/files/A_Tale_of_Tech_City_web.pdf

²⁸ <http://www.techweekeurope.co.uk/news/google-kings-cross-hq-london-104711>

²⁹ www.camden.gov.uk/ccm/cms-service/download/asset?asset_id=2503940

- 4.50 CCIs are significant source of local employment, with an estimated 10,000 Camden residents employed in creative or cultural work in Camden based businesses. There are further positive economic effects generated for those industries linked to CCIs by supply chain or arising through visitors. This generates a further 25,000 to 49,000 jobs of which 10,000 to 20,000 would be within Camden. This also generated a further £424 million to £849 million in business turnover, of which £170 million and £340 million annually can be expected to be spent in Camden.
- 4.51 The south of the borough is noted as a cluster of national significance: south of the Euston Road, CCI businesses tend to be larger by sheer weight of numbers, and also by size, employment, and turnover. 31% (1150 businesses) of the borough's CCI businesses are in Bloomsbury. The second and third largest are Camden Town (c370, 10%) and Hatton Garden (c250 businesses/7%). King's Cross and Euston taken together have c170 businesses (5%).
- 4.52 However, Euston is the smallest area of focus with only 35 CCI in total. A number of issues and challenges for the future growth of this sector in the Euston context have been identified, including:
- Lack of appropriate workspace (size <1000sq.ft)
 - Lack of appropriate workspace (cost)
 - Placemaking (creating the right environment)
 - Business capacity building
 - Lack of affordable/flexible/industry training opportunities
 - Network support

Creative Industries – Local Institutions

- 4.53 *University College London:* As well as strong science credentials, UCL has a strong creative base too, notably through institutions such as the Slade School of Fine Art and the Bartlett School of the Built Environment. Furthermore, UCL's engineering faculty has recently entered into a new strategic partnership with BBC Research & Development to drive innovation, and collaborate on a wide programme of R&D activity, such as applying computing innovations to create new digital experiences³⁰.

³⁰ <http://www.bbc.co.uk/mediacentre/latestnews/2012/bbc-ucl.html>

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- 4.54 A new, joint space at 1 Euston Square will be established, with 80 researchers from BBC R&D and UCL co-locating. The facility is planned to act as a gateway for participation with other universities and organisations, laying the foundations for further collaboration across the industry in the future. Both the BBC and UCL have committed to supporting the Connected Digital Economy Catapult Centre (location to be confirmed), the Central Government backed facility focused on commercialising innovation in the sector³¹. This development provides further opportunities to create and then house spin out companies and start-up businesses in Euston, benefiting from advantages of proximity.
- 4.55 *Central St Martins College of Art*: Central St Martins College of Arts and Design opened its King's Cross campus in 2011 as an art college and cultural centre in one. Its shows, exhibitions, events, publications and research outputs provide significant opportunities to support collaboration with the wider arts and design community. In terms of its direct relationship with jobs and growth, Central St Martins has established a business accelerator programme, partnering with a global design and innovation company Method to create Method Design Lab, with the aim of taking up to 20 innovations to market each year³². A key element of this will be innovation with a focus on design and user experience, not just technology.
- 4.56 *Camden Town Unlimited*: Camden Town Unlimited (CTU) is a Business Improvement District (BID) with a vision to position Camden Town as a global centre for creative industries³³. Its focus is Camden Town, and the nearby developments at King's Cross and Euston, with objectives to strengthen the business offer for the area to make it an international destination for arts, design, fashion, music and media. One of its stated aims is to strengthen Camden Town's links to Euston and King's Cross. CTU has developed an office concept 'Collective', providing flexible space, rent free to the new creative businesses in London. Supported by funding from Camden Council and the Mayor of London, CTU works with their member businesses, including MTV, Emap, Getty Images and others in the creative sector to source contracts for these tenants, business development opportunities and mentorships.
- 4.57 *The British Library*: The British Library's 2020 vision is to be a leading hub in the global information network, advancing knowledge through its collections, expertise and
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³¹ <https://catapult.innovateuk.org/connected-digital-economy>

³² <http://www.csm.arts.ac.uk/innovation/supportingourgraduates/ideastomarket/>

³³ <http://www.camdentownunlimited.com/vision>

partnerships, for the benefit of the economy and society and the enrichment of cultural life. It seeks to do this by guaranteeing access for future generations; enabling access to everyone who wants to do research; supporting research communities in key areas for social and economic benefit; enriching the cultural life of the nation; and leading and collaborate in growing the world's knowledge base³⁴. The British Library Business & Intellectual Property Centre provides free access to an unrivalled source of business information and advice to help support entrepreneurship and innovation. Since its launch in March 2006, the Centre has helped over 100,000 aspiring entrepreneurs³⁵. A survey in April 2012 indicated that just under one-quarter of its users were from the creative/media sectors³⁶.

The Knowledge Quarter Concept

- 4.58 A number of local institutions are now collaborating on the development of a Knowledge Quarter concept. This aims to bring together the full range of knowledge rich institutions in the area with the aim of the partnership is to position King's Cross as the focal point for knowledge and research in London. Its aim is to 'Connect the relevant academic, scientific, cultural, innovation, arts and other research institutions together under a creative partnership called the 'Knowledge Quarter'. This will provide visitors with a greater understanding of the collective offering of the area, receive greater recognition from government and attract knowledge based business to the area and stimulate growth'. The current scope of institutions involved, includes those in the Euston area. The broader concept relating to what the organisation will focus on and how it will do this is still emerging and as such is currently under development. It has the potential to evolve into a social enterprise or a cultural/knowledge themed Business Improvement District. Such an entity could be very powerful in supporting the delivery of a future economic vision for Euston.

Conclusion

- 4.59 Euston's value proposition as a strategic location and centre for the Knowledge Sector stems from its location in London, a concentration of world class institutions and knowledge assets and a highly accessible location that will become even more

³⁴ <http://www.bl.uk/aboutus/stratpolprog/2020vision/themes/index.html>

³⁵ <http://www.bl.uk/bipc/pdfs/Enterprising%20Voices.pdf>

³⁶ <http://www.bl.uk/bipc/pdfs/Seven%20Up%20Census%20Summary%20April%202012.pdf>

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- accessible in the future. There is also a strongly represented wider ecology of businesses and service providers in aligned sector in the immediate area.
- 4.60 This provides a comparative locational advantage for a key group of business sectors with dynamic growth potential.
- 4.61 This scale of economic opportunity is a result of global and national market trends which have seen rapid growth in the demand for knowledge in the life science, technology, digital and creative sectors. Euston's role as an innovation hub is directly aligned with forecast market trends.
- 4.62 This global trend context is reflected by current policy at UK and London level designed to stimulate and encourage economic growth in these sectors. Euston's role as an innovation hub would respond directly to these policy drivers. Public investment in HS2 provides the potential for capital alignment with this policy direction.
- 4.63 While Euston displays particular strengths in both the science and creative sectors, it sits within the heart of a wider London economy which displays world class strength across the broad range of wider knowledge economy sectors, where like the creative sector, formal R&D is much less important, but innovation is still embedded in their activity and crucial to growth. As such, a focus on innovation at Euston also needs to consider the opportunities that present themselves across the wider London economy.
- 4.64 At the local level Euston has a strong sense of place with several distinct areas providing a diverse mix of 'business neighbourhoods' such as Camden High Street, Bloomsbury, Fitzrovia. Furthermore the area has developed a unique cultural identity associated with a vibrant ethnic restaurant offer (Drummond Street) and a cluster of well know charities, corporate HQ's and publishing firms. Experience from around the world suggests that this sense of place and cultural identity has an economic value, making the area attractive to knowledge workers, who want to work but also spend time in the area and access its leisure and cultural assets.
- 4.65 In combination, these factors mean that the prospects for establishing an innovation hub at Euston area are strong.
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5. Innovation hub models

Defining Innovation Hubs

- 5.1 NESTA's 'innovation index' provides a useful basis to try and set out the components required for innovation. They set out a number of wider conditions for innovation in the UK, which provide the core requirements and justification for establishing an innovation hub in London in general and in specifically at Euston³⁷:
- Availability of talented people
 - Availability of finance
 - Public research
 - Intensity of competition
 - Demand for new services or products
 - Quality of ICT infrastructure
- 5.2 Economic clusters foster high levels of productivity and innovation. Open global markets, rapid transportation, and high-speed communications should allow any company to source anything from any place at any time, but in practice, location remains central to competition. The economic geographer Michael Porter describes clusters as critical masses, in one place, of linked industries and institutions (from suppliers to universities to government agencies) that enjoy unusual competitive success in a particular field. Porter explains that by affording companies special access, closer relationships and better information, clusters affect competition by increasing the productivity, driving the direction and pace of innovation; and stimulating the formation of new businesses within the cluster³⁸.
- 5.3 Building upon existing economic strengths to establish or cement an economic cluster is recognised as the most effective and most sustainable way to deliver an innovation hub for an area. An innovation hub brings together some or all of the components that make up the interconnected and complex economic relationships that help drive innovation, often referred to as the innovation 'ecosystem'. In doing so, it should help to foster an environment where innovation can flourish.

³⁷ <http://www.nesta.org.uk/library/documents/innovation-index.pdf>

³⁸ <http://www.isc.hbs.edu/econ-clusters.htm>

5.4 NESTA has also identified areas of commercial investment where innovation is prevalent. An innovation hub would need to include the capacity to house and/or support some or all of these areas

- R&D
- Design
- Organisational improvement
- Training & skills development
- Software development
- Market research & advertising
- Other (Copyright development and mineral exploration)

Innovation Hub Facilities

5.5 The broad components of innovation space can include a mix of:

- Lab space – R&D
- Incubation space - support start-ups and university spin outs
- Hub space – serviced business grow on space
- Collaboration space – flexible team working space with potential for privacy
- Meeting space – promote remote and virtual team working
- Visitor space – demonstration capacity and knowledge sharing
- Networking capacity, including cafe space

5.6 An innovation hub at Euston could include some or all of these activities. The extent of this will reflect both the physical scale of the opportunity that emerges through the development of the Euston Area Plan and the level of ambition and resources of key stakeholders.

5.7 An innovation hub could also be accommodated in a range of formats. It could be integrated across a wider development opportunity or be established as a stand alone building or facility. An innovation hub could be one building, a campus, or within a mixed use neighbourhood.

5.8 While not physical, there is also a need for some form of governance, along with good access or signposting to investment.

- 5.9 To inform this process, a number of case studies have been identified. A summary is provided below, with more detail included as an appendix to this report. This has also informed a set of science and creative sector scenarios.

Innovation Case Studies

- 5.10 In order to understand the type of innovation space and the overall quantum of development that could reasonable be taken up by different type of innovation hubs, relative the assumed level of floorspace available in the area, a number of case studies have been explored. They are not included here as specific interventions that should or will take place at Euston, rather examples of the type of innovation that could occur, using relevant and current examples from London, the UK and competitor cities in the USA.

Science innovation case studies

- 5.11 Nine case studies have been considered under the science heading. These range from wholesale public interventions, innovations spaces that have a public and private sector partnership, private life science campuses, developed by specialised property developers and entirely new universities focused on the application of ideas to create jobs and growth.
- A Technology and Innovation Centre - Cell Therapy Catapult
 - Life science incubator - London's bioscience incubators
 - Venture capital funded accelerator – Healthbox, Fin Tech and Method Design Lab
 - Life science follow on space - Stevenage Bioscience Catalyst
 - Innovation hub with exhibition space - Siemens Crystal
 - Inner city centre life science campus - Alexandria Center For Life Science – NYC
 - Inner city centre life science campus - The Center for Life Science - Boston
 - New applied science institution (CUSP)
 - New applied science institution (Cornell Tech)

Name of Case Study	Summary of Activity	Delivery Agent	Partners	Size of Facility	Cost
Technology and Innovation Centre – Cell Therapy Catapult	Catapults are a recommended initiative attempting to exploit the UK science base so that it can compete with similar centres in other countries, such as Germany, France and South Korea. The Cell Therapy Catapult located at Guys Hospital identified an unmet medical need and the role the NHS could play as a significant asset to both support the investment funding gap and become a beneficiary of the projects successes. The catapult aims to support the existing industry but also goes further, taking on high growth potential projects through Clinical trial to be Phase 3 ready, de-risking them for further investment whilst developing an infrastructure and team that can drive projects through the clinic. Catapult have mainly targeted the following seven areas for attention; high value manufacturing, cell therapy, offshore renewable energy, satellite applications, connected digital economy, future cities and transport systems.	Lead by Central Government with BIS as the sponsor department, the Cell Therapy Catapult has been set up as a separate entity, with its own board and CEO.	<ul style="list-style-type: none"> • Medical Research Council (MRC) • TSB • Academia • Industry • Charities • NHS 	12,000 sq m	£30m pa
Life Science Incubators – London's Bioscience Incubators	This case study focuses on three different projects; Imperial Incubator, London Bioscience Innovation Centre (LBIC) and Queen Mary BioEnterprises Innovation Centre (QMBIC). Each location combines flexible office and laboratory spaces to enable life science companies to conduct their research and business in the same location. The focus is on creating networks of experts to support both businesses and ideas, enabling them to grow. The association of many biocubators with universities provide the life science industry with greater access to their research base and supports the links with an education base for the sustainable future of the industry.	Imperial Incubator – Imperial Innovations LBIC –The Royal Veterinary College's Business Development team (strong links) QMBIC - Queen Mary Innovation	<ul style="list-style-type: none"> • All host universities and their Tech Transfer Office (TTO) • LDA • LBIC has strong links with One Nucleus 	Imperial – 2,230 sq m LBIC – 1,800 sq m QMBIC – 3,700 sq m	LDA contributed:- <ul style="list-style-type: none"> • £7m to QMBIC • £3m to Imperial • £4m to LBIC

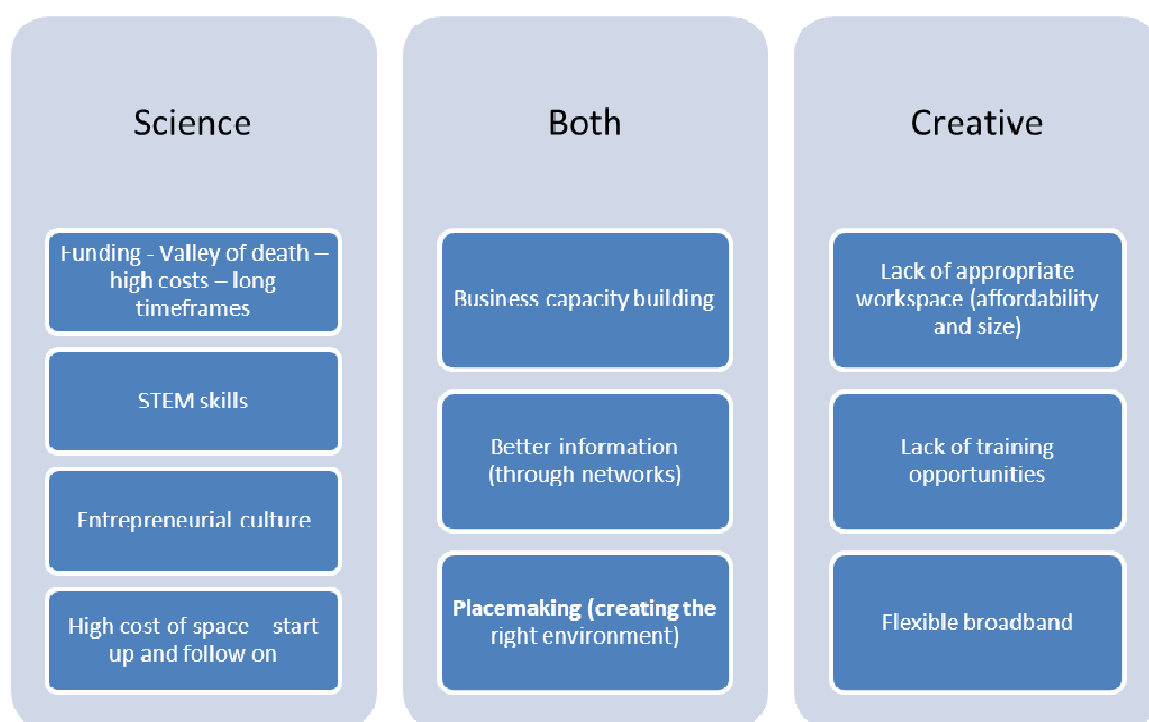
Name of Case Study	Summary of Activity	Delivery Agent	Partners	Size of Facility	Cost
Venture Capital Funded Accelerators – Healthbox, FinTech, Method Design Lab	<p>This case study comprises of three different projects:-</p> <p>Healthbox – Aims to identify high potential healthcare technology start-ups that address specific industry challenges and provide these companies with a high-level of support and resources to foster growth. They also provide a link between partners and innovative companies.</p> <p>FinTech – This lab provides a mentorship programme of support for entrepreneurs and early-stage companies in the financial services sector. Each year the lab invites a handful of entrepreneurs with promising ideas to a 12-week programme where they are given support from market leaders to hone their ideas and a platform to pitch them to potential investors.</p> <p>Method Design Lab – With potential investments ranging from £50,000 to £300,000, MDL aims to bring innovation products focussed on user-experience and design to market by providing expertise and resources.</p>	<p>Healthbox – Sandbox Industries</p> <p>FinTech – Accenture</p> <p>Method Design Lab – Method Design Agency</p>	<p>Healthbox – Private healthcare providers, third sector charities and private innovation companies + consultancies.</p> <p>FinTech – Private financial corporations and state-funded initiatives.</p> <p>Method Design Lab – Central St Martin's School of Art and Design.</p>	Approx 1,000 sq m	Unknown
Life Science Follow on Space – Stevenage Bioscience Catalyst (SBC)	The SBC campus combines incubation space with follow on space and is designed to encourage collaboration between SME's and multinational companies to breed commercial and innovation success. With long-term plans to expand the campus by five fold from the first phase to the third phase, the SBC campus will offer a range of equipment and commercial opportunities that would be impossible for a small or medium sized enterprise (SME) to develop alone.	Joint venture between its funding partners, with a separate board and management team.	<ul style="list-style-type: none"> • GSK • East of England Development Agency • The Wellcome Trust • BIS • The Technology & Strategy Board 	Follow on space on its own 4,100 sq m	£38m
Innovation Hub with Exhibition Space – Siemens	The Crystal is a sustainable cities initiative by Siemens that explores the future for cities. It aims to provide a global knowledge hub not only bringing	Siemens	<ul style="list-style-type: none"> • LDA • Mayor of London 	7,002 sq m	£30m

Name of Case Study	Summary of Activity	Delivery Agent	Partners	Size of Facility	Cost
Crystal	together mayors, city decision-makers, politicians, urban planners, architects and infrastructure experts but also inviting the local community and educational groups to motivate students to study sustainable engineering and develop skills in this sector.		<ul style="list-style-type: none"> • LB Newham 		
Inner-City Centre Life Science Campus – Alexandria Center for Life Science – New York City	Currently nearing completion, the Alexandria Center for Life Science – New York City is designed to foster collaborations among New York's world-renowned academic and medical institutions, preeminent scientific talent, top-tier investment capital, and the broad and diverse commercial life science industry. The initiative aims to capitalize on New York's top-tier science, talent and capital, speeding up the process of developing promising new life-science discoveries.	Alexandria Real Estate Equities, Inc	Currently under construction, so no tenants yet.	28,800 sq m	Unknown
Inner-City Centre Life Science Campus – The Center for Life Science	Located in Boston the centre is surrounded by world-class life science research institutions, hospitals and bio/pharma companies, including Harvard Medical School, Brigham and Women's Hospital, Dana-Farber Cancer Institute, and Merck Research Laboratories Boston. The wholly private sector led project provides a mix of laboratory, office and manufacturing space to support tenants' R+D efforts.	BioMed Realty Trust	<ul style="list-style-type: none"> • Private healthcare providers • Medical Researchers • Academia 	65,418 sq m	Unknown
New Applied Science Institution CUSP and Cornell Tech	This case study analyses the creation of two new universities in New York to propel the city to become a world capital of science and technology, and lead to new jobs:- CUSP – A new applied-science research institute, a consortium of world-class universities and international tech companies to address the needs of cities. Located close to the MetroTech Center, which has the potential to become a hotbed of	CUSP – NYU and NYU-Poly Cornell Tech – Cornell University	CUSP:- <ul style="list-style-type: none"> • Academia • Indian Institute of Technology – Bombay • Private investors and consultants Cornell Tech:- <ul style="list-style-type: none"> • Technion 	CUSP – 45,151 sq m Cornell Tech – Approximately 185,806 sq m at full build	Both Unknown

Name of Case Study	Summary of Activity	Delivery Agent	Partners	Size of Facility	Cost
	technology firms and research. Cornell Tech – The graduate level campus (completed 2037) will comprise three innovative 'hubs' focussed on; connective media, healthier life and the built environment. All students will work closely with an industry mentor focusing on innovation and commercialization.		<ul style="list-style-type: none">• Department of Commerce• Google		

Public Sector Roles in Establishing an Innovation Hub

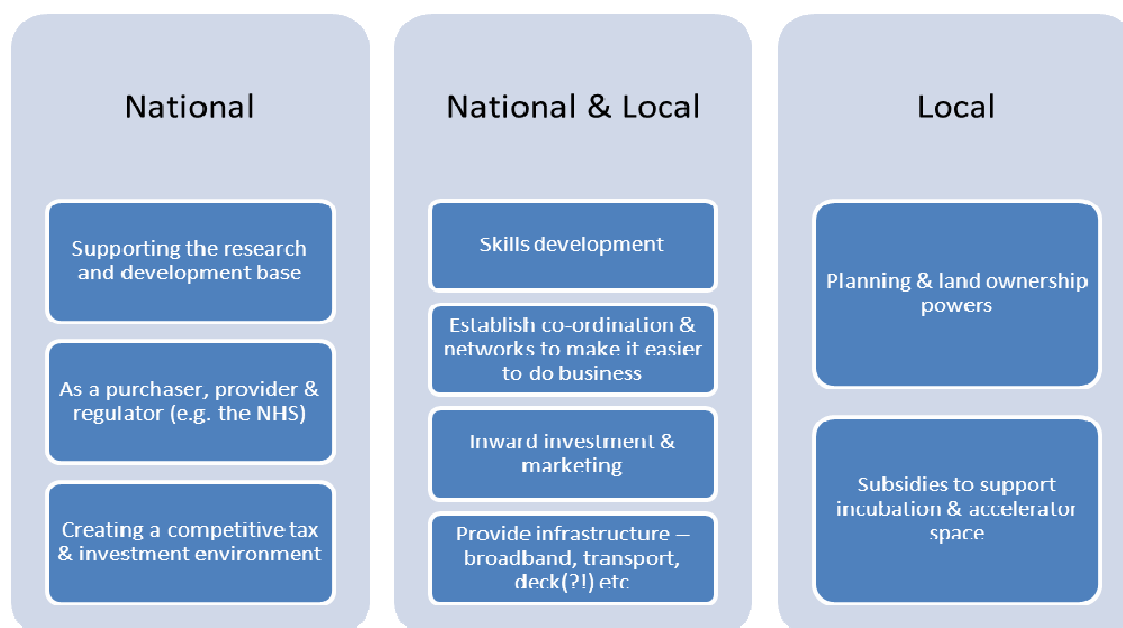
- 5.12 The public sector in the UK does not have a strong track record in creating new spatial sector based clusters. Internationally, where successes have been made, this typically required significant sums of area based capital expenditure and incentives, such as Singapore's life science cluster, Biopolis³⁹. This approach is unlikely to be available due to both fiscal constraint and EU State Aid rules.
- 5.13 However, Euston has successful economic clusters already in place, which the public sector can support by getting the fundamentals right, including planning and infrastructure and where appropriate land assembly. Moreover, the public sector does also have the potential to support innovation, and at a variety of scales. Some of the key issues, where the public sector could take a greater or lesser role are set out in the diagram below.



- 5.14 The Euston Plan, as a local and regional government planning document, will be in a position to act as a framework for a series of interventions that move beyond land use planning. In thinking about how and what different stakeholders could deliver to support the Euston vision it is helpful to consider a series of broad interventions, which could

³⁹http://www.spp.nus.edu.sg/aci/docs/research_outputs/Industrial%20cluster%20Development%20and%20Innovation%20in%20Singapore.pdf

support the knowledge economy and innovation and the most appropriate level of government to take the lead.



- 5.15 This level at which interventions typically occur can inform the delivery strategy for an innovation hub(s) at Euston. There are clear areas where London and borough governance can make a significant contribution and other areas, where national government, universities and the private sector will need to take the lead.

University Roles in Establishing an Innovation Hub

- 5.16 Intrinsically linked to the public sector, universities are also vital to this process. While the Wilson Review of Business-University Collaboration⁴⁰ recognised the UK has outstanding potential, with world leading research strengths and talent, it identified it could do better at translating this into new businesses. Furthermore, the Government's Innovation and Research Strategy for Growth (2011) recognises the UK's need to "strengthen its ability to accelerate commercialisation of emerging technologies." This sectoral focus is supported through the Mayor's Economic Development Strategy to 'develop further London's strengths in innovation promoting more productive links between business and academia'. The role of the private sector in establishing an innovation hub.

⁴⁰ <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/w/12-610-wilson-review-business-university-collaboration>

Science Based Innovation Hub Scenarios – Strengthening London's Innovation Eco-system

- 5.17 Given the nature of the opportunity afforded to Euston by virtue of its institutional and sector strengths, it is possible to make some high level assumptions to inform further planning in this area and set out responses to near, medium and longer term opportunities. These longer term opportunities may be more closely allied with a larger scale station related scheme.
- 5.18 The nine case studies below indicate the sector that has led their development and broad type, and associated scales to allow us to build up a series of innovation hub options to test for Euston.

Case Study Science Innovation Hubs

	Innovation Hub Type	Sq m
Public	Technology and innovation centre	1,200
	Life science incubator	3,700
Public/private	Venture capital funded accelerator*	1,000
	Life science follow on space	4,100
	Innovation hub with exhibition space	7,002
Private	Inner city life science campus (1)	28,800
	Inner city life science campus (2)	65,418
University/ private	New applied science institution (1)	45,151
	New applied science institution (2)	185,806

**Based on consultants assumption based on available knowledge of the facility*

- 5.19 These examples have been selected and combined to define three alternative science hub options, which progressively increasing in scale and complexity. These, again, also reflect approaches that could be near, medium or long term and which could also be accommodated within the existing Euston urban fabric, or which are more closely associated with a larger scale station related development.
- 5.20 The proportion of space each option would take up of the total commercial floorspace will depend on final resolution of floorspace quantities and mix of uses within the Euston Action Area.

Science Innovation Hub Scenarios

	Science 1 Public sector lead	Science 2 Inner city centre life science campus	Science 3 New applied science institution, or major institution expansion
Generic title	Sq m	Sq m	Sq m
Technology and innovation centre	1,200	1,200	
Life science incubator	3,700	3,700	
Venture capital funded accelerator	1,000	1,000	
Life science follow on space	4,100	4,100	
Innovation hub with exhibition space		7,000	
Inner city life science campus (1)		28,800	
Inner city life science campus (2)			
New applied science institution (1)			
New applied science institution (2)			185,000
Total	10,000	45,800	185,000

Science 1: Public sector lead

- 5.21 This option assumes that the public sector would provide a significant capital contribution to support a number of innovation spaces in the early stages of the innovation ecosystem. This includes accelerator space to nurture new ideas, incubation space for start-up companies, follow-on space for more established companies and a technology and innovation space to support the scaling up of the best ideas to mass manufacture. While there is a clear role for the private sector, including venture capital to support these schemes, the case studies demonstrate that with public sector and university support for relatively small sums of money it is possible to lever in private sector companies and funding to promote innovation. This approach could be accommodated within the existing Euston fabric.
- 5.22 The Catapult programme has identified seven sectors to date, which it has assessed as likely to grow significantly with support and develop of its commercialisation process through Technology and Innovation Centres (TICs). The TIC model is an internationally recognised mechanism to support innovation and as such, is included in this scenario. The option also builds on the opportunities afforded by the proximity of UCL and other institutions in the wider area to spin out companies to commercialise research. UCL

currently does not have a science focused incubation space, unlike Imperial, Queen Marys and the Royal Veterinary College. Furthermore, there is no identified follow on space in London. As such, this scenario seeks to encapsulate a fairly typical, but effective public sector spatially focused innovation policy response.

Science 2: An inner city centre life science campus

- 5.23 This option includes all of the above, but assumes that a specialist property developer, such as the ones included in the relevant case studies invests in Euston to provide lab and office space suitable for scientific innovation by a mix of public and private organisations, all paying a market rent. This option takes the New York Alexandria Centre for Life Sciences, currently under development, as the basis for establishing a quantum, given the closer similarities in terms of density and mix of uses that exist in New York and central London. A larger model is provided in Boston, however this is a city with a greater concentration of science uses, including life sciences.
- 5.24 Stakeholders have reported interest in central London from a number of US based life science real estate companies, who are looking for the right opportunity to invest and establish facilities in the city. Furthermore, the New York City and Boston examples demonstrate there is demand for such facilities in a central urban area with a strong science base, similar to Euston. As such, it does appear to be plausible that a life science focused property developer would be interested in the Euston opportunity given the areas strengths. One of the key challenges will be viability, with office space likely to command a premium rate at Euston, buildings which include laboratory space may not prove as attractive to developers, seeking to maximise returns.
- 5.25 Such an approach would require definition and creation of a more significant development location either within the existing Euston urban fabric or as part of a station redevelopment project.

Science 3: A new applied science institution

- 5.26 It would encompass similar interventions to those described in scenarios 1 and 2, along with new research facilities and teaching focused on the application of science to support commercial development and wider human improvement.
- 5.27 This option is perhaps the most ambitious and would require significant commitment and resources from London government and a higher education partner.
- 5.28 This option is the largest scale and perhaps most ambitious. It is based on establishing a major new university or institution facility, likely to be lead by an existing institution with

international reach. The Cornell Tech example proposed for New York's Roosevelt Island has been used to inform the floorspace assumption for this scenario. It would encompass similar interventions to those described in scenarios 1 and 2, along with new research facilities and teaching focused on the application of science to support commercial development and wider human improvement.

- 5.29 This option is perhaps the most ambitious and would require significant commitment and resources from London government and a higher education partner.

Creative Industry Based Innovation Hub Scenarios – Strengthening London's Innovation Eco-system

- 5.30 Eight case studies have been considered that relate to creative innovation. As with the science case studies, these start with wholesale public interventions, but also include innovations spaces that stem from a university and private sector partnership, and private sector led creative spaces.

- A Technology and Innovation Centre - Digital/Future cities (based on Cell Therapy Catapult case study above)
- Venture capital funded accelerator –Method Design Lab (see accelerator case study included in science section above)
- UCL led research centre - BBC digital
- UCL led incubator - IDEALondon
- Creative/tech innovation hub - Google campus
- Creative managed workspace - managed workspace in Camden (Collective)
- Private sector led creative affordable workspace - The Tea Building
- Private sector led digital R&D facility – digital/creative sector - Amazon

Name of Case Study	Summary of Activity	Delivery Agent	Partners	Size of Facility	Cost
UCL Led Research Centre – BBC Digital	This programme of research work will seek to advance state-of-the-art communications technologies, Internet research, content production, user experience (UXD) and access services. The BBC and UCL will share facilities and resources, and create new opportunities for students, graduates, staff and third parties with a range of sponsored studentships for doctorate level research, internships, student placements and a staff exchange programme. This initiative will form the foundation for future collaboration with other academic and industrial partners and as such will act as a catalyst in accelerating UK performance in this sector.	UCL	BBC R+D	2,000 sq m	Unknown
UCL Led Incubator – IDEALondon (Innovation and Digital Enterprise Alliance)	This initiative aims to support the growth of digital and media companies who will be championed by one of the key partners. IDEA will develop services to support and grow start-ups in the digital and media sectors which are clustered in the Shoreditch area, with each partner bringing their own strengths, existing relationships and expertise to the project.	<ul style="list-style-type: none"> • UCL • IDEALondon 	<ul style="list-style-type: none"> • CISCO • DC Thomson 	2,000 sq m	£3.5m over three years from three partners with additional investment in individual businesses
Creative/Tech Innovation Hub – Google Campus	The Google campus offers seven floors of flexible workspace with free high-speed internet. The campus hosts weekly mentoring and networking events as well as monthly investment programmes to provide support to start-ups of a standard €50k investment in return for a 8-10 percent stake in the business.	Google	<ul style="list-style-type: none"> • Seedcamp • TechHub • Central Working 	2,276 sq m	Unknown
Creative Managed Workspace – Managed Workspace in	A new office conversion at the heart of Camden, specifically for small creative businesses. Taking on a 'wireless, wall-less' concept, the former derelict warehouse provides affordable office/event space	Collective – Camden Town Unlimited (CTU)	LB Camden CTU and member	279 sq m	Unknown

Name of Case Study	Summary of Activity	Delivery Agent	Partners	Size of Facility	Cost
Camden (Collective)	for new start-ups. Collectives collaborative environment aims to be a place to build contact networks, share knowledge and nurture new talent.		businesses actively seeking contract tenants		
Private Sector Led Affordable Workspace – The Tea Building	Provides a home attracting a variety of creative, talented and innovative tenants with an expressive architectural style in Shoreditch. The building underwent redevelopment in 2001 to create refurbished flexible office space whilst retaining the essential character of the building in keeping with the industries it attempts to attract.	Derwent London	Private Sector Venture with no specific partners	14,600 sq m of affordable office space	Unknown total cost.
Private Sector led R+D Facility – digital/creative sector – Amazon	Amazon recently announced it will open a research and development centre in London. The online retail company has said that the lab will help lead development on TV and film services. It is likely that will include work on the film streaming and DVD rental service Lovefilm, which own. Amazon aim to create a British centre of excellence to design and develop the next generation of TV and film services.	Amazon	N/A	4,366 sq m	Unknown

- 5.31 The nine case studies below indicate the sector that has led their development and broad type, and associated scales to allow us to build up a series of creative innovation hub options to test for Euston.

Case Study Creative Innovation Hubs

	Innovation Hub Type	Sq m
Public	Technology and innovation centre	1,200
	Venture capital funded accelerator	1,000
University/ private	University led research centre	2,000
	University led incubator	2,000
Private	Creative/tech innovation hub	2,276
	Creative managed workspace	279
	Private sector led creative affordable workspace	14,600
	Private sector led digital R&D facility	4,366

- 5.32 As with the science case studies, the eight creative innovation facilities have then been used to build up three creative hub options, increasing in scale and complexity. These are set out in the table below and described in the following text.
- 5.33 While these options are relatively small in terms of the overall floorspace, when compared with the science option, it should be noted that there is the potential to combine both science and elements of creative together at Euston or for growth sectors within the London office market, such as Technology Media and Telecommunications (TMT) occupiers, to move into Euston potential for enormous synergies.

Science Innovation Hub Scenarios

Innovation Hub Type	Creative 1 Public sector/university led creative hub	Creative 2 A public/private mixed creative hub	Creative 3 A creative neighbourhood
Technology and innovation centre	1,200	1,200	
Venture capital funded accelerator*	1,000	1,000	
University led research centre*	2,000	2,000	2,000
University led incubator*	2,000	2,000	2,000
Creative/tech innovation hub		2,276	2,276
Creative managed workspace		279	1,115
Private sector led creative affordable workspace			14,600
Private sector led digital R&D facility		4,366	8,733
Total	6,200	13,121	30,724

*Approximate size

Creative 1: Public sector/university led creative hub

- 5.34 Similar to the Science 1 option, this option looks at the possibility of a creative innovation hub being led by the public and university sectors, through a digital Catapult/Technology and Innovation Centre. This would be a business accelerator to nurture the best ideas and support them with venture capital, a university led research centre, like the recently announced UCL collaboration with the BBC and a university led creative incubator, such as UCL's new partnership with CISCO. Again, this option is based on public/university investment to lever in private sector partnerships.
- 5.35 This option is based on interventions that are all happening in London within the sector. The assumption is that in creative sub sectors, such a digital or broadcasting, as technology develops and the sector continues to grow, so there will be a continuing need for the public and universities sectors to support innovation. It is also supported by the global strength of the immediate area in creative, especially digital creative, sectors and the proximity of European HQs and R7D facilities for some of the world's largest digital technology companies as described earlier (Google, Facebook, Twitter and Amazon).

Creative 2: A public/private mixed creative hub

- 5.36 This option includes and builds on all of the above, but also includes an innovation hub in one building, using the Google Campus as a case study, which includes a range of space and access to networks and finance. It also includes a small amount of creative managed workspace, modelling on the Camden Town Unlimited Collective facility.
- 5.37 Again, this option is based on the projected growth of the creative sector and as such the potential need to support additional spin outs and start ups.

Creative 3: A creative neighbourhood

- 5.38 This option includes all of the above 2 options, but also assumes that there is space for a private sector led provision of workspace, on top of the more managed innovation spaces in the earlier options. This is modelled on the Tea Building and the new R&D facility for Amazon, being developed in London.
- 5.39 Clearly, this scenario is highly dependent on their being a viable property market for these types of uses. It is worth noting that the Tea Building is currently full with reported demand for more space, indicating that based on current sector trends there could be an opportunity for such development. It is worth noting that while the Amazon space is used as a case study here, this is not the only example. Looking forward to the 2020s when development is expected to come forward at Euston, the next consumer facing global

technology firm, such as Google or Facebook, could well be a potential occupier given the proximity of today's digital creative/tech leaders in the area. As part of the broader strength in Euston's office market appeal, the TMT sector is a real opportunity to support the digital creative innovation case for the area.

Integrating Science and Creative Innovation Hub Scenarios

- 5.40 Alongside the Euston's potential as a mainstream commercial office destination, there is also the potential for both science and creative sectors to co-exist and flourish alongside each other. The table below sets out the indicative quantum of development (sqm) when combining each option.

Combined Science and Creative Hub Option Quantities (SQM)

		Creative		
		Option 1	Option 2	Option 3
Science	Option 1	16,200	23,121	40,724
	Option 2	52,002	58,923	76,525
	Option 3	192,006	198,927	216,530

- 5.41 There is considerable demand for knowledge and creative sector spaces from locations immediately around the Euston Action Area. The demand comes from teaching, research and practice and includes institutional and private sector interests. The scale of requirements ranges from small workspaces to major departments of internationally recognised institutions. It is recommended that the requirements of the knowledge and creative sectors be incorporated in masterplanning for the Euston Area. This can be part of the economic vision, and also part of realising the type of diverse, mixed-use place that mainstream employers and office occupiers increasingly seek.
- 5.42 The range of combined knowledge, science and creative sector possibilities is considerable. However, the above analysis suggests that the very largest scale schemes will be significantly dependent on a single large institution to deliver.
- 5.43 At this time, and in the absence of a single large requirement or commitment, it is recommended that masterplanning provide opportunities for 50,-70,000 sqm of knowledge sector space incorporating both private sector and institutional developments across both science and creative sectors should be incorporated in future planning. There

is likely to be some overlap between the masterplanning quantities recommended for mainstream commercial office sectors and these floor-areas. The knowledge and creative sectors will also have office and workspace requirements.

- 5.44 These sectors will also seek out smaller and near term opportunities within the Euston Area that may include refurbishment or infill sites outside of the station and rail facility footprints. A flexible approach to the integration of these activities across the Euston area while station and rail matters are being resolved is recommended as a way to establish a new role and identity. It is also recommended that a prominent role for knowledge sectors be sought within the potentially most visible and earliest stages of over-site development at the front of the station addressing the Euston Road.

Key Issues and Next Steps

- 5.45 The options set out in this chapter are indicative and are intended to help understand the potential type and scale of development that could occur when creating an innovation hub at Euston. The tables below draws out some of the key areas that would need to be addressed in delivering each option.

Science and creative options - 1

- 5.46 Public sector coordination and grant would be required as a catalyst for additional university and private sector investment under both these options. LB Camden and the GLA should facilitate a working group each for science and creative options, including UCL, other key stakeholders in the area.
- 5.47 These groups should identify short, medium and longer-term opportunities for innovation facilities at Euston.
- 5.48 Short-term opportunities in existing buildings, which may only be able to offer temporary occupation prior to longer-term redevelopment may represent a significant challenge for science based innovation facilities, due to the high specification and cost of fit out required. However, any such development over the next 5 years would provide significant momentum. On the other hand, such buildings, may be very attractive to a range of creative uses.
- 5.49 Medium and longer-term planning for innovation facilities, such as those described in this options is important to get in place now. This will allow consideration to be given to the use of land use planning and planning obligations to help deliver adequate and appropriately located space within the wider mix-use development.

-
- 5.50 A business plan should be developed together by all partners should set out growth areas, delivery agents and funding opportunities. Current examples of potential funding include the Growing Places Fund (managed by the London Enterprise Panel), ERDF (managed by the GLA), and Catapult funding (managed by the Technology and Strategy Board).
- 5.51 Stakeholders will also need to identify and partner with private sector companies.
- 5.52 Establishing life science facilities at Euston would need to be managed carefully, particularly given the nature of some research techniques and materials. Residents groups should be engaged once a clear view on the opportunities and benefits are known.

Science and creative options 2

- 5.53 The delivery of these options would be private sector led.
- 5.54 As such, the availability of appropriate land that is attractive to the private sector is critical. The Euston Plan process will need to consider how best to provide a framework to facilitate this.
- 5.55 The broad scale of innovation space that could be accommodated in the Euston Plan area
- 5.56 The right location, appropriate to the type of use and activity that is required
- 5.57 Both the above considerations should be informed by viability assessments to ensure any requirements do not stymie the wider development
- 5.58 There is a key role for relevant inward investment agencies, notably through agencies such as London & Partners, the Mayor's inward investment agency, and the Life Science Investment Organisation and possibly the Tech City Investment Organisation (for digital creative sector), both located within UKTI. The GLA and LB Camden should engage both these organisations, as well as the key science based stakeholders, to agree an inward investment strategy for both science and creative opportunities.
- 5.59 Both this option and option 3 below would be likely to bring significant employment to Euston. A key challenge will be creating a link to the local labour market. A significant number of these opportunities will be for highly skilled workers. A structured programme linking local residents to training and opportunities to fill roles such as lab technicians through programmes such as the current National Apprenticeships scheme would need to be put in place and successfully brought into by employers, schools and local residents.

Science option 3

- 5.60 This option also encapsulates development set out in options 1 and 2, along with a major new facility. The delivery would involve one or more major academic institutions, along with public and private sector partners.
- 5.61 The scale of development, the number of partners involved and the funding needed will create significant challenges to be addressed. Mayoral and national government support will be critical. The Cornell Tech example in New York is the product of significant public sector investment and political support.
- 5.62 LB Camden and the GLA (Planning Decisions Unit) would need to discuss this option with the GLA's Economic and Business Policy Unit, who lead on this policy area, to understand what would be needed for Mayoral support.
- 5.63 In parallel, the Department for Business Innovation and Skills (BIS) should be engaged.
- 5.64 Any decision to bring a new academic institution to London would need to be discussed with the major academic institutions in London, especially UCL as a key local stakeholder, and a leading global academic institution.
- 5.65 The opportunity to expand UCL or other London academic institutions presents an additional option for further consideration by key stakeholders.

Creative option 3

- 5.66 Like option 2, this option is private sector led, and as such the levers of public control are limited.
- 5.67 Here the major challenge with this option is viability. The Tea Building is an existing building, subject to renovation rather than new build or unusual construction costs. LB Camden and the GLA should consider opportunities for reuse of existing buildings in the area, even as a temporary use.
- 5.68 It may be difficult to compete with prime office given the values this use is likely to drive. As such, public sector intervention to retain 'affordable' commercial space in the area through the planning process or public sector land ownership may be required. Although, clearly this will impact on overall viability of the scheme.
- 5.69 A critical mass of creative/digital activity in the area should make it an attractive option for investment on a similar scale to Google HQ and Kings Cross or at a smaller scale the

Amazon R&D facility in Farringdon. Further development of the knowledge quarter concept would assist this.

6. Land and Space Requirements

- 6.1 Having identified significant economic potential within the Euston Action Area driven by both an opportunity to provide an extension to the Central London office market and to attract a significant level of innovation and knowledge sector activity it is possible to identify the broad space typologies and requirements that could be accommodated within the Euston Action Area.
- 6.2 Clearly occupier requirements are not static, how occupiers use their space changes over time and their needs are influenced by external factors such as new communications technologies, ventilation systems and workplace legislation. Floorspace types required in Euston will also rely heavily on the specific scale, nature and mix of activities attracted to the area.
- 6.3 Whilst changing space requirements will need to be monitored to ensure the right types of space are delivered to meet need given the long term nature of the Euston Area Plan it is possible at this stage to provide guidance on the core market trends that are likely to continue.

Commercial Market Opportunities

- 6.4 As noted in LOPR12 corporate occupancy requirements have moved on significantly from the take up of 'fixed' floorplates with a high number of cellular offices to more flexible open plan arrangements that integrate shared work and collaboration spaces. This has driven subsequent changes in the scale of floorplates demanded.
- 6.5 As identified previously the future of the commercial office market in Euston will be intrinsically linked to the wider West End market and being able to offer a competitive opportunity for occupiers to access Grade A floorspace of a type and price band that Mayfair and Midtown cannot accommodate.
- 6.6 The table overleaf sets out the average floorplate sizes demanded within the West End/Midtown market key deals as a mechanism for understanding the potential nature of demand within Euston.

Floorplate Estimates from Key Deals

Company	Building	Building Size	Floors	Average Floorplate (rounded)
Coca Cola	1a Wimpole St	59,554sqft	6	10,000sqft
Saudi Aramco	10 Portman Square	113,548sqft	10	11,350sqft
Publicis	82 Baker Street	62,985sqft	7	9,000sqft

Source: CoStar, Estates Gazette, GVA, 2012

- 6.7 The three key market deals within the current supply portfolio (albeit for significantly refurbished or redeveloped buildings) show a range of average floorplates sizes between 9,000sqft and 11,350sqft.
- 6.8 Considering more recent office floorspace delivered within some of the identified 'mega-schemes' in LOPR12 it is clear that they are servicing a different scale and nature of floorspace than existing core market areas.

Floorplate Estimates for 'Mega-Schemes'

'Mega-Scheme'	Smallest Floorplate	Largest Floorplate	Average Floorplate
More London	14,000sqft	48,500sqft	27,000sqft
Regents Place	7,300sqft	30,000sqft	18,000sqft
Paddington Central	12,000sqft	27,000sqft	19,750sqft

Source: CoStar, Estates Gazette, GVA, 2012

Note: All figures are rounded

- 6.9 The average floorplate sizes in these 'mega-schemes' are considerably higher than within the major deals in the West End/Mid Town markets, it also shows an ongoing increase in floorplates within more recent developments.
- 6.10 Regents Place has the smallest average floorplates and is the oldest of the developments with More London offering larger average floorplates and the largest single floorplate by a significant margin.
- 6.11 Based on this analysis it is reasonable to expect that the market focus at Euston would be more akin to the existing market rather than the more peripheral 'mega-schemes', as such average floorplates are likely to be in the region of 10,000sqft to 15,000sqft.

Serviced office Suites

- 6.12 An additional element of demand within the Central London office market has been the integrated provision of small managed office suites within larger buildings. This type of provision, where floors are let to a managed workspace provide such as Office Space in Town and Regus, has become more common within the large 'mega-schemes'.
- 6.13 This type of space is currently accommodated within More London (3 More London), Paddington Central (1 Kingdom Street) and Regents Place (Euston Tower) with a space requirement of between 20,000sqft and 30,000sqft.
- 6.14 Office suites will range in size depending on business requirements but most provision caters for a single desk occupancy (circa 115sqft) to in the region of 12 desks (circa 1,300sqft). These offers will also provide communal space and meeting facilities (available to hire on an hourly basis) within their total floorspace.
- 6.15 That being said, provision of smaller business space does not have to come forward within larger scale new office buildings, indeed the potential scale and nature of space could lend itself to being delivered away from the Station footprint where finer grain sites may be available.
- 6.16 It is likely that the small business space will overlap in terms of occupier demand with the knowledge focussed 'innovation' space, particularly within the creative sector where a number of these businesses could occupy conventional office floorspace.
- 6.17 Given the mix of opportunities across the Euston area it may be possible to integrate small business space into existing communities or buildings. This could prove an important of the overall economic strategy, particularly where it enable more competitive rents to be offered as large development infrastructure costs would be avoided.

Innovation Space Requirements

- 6.18 In terms of the land and space requirements for the science and creative sectors, earlier sections highlight the broad physical and human components that are required as part of an innovation hub. These are then supported by the case studies (described in Appendix A), which provide examples of actual innovation space that has been, or is in the process of being developed. The key question is how these types of innovation models could fit spatially into the Euston opportunity.

Science Space

- 6.19 Given that much of the development platform at Euston is likely to be a decked area above the railway stations, it is assumed much of the built form will come forward as large floorplates to maximise value.
- 6.20 Based on the analysis of the case studies for the science sector this appears not to be a significant issue, with the majority of the innovation intense activity taking place in buildings that can easily operate within this format.
- 6.21 Moreover, the examples of the catapult, university incubators, the CUSP applied science institution and the inner city life science campuses indicate suggest that rather than requiring separate 'campus' environments space provided in more mixed neighbourhoods could drive location choice.
- 6.22 However it is unlikely that the majority of the activity can take place in mixed use buildings, given the technical specification requirements for science activity over and above those for more 'mainstream' activities. Particular considerations would include:
- Microbiological safety cabinets and chemistry fume cupboards;
 - Non-recirculating air regimes with 8 changes per hour;
 - Facilities rooms (glass wash, autoclave, ice machine, washing machine & purified water facilities); and
 - Enhanced HVAC systems.
- 6.23 With significant amounts of heavy machinery, including refrigeration, the building loads are likely to be greater for this type of use than commercial office activity; as such usable building heights would be greatly reduced.
- 6.24 Other requirements are likely to be flexibility and adaptability, with functional layouts and upgrade potential, as well as high levels of energy efficiency.
- 6.25 In conclusion, a science-led innovation hub could come forward in a large footprint format, either as a standalone building or a part of a mixed use neighbourhood. However whilst part of a mixed use area it would require a standalone science focused building.

Creative Industry Space

- 6.26 The majority of the creative industry examples are taken from facilities that are, or will be operating from existing creative districts, such as Camden and Shoreditch. These, along with others, such as Soho and Clerkenwell indicate that the creative industries prefer to

establish themselves in areas with a much finer grain of urban form, operating from smaller spaces and from mix use buildings as well as mix uses neighbourhood.

- 6.27 The Tea Building is a large footprint building, indicating that this is by no means a hard and fast rule. However, it is a fine grain neighbourhood and benefits from being a unique building architecturally which can be sub-divided as necessary without losing its character.
- 6.28 This type of character may pose a challenge to development at Euston in areas with large infrastructure costs such as a deck, but future masterplanning should be cognisant of this characteristic should the area wish to support the creative industries. Given the range of site opportunities it may be possible to effectively masterplan the whole area to deliver space in areas which may meet creatives needs. Areas such as Drummond Street and Eversholt Street alongside existing buildings may provide opportunities to create an environment
- 6.29 While space requirements will range depending on the size of business, flexibility will be key, with the nature of creative industry continually changing and along with it the type of space needed. The Tea Building again provides a good example of this, with average space for occupiers shifting from around 2,000 square feet when the building first opened, to 8,000 square feet today. The issue for the Euston Plan area is the lack of buildings capable of such reuse, making viability for this type of use more challenging.
- 6.30 In conclusion, it is reasonable to assume that it is more likely that a creative-led innovation hub is likely to come forward as part of a neighbourhood of creative uses, and within in this, while there may be potential for use of large floorplates, there will also need to be a finer grain urban form and smaller development plots. They key will also to offer a range of different size studio spaces.

Euston's neighbourhoods – the economic value of place

- 6.31 The location choices for both science and creative uses are increasingly place driven. Development at Euston should therefore not detract from its vibrant and diverse business and residential communities, instead these features must become mutually reinforcing. Research has shown that the most successful and competitive knowledge locations across Europe and the US demonstrate a mix of uses and business sectors that helps

create a dynamism, which in turn makes the area more attractive to talented workers, students, academics, visitors and investors alike⁴¹.

- 6.32 The Euston Plan must endeavour to retain this aspect of Euston's current business environment and this in turn will help to create a distinctive and more sustainable knowledge location. As such, it will be very important to focus on the lifestyle and quality of life for the workforce. The strength of Tech City comes in part from the 'vibe' around Old Street. To attract knowledge economy workers, Euston should ensure it develops into a vibrant day and night economy.
- 6.33 The synergy and interaction between sectors and institutions at Euston is a powerful proposition in itself, the distinctive food and retail offer on Drummond Street adds more texture and variety to the location and the reputation of the area as a creative and literary cluster alongside major public and civic institutions creates an extremely attractive knowledge mix. The value of Euston as a knowledge location is to build on all these assets and credentials and to create a genuinely distinctive knowledge location which is both eclectic and 'uniquely London'.
- 6.34 However, Euston is not without its challenges. The Euston Road is a major barrier north south that will need to be addressed to unlock the areas full potential. Furthermore, pockets of deprivation and low skills in the surrounding area will need to be addressed if regeneration is to be deemed successful.

Masterplan Implications

- 6.35 There is a clear desire and major opportunity to attract a range of uses high quality, knowledge led economic sectors to the Euston area driven by a range of market, infrastructure, institutional and clustering factors.
- 6.36 The masterplan should capitalise on the potential created by the inter-relationship of uses to drive innovation and create character and vibrancy within the area, building on the existing strengths of areas such as Drummond Street.
- 6.37 The evolution of the Central London occupier market has seen creative and ICT orientated businesses become core sectors, particularly in the West End. As such in masterplanning terms the core office and innovation hub should not be considered as

⁴¹http://hcd.ucdavis.edu/faculty/webpages/kenney/articles_files/Venture%20Capital%20and%20High%20Technology%20Entrepreneurship.pdf

completely separate entities. Google (King's Cross), Amazon (Tech City) and even Microsoft (Cambridge) have all occupied new office floorspace to accommodate their research functions.

6.38 Given the range of potential uses the floorspace types will vary considerably, however the following broad parameters could apply on sites linked to the station redevelopment:

- Grade A offices which provide clear, flexible floorplates in the region of 10,000-15,000sqft, with potential to deliver to the maximum heights permitted by planning policy;
- Larger scale science research space, albeit this could be multi-tenanted.

6.39 This spatial distribution will be driven by the prominence of the station site as the main frontage to the site from Euston Road, the role and profile of the Station itself, and the need to provide large, clear sites to accommodate this form of growth. The fabric of the surrounding area is unlikely to provide sites of sufficient size to accommodate these units.

6.40 Outside of the over-station development opportunities to bring forward commercial floorspace should focus on smaller units aimed at SMEs and creatives, linking closely to the character of finer grain neighbourhoods.

6.41 There is the potential to utilise a range of existing buildings to retain and enhance the area's character and accommodate a range of businesses within them. However these would need to be subject to more detailed consideration and feasibility investigations. It should also be noted that there are relatively few buildings of this nature in the Euston Plan area.

6.42 Of the total commercial development capacity it is likely that around 60% should be considered for 'office' development, a further 30% for R&D activities and 10% retail. This would enable sufficient capacity and flexibility to accommodate a range of potentially interested parties including large corporates, academic institutions and innovative small businesses

6.43 As noted there will be flexibility within these typologies to effectively have a larger innovation hub, with the ability of digital creative businesses and some academic research functions to occupy the 'office' floorspace.

6.44 Given changing sectoral needs it is important the masterplan maintains some level of flexibility to enable the market to respond positively in the future this will facilitate a form of development that continues to:

- Meet occupier needs;

- Respond to development viability pressures;
- Match the existing urban form to scale of space demanded; and
- Enhance the existing character to continue to attract creative businesses.

7. The Retail Role

Context

- 7.1 The purpose of this section is to consider the potential for new retail (A1-A5) floorspace to form a component of any future redevelopment of Euston station, having regard to the wider masterplanning of the Euston Area and the role and function of existing centres/retail provision within it.
- 7.2 As highlighted previously, Euston is recognised as one of London's major transport hubs as well as an area of housing and employment with significant potential for further growth. There is a clear opportunity for Euston to re-establish itself as a strategic London commercial office location and an innovation hub, and the role of retailing in helping to achieve these objectives is recognised.
- 7.3 The Camden Core Strategy acknowledges the potential for additional retail floorspace to be delivered in the Euston growth area and identifies scope to accommodate c.20-30,000 sqm additional retail⁴² floorspace across sites in Euston and Camden Town, with the majority expected to take place at Euston. Assuming this is a gross figure, at the lower end this would be similar in scale to Hampstead town centre (c.21,238 sqm gross) and towards the upper end, Kentish Town (30,379 sqm gross).
- 7.4 Policy emphasises that new retail floorspace at Euston is expected to meet demand from people travelling through the station, as well as serving a local catchment, but should not cause harm to the vitality or viability of other nearby centres, including Drummond Street.
- 7.5 In this section, we consider the role and function of existing retail provision in the Euston Study Area (ESA), the current and potential catchment and the growth potential of the area. We also consider the trends associated with strategic station developments and what comparable schemes have achieved in recent years. We draw together the outputs of this analysis to consider the scale of additional retail floorspace likely to be appropriate at Euston and what form this additional provision should take, having regard to the role of Euston and the wider network of centres.

⁴² It is not specified whether this refers to comparison or convenience goods floorspace (or both), or whether this is a net or gross figure.

Existing Retail Provision

- 7.6 As part of our baseline analysis we have undertaken a detailed audit of existing retail uses in the ESA. This is largely concentrated at Euston Station and within nearby designated neighbourhood centres including Eversholt Street, Robert Street/Albany Street, Drummond Street and Charlton Street. The nature of retailing in these locations is discussed in more detail below.

Euston Station

- 7.7 Euston station is not formally recognised as a 'centre' for the purposes of the NPPF. Situated at the heart of the ESA, the retail offer provided in and around the station presently comprises c.3,550 sqm gross of retail floorspace across 50 units. Over half of these units (62%) fall within the food and drink category whilst the proportion of convenience and comparison units equate to 18% and 20% respectively. There are presently no vacant retail units at the Station reflecting the strength of demand for floorspace in this location.
- 7.8 Reflecting its current role and target audience (i.e. predominantly station users), the comparison retail offer at the station is presently limited and largely dominated by those retailers which are typically found at major UK mainline stations (e.g. WHSmith, Accessorize, Tie Rack, Boots etc). Similarly, the range of convenience outlets are largely operated by the same major retailers typically found in stations elsewhere (e.g. M&S Simply Food, Sainsbury's Local, Journey's Friend etc.)
- 7.9 Outside the station building, the piazza is dominated by food and drink outlets including a mix of restaurants (e.g. Café Rouge, Ed's Diner and Nandos), cafes (e.g. Caffé Nero and Prêt) and food kiosks (e.g. West Cornwall Pasty Co, Krispy Kreme and Abokado) set around an outdoor seating area.
- 7.10 The nature of existing retail accommodation in and around the station is dated by modern standards and, with the exception of a limited selection of larger units (e.g. Boots, M&S), the majority are small in size (c.30 sqm gross) and generally constrained. The station is often subject to congestion due to the high level of passenger numbers and there is limited scope for any further expansion of retail uses within the confines of the existing building and external piazza.

Eversholt Street

- 7.11 Situated in the east of the Euston area, Eversholt Street runs along the eastern boundary of the station on a north-south axis between Euston Square and Mornington Crescent.
- 7.12 There is a concentration of retail uses situated along the southern portion of Eversholt Street between Doric Way and Polygon Road. These retail uses are secondary in nature and largely dominated by service operators and adult shops.

Chalton Street

- 7.13 Chalton Street is parallel to Eversholt Street, directly to the west. Chalton Street comprises 31 retail and service units concentrated between Euston Road and Phoenix Road. More than half of units are occupied by services, including a noticeable number of cafes and restaurants. Convenience uses are generally geared towards serving a mostly top-up convenience role. Comparison units comprise those uses typically found on a local parade, including a pharmacy, electrical shop, lock shop and bookshop. Retail and services appear to cater mostly to the ancillary needs of residents and the local workforce.
- 7.14 Chalton Street also accommodates a number of ground floor and upper level offices, including the National Union of Rail, Maritime and Transport Workers. There is also a street market every Friday from 9am – 4pm.
- 7.15 Chalton Street benefits from wide pavements, trees, street lighting, architecture, shop facades and café culture. The quality of the public environment is an attractive feature for the parade.

Euston Road (East of Euston Square towards St. Pancras)

- 7.16 Euston Road links Euston Station to St. Pancras and Kings Cross. Uses here mainly comprise office blocks, hotels and the British Library. Retail and service uses are limited to the southern side of Euston Road, between Cartwright Gardens to the west and Judd Street to the east. Most of these are occupied by leisure service operators including Costa Coffee, Starbucks, the Euston Flyer, Pizza Express, Prêt à Manger and O'Neil's. There is also a Premier Inn and a YHA youth hostel. It is likely that the majority of trade is derived from its location nearby visitor accommodation, transport hubs, and offices.

Robert Street/Albany Street

- 7.17 Situated in the west of the Euston area, Robert Street/Albany Street comprises 20 units distributed across two retail parades embedded within the residential estate on Robert Street and a third fronting onto Albany Street.
- 7.18 The retail uses in this area are generally local in nature and include a high proportion of convenience goods (equating to 40% of all units). The largest unit is occupied by a small supermarket specialising in ethnic products. There is also a bakery, a grocer/delicatessen, an off-licence, three newsagents and a Londis convenience store (which includes a post office).
- 7.19 Other uses include a dry-cleaners, laundrette, bookmakers, travel agents, barbers and hair salon. There is also a DIY store and a specialist piano store. With the exception of the piano store, it is likely that this centre predominantly attracts trade from within a limited, walk-in catchment. There is just one vacant unit in the centre which is an indication of its strength as a localised retail centre.

Drummond Street

- 7.20 Situated to the west of Euston Station, Drummond Street is characterised by its ethnic retail offer, a reflection of the significant local Bengali population. The area is largely dominated by restaurants (the majority specialising in Indo-Asian cuisine), which equate to c.36% of all uses along Drummond Street. There are also several ethnic stores including those specialising in fine Asian confectionary and Indian sweets, an ethnic convenience store and spice shop.
- 7.21 Alongside its specialist ethnic uses, the centre also provides a number of more typical, local retail uses including a pharmacy, health food store, a Costcutter convenience store, an optician and several health and beauty outlets. There is also a specialist camera store (Calumet Photographic) situated on the corner of Drummond Street and Cobourg Street which is somewhat distinct to the rest of the centre; and a hotel Ibis situated at the end of Drummond Street, directly adjacent to Euston station.

Hampstead Road

- 7.22 Whilst not formally defined as a neighbourhood centre on the Core Strategy Proposals Map, there is small concentration of retail uses running north along Hampstead Road between Drummond Street and Robert Street. Uses here include two convenience stores, a continental cash & carry, a sari shop, a Mexican restaurant, a bar, a public house and a

chartered accountants office. There is also a large modern unit occupied by Geoffrey Drayton which specialises in high-end, designer furniture and lighting.

- 7.23 It is evident from the above that, beyond Euston station, the nature of retail provision in the area generally caters towards meeting the needs of a localised catchment. The main exception being Drummond Street which, performs a specialist niche role and is likely to attract customers from beyond an immediately local catchment.

Customer Views and Behaviour

- 7.24 In order to identify the future potential of Euston, it is first necessary to gain an understanding of how it is currently being used and what are considered to be its key strengths/weaknesses.
- 7.25 The results of an on-street survey, undertaken in January 2013, provides a useful insight into the visitor profile, views and shopping behaviour of those passing through the Euston Study Area. A total of 300 interviews were undertaken at four different location points across the defined Euston area, coinciding with the main retail areas in Euston Station and outside the station at Eversholt Street, Robert Street/Albany Road and Drummond Street.
- 7.26 To summarise, the combined results of the on-street survey indicate that:
- 'Workers' account for the majority of respondents (41%) whilst 'students' accounted for 17%; 'tourist from overseas' for 16%; 'local residents' for 14%; and 'UK tourists' for 11%;
 - Reflecting the profile of respondents, 'I work here' was cited by 26% as the main reason for being at Euston, whilst 9% cited 'I study here' and 7% cited 'I live here'. 'To use the train' was cited by 13% although these responses were largely captured within the station.
 - 'Meeting friends/socialising' and 'sight-seeing/tourism' were also cited as main reasons for being in the area by 9% and 7% of respondents respectively. These responses were largely derived from tourists (from the UK and overseas).
 - Very few respondents cited 'shopping' as the main reason for being in the area, although it was cited by 7% when asked 'what else' they would be doing in the Euston area. This is consistent with the ancillary nature of retailing at the station and the more localised nature of retailing in the surrounding area. 'Going to a coffee shop/café' and 'Going for a meal' were also cited as common secondary activities.
 - The overall average spend across the study area is £21.70. However there are distinct variations between the different survey location points. For example, at Euston Station the average spend of respondents is £5.70, whereas at Drummond Street the average

spend is much greater at £52. The latter is skewed by a small number of respondents spending in excess of £100 (and in one case, over £1,000). This can be attributed to the presence of specialist, high-end stores in this broad location (e.g. Calumet Photographic and Geoffrey Drayton furniture) which will inevitably attract higher spending.

- Across the study area, food and drink to eat in or take away are the most popular types of purchases, followed by groceries and food to take home and, to a lesser extent, clothing, footwear and accessories.
- The average journey time to the area is 30 minutes reflecting the high accessibility of the area which is able to support a wide catchment. The majority of respondents travelled to the area by bus (29%) or by London Underground (27%). 18% travelled by train and 16% by foot. Just 6% of respondents travelled by car, the majority of these being workers and tourists.
- 28% of respondents will spend up to 45 minutes in the area whilst 18% will spend all day. The average dwell time at the station is much lower than elsewhere in the study area reflecting its predominant role as a transport interchange.
- In terms of what would encourage respondents to stay for longer, 17% of respondents at the station cited 'more/better choice of non-food shops' and 'more multiple retailers' and 8% cited 'more/better choice of food and drink outlets'. However, 67% cited 'nothing'.
- In terms of what would encourage respondents at the station to visit more often, the number and choice of shops and food and drink outlets were cited by 24% whilst 12% cited a 'better quality environment/cleaner streets'. 57% cited 'nothing in particular'.

Catchment and Spend Analysis

- 7.27 The results of the on-street survey provide a reasonable indication of the customer profile and how existing retail provision in the ESA is being used. However, in order to understand the potential for Euston station to offer a wider choice and range of retail uses, it is necessary to gain a fuller understanding of the extent of Euston's catchment, the level of retail expenditure available and the nature of demand.

Catchment Population and Spend

- 7.28 Given its high level of accessibility, Euston draws from an extensive catchment. The results of the on-street survey indicate that approximately 89% of respondents live outside the ESA. Based on the profile of respondents, it is anticipated that this 'inflow' will include a

combination of workers, students and tourists travelling into the area. Euston also serves a more localised resident catchment equating to c.11% of all respondents.

Passenger trips through Euston Station

- 7.29 Drawing on data provided by TfL⁴³, it is estimated that over 45 million passengers currently travel through Euston station each year. Marketing material published by Network Rail indicates a much higher figure, in the region of 71 million passengers per annum. This is a wide discrepancy but for the purposes of our comparative analysis set out later we have adopted the higher Network Rail figure. However, we do acknowledge that this may overstate passenger numbers in light of the TfL data.
- 7.30 Adopting a very high level approach, we have applied the footfall data to the profile of visitors based on the results of the on-street survey undertaken within Euston station⁴⁴ which enables us to breakdown the footfall into visitor types. We have then applied the average spend per person within each visitor category to the estimated footfall, as set out in the below. This indicates that workers and UK tourists generate the most expenditure. By contrast, the contribution from overseas tourists and local residents is extremely limited.

Existing Visitor Numbers and Spend Analysis

Visitor Type	Visitor Profile at Euston Station		Average Spend	Total Expenditure per Visitor Type (£m)
	%	No. (Million)	£ per person	
Worker	59.2%	42.0	£5.33	£223.9
Student	19.7%	14.0	£4.60	£64.4
Tourist from UK	17.1%	12.1	£9.31	£112.7
Tourist from Overseas	1.3%	0.9	£0.00	£0
Local Resident	2.6%	1.9	£0.00	£0
TOTAL	100%	71.0	-	£401m

Source: NEMS On-Street Survey (2013) / Network Rail

- 7.31 This analysis generates a total retail expenditure of approximately £401m although it is not possible to clearly attribute this to Euston only. It does however provide a broad indication of the potential level of expenditure which passes through the area at present. It also

⁴³ Combining data from the Central London Termini Study (2010) and Rolling Origin and Destination Surveys (2011)

⁴⁴ i.e. not including the results obtained at Drummond Street, Eversholt Street and Robert Street/Albany Street.

demonstrates the substantial level of demand and passenger throughput which is generated at major transport hubs such as Euston station.

- 7.32 The above analysis is limited to those directly using the station and clearly Euston's catchment also includes a localised resident and workforce population who may or may not use the station. To some extent, those who do use the station will have been captured within the footfall figures stipulated previously and their spending power may have therefore already been accounted for. Notwithstanding this, in order to understand the localised spending power and the nature of demand, it is considered necessary to drill down into the extent of these catchments in more detail.

Local Existing Resident Population

- 7.33 Drawing on data provided by Experian⁴⁵, we estimate that the local resident population within the Euston Study Area presently comprises 21,982 people (at 2013). This is expected to grow to 23,548 by 2018, 25,195 by 2023 and to 26,981 by 2028 - a total growth of approximately 5,000 people (23%) over the 15 year period. It should be noted that these figures do not directly relate to the Camden Retail and Town Centre Study (2013), nor does it include projected growth arising from planned housing development.
- 7.34 The Experian Micromarketer also provides estimates of expenditure per person for convenience and comparison goods and food & drink in 2011 prices. We have applied individual per capita expenditure figures across the ESA to provide a more detailed understanding of available expenditure for each goods type and how this is expected to change over time taking into account forecast population and expenditure growth.
- 7.35 For convenience and comparison goods we have made appropriate deductions for special forms of trading (SFT) which represents expenditure not available to spend in the shops based on the most up to date information provided by Experian. SFT includes the Internet, mail order sales, stalls, markets and other non-store sales, although the Internet largely dominates this retail category.
- 7.36 The table below indicates the overall expenditure generated by existing local residents for each good types and how this is expected to change over time.

⁴⁵ Experian Micromarketer (March 2013)

Resident Population and Expenditure Growth in the Euston Study Area

	2013	2018	2023	2028
Population	21,982	23,548	25,195	26,981
Convenience Goods (£000s)	£33,620	£36,509	£40,313	£44,738
Comparison Goods (£000s)	£45,481	£53,680	£64,868	£80,141
Food & Drink (£000s)	£34,502	£40,962	£49,208	£59,411
Total Expenditure (£000s)	£113,603	£131,151	£154,389	£184,290

Source: Experian Micromarketer (March, 2013)

- 7.37 This demonstrates the spending power of local residents within the ESA. However, the results of the on-street survey indicate that the majority of existing residents choose to undertake much of their shopping outside of the area.
- 7.38 For example, the majority of existing local residents choose to undertake their main-food shopping in stores in Camden Town, namely the large Sainsbury's, Camden Road and the Morrisons, Chalk Farm Road. Camden Town is also the most popular destination for top-up food shopping drawing 33% of respondents for this purpose, whereas stores within the ESA collectively draw 21% of top-up shopping trips.
- 7.39 For non-food shopping, the majority of local residents (37%) indicate that they most often go to the West End and Tottenham Court Road. This is not unexpected given the West End's relative proximity to the ESA and the extensive choice and range of shops on offer. Fewer residents cited Camden Town (9.3%) for non-food shopping, although again this is reflective of the more limited mainstream comparison offer in this centre.
- 7.40 For local residents shopping in the ESA, the on-street survey indicates that the majority of purchases are on groceries and food to take home. This demonstrates the more localised role of shopping in the area at the present time and the fact that the wider needs of existing residents (in terms of main-food and non-food shopping) are being met by other centres in the wider area. It also reflects the fact that Euston is not currently a 'centre' in the context of retail planning policy.

Local Workforce Population

- 7.41 Drawing on information provided by LB Camden (based on ONS data), it is estimated that the study area presently supports approximately 43,400 jobs, the majority being within the transport and storage sector (12,500 jobs). The professional, scientific and technical sector is also a significant employer in the area (7,700 jobs), whilst health, retail, education and business administration are comparatively low.

- 7.42 The on-street survey indicates that the average spend of 'workers' in the Euston Area is £11.60 per visit. This exceeds the overall average spend of £5.70 and suggests that workers tend to have a higher spending power or longer dwell times. This suggests potential to generate approximately £130.9m per annum. However, whilst this provides a broad indication of the workforce spending potential, it should be noted that all workers are unlikely to spend £11.60 each working day.
- 7.43 As highlighted previously, the majority of purchases made by workers tend to be food and drink related. Few respondents indicated that they would be spending money on groceries and food to take home or clothing, footwear and accessories.

Future Development at Euston

- 7.44 Clearly, any planned new residential or office development at Euston will increase the level of expenditure available within the immediate area and localised demand for retail facilities.
- 7.45 At this stage there is no clear certainty over the exact level of future development supportable at Euston. Based on information provided to us by the Euston Area Plan team, we understand that without a high level of intervention, the EAP could deliver 4,929 homes and 9,143 jobs⁴⁶. In a high intervention scenario this could increase to 5,578 homes and 9,188 jobs⁴⁷.
- 7.46 We estimate that planned housing in the EAP area has the potential to generate between £86.6m and £98.0m of total retail expenditure. The table below sets out the breakdown of spend for the different retail goods types.

Additional Local Resident Expenditure in the ESA at 2018

No. Dwellings	Population*	Convenience Goods (£m)	Comparison Goods (£m)	Food & Drink (£m)	Total Expenditure (£m)
4,929	10,499	£23.3	£41.9	£21.4	£86.6
5,578	11,881	£26.4	£47.4	£24.3	£98.0

Source: GVA. *Assumes an average household size of 2.13.

⁴⁶ It is not known whether these figures are net additional or gross.

⁴⁷ Ibid.

- 7.47 Turning to localised employment spend, based on an average workforce spend of up to £3,016⁴⁸ per annum, we estimate that the creation of between 9,143 and 9,188 jobs will generate around £27.7m of total expenditure. This should be regarded as an upper limit on the basis that workers are unlikely to spend £11.60 each working day.
- 7.48 In addition to expenditure derived from the growing local resident and workforce population, it is anticipated that HS2 will contribute to increasing passenger numbers passing through Euston Station. TFL estimate that the combination of HS2 and classic rail services will attract 90 million total visits to Euston Station by 2033. Based on high level information derived from the Central London Termini Study (2010), information from TfL, and the average value of purchases per visit at Euston derived from the on-site survey, we estimate that the forecast number of passengers with HS2 will generate c. £162.4m retail expenditure⁴⁹ at 2033.
- 7.49 It is clear that the opportunity presented by HS2 and associated housing and employment development will increase the demand for suitable retail and service facilities in the ESA, particularly in the station itself. However, whilst the above analysis provides a broad indication on the potential spend passing through the ESA and increasing demand, it does not provide a sound basis from which to establish the scale of additional retail floorspace which may be supportable at Euston. The following sections consider this in more detail.

The Retail Role of Euston

- 7.50 Our high level analysis indicates that approximately £168.5m of retail expenditure is passing through the Euston area annually based on national rail services alone. This is a significant level of expenditure which reflects the substantial nature of Euston station's catchment. It also demonstrates the extent of current demand which, in our view, is not being met as well as it could be by existing retail provision at the station which is outdated and poorly configured relative to modern standards and consumer expectations. The level of existing demand will be augmented by an increase in passenger numbers as well new local resident and workforce populations.
- 7.51 Reflecting the above, it is not surprising that stations are increasingly seen as an attractive market for many retailers. Recent research on behalf of Network Rail⁵⁰ suggests that

⁴⁸ £11.60 average spend derived from the on-street survey multiplied by 260 working days in a year.

⁴⁹ This excludes visitors from London Underground, bus and other station visitors, which will generate additional passenger throughput and potential available expenditure.

⁵⁰ Steer Davis Gleave (2011) 'The Value of Station Investment'.

during 2011, station-based retail businesses significantly outperformed high street shops. In commercial terms therefore, we consider there is likely to be a strong level of demand for new retail and catering floorspace at Euston station, particularly if the station is redeveloped and can provide more modern, purpose built units in a high quality environment.

- 7.52 In order to establish what may be regarded as an appropriate quantum of retailing at Euston station, we have undertaken some comparable analysis, reviewing the scale and nature of provision at other key London station developments, namely Kings Cross and St Pancras.

Comparable Analysis

- 7.53 The recently redeveloped Kings Cross station provides approximately 3,211 sqm gross retail floorspace across 27 units. The retail mix is targeted at known brands in the following sectors: fashion; gifts; health and beauty; books; and food and drink.
- 7.54 Food and drink are the most predominant uses, accommodating 56% of all units. Comparison retail accommodates c.37% of all units and includes established station operators WhSmith, Accessorize, Paperchase and Oliver Bonas, amongst new operators including American Apparel and Kiehl's. At Kings Cross, the introduction of new names and concepts has been a deliberate strategy in order to create a unique identity and signal a new era in the quality and choice of retail/catering offer available in stations.
- 7.55 The retail and catering services provided at Kings Cross have been designed to cater for and satisfy station visitors as opposed to functioning as a retail destination in their own right. Beyond the station, additional retail floorspace is planned to serve the new offices planned in the area to the north of the station. It is considered that concentration of existing and proposed office workers is sufficient to accommodate additional planned floorspace.
- 7.56 In contrast, according to publicity material, the new St Pancras International station has been specifically designed to function as a destination station which we understand does attract both travellers and visitors alike. Reflecting this wider role, but also longer dwell times (32 minute average, compared to Kings Cross' 25 and Euston's 19), St Pancras has a more extensive retail and catering offer comprising approximately 10,000 sqm gross retail floorspace across 62 units.
- 7.57 The retail mix has been carefully planned across the station. For example, the main arcade is aimed more at the international market and includes French and British themed

eateries (e.g. Le Pain Quotidian, Gelato Mio, Neuhaus and Bar du Vin) amongst strong British retail brands (e.g. Hamleys, Foyles, Neals Yard and L.K. Bennett). Towards the rear of the station, 'the circle' comprises a more standardised retail offer aimed more at the domestic market (e.g. Starbucks, WhSmith, Vodafone, JD Sports). On the upper platform level, there is a selection of restaurants and bars including the Searcy's Champagne Bar, the St Pancras Grand restaurant and Carluccios.

- 7.58 Closer analysis of these stations' respective footfall, based on the marketing material published by Network Rail, indicates that Kings Cross and St Pancras benefit from an average annual footfall of 47.6 million and 39 million passengers respectively. Based on a gross retail floorspace of c.3,211 sqm at Kings Cross, this equates to approximately 68 sqm per 1 million passengers. At St Pancras, based on a gross retail floorspace of c.10,000, this equates to approximately 257 sqm per 1 million passengers.
- 7.59 Applying the same ratios to the comparable footfall estimate provided by Network Rail for Euston (71 million), suggests that Euston station could support between c.4,800–18,250 sqm gross based on existing estimates of passenger throughput. On the basis of a similar dwell time and predominantly domestic catchment, we would regard Kings Cross as being more comparable to Euston than St Pancras. Adopting the Kings Cross ratio, this would equate to latent capacity to support an additional c.1,275 sqm gross retail floorspace, over and above that which is currently provided at Euston station (c.3,550 sqm).
- 7.60 Depending on the future level of growth in those using the station (including new employees travelling to the area) there may be latent capacity to support a greater level of floorspace. For example, a 5% increase (74.5 million passengers) could support approximately 5,060 sqm gross retail floorspace (a net uplift of 1,510 sqm).

Opportunity for Euston

- 7.61 We have reviewed the current and potential future spending of footfall in the ESA. However, given the potential for double counting, this does not provide a sufficiently sound basis from which to establish the scale of retail floorspace which could be supportable at Euston station. In our view it more appropriate to identify Euston's station-related needs having regard to what has been successful elsewhere, namely at Kings Cross and St Pancras.
- 7.62 Based on our comparable analysis, it is evident that even without any major change at Euston that there is already latent demand for additional retail floorspace at the station, in the order of c.1,275 sqm gross. However, the range of converging factors identified previously presents a clear opportunity to address current deficiencies in the station's offer

(both in terms of quantum and quality) and deliver new retail provision within a modern, high quality environment, purposely designed to meet both the needs of the station and the office quarter, without materially impacting on the role of neighbouring centres.

- 7.63 In our view, these are the key markets at which new retail at the station should be primarily directed. Both existing and new local residents will inevitably be able to take advantage of any new facilities provided, but are not seen as a core market in themselves. Based on current patterns, local residents are likely to continue to undertake their main food shopping and 'higher order' comparison shopping in neighbouring centres, unless a much larger 'mainstream' shopping destination is created at Euston station which would result in a significant change in the network of town centres.
- 7.64 Reflecting the current catchment and customer base, and the comparable evidence from St Pancras and Kings Cross, we would expect new retail provision focussed on the current role of Euston station to be predominantly food and drink led with ancillary convenience and comparison retail. This is entirely consistent with the current composition of Euston station and therefore, whilst the redevelopment of the station would create an enhanced offer, this is unlikely to substantially alter its current role and function. In maintaining its current, established role, the potential to adversely impact on or undermine neighbouring centres will be limited. However, as a highly accessible location, Euston station could also contribute to meeting wider retail needs if considered appropriate as part of a wider review of relevant needs and the current network of centres.
- 7.65 Depending on the design and layout of the new station, there is potential to create enhanced linkages with neighbouring centres (e.g. Drummond Street and Eversholt Street). This would help to reinforce these centres and far from being adversely impacted, they could substantially benefit from the knock-on effects of inward investment at Euston station.
- 7.66 Whilst we recommend a flexible approach, there will ultimately be a tipping point at which new retail provision will alter the current role and function of Euston station and increase the extent to which it becomes attractive as a retail destination in its own right and therefore competes with existing centres. This is most likely to arise in a situation whereby the proposed level of convenience and, in particular, comparison goods floorspace reaches a level at which it cannot be regarded as 'ancillary' or primarily station-related. In such circumstances, the Council should require the proposals to be thoroughly tested in terms of their cumulative impact on nearby centres.

High Level Impact Analysis

- 7.67 In order to assist the Council, we have undertaken a high level impact assessment testing different quantum of new retail floorspace up to 20,000 sqm gross identified as being supportable in purely physical terms. Reflecting our previous analysis, Euston Station would have a strong role serving the needs of passengers, and as such would largely comprise food and drink related uses. Reflecting this role, as well as ensuring an appropriate balance of uses across the area, we therefore assume that around 50% of the gross floorspace across the study area should be given over to use class A1 floorspace (including comparison and convenience space), with the remaining retail floorspace available to A2-A5 class uses. This would reflect the guidance contained in the Core Strategy and Camden Planning Guidance for most areas outside the designated town centres. For the purpose of this exercise we have tested the impact of each scenario at 2023 up to 20,000 sqm gross retail floorspace (e.g. 10,000 sqm gross A1 floorspace)
- 7.68 In order to be consistent, this exercise is based on data and assumptions used to inform the London Borough of Camden's emerging Retail Study (2013). The LBCRS is informed by a household telephone survey which asked questions about the shopping habits of residents across a number of zones both in and outside of the Borough.
- 7.69 The LBCRS is used to establish the 'baseline' trading performance of existing centres and stores over the assessment years. This is informed by evidence of likely trade 'inflow' from outside the LBCRS survey area. In order to allow for the potential cumulative impact of new development in the ESA, we also take into account the likely trading performance and impact of various commitments identified in the LBCRS (namely, new comparison goods floorspace planned in Kings Cross, Camden Town, and Tottenham Court Road). The cumulative turnover of centres/stores (taking into account commitments) will serve as the benchmark against which we assess potential impact of various scales of additional retail floorspace development at Euston Station.

Retail Floorspace Growth Scenarios

- 7.70 Evidence derived from the on-site survey demonstrates that the majority (78%) of total expenditure retained by existing facilities in Euston station is generated by customers who live outside of the LBCRS survey area. Bearing in mind its status as a transport hub and the substantial new trips expected to be generated by HS2, and assuming that any new retail provision will be primarily station-related, we consider it likely that additional retail floorspace at the station will draw a similar proportion of its turnover from outside of the study area.

- 7.71 As such, we have assumed that 78% of the turnover of new retail floorspace at the station will be diverted from a wide geographic area and will therefore have a dispersed impact on any one centre or store. However, it should be noted that as the scale of retail floorspace increases beyond that which is purely station-related, it will become increasingly attractive to a more localised catchment. Our impact analysis reflects this.
- 7.72 In order to illustrate variations in quantitative impact, we have tested four different 'scenarios' of retail development at Euston station (as shown in the Table below). To provide some context, Scenario 3 is roughly similar to the scale of provision at St. Pancras International and Scenario 4 is similar to the scale of provision in Hampstead and West Hampstead.

Potential Turnover of ESA Retail Floorspace at 2023

Scenario	Retail Floorspace (sqm gross)	Comparison Goods Floorspace (sqm gross)	Comparison Goods floorspace (sqm net)	2023 Potential Turnover (£m) ⁵¹	
				Inside LBC SA ⁵²	Outside LBC SA
Scenario 1	3,000	1,800	1,440	2.5	8.9
Scenario 2	5,000	2,500	2,000	3.5	12.4
Scenario 3	10,000	5,000	4,000	7.0	24.7
Scenario 4	20,000	10,000	8,000	15.8	47.5

Source: GVA

- 7.73 As described above, it is the turnover of comparison floorspace from within the LBCRS survey area which is of relevance to this high level impact assessment. We anticipate that this expenditure will be derived from residents living in Zones 1, 2, 6, 8 and 9 of the LBCRS survey area.
- 7.74 In estimating the trade diversion arising from the various growth scenarios, we have taken into account existing market shares, road and public transport patterns, the location, scale and attraction of competing facilities, the intended market the proposal will likely serve and the recognised assumption that 'like affects like.' The table below shows the estimated 'impact' of the growth scenarios on the estimated turnover (taking into

⁵¹ Assumes turnover of new floorspace is £6,500/sqm, in line with LBCRS.

⁵² For Scenarios 1-3, the proportion of expenditure derived from inside and outside of survey area is informed by results of on-site survey. For Scenario 4 we have adjusted the amount of expenditure derived from within the survey area reflecting the likely attraction of this scale of comparison floorspace to the more localised catchment.

account the turnover and potential impact of commitments) of various centres in the vicinity of the proposal at 2023. It should be noted that this assumes that expenditure inflow to existing centres remains unchanged from the baseline (no development) scenario.

Turnover of Nearby Centres and Potential Impact of Comparison Floorspace Development Scenarios at 2023

	Turnover Incl. commitments (£m) ⁵³	Scenario 1 Impact (%)	Scenario 2 Impact (%)	Scenario 3 Impact (%)	Scenario 4 Impact (%)
West End	£8,558.6	0.0%	0.0%	0.0%	0.0%
Tottenham Court Road	£512.1	0.1%	0.1%	0.2%	0.5%
Camden Town	£313.6	0.0%	0.0%	0.1%	0.1%
Kings Cross	£108.7	0.4%	0.5%	1.0%	2.4%
Kentish Town	£25.6	0.7%	0.9%	1.9%	4.3%
Other ⁵⁴	£364.9	0.2%	0.3%	0.6%	1.4%

Source: GVA. Derived from 2013 LBC Retail Study

- 7.75 As demonstrated above, all of the growth scenarios assessed are likely to have a negligible impact on the turnover of floorspace in the West End, Tottenham Court Road and Camden Town. This is unsurprising due to the scale and attraction of existing and planned floorspace in these locations.
- 7.76 Kings Cross is not defined as a centre. However, it is identified as an area for change in planning policy. As such, we have tested the potential impact of the proposal on planned development here. As shown above, even under the highest retail growth scenario, we estimate the proposal would have a circa 2.4% impact on the turnover of planned floorspace here. This is based on the likely composition of new space, reflecting the need/demand for convenience retail and café/restaurants.
- 7.77 A wholly comparison retail based development, at the upper end of the floorspace spectrum tested, would function more like a new District Centre, and divert a higher proportion of its spend from established nearby town centres.

⁵³ Assumes development will not alter expenditure inflow generated by other stores/centres.

⁵⁴ Includes centres and facilities not assessed in the 2013 LBCRS and does not take into account additional turnover derived from residents outside of LBCRS survey area.

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- 7.78 Although Kentish Town is the centre which is situated farthest from Euston, it has a comparatively lower potential turnover and therefore the impact of any trade diversion will appear to be greater. As shown above, we estimate that under the highest retail growth scenario, the impact of the proposal would be circa 4.3%. It should be noted that committed development in Camden Lock Village is also likely to divert circa 18% of trade from Kentish Town. Taking this into account, the cumulative impact on Kentish town could be between 19% -22% depending on the level of additional retail at Euston station. Impact should be considered in the context of the health and vitality of existing centres.
- 7.79 Roughly one third of the turnover of new station-related retail is estimated to be derived from 'other' centre/stores not otherwise defined in the LBCRS. Due to the tendency for respondents to household surveys to identify higher order centres as where they undertake the majority of their comparison goods shopping, it has not been possible to model the potential quantitative impact on smaller centres in the ESA.
- 7.80 We consider that the function and role of retailing at Euston Station will serve a qualitatively different purpose to existing retail provision in the surrounding area which performs a more localised role. Assuming that any new retail floorspace continues to be primarily station-related, we consider it is unlikely to have a significant impact on adjacent local centres. Nevertheless, this should be tested as part of any detailed proposal for the redevelopment of the station involving a substantial comparison floorspace component. As highlighted previously, there is scope for nearby centres to benefit from new, quality retail provision at the station but this is subject to the design and layout enabling improved connectivity and linkages with the surrounding area.
- 7.81 It should be noted that the above provides a high level assessment intended to give a broad indication of the likely impact of the potential scale of new retail floorspace at Euston station bearing in mind available information and assumptions on the likely trade draw. Any future application involving retail proposals should be accompanied by a detailed assessment which considers the potential for significant impacts in accordance with the requirements of the NPPF.
- 7.82 It should also be stated that the purpose of this exercise is to demonstrate the scale and distribution of impact that an enhancement of Euston station's retail offer could have on existing centres in the vicinity of the ESA. It does not suggest that these growth scenarios are necessarily appropriate or desirable.
- 7.83 This analysis does not consider the extent to which there may be scope for additional retail floorspace to come forward in the ESA beyond Euston station which offers the most potential to accommodate new retail development, whereas the surrounding areas are
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more constrained. It is acknowledged that there are a number of other, existing centres / retail areas within the ESA which are largely serving a localised shopping function. We would expect these centres to naturally change over time in line with their current role and function. There is also potential for these centres to be reinforced by new development within the ESA.

Conclusion

- 7.84 There is clearly demand for additional retail floorspace at Euston station, both under current circumstances but also taking into account the potential for a substantial level of new development in the area which could effectively reposition Euston as a new strategic London office destination.
- 7.85 Based on our comparative analysis, assuming no significant change in footfall, we estimate potential for the station to accommodate c.4,800 sqm gross retail (A1-A5) floorspace, although there may be scope to support more than this dependent on the level of additional development planned and the extent to which this will drive increased footfall through the station. Our analysis of other, comparable station development suggests that this should be primarily food and drink led, supported by ancillary, station-related convenience and comparison goods floorspace (i.e. no more than 50%). However, given its accessibility Euston could also contribute to meeting wider comparison shopping floorspace requirements in Camden Borough as part of a balanced network of centres.
- 7.86 This study has previously identified a range of factors (including the potential for HS2) which present a clear and timely opportunity to enhance the retail offer at Euston through the redevelopment of the station. Not only will this address current deficiencies in retail provision at the station but it will also form a fundamental component which will ultimately contribute towards delivering the wider objectives for Euston in terms of its office potential.
- 7.87 New retail development at the station will clearly need to correspond to these objectives and as such should be predominantly directed towards serving the station users and the growing local workforce market. The provision of a range of retail uses will also help to support creating a vibrant, distinctive place and a more attractive environment for all.
- 7.88 Based on comparable schemes, approximately 50-60% should be food and drink related (A3-A5 uses). Convenience and comparison goods (A1 uses) would also be expected, although this should be at a level which is consistent with the intended role and function of Euston station and which does not cause harm to the vibrancy and viability of surrounding centres. Section 4 of this report emphasises the importance of creating a sense of place

and cultural identity at Euston, providing a high quality, mixed-use environment with a strong and integrated public realm. Retail would play an important role in creating this vibrancy and identity. Therefore, in order to achieve the wider economic aspirations set out in the report, new retail should be expected to contribute to the creation of attractive public spaces and streets. Helping to create a high quality public realm and vibrant destination at Euston,

- 7.89 The high-level impact assessment confirms that there is scope to support additional station-related comparison goods floorspace which will maintain the current role of Euston station without materially impacting existing centres. However, this does not consider the potential role Euston could contribute to meeting the wider needs of the Borough which is dealt with in the emerging LBCRS.
- 7.90 Notwithstanding our impact analysis, we would recommend that future proposals for retail floorspace at the station are robustly tested in terms of the potential retail impact on existing centres in accordance with the provision of the NPPF.
- 7.91 There is scope for inward investment in Euston to deliver knock-on benefits to nearby centres. Where feasible, new retail development at the station should be designed to foster linkages with existing centres, particularly Drummond Street, which has potential to perform a complementary function as a unique and characterful restaurant destination. The positioning of certain retail uses (e.g. bars/pubs) in close proximity to Drummond Street will also present opportunities to reinforce the evening economy in both locations. The redevelopment of Euston Station could provide the potential to transform Eversholt Street, and the introduction of more positive frontage on the currently blank east side of Euston Station, along with the introduction of significantly increased passenger numbers, could make it a much more attractive, successful centre in the future. The King's Cross/ Euston Road Central London Frontage could also benefit from increased passenger numbers, as well as the introduction of higher quality and more active ground floor frontages where the opportunity presents itself.

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- 7.92 Our retail assessment identified capacity to support c.4,800 sqm gross retail floorspace (use classes A1-A5) on the basis of no significant change in footfall at Euston. However, there is considered scope to support additional retail floorspace within the Euston area over and above this, to address latent demand and reinforce the station's current role and function.
- 7.93 A high level impact analysis was undertaken which tested the impact of up to 8,000 sqm net A1 comparison retail floorspace at Euston (10,000 sqm gross). This assumed 50% of a

scheme comprising 20,000 sqm gross (new and re-provided) retail floorspace (A1-A5 uses), would be given over to A1 comparison goods, reflecting the need to maintain a suitable balance of uses and also recognising the important role of food and drink related uses associated with the station.

- 7.94 Our analysis indicates that a scheme such as this would be likely to function more like a new District Centre (being of a similar scale to the level of A1 comparison retail provision in Hampstead and West Hampstead) and would divert spend from established nearby town centres. Kentish Town in particular was identified as being vulnerable to the impact of trade diversion to Euston given its comparatively lower turnover and the compounding effect of other retail commitments.
- 7.95 Whilst our assessment considered a scheme of up to 20,000 sqm gross (new and re-provided) A1-A5 retail floorspace at Euston, given its growth status, there is considered potential for the area to accommodate a greater quantum of retail floorspace. However, in light of the analysis already undertaken, a greater quantum would only serve to reinforce a change in the current role and function of Euston and could potentially create a 'shopping destination' in its own right which would increase direct competition with existing centres.
- 7.96 On the basis of our findings in respect of the impact of up to 20,000 sqm gross retail floorspace we suggest this is treated by the Council as the 'tipping point' above which additional retail floorspace at Euston could begin to significantly change the current role and function of the area, and potentially lead to a more significant impact on existing centres. This does not preclude proposals from coming forward for a greater level of retail floorspace. However, in such circumstances the Council should ensure that the impact of the scale of such provision should be thoroughly tested.

8. Developing Local Skills and Employment

- 8.1 A local skills and employment strategy for Euston should seek to maximise the advantage of future economic growth in the Euston area for local residents, identify appropriate entry points depending on skills and providing good career pathways. In order to understand how this could happen, this chapter first considers the nature of the employment supply, indentifying the key issues and challenges that the strategy should seek to address. It then considers the nature of the demand that currently exists in the area and that could emerge through the redevelopment of Euston. This focuses specifically on the knowledge economy, rather than a wider employment focus, which is already being dealt with through borough-wide schemes. The nature of the type of intervention required is then considered, focusing to a large part of developing a thematic or sector based apprenticeship programme. Key challenges are then explored, along with a relevant case study. The chapter concludes with next steps for key stakeholders.

The Immediate Labour Market

Employment Supply

- 8.2 The Camden Business and Employment Bulletin (Autumn 2012), provides the latest update on employment in the borough. This sub-section is formed of extracts from this document.
- 8.3 The overall employment rate in Camden is relatively low in comparison to the Inner London and the Great Britain rate. However, it is important to note that the employment rate cannot be taken purely at face value as it can mask significant issues that apply to more specific groups of residents in the borough. The key issues for Camden include youth unemployment, unemployment of people with learning disabilities or mental health issues, and the concentration of unemployment in areas of deprivation.
- 8.4 There is a high proportion of the working age population who are economically inactive, although this can in part be attributed to the high number of students in the borough. Camden is also faced with a key issue regarding the skills of its residents, with an increasing number with low or no qualifications, thus affecting their opportunities to access employment and reducing their chance of securing the necessary income to afford a good quality of life.

Unemployment

- 8.5 As a proportion of the working age population, fewer Camden residents are in work than in London and the rest of the country. According to the Annual Population Survey the employment rate in Camden was 67% for Q3 2011⁵⁵. The employment rate for Camden residents was slightly higher than for Central London⁵⁶, but lower than Greater London and the UK. This is probably due to the large proportion of students resident in the borough.
- 8.6 Camden's Job Seekers Allowance (JSA) claimant count rate is lower than London's, both overall and for young people, although still an area of concern with the UK back in recession. Camden's main measure of unemployment is the Greater London Authority's (GLA) claimant count (JSA) measure (see annex for further details). The claimant count stood at 5,230 in June 2012 or 5.2% of the economically active population excluding students. The rate was 5.8% for London as a whole and 5.4% for Great Britain. The claimant count for young people aged 16-24 was 1,000 in June 2012, or 10% of young people in Camden. This is compared with 10.6% for London as a whole and 11.6% for Great Britain.
- 8.7 Both total and youth unemployment by the claimant count measure have fallen slowly over the last year but are still higher than in 2008. The total number of Camden residents claiming JSA has fallen by 7% over the past year and the number of Camden young people claiming JSA has also fallen by 10%. Despite this recent fall, the overall claimant count and the youth claimant count are both still 37% higher than in March 2008 (the start of the previous recession). At that time, the claimant count was at a twenty-year low of 3,760 or 3.8%.

Economic Inactivity/Worklessness

- 8.8 Camden has a slightly higher proportion of economically inactive people than elsewhere. This has not changed significantly for a number of years. 27% of Camden's working age population were economically inactive⁵⁷ in Q3 2011⁵⁸, virtually the same as the proportion for Central London but slightly higher than for Greater London and Great Britain (25% and

⁵⁵ Source: Annual Population Survey (APS), ONS. Q3 2011 - the latest period available (numbers for Camden for Q4 2011 and Q1 2012 are being reworked by ONS due to errors in the data). Margin of error is +/-4%. APS is available from [Nomis](#).

⁵⁶ Central London boroughs are Camden, City of London, Islington, Kensington & Chelsea, Lambeth, Southwark and Westminster.

⁵⁷ Economically inactive people are those of working age who are not actively looking for a job for a number of reasons e.g. caring responsibilities, disability, studying or retired.

⁵⁸ Source: Annual Population Survey, ONS. Margin of error is +/- 3.9%. APS is available from [Nomis](#).

24% respectively). This has been the case since 2004 when the dataset started. The buliten draws a number of related conclusions:

- 8.9 The rate of economic inactivity is much higher amongst Camden's female population than it is amongst the male population. The inactivity rate for women in Camden is double that for men, with 34% of women inactive compared with 18% of men⁵⁹.
- 8.10 Camden's proportion of working age people claiming benefits is in line with central London and is on a long-term downward trajectory. 22,500 working age people in Camden were claiming benefits in November 2011, equivalent to 12.6% of the working age population. The proportion has been on a steadily downward trajectory since 1999 when the data first became available⁶⁰.
- 8.11 The proportion of working age benefit claimants is highest in Camden's most deprived wards. At a ward level, the highest proportion of working age residents claiming benefits in November 2011 were in St Pancras & Somers Town (19.5%), adjacent to Euston, Kilburn (18.1%) and Haverstock (17%)⁶¹.

Youth Unemployment

- 8.12 As elsewhere in London and the UK, the claimant count unemployment rate for young people not in full-time education is considerably higher than for the population as a whole. Despite recent falls, youth unemployment in Camden remains considerably higher than in early 2008. The unemployment claimant count for young people aged 16-24 in June 2012 was 1,000 or 10% of the population not in full-time education, lower than Greater London (10.6%) and Great Britain (11.6%) rates but slightly higher than the Central London rate (9.4%). The youth claimant count rate is nearly double the overall rate. The youth claimant count has fallen by 10% over the year to June 2012. Despite this recent fall, it is still 37% higher than in March 2008 (the beginning of the last but one recession), exactly

⁶⁰ Out of work benefits include Job Seekers Allowance, Employment and Support Allowance, Income Support and a number of more minor benefits. Rate uses ONS population estimates rather than GLA estimates (see box on unemployment indicators). Source: DWP benefit claimants - working age client group available from [Nomis](#).

⁶¹ Source: DWP benefit claimants - working age client group available from [Nomis](#).

the same proportion as for the overall claimant count. However at that time the youth claimant count was at its lowest point since 1991 (when comparable data began)⁶².

- 8.13 In November 2011, there were 282 young people aged 16-19 known to be not in employment, education or training (NEET), 7.3% of the age cohort. The NEET figure is an important indicator for local authorities, schools and the FE sector because dropping out of the system at a young age seriously damages long term employment prospects. So-called NEETs are often ineligible for JSA and other types of benefits and so will not be picked up in national figures⁶³.

Female Unemployment

- 8.14 Female unemployment by the claimant count measure has risen much faster than male unemployment since early 2008. Female claimant count unemployment has steadily increased since early 2008 reaching a peak in September 2011 before falling back to 4.4% (June 2012). It is still considerably higher than the April 2008 level of 2.5%. While lower than the percentage for London as a whole, it is higher than Great Britain. Some of this increase may well be due to the shift of some lone parents dropping out from income support to be added to JSA following recent changes to the welfare system⁶⁴.

Ethnic minority unemployment

- 8.15 People from ethnic minorities make up over 40% of all JSA claimants. The number of people from ethnic minorities claiming JSA has increased by more than for all claimants. People from ethnic minorities made up 43% of all JSA claimants in May 2012. The number of people from ethnic minorities claiming JSA has increased by 47% since early 2008 compared with 39% for all claimants. The increase in ethnic minority JSA claimants in Camden is lower than for Greater London (86%) with Camden ranking 31st of London boroughs⁶⁵.

⁶² Source: [Unemployment in Camden \(London Borough of Camden\)](#) and London Borough of Camden unpublished analysis. Data available from [Nomis](#).

⁶³ Source: London Borough of Camden unpublished analysis - also published by the [London Skills & Employment Observatory](#).

⁶⁴ Source: [Unemployment in Camden \(London Borough of Camden\)](#) and London Borough of Camden unpublished analysis.

⁶⁵ Source: ONS claimant count available from [Nomis](#) and London Borough of Camden unpublished analysis.

Area based deprivation

- 8.16 Unemployment is concentrated in Camden and is highest in St Pancras and Somers Town, Kilburn, Haverstock and King's Cross wards. The wards with the highest claimant count unemployment rates in June 2012 were St Pancras and Somers Town (9.5%), Haverstock (7.7%), Kilburn (7.6%) and King's Cross (7.2%). The Camden rate overall was 5.2%. These wards are also among the most deprived and have large ethnic minority populations. Hampstead Town has the lowest rate (1.6%). See figure 3 for details⁶⁶. The claimant count in St Pancras and Somers Town and Kilburn has fallen by 10% or more over the past year to June 2012. It fell by a smaller amount in King's Cross and rose slightly in Haverstock.

Learning disabilities, mental and behaviour disorders

- 8.17 There is a high level of unemployment amongst Camden's residents with learning disabilities. Of the 553 residents that Camden Council are aware of with Learning Disabilities in the borough, only 8.4% are in paid employment, and of the 360 unemployed residents, 65% would like to work⁶⁷.
- 8.18 Camden residents with mental and behavioural disorders account for a relatively high proportion of Incapacity Benefit and Employment Support Allowance claimants. In November 2011 (the latest data), Camden had a lower Incapacity Benefit and Employment Support Allowance claimant rate (11,190 claimants, 6.3% of the working age population) than Great Britain (6.5%) but higher than London as a whole (5.9%). Mental and behavioural disorders account for 54% of these claims, the highest proportion in Central London and far higher than London (45%) and Great Britain (43%)⁶⁸.

Social housing

- 8.19 A low proportion of council tenants in Camden are in employment. At the time of the 2001 Census, only just over two fifths of social housing tenants were in employment. The proportion of social housing tenants seeking work was almost twice that of private sector

⁶⁶ Source: [Unemployment in Camden \(London Borough of Camden\)](#).

⁶⁷ Source: *Value Employment Now*, June 2009, Department of Health

⁶⁸ Source: London Borough of Camden unpublished analysis of DWP benefit claimants - working age client group. Data available from [Nomis](#).

tenants and three times that of owner occupiers doing so. A 2010 survey found that only in a third of council tenant households was the head of household working⁶⁹.

Skills and Qualifications

- 8.20 Camden residents in work are much more likely to be in high skilled jobs than elsewhere in London. A higher proportion of Camden residents work as managers, directors and senior officials (15%) and professional occupations (30%) than do in London as a whole (12% and 25% respectively) according to the latest data available (Q1 2012)⁷⁰. Proportionally, fewer work in administrative/secretarial occupations, skilled trades and elementary occupations.
- 8.21 The population of Camden is relatively highly educated, with over half of the working age population qualified to degree level. In 2011, just over two-thirds of the working age population of Camden were degree-level qualified (70%), a lot higher than the London figure of 53%. This proportion has gradually increased since 2004⁷¹.
- 8.22 There remain too many residents who do not have any qualifications and who are therefore significantly disadvantaged in the labour market. The proportion of Camden residents of working age with no qualifications (8.6%) is lower than the London figure (9.3%). However this still leaves an estimated 15,000 Camden residents who have no qualifications at all, significantly disadvantaging them in the London labour market⁷².
- 8.23 In terms of understanding how well Camden residents perform in STEM subject, 53 per cent of Camden's school pupils achieved five GCSE's grade A*-C, including English and Mathematics (2010). This is only slightly below the national average of 55 per cent for English state schools. However, in the same period only 53% per cent of Camden's school pupils achieved 2 GCSE's grade A*-C in science compared to a more significant 62 per cent national average.

Employment supply at Euston – Conclusion

- 8.24 The skills and employment strategy must focus on interventions that support the groups identified above. While there are high levels of skills in Camden, there are also large elements of the population with low skills. The attractiveness of Euston to companies will, in

⁶⁹ Source: London Borough of Camden analysis of Census 2001 data and London Borough of Camden Housing Department [STATUS Survey 2010. Note - 2011 Census data is due to be published in mid-2013.](#)

⁷⁰ Annual Population Survey, Q4 2011, ONS. Data available from [Nomis](#). Margin of error is +/-4.9%.

⁷¹ Annual Population Survey, Q4 2011, ONS. Data available from [Nomis](#). Margin of error is +/-5.0%.

⁷² Annual Population Survey, Q4 2011, ONS. Data available from [Nomis](#). Margin of error is +/-2.5%.

part, stem from the local and regional catchment of highly skilled workers. However, local supply issues will need to be addressed to increase the attractiveness of the area even further, but more importantly to ensure those local to the development, noted as more likely to be unemployed or economically inactive, benefit from growth. This will require intervention, which builds on existing services, but focuses on where the demand for employment will come from as the area around Euston and King Cross develop.

Realising the Euston Economic Vision – Future Skills Needs

- 8.25 As the types of businesses moving into Euston become clearer, any area based programme of intervention would need to be tailored to support specific needs of local employers and residents.
- 8.26 This next section, building on earlier analysis of Euston's specific value proposition, considers the opportunities in life sciences, the creative industries and business and professional services, in order to demonstrate the opportunity that could be realised, noting that within the knowledge economy, there are a number of other opportunities which could be realised as the Euston Plan develops.

Life sciences

- 8.27 Cogent, the Sector Skills Council (SSC) for the Chemicals, Pharmaceuticals, Nuclear, Oil and Gas, Petroleum and Polymer Industries are licensed by Government to help employers in these science-using industries to address their workforce development needs so that they can compete successfully. They have produced a Future Skills Review with Recommendations to Sustain Growth in Emerging Technologies for Life Sciences and Pharmaceuticals⁷³.
- 8.28 The report notes that rapid assimilation of new technologies and the resulting need to maintain competitive advantage are key drivers of demand across the sector. The industry is investing in the fast track knowledge transfer of new technologies into products, especially in the area of bio-pharmaceuticals. As such, the factory of the future will be a very different factory from that of today. As noted, earlier in this report, the wider scope of biotechnology will also extend to include stratified medicine, synthetic biology and regenerative medicine, streamlined clinical trials, and, ultimately, a shift from the 'cure' to the 'prevention'. Cogent note that a new business paradigm may therefore be in payment-by-results for a biotechnological health management service, rather than for

⁷³ <http://www.cogent-ssc.com/research/Publications/LSPReport.pdf>

single item solutions such as drugs or treatments. This will require a much wider, more interdisciplinary, and generally higher skill set drawn from the physical sciences, the life sciences and informatics.

- 8.29 Cogent's view is that that occupational levels will continue to require a higher skills complement relative to other sectors. Thus, a large proportion of the technical workforce will be at graduate level. However, there is also an identified need for improving workforce provision at the tertiary interface (level 3-4) in scientific and technical areas has, with Cogent commenting that this area has become extremely weak since the demise of the Polytechnic system in the mid 1990's. They point to the role of laboratory technicians, where the lack of suitable staff result in drug discovery companies recruiting mostly from academia (PhD scientists) with these scientists undertaking all the experimental work. The conclusion is that much more of the routine work could be done by suitably qualified lab technicians supervised by the scientists.

Creative industries

- 8.30 The UK Commission for Employment and Skills note that the sector is characterised by continuous technological change and development, which gives rise to specific skill needs in the sector over time. Technology drivers in the digital sub-sector, and the business model challenge for the creative sector, will also mean that the sector will have high demands for managerial, professional and technical skills over the medium term. A key challenge for the sector will be to ensure that its skills supply chain, through initial, secondary and tertiary education, through to vocational educational and training system and into workplace development generates both the quantity and the quality of skills to meet these growing demands⁷⁴. According their latest sector insight report, applications to computing and IT courses are in decline and the quantity of graduates may not be sufficient to meet the growing demand for professional and technical skills. The number of creative graduates is rising, but employers are concerned about the quality of their education, particularly in fast-moving sectors such as visual effects. This presents a clear opportunity for employer based training such as apprenticeships.
- 8.31 However, apprenticeship numbers have risen rapidly in recent years, from a low base, particularly at advanced levels, although the numbers of higher-level apprenticeships is

⁷⁴ Sector Skills Insights: Digital and Creative, Evidence Report 49, July 2012, UK Commission for Employment and Skills <http://www.ukces.org.uk/publications/er49-sector-skills-insights-digital-creative>

still very low. The proportion of the workforce receiving formal training is also below average and the proportion in receipt of work-related training is well below average. Digital and creative sector employers tend to be less involved with government skill development initiatives and with the education system, than other employers and are less likely to think that the vocational qualifications available match the need of their business.

Professional services

- 8.32 The Professional Services Higher Apprenticeship (England) Framework⁷⁵ note that the professional services sector is critical to the success of the UK economy, representing 15% of UK GDP, 14% of employment and 14% of exports (making the UK the largest net exporter of business services in the G7) in 2010. The sector also acts as a catalyst for improved productivity and growth across the economy. The professional services occupations are widely employed in other sectors. The Framework describes a 'talent crunch' currently facing the professional services industry:
- 8.33 The total employment requirement is projected to increase markedly and traditional recruitment pools are proving insufficient.
- The population recruited into the professions does not fully reflect the diversity of society as a whole
 - Employers report skills shortages amongst their new recruits in key areas such as customer handling, oral communication and team working.
- 8.34 The Anderson review of Future Skills in Accountancy (2011) highlights the need for Apprenticeships into the accounting profession and the UK Commission for Employment and Skills (UK CES) forecast that employment in the professional services will increase by almost 900,000 over the decade to 2020. The employment and skills issues faced by the professional services combine to represent huge latent demand for Apprenticeships in this area.

Maximising access to Local Labour Markets

Job brokerage

- 8.35 In Camden, the skills and recruitment centre established as part of the King's Cross redevelopment, will act as a job brokerage service, seeking to recruit local people into the estimated 25,000 jobs created by the development. This will include a range of office-

⁷⁵ <http://www.afo.sscalliance.org/frameworkslibrary/index.cfm?id=FR01598>

based hospitality and retail jobs, alongside opportunities in facilities management associated with new premises. Further work to explore how this can evolve to support the Euston opportunities would be beneficial, with a clear emphasis on partnerships with the employers to ensure that the process is demand-led.

- 8.36 LB Newham's Workplace programme⁷⁶ is a good example of this partnership working, with job brokerage officers, employed by the borough, embedded with major employers in the area to properly understand needs and match recruitment accordingly. Experience from elsewhere has shown that to maximise effectiveness local brokerage should dovetail with vocational training, though programmes such as the National Apprenticeships Scheme and sector-based work academies.

Employer and employment focused training

- 8.37 The current apprenticeship programme represents a renewed focus on employer and employment focused training. Apprenticeships, or a similar scheme, provide a good mix of on the job and classroom training, which can give employers confidence to employ often lower skilled people. Furthermore, they can provide a non-traditional route into the industries, which have historically been dominated by graduates. This is critical at Euston, as these are likely to be the sorts of sectors that emerge. Crucially from a Camden perspective, apprenticeships provide an entry route for underrepresented groups, such as those outlined at the start of this chapter; allow employers to add value to their organisations by bringing in new expertise, techniques and technologies; provide industries with a stream of motivated employees equipped with the skills required for the future equipped with transferable skills; and provide flexible routes into a wide variety of job roles in the industries and into higher level training and education.
- 8.38 Camden already has a successful apprenticeship programme with a focus on apprenticeships in construction, business administration in various sectors, childcare, hospitality and catering and the creative and cultural industries⁷⁷. The current service offers:
- A recruitment process to source, match and screen the best range of candidates to suit the needs of businesses

⁷⁶ <http://www.newhamworkplace.co.uk/ClientZone.htm>

⁷⁷ <http://www.camden.gov.uk/ccm/content/business/employment-and-skills/camden-apprenticeships.en?page=1>

- matching with an appropriate training provider to ensure the highest levels of training to fully develop the skills of your apprentice
 - support for the apprentice and employer for the duration of the apprenticeship
 - additional pastoral support for apprentices if required.
- 8.39 As employees, apprentices earn a wage and work alongside experienced staff to gain job-specific skills. Off the job, apprentices receive training to work towards nationally recognised qualifications. Anyone living in England, over 16 years-old who meets residency criteria and does not have a level 4 (degree level) qualification can complete an apprenticeship. Apprenticeships can take between one and four years to complete depending on the level of Apprenticeship, the apprentices' ability and the industry sector.
- 8.40 Apprenticeships are increasingly recognised as the gold standard for work-based training. There are over 100,000 employers offering Apprenticeships in more than 160,000 locations; there are more than 250 different types of Apprenticeships available offering over 1,400 job roles⁷⁸. There are a number of levels apprenticeships can be completed at:
- **Pre-Apprenticeships:** These are an ideal way to gain the experience and qualifications you need to succeed on a full Apprenticeship scheme.
 - **Intermediate Level Apprenticeships:** Apprentices work towards work-based learning qualifications such as a Level 2 Competence Qualification, Functional Skills and, in most cases, a relevant knowledge-based qualification.
 - **Advanced Level Apprenticeships:** Apprentices work towards work-based learning such as a Level 3 Competence Qualification, Functional Skills and, in most cases, a relevant knowledge based qualification.
 - **Higher Apprenticeships:** Apprentices work towards work-based learning qualifications such as a Level 4 Competence Qualification, Functional Skills and, in some cases, a knowledge-based qualification such as a Foundation Degree. Apprenticeships are in development up to a level 7 (masters level)
- 8.41 While the national and local drive for apprenticeships may have changed track by the time development comes forward in Euston, it is currently a key policy tool in supporting young people into employment in areas such as Camden and moreover, they tailor the offer to both residents and employers from specific growth sectors that might come forward. At major opportunity sites, such as Euston, there is the opportunity to focus on this by augmenting the borough wide apprenticeship offer with funds from site specific s106 agreements, similar to Kings Cross. Currently, core funding also exists for apprentices aged

⁷⁸ <http://www.apprenticeships.org.uk/Be-An-Apprentice/The-Basics.aspx>

between 16 and 18, with partial funding for those aged 19-24, providing there is an employer contribution.

Life science based apprenticeships

- 8.42 SEMTA are the Apprenticeship sector organisation for occupations in science, engineering and manufacturing technologies. They work closely with Cogent to provide the framework for a range of apprenticeships in the science sector. For example the laboratory and science technicians' apprenticeship framework⁷⁹ covers a broad range of occupational roles from those who support scientists and engineers in research and development as well as those who provide quality assurance or analytical science services. It is designed for laboratory and science technicians who carry out routine laboratory and science based operations and those involved in non-routine, more varied work activities such as planning, organising and leading technician support functions to assist scientists, educationalists and technologists in their work. It also enables/contributes to career progression including access to additional Further or Higher Education programmes/qualifications. For employers, the framework provides a cost-effective process for increasing and sustaining the overall numbers of laboratory technicians.
- 8.43 In a sector that traditionally employs graduates, the Higher Apprenticeship for Life Science and Chemical Science Professionals⁸⁰ provides employers with an alternative to graduate recruitment. The aim is to present employers with the opportunity to recruit from a new 'work-ready' talent pool. The programme is designed to provide employers with an alternative option to graduate recruitment. It provides laboratory, scientific and technical employees with the opportunity to gain qualifications up to graduate level, with the addition of hands on experience gained through work. The programme is aimed at helping employers to develop a talent pool of diverse employees. Establishing a life science cluster around Euston would provide a basis for LB Camden to work with employers to provide access to this Higher Apprenticeship.

Creative industries based Apprenticeships

- 8.44 LB Camden is already active in apprenticeships for the creative sector. Should development at Euston come forward with a significant creative element, there is the opportunity to establish a network of employers taking on local people.

⁷⁹ http://www.cogent-ssc.com/Apprenticeships/england/AFO_Laboratory_and_Science_Te_England.pdf

⁸⁰ <http://www.scienceprofessionals.co.uk/>

8.45 The Creative and Cultural Skills Sector Skills Council is an issuing authority for Apprenticeships in England and is leading the campaign to change recruitment culture in the creative sector, encouraging the take up of apprenticeships and paid internships⁸¹.

8.46 There are a wide range of apprenticeships currently on offer in the creative industries, including:

- Community Arts
- Costume and Wardrobe
- Creative and Digital Media
- Cultural and Heritage Venue operations
- Design
- Live Events and Promotion
- Music Business
- Photo Imaging
- Set Crafts
- Technical Theatre

Professional Services based Apprenticeships

8.47 The Financial Skills Partnership is the Government-licensed skills organisation for the financial services industry. They set the frameworks for apprenticeships relating to the industry. There are a number of apprenticeships for people looking to enter the sector. A full list can be found here <http://www.apprenticeships.org.uk/Types-of-Apprenticeships/Business-Administration-and-Law.aspx>.

8.48 The new Professional Services Higher Apprenticeship Framework⁸² consists of 3 pathways at Level 4, in Audit, Tax and Management Consulting, which will equip Higher Apprentices for entry to these professions, working either for professional services employers or in related wider industry roles.

Other Apprenticeships

8.49 There are a broad range of other Apprenticeships currently on offer, including other highlight relevant programmes to the Euston economic vision, including Information Communication Technology (ICT). While there will be a retail element at Euston, this is not currently considered to be a dominate employer on the site. As such, while it is clearly an important and valuable employment route, it is not picked out here for special focus. A full list of all apprenticeships is available here <http://www.apprenticeships.org.uk/Types-of-Apprenticeships.aspx>.

⁸¹ <http://ccskills.org.uk/creative-apprenticeships>

⁸² <http://www.afo.sscalliance.org/frameworkslibrary/index.cfm?id=FR01598>

Maximising the benefit of construction

- 8.50 Clearly, the redevelopment of the Euston area, plus the potential delivery of major infrastructure will bring with it significant construction job opportunities for local residents. LB Camden already has significant experience in maximising the benefits of major construction for its residents. At the neighbouring King's Cross development, the borough successfully negotiated a s106 deal that has required the developer, Argent (King's Cross) Limited, to both build a construction training centre within the development, and to ensure local trainees are employed through its contractors, including apprentices, on the redevelopment site. The onus for placements sits with the principal contractors and is cascaded down to sub contractors. The s106 set a target of 5% of construction weeks to be delivered by apprentices. The obligation also stipulates that the developer contributes to supporting the operation of the centre through ongoing financial contributions⁸³.
- 8.51 Redevelopment at Euston should utilise these resources, with developer contributions sought to ensure the full range of opportunities presented by the construction work is presented to Camden residents. In setting targets and agreeing contributions, lessons from the King's Cross scheme should be factored in. There is scope to link to activities of the construction centre at Kings Cross with development at Euston, subject to timescales, as ultimately the site where the construction centre is currently located will be built on for residential development (currently scheduled for approx 2023).

Apprenticeship Programme Delivery

- 8.52 LB Camden is in many ways leading the way in this field with the Skills and Recruitment Centre and construction training and apprenticeship programme at King's Cross. Also the recent s106 agreement with the Francis Crick Centre to ensure it utilise these facilities and will roll out a programme of science based apprenticeships and schools outreach. The Euston economic vision should build on the successes of these interventions and learn from any failures.
- 8.53 The recently announced Tech City Apprenticeships (see inset box) is a very good example of a thematic and area based programme. Such an intervention, supported by an employer-led schools outreach programme to support core skills and raising aspirations from an early age should form the basis of the employment strategy for the Euston plan.

⁸³ <http://www.pas.gov.uk/pas/core/page.do?pagelid=470508>

Sector and cluster specific apprenticeships are developing and could be utilised at Euston, working with existing and incoming businesses and local education providers. A pertinent example of this is the launch of the tech city programme in November 2012.

The Tech City Apprenticeship programme will give 500 unemployed young people the opportunity to work in London's most exciting and high-profile digital companies, including Google Campus, Facebook, TechHub, Moo.com, Poke London, The Trampery and Passion Capital.

In addition to the apprenticeship places, an apprenticeship training centre in the Olympic Park broadcasting centre will provide up to 350 young people each week with the skills training they need to work in Tech City.

The Tech City Apprenticeship programme will be managed by Hackney Community College. It is targeted at 16-24 year-old unemployed young people, and will officially start in January 2013. The programme is funded by the Government and Hackney Council. A Tech City Apprenticeship is a full-time 15-month programme for 16-24 year-olds, combining a job and specialised skills training. Training in English, maths and a Technical Certificate will be taught at Hackney Community College.

The first cohort of Tech City Apprenticeships will be focused on IT skills, online marketing skills and 'front of house' skills for shared office spaces. Advanced Tech City Apprenticeships in programming and digital design will start in autumn 2013⁸⁴.

Timing

- 8.54 A major challenge in supporting a programme of thematic or sector based apprenticeships is timing and critical mass. As the majority of development at Euston is unlikely to come forward until the 2020s there are choices to be made in relation to how and when to establish such an intervention. There are many advantages to identifying existing or emerging networks of employers in the knowledge sector to allow for a slow and gradual start to the programme. This would have the added advantage of creating momentum behind the programme, so that it has the best possible chance of meeting the needs of future knowledge sector employers as they move into the Euston area. Alternatively, as with Kings Cross, the programme could wait for development to take place and then respond to occupiers needs.

⁸⁴ <http://www.techcityuk.com/news-article/tech-city-apprenticeships-launched/>

Establishing critical mass

- 8.55 Irrespective of when the programme starts, it is unlikely that the labour pool in Camden, at least in the early years, will have enough supply of potential apprenticeships to support a programme based on specific knowledge economy sectors. Consideration should therefore be given to widening the geographic scope of the intervention to include other boroughs in the Central Activity Zone (CAZ). Given the significant number of digital creative businesses in both Camden and Westminster, consideration could be given exploring the expansion of the Tech City Apprenticeship scheme with Shoreditch Community College, LB Hackney and its industry partners as a fore runner to a wider programme of activity.

Identifying an appropriate delivery agent

- 8.56 While other routes may emerge in the future, there appears to be two prime options for taking forward a programme of thematic or sector based apprenticeships, and a third route, combining the two options. The first is delivery through LB Camden and the second, an employer-led approach, through a partnership, such as a geographic, or indeed thematic, Business Improvement District.
- 8.57 A LB Camden led programme, would likely be funded through developer contributions (noting future difficulties in pooling s106 contributions with the advent of the Community Infrastructure Levy (CIL)). This would mean both that the scope of any programme would be focused on Camden residents and because of available funding, would be unlikely to start until construction work on the redevelopment of Euston had begun. Such an approach does present an opportunity to support an exit strategy for the Skills and Recruitment Centre at Kings Cross, with construction and occupation of the last commercial space due by around 2026. The centre's long term objective is to be financially self sustaining, so there may be scope for it to support both Euston and Kings Cross in the long term.
- 8.58 An employer-led programme, on the other hand, could build on the current strength of the area, with its institutions and businesses, using these existing employers to kick start a programme in the short-term. The emerging 'Knowledge Quarter' concept is a potential Skills/employment vehicle for Euston, with the opportunity to support the development of the knowledge economy skills base in Camden. This would require further consultation and engagement with the emerging partnership to assess their appetite for such a venture. Whether or not the skills/employment vehicle for Euston becomes part of the future Knowledge Quarter, establishing a network of existing and future knowledge intense businesses and institutions committed to working with the local community to develop a

pool of labour that fits their needs, would be a powerful mechanism to raise aspirations and opportunities in the area. Such an offer would need to focus on increasing the take up of apprenticeships by both local employers and residents and to feed through this employment pathway to choices made in secondary education. Funding could be provided by member subscription, along the lines of a Business Improvement District, which could be either geographic or thematic based. This is key to making such an intervention effective, ensuring that appropriate training pathways are in place to support and develop candidates to move into opportunities from secondary school.

- 8.59 There could also be a third route which is a combination of 1 and 2 i.e. some delivered and support by the council and some led by the employers.
- 8.60 Clearly, whatever the delivery route, a resourced team would be required to provide the necessary employer liaison and to work with the FE providers and Apprentices. LB Camden would need to take a role in facilitating the establishment of either approach. There is also an opportunity to work with the GLA Apprenticeship team and other boroughs to improve access to major companies and to provide a wider pool of apprenticeships to give critical mass will be needed to attract employers to offer apprenticeships and FE providers to run specialist courses. Furthermore, consideration would need to be given to the opportunity of embedding Job Centre Plus officers into what would be collaborative, multi sector employment and training programme. There is also scope to consider other agencies such as work programme providers.

Identifying sectors or themes for the programme to focus on

- 8.61 For a sector or themed based employment and training based programme to work it will be important that there is both the demand for apprentices and supply of suitable labour. This will require a degree of focus in terms of the offer. As such, it will be important to narrow down terms such 'creative' to focus on specific employer needs where there is enough demand to warrant the focus of a programme, or part of a programme. The Further Education provider partners will also play a key role here in terms of the course they are willing to offer, which will in part be based on the critical mass of apprentices in the programme and the cost of the provision of a particular course. The focus of the programme will evolve over time. An employer-led programme should have the advantage of understanding the demand for certain types of apprenticeship. It could also start with the existing knowledge sector employment base in Euston and the surrounding area and evolve to meet emerging demand as the Euston redevelopment takes place.

Establishing a long-term talent pool from Camden residents

- 8.62 Any employment and training programme focused on the redevelopment at Euston will need to ensure that it maximises local benefit. An apprenticeship programme that focuses on creative and science (or other knowledge economy) employment will need to support entry level starts and the development of a career pathway for local residents, including moving up through the apprenticeship programme to increase skills and qualifications as well as employment opportunities.
- 8.63 Moreover, long-term development at major opportunity areas, such as Euston will need to help raise the aspirations of those with the fewest opportunities in the borough. If a cluster evolves at Euston focused on science and/or the creative (digital or technology-led) industries then the number of Camden residents taking STEM subjects from GCSE level through the university level will be critical to capitalising on the benefit for local people.
- 8.64 Clearly, much of this will be done through national and local educational policy, which is beyond the remit of this report. However, local employers have a key role. The STEM Network suggests that employers can help to support STEM education through a number of different approaches⁸⁵.
- Employers can help teachers to design a STEM curriculum that fits their local needs, with respect to jobs in the local area.
 - Schools and colleges can see real benefits in drawing on employer input in the design and delivery of the STEM curriculum, because the content becomes relevant and exciting when it relates to the real world.
 - Employees can become STEM Ambassadors. Ambassadors motivate students in learning STEM subjects and encourage them to understand the benefits of doing so. They can also become involved in various projects, such as delivering careers talks, acting as mentors to students, and assisting with science and engineering clubs.
- 8.65 This should form a core part of the development process for the institutions and businesses that might come to Euston, working closely with support from Camden. Again, the Knowledge Quarter has the potential to take a lead role in this area.

Making the construction training scheme as effective as possible

- 8.66 A key lesson for Euston from the employment related provisions in the s106 agreement at Kings Cross is to try and move beyond requiring developers to undertake best endeavours

⁸⁵ <http://www.stemnet.org.uk/content/employers>

and seek contractual penalties to ensure compliance. Consideration could also be given to establishing a group training model, whereby individual (often small scale) contractors working for developers are not required to bear the entire cost of an apprenticeship on their own, but rather are compelled to draw on a pool of labour from a separate entity set up to train and employ local residents. Such an approach can be tailored to reflect the duration of the actual work available. The Construction Skills Council has developed a successful model⁸⁶, which should be considered at Euston and other organisations are also delivering Apprentice Training Agency models (ATA's) e.g. Reds10⁸⁷.

Local Employment Delivery: Next steps

LB Camden/GLA

- 8.67 Working through their employment delivery team, LB Camden should engage the GLA's Apprenticeship Team, who use the Mayor's office to engage with large, often multi-national, knowledge economy employers across London to promote and encourage the take up of apprenticeships. LB Camden and the GLA should consider the opportunities for establishing a thematic or sector based programme in the wider Euston area (potentially including Kings Cross, and perhaps other CAZ boroughs, to provide critical mass).
- 8.68 The group should consult the Knowledge Quarter to understand if there is an aspiration to be involved in such an offer and whether they would wish to lead this, or provide direct access and a framework for LB Camden, supported by the GLA to engage with this emerging grouping of knowledge based employers.
- 8.69 The Euston Plan team should ensure that the lessons learned from the Kings Cross s106 agreement are picked up and used to inform the future aspirations for developers at Euston. This should be articulated through the Euston Plan document.
- 8.70 The Euston Plan team, working with employment teams at both LB Camden and GLA will need to co-ordinate and facilitate other stakeholders towards the delivery of an employment strategy for the area. Potential initial moves for other groups are considered below.

⁸⁶ <http://www.cskills.org/aboutus/newsandevents/news/merseyside-apprentices.aspx>

⁸⁷ <http://www.reds10.com/sustainable/>

Employers

- 8.71 Potentially working through the Knowledge Quarter grouping, or separately as knowledge sector employers, the opportunity to support a Business Improvement District (BID) should be promoted. This could either be a typical BID, which includes all businesses within a geographical boundary, or a thematic one, focused on the more focused needs of knowledge sector businesses. As noted above, the Knowledge Quarter could be such an entity in the future and this should be explored with them. In any event, LB Camden would need to take a role in the early stages in helping to co-ordinate/promote the benefits of such a BID. One major benefit would be the ability to promote job brokerage and thematic based apprenticeships that were in line with employer needs.
- 8.72 Given the nature of the institutions in the area, this process could be started in the near future, building on plans at Kings Cross, with the opportunity to scale up as development at Euston takes shape.
- 8.73 Using existing or future employer networks, the role for companies to engage with local schools should be promoted and employers will need to demonstrate commitment to raising both skills and aspirations of young people through a structured programme of employers/school engagement. This could include curriculum advice and support, mentoring, school clubs, work experience and sponsorship. Consideration should be given to such a programme being funded through site specific S106 agreements.

FE colleges

- 8.74 FE colleges are a critical element of any employer based training, such as apprenticeships, as they usually provide the taught element of any structured programme. LB Camden should engage the local providers to discuss with them their capacity to deliver the types of courses required to support knowledge economy apprenticeships, such as those set out earlier in this chapter. This process should also consider what would be required to plug any gaps. This process should then be dovetailed with the parallel process of employer engagement.

Schools

- 8.75 Schools will have a key role to play establishing the core skills and the level of aspiration needed for an increasing number of Camden residents accessing knowledge economy jobs in the borough. Schools will need to be kept informed of any bespoke packages of support being developed at Euston to ensure young people maximise the opportunity. LB Camden will initially need to drive this, although any BID or other employer led group could also take a lead role in due course.

- 8.76 Schools also have a key role in delivering increases in the level of take up and overall attainment in STEM subjects. The recent Wellcome Trust funded programme in 8 Camden schools provides substantial evidence of very effective collaborative and participatory practice in delivering STEM interdisciplinary activities. Other schools should benefit from the two key elements identified in the programmes evaluation⁸⁸ as enabling interdisciplinary STEM activity. The first element is a commitment to STEM throughout the school – including in its organisational structure, staffing and school development plan. The second main element of successful interdisciplinary STEM activity is that it is delivered through a variety of different activities and resources, some requiring a low level of buy-in and commitment (which can be used to initiate change) and some requiring greater levels of organisation – from the use of logos on PowerPoints that indicate to pupils when they are using a skill that will be applicable in other STEM subjects to the use of external experts and rewriting schemes of work.

⁸⁸ http://www.wellcome.ac.uk/stellent/groups/corporatesite/@msh_peda/documents/web_document/wtvm055664.pdf

9. Outline Delivery Approach

The Current Competitive Position of Euston

9.1 The Euston Area has substantial assets that underpin the Economic Vision. Key assets include:

- A central London location, immediately adjacent to the West End, Bloomsbury and King's Cross;
- High accessibility based in national rail, commuter rail and tube service via multiple lines;
- An established employment base and a proven commercial office role;
- Anchor higher education, hospital, research and cultural institutions with national and global reach;
- Established nearby retail destinations, whether the West End, Drummond Street or Camden Town;
- Strongly expressed confidence in Euston as a location for mainstream, central London commercial office development;
- Expressed interest in Euston as a location for institutional growth, a knowledge sector cluster and an 'Innovation Hub'.

9.2 However, there are a number of barriers to progress in the Euston Area.

- A shortage of unconstrained development sites that could accommodate larger commercial office or institutional developments;
- The absence of a clear framework for future land use and development that would reduce investor risk;
- Uncertainty over the future redevelopment across current and future rail alignments and facilities;
- Uncertainty over the delivery of HS2 rail alignment and terminal station;
- Physical barriers, particularly north and south across Euston Road and also east – west with St. Pancras King's Cross;
- The absence of a funding structure that could prepare a development framework and foundation the private, institutional and public sectors can respond to.

9.3 These barriers could hamper investment in the Euston Area. Given underlying mainstream commercial office and knowledge sector demand in central London, this investment could go to other locations. There is also a risk that this investment could be lost to the London economy or the UK overall given competing locations seeking inward investment from across the knowledge economy.

The Euston Area Proposition

- 9.4 The Euston Area can become a dynamic economy led, mixed-use hub, offering the diverse experience that major corporates, office occupiers and institutions now seek.
- 9.5 There is substantial evidence of central city commercial office interest in Euston as a location. It has a central London location with national and local rail services and multiple tube connections within walking distance of Bloomsbury, Mid-town and the West End. A range of commercial office occupiers from large scale corporate operations, public sector tenants and smaller service sector operations would be attracted to Euston. Significant amenity is seen in setting commercial offices within a mixed use context, with a range of other types of occupiers supporting 18 hour and seven day a week activity and an active street and public realm environment.
- 9.6 There is significant potential for Euston to host a knowledge economy 'Innovation Hub'. There is strong institutional and private sector interest in this concept. Innovation Hub components can include: digital, media, telecoms, life sciences, public health, research, teaching and administration. In addition to small business spaces facilities can include incubation; accelerator; follow-on; product demonstration and remote and virtual meeting spaces. A dynamic university sector responding to countervailing centralisation and decentralisation trends could play a significant role.
- 9.7 In addition to this diverse range of smaller uses, there is the potential to host a large institutional move that could incorporate teaching, research and, or, treatment facilities.
- 9.8 A new shopping offer can emerge in response to the increase in local jobs, the potential increase in rail passengers moving through the area and an increase in the number of residents.
- 9.9 The scale of new commercial office, Innovation Hub and retail activity can be phased and extended to respond to Existing Intervention Zones around Euston Station and Potential New Development Zones that could be created by either Euston Station redevelopment or HS2 rail line and station delivery. At all scales the guiding principle should be to create a multi-faceted urban district, where the density and diversity of activity support amenity and value for all users.

Housing Considerations

Potential Housing Locations Identified in the Euston Action Plan Area

- 9.10 A number of housing infill and intensification opportunities have been identified within the Euston Action Plan area through the EAP illustrative master planning exercises. These are associated with station related development at over-site and façade locations as well as over existing and new HS2 tracks to the north of the station. The potential for infill and intensification at Regents Park Estate, Amptill Estate and Churchway Estate has also been explored. The following indicative outputs have been identified. It is expected that these outputs will be refined as planning proceeds and the potential to accommodate this additional homes in these locations will be explored with local residents.

Location	Homes / Residential Floorspace (sam)**		
		Minimum	Maximum*
HS2 and Network Rail Station redevelopment	homes	1,000	1,900
	floor-space	74,000	134,000
North Euston Cutting	homes	1,430	
	floor-space	99,900	
Sub Total (Gross)	homes	2,430	3,330
	floor-space	173,900	233,900
Regents Park Estate	replacem ent	350	
	homes	0	130
Amptill Estate	homes	140	170
Other			
National Temperance & Hampstead Rd	homes	140	
Drummond Crescent	homes	40	
Other	replace-ment /other	30	
Approximate totals for EAP (rounded)**	gross homes	3,200	4,200
	net	2,800	3,800

* Approximate maximum

** all figures rounded to nearest hundred or ten and are net unless stated otherwise

- 9.11 Additional opportunities for potential new housing are also identified at other locations in the Euston area, including:
- Churchway Estate
 - Drummond St
 - National Temperance Hospital
- 9.12 There is the potential for the removal of in the region of 350 homes as part of new rail installation and related housing mitigation work. This means there is the potential for between at least 2,800 to 3,800 net additional homes across the area. The greatest outputs are associated with over-site development to the north of the station at 'North Euston Cutting' and through some potential replacement housing and infill of the Regents Park and Ampthill estates.

The Contribution of Housing Development to the Euston Area

- 9.13 Replacement and new housing has the potential to have a significant impact on the character of the area, and should also be seen as an important part of the mixed use nature of the Plan Area and the 18 hour / 7 day character of the core area at and around the station. The residential community will be an important part of the vibrancy of this central city district.
- 9.14 At the same time, it is expected that the redevelopment of the station can have a significant impact on the desirability of housing on immediately adjacent streets. A widely reviled series of low quality material blank walls enclose platforms, service yards and tracks leaving the station. The lack of east west connections creates a major barrier between neighbourhoods and amenities.
- 9.15 Substantial redevelopment of the station facilities and frontages has the potential to create a mutually reinforcing opportunity to enable housing estate renewal opportunities in surrounding areas. It is recommended that estate renewal opportunities be pursued in parallel with station and over-site development. Both work streams should respond to the opportunity to raise the quality of building stock, create complete and high quality east-west connections, invest in the public realm and set a mutually responsive approach to heights and density. This will enable an increase in values to be fully realised, while also increasing the appeal of the Euston location to commercial and institutional development, particularly allied to the knowledge economy.
- 9.16 It is also expected that Euston can make a significant contribution to meeting Camden's and London's wider housing aspirations. Camden's Local Development Framework, which

makes housing the priority land use in the borough, assesses that 12,250 additional homes will be developed in the borough by 2025. The Borough has a waiting list of 25,400, so housing development here can make a vital contribution to the provision of affordable housing in the Borough.

Components of Camden's Housing Strategy

It is expected that housing delivery will be achieved through the following mechanisms:

- Specification of housing locations within the Euston Action Area via planning policy documents;
- Testing of the feasibility of estate intensification;
- On-going and long term commitments to estate renewal within Camden, including options for delivery through development partner procurement or self build;
- Delivery through the Council's Community Investment Programme (CIP).

It is expected that affordable housing will be delivered through the application of the Council's existing policies. A location specific policy review has not been carried out here.

Spatial Development Locations and Key Sectors

9.17 The Euston Area could accommodate a range of development and building types, subject to town planning considerations and an appropriate delivery mechanism. The following sets out the potential uses that would be appropriate given: site type (in-fill, replacement, structural deck dependent), neighbouring use context, visibility and image defining role. The following is set out by spatial location.

Use	Euston Station Forecourt	Euston Station footprint (Structural Deck Dependent)	HS2 Station Footprint (Structural Deck Dependent)	Platform Area – North of Doric Way Axis (Structural Deck Dependent)	Eversholt Street	North of Granby to Parkway (Structural Deck Dependent)	Drummond Street	Regents Park Estate	Amptill Estate
Commercial office	■	■	■	■					
Higher education	■	■	■	■	■				
Health research/ admin	■	■	■	■					
Life sciences		■	■	■					
Innovation centre	■				■				
Retail	■	■			■		■		
Local Retail								■	■
Hotel			■	■			■		
Cultural Institution	■				■		■		
Residential		■	■	■		■	■	■	■
Student Housing						■	■	■	■

Phasing Implications

- 9.18 The sequence of development events will be defined at many locations by the approach to the redevelopment of Euston Station and HS2. At this point it is understood that it is proposed that the redevelopment of Euston Station will be directly linked and phased with the development of the new HS2 terminal. Opening of HS2 service is scheduled for the end of 2025. Up to a year of testing is expected.
- 9.19 Opportunities for investment or development will be linked to this timetable, with some opportunities able to move ahead relatively independently and others directly linked to a new structural deck which will be fully integrated with new rail line and station facilities.
- 9.20 The following outline investment and development approach represents a possible phasing scenario. This assumes that any over-site development occurs at the same time as a structural deck would be installed as part of rail and station infrastructure investment. Integration of structure and floor-space construction will be most likely at station facilities. There may be greater construction flexibility with lower density housing concepts to the north.

2013 - 2018

- Eversholt Street – Ongoing Infill Opportunities
- Drummond Street – Ongoing Renovation and Selective Redevelopment
- Regents Park Estate – investigation and delivery of infill housing to replace HS2 affected homes Via LB Camden Estate Renewal Activities

2018 - 2021

- Euston station forecourt and existing office developments

2021 - 2024

- Euston Station footprint (Structural Deck Dependent)
- HS2 Station Footprint (Structural Deck Dependent)
- Platform Area – North of Doric Way Axis (Structural Deck Dependent)

2024+

- North of Granby to Parkway (Structural Deck Dependent)
 - Reclaimed land for replacement homes at Regents Park Estate (if the homes at risk are required)
- 9.21 For forecourt and station over-site developments a fully integrated masterplan and structural solution will be required, in addition to a viability and financial delivery strategy.

DELIVERY BY PLACE

Euston Station and Tracks

A comprehensive approach

- 9.22 A comprehensive approach to station and forecourt development is required, to secure well designed over station development across both the new HS2 station and a redeveloped Euston Station and facilitate the redevelopment of the station forecourt area. This requires a joint planning approach from Network Rail and HS2 to ensure the design of the new HS2 station facilitates over site development and forecourt area which meets the above development principles. Over site development relies on the layout of HS2 tracks and station facilities to allow for the location of structural columns to support a deck for over site development above the new and existing station.
- 9.23 The delivery of development here should be closely linked to ambitions for new employment development. This will respond to the demand for central London commercial office space, the well evidenced growth and demand of the knowledge sector in and around Euston as well as the potential expansion requirements of health and, or, higher education institutions. The delivery of development here should be linked to and support the development of new housing, school and open space at North Euston Cutting.
- 9.24 This will help to ensure the best use of space above the station and tracks is made and ensure that the opportunities for new housing in association with station development are maximised.

Site Availability

- 9.25 Development sites will be made available as part of new over-site development as well as surrounding intensification or replacement development.

Viability and funding

- 9.26 There is well established demand for commercial, institutional, retail and residential development in the Euston Area. Transaction and purchase values are high, and announcements of major development and occupier commitments across North of Oxford Street, Holborn, Fitzrovia, the Euston Road Corridor and Kings Cross indicate the level of demand. The number of permitted and completed schemes is an indicator of fundamental viability in this location under a variety of circumstances.

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- 9.27 Development above new station facilities will face challenges that are distinct from more typical at grade sites. The cost of providing a deck to support development above the HS2 station and tracks has been considered as part of high level viability testing for this plan. This is the most significant individual cost in developing in these areas, notwithstanding those expected to be covered by the construction of HS2 and over site floor-space itself. This has been based on high level per sqm cost estimates of such a structure provided by others. Estimated costs for the construction of decks to support either development or public realm have been provided by HS2.
- 9.28 High level testing of development scenarios carried out in Spring 2013 has indicated that the EAP illustrative masterplan was sufficiently close to viability to progress. The October 2013 refined development capacity identified by Camden Council has a similar performance, although the delivery of affordable housing in a height constrained environment and new open space above an over-site structure will be more challenging in a location with such unusual costs. Subject to refined structural requirements and refined costs, there may be a need for flexibility in objectives each of these domains. It is recommended that a flexible approach be taken at the planning application stage where site specific non-delivery against area policy objectives can be demonstrated. Where construction cost constraints are significant, it is possible that development blocks or components may not be delivered, eliminating outputs at those locations. Capacity may be found elsewhere as specific building proposals are defined.
- 9.29 Densities have been tested at levels which are similar to those associated with over-site development at other locations in central London, as at Liverpool Street station.
- 9.30 Strategies have also been recommended which can both refine and strengthen viability as more detailed proposals emerge. These address the refinement of public realm and development platform areas, the net cost of providing a development platform over and above rail and station facility structural requirements and the respective roles of the public and private sectors in providing the platform and the development that will occur above it. Additional funding from the Government through extra funding for the HS2 station at Euston or other mechanism may be required to help deliver all the EAP principles and objectives here.

Delivery partners and mechanisms

- 9.31 The Department for Transport, HS2 and Network Rail will be critical in progressing any proposals for this area. HS2 is responsible for delivering the new rail route and associated infrastructure, whilst Network Rail and DfT will have an important role in progressing the over site development potential above both the station and tracks. It is anticipated that a

combination of these organisations will need to progress any development proposals through more detailed masterplanning and feasibility work and potentially seek to secure development partners and/or additional Government funding.

Town Planning

- 9.32 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area with substantial employment and residential potential, its high transport accessibility and its sustainable economic location in the terms of the NPPF.

Phasing

- 9.33 It is anticipated that works to enable over site development at Euston Station would largely happen within the HS2 delivery programme. Opening of the HS2 station is anticipated for 2026, which will include a year of testing prior to opening. The phasing set out below assumes that any over site development occurs at the same time as providing a deck.

Medium term (2019 – 2024)

Euston station footprint constructed

HS2 station footprint constructed

Redevelopment of Euston Station forecourt and existing office blocks

Long term (2024+)

HS2 station – open in 2026

Euston Road

A comprehensive approach

- 9.34 This is a high visibility signature location in central London. This location will directly respond to the demand for central London commercial office space, the well evidenced growth and demand of the knowledge sector in and around Euston as well as the potential expansion requirements of health and, or, higher education institutions. It is also expected that renewed retail, dining and entertainment provision can be part of the offer here.

Site Availability

- 9.35 Development sites will be made available as part of reconfiguration of station facilities in the main.

Viability, delivery partners and mechanisms

- 9.36 There is well established demand for commercial, institutional, retail and residential development in the Euston Area. Transaction and purchase values are high, and announcements of major development and occupier commitments across North of Oxford Street, Holborn, Fitzrovia, the Euston Road Corridor and Kings Cross indicate the level of demand. The number of permitted and completed schemes is an indicator of fundamental viability in this location under a variety of circumstances.
- 9.37 Camden Council, TfL, Network Rail and HS2 will all play a critical role in delivering improvements to the Euston Road area. HS2 should provide adequate temporary and long term measures to mitigate construction impacts in the area.
- 9.38 TfL is considering the long term role of Euston Road through its Road's Task Force project and an additional Euston Road specific report which considers short, medium and long term potential projects to deliver stakeholder aspirations for the road. Short term potential for temporary improvements to road crossings, bus facilities and cycle facilities, will be progressed by Camden Council, TfL, and HS2 and should be funded through the HS2 mitigation process.

Town Planning

- 9.39 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area with substantial employment potential, its high transport accessibility and its sustainable economic location in the terms of the NPPF.

Phasing

- 9.40 Improvements to crossings, junctions and cycle routes can be delivered as part of a phased approach. However the construction of HS2 will make many of the suggested improvements difficult to deliver until the completing of these works. Therefore there may be short term temporary improvement opportunities, but many of the projects, such as the improvements to Euston Square Gardens would be implemented in the long term.

Medium term (2019 – 2024)

Greening of Euston Road
Enhanced bus facilities
Improved cycle facilities

Long term (2024+)

Euston Square Garden improvements

North Euston Cutting

A comprehensive approach

- 9.41 New development above and around the station and tracks to the south of Hampsstead Road should be linked to and support the development of new housing, school and open space here. This will help to ensure the best use of space above the station and tracks is made and ensure that the opportunities for new housing in association with station development are maximised.

Site Availability

- 9.42 Development sites will be made available as part of new over-site development above railway tracks.

Viability and funding

- 9.43 There is ongoing and well established market demand and need for housing in London, the London Borough of Camden and the Euston and Camden Town Areas. The resultant values have been used to underpin market led residential developments as well as mixed tenure approaches to estate renewal in across Camden. Affordable Housing and CIL Viability Studies at the London wide and Borough level have evidenced the viability of residential development under policy requirements.
- 9.44 The cost of providing a deck to support residential led development above the tracks has been considered as part of high level viability testing for this plan. This is the most significant individual cost in developing in these areas, notwithstanding those expected to be covered by the construction of HS2 and over site floor-space itself. Estimated costs for the construction of decks to support either development or public realm have been provided by HS2 and these have informed the quantum of development shown for this area. If additional funding could be secured a greater amount of open space could be provided here. The delivery of affordable housing in a height constrained environment and new open space above an over-site structure will be more challenging in a location with such unusual costs. Subject to refined structural requirements and refined costs, there may be a need for flexibility in objectives each of these domains. It is recommended that a flexible approach be taken at the planning application stage where site specific non-delivery against area policy objectives can be demonstrated. Where construction cost constraints are significant, it is possible that development blocks or components may not be delivered, eliminating outputs at those locations. Capacity may be found elsewhere as specific building proposals are defined.

Town Planning

- 9.45 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area, its high transport accessibility and its sustainable economic location in the terms of the NPPF.

Delivery partners and mechanisms

- 9.46 The Department for Transport, HS2 and Network Rail will be critical in progressing any proposals for this area. HS2 is responsible for delivering the new rail route and associated infrastructure, whilst Network Rail and DfT will have an important role in progressing the over site development potential above both the station and tracks. It is anticipated that a combination of these organisations will need to progress any development proposals through more detailed masterplanning and feasibility work and potentially seek to secure development partners and/or additional Government funding.

Phasing

- 9.47 It is anticipated that works to enable over site development here would largely happen within the HS2 delivery programme. The opening of the HS2 station is anticipated for 2026, which will include a year of testing prior to opening. Resolving the layout of the tracks could be an earlier component of HS2's work, but given the amount of change and need to retain construction compounds in this area it is not anticipated that this area would be delivered until the longer term (2024+).

Drummond Street and Hampstead Road**Delivery strategy**

- 9.48 The vitality and viability of Drummond Street as a neighbourhood centre could be strongly affected by disruption from HS2 construction. LB Camden is working with HS2 to identify appropriate measures to mitigate these impacts in order to secure the long term commercial viability of the street.

Site Availability

- 9.49 Development sites will result from HS2 construction works and station reconfiguration.

Viability, delivery partners and mechanisms

- Enhancements to historic buildings and shop fronts – mainly in private hands, therefore mainly a facilitation role. Likely that value of buildings will rise with nearby regeneration,

meaning it is likely that there will be opportunities will emerge during the plan period, with activity likely to increase towards end of plan period.

- New open space: to be secured as part of HS2 Bill, funded through HS2. Delivery towards end of plan period following HS2 construction.
- Drummond Street/Cobourg Street pedestrianisation: Pedestrianisation/ local traffic only in the Drummond Street/ Euston Street area: implemented by LB Camden, funded by Camden/ HS2. Delivery towards end of plan period following HS2 construction.
- Public realm/ transport works to Hampstead Road: Likely to be funded through TfL and Camden transport budgets? Delivery would be towards end of the plan period following HS2 construction.

Town Planning

- 9.50 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area, its high transport accessibility and its sustainable economic location in the terms of the NPPF.

Phasing

- Other sites along Hampstead Road: as opportunities emerge during plan period.
- A new development block fronting onto St James's Gardens: towards end of plan period following construction of HS2

Medium term (2019 – 2024)

Hampstead Road sites

Development block fronting St James Gardens

Long term (2024+)

National Temperance Hospital

Frontage on the west side of Cobourg Street, located between Drummond Street and Euston Street: towards end of plan period, following construction of HS2.

Regents Park Estate

Delivery strategy

- 9.51 The shorter term need to accommodate housing to replace that lost due to the construction of HS2 necessitates the consideration of longer term aspirations and requirements for Regents Park Estate and its function as a whole. Camden Council will work with local residents and businesses to test the fit of this approach with their aspirations and also options for the amount, type and range of housing possible at Regents Park Estate.

Site Availability

- 9.52 The potential for replacement, infill and new housing opportunities will be investigated with local residents.

Viability and funding

- 9.53 There is ongoing and well established market demand and need for housing in London, the London Borough of Camden and the Euston and Camden Town Areas. The resultant values have been used to underpin market led residential developments as well as mixed tenure approaches to estate renewal in across Camden. Affordable Housing and CIL Viability Studies at the London wide and Borough level have evidenced the viability of residential development under policy requirements.
- 9.54 Further work to test viability and funding will be required following more detailed feasibility testing and consultation with residents.

Town Planning

- 9.55 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area, its high transport accessibility and its sustainable economic location in the terms of the NPPF and its existing residential use.

Delivery partners and mechanisms

- Regents Park Estate: Camden Council will be the key delivery agent and their Community Investment Programme will be the key delivery mechanism. Further feasibility work and community involvement will be required to test the potential in more detail.
- Shop front improvements: Opportunities to secure funding from Lottery Funding, as mitigation from HS2 or support through the Regents Park CIP work.

Phasing

- 9.56 In order to provide replacement housing at Regents Park Estate shorter term development of infill sites, as shown in figure 4.8 will be required. The remainder of the potential opportunities would be expected to be a longer term project.

Short term (2013 – 2018)

Regents Park Estate infill sites

Medium term (2019 – 2024) - Long term (2024+)

Opportunities at Regents Park Estate

Ampthill

Delivery strategy

- 9.57 The shorter term need to accommodate housing to replace that lost due to the construction of HS2 necessitates the consideration of longer term aspirations and requirements for Regents Park Estate. Due to the pressing need to find locations where development can be quickly progressed in the local area, infill sites at Ampthill may need to be utilised to help with this. Camden Council will work with local residents and businesses to test options for the amount, type and range of housing possible at Ampthill Estate.

Site Availability

- 9.58 Infill opportunities along the railway edge could be made available as a result of the HS2 works.

Viability and funding

- 9.59 There is ongoing and well established market demand and need for housing in London, the London Borough of Camden and the Euston and Camden Town Areas. The resultant values have been used to underpin market led residential developments as well as mixed tenure approaches to estate renewal in across Camden. Affordable Housing and CIL Viability Studies at the London wide and Borough level have evidenced the viability of residential development under policy requirements.
- 9.60 Further work to test viability and funding will be required following more detailed feasibility testing and consultation with residents.

Delivery partners and mechanisms

- 9.61 Camden Council will be the key delivery agent and their Community Investment Programme will be the key delivery mechanism. Further feasibility work and community involvement will be required to test the potential in more detail.

Town Planning

- 9.62 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area, its high transport accessibility and its sustainable economic location in the terms of the NPPF and its existing residential use.

Phasing

- 9.63 In order to help replace Camden's housing potentially lost due to HS2 construction at Regents Park Estate, sites within Amptill capable of delivery in the shorter term may be prioritised for this purpose..

Short term (2013 – 2018)

Amptill new residential opportunity sites

Medium term (2019 – 2024) - Long term (2024+)

Amptill potential long term residential development – this could be fast tracked.

West Somers Town

Delivery strategy

A planned approach

- 9.64 This area is included in Camden Council's Somers Town Community Investment programme. A regeneration strategy developed to use the land assets to address the priorities of local people including new housing, community safety access to jobs and training and open space has been approved by Camden Council. At the same time the Somers Town Neighbourhood Planning Forum are working towards developing a plan for Somers Town and Amptill. The Forum seeks to promote sustainable development in the neighbourhoods of Somers Town and it is hoped that the key principles contained in this document will aid the delivery of the objectives of the forum. Camden Council will continue to liaise with residents of Churchway to discuss future options for the estate.

Site Availability

- 9.65 The potential to renew or intensify housing in this area will be investigated with residents.

Viability, delivery partners and mechanisms

- Churchway: Camden Council will be the key delivery agent for any potential renewal or intensification of the Churchway Estate and their Community Investment Programme could be a key delivery mechanism if opportunities are progressed. Further feasibility work and community involvement will be required to test the potential in more detail and to identify potential sources of funding or delivery partners.
- Drummond Crescent: The site is currently owned and used by the Metropolitan Police Authority. The Department for Education through the Education Funding Agency (EFA) are working with Camden Council and HS2 to discuss the delivery of the relocation of Maria Fidelis School to this site. Funding for building the school has been committed by the EFA and discussions to fund site acquisition are ongoing.

- Crossrail 2: TfL and DfT are progressing this scheme and it is expected would secure appropriate funding mainly through Government sources.
- Shop front improvements: Opportunities to secure funding from Lottery Funding, as mitigation from HS2 if impacts on existing shops are identified or support through the Somers Town CIP work.

Town Planning

- 9.66 The case for securing planning is based in the London Plan designation of Euston as an Opportunity Area, its high transport accessibility and its sustainable economic location in the terms of the NPPF and its existing residential use.

Phasing

- 9.67 The delivery of a combined Maria Fidelis School at the Phoenix Road/ Drummond Crescent site is required in the short term to allow for consolidation to occur prior to the commencement of the construction of HS2.

Short term (2013 – 2018)

Drummond Crescent site

Medium term (2019 – 2024) -

Redevelopment of Churchway Estate

Long term (2024+)

Crossrail 2

10. The Delivery Case

Introduction

- 10.1 The purpose of this section is to review the prospects and case for the over-site development opportunity associated with a new HS2 station and replacement Network Rail station at Euston in Central London. While the economic and sectoral opportunities identified by the report are generally applicable, securing higher value employment and realising the full potential of the knowledge economy at Euston is more likely with a more comprehensive scheme. Research and development activities and larger corporate occupiers in particular are likely to seek high quality property types that can be tailored to their needs and set within a high quality, mixed-use environment with a strong and integrated public realm. There is significant pre-existing demand for mainstream central London employment and knowledge economy space in the area and strong evidence of future demand. A comprehensive scheme will also secure significant regeneration and place-making gains for adjacent areas.
- 10.2 A number of over-site schemes prepared through the EAP team masterplanning as part of the Euston Action Plan have been considered in parallel to the development of this economic vision. These focus on development at and above the immediate rail station environment and over existing and proposed HS2 rail alignments. These have identified significant economic and housing potential associated with over-site development and a transformational scheme at this gateway to Central London.
- 10.3 A broad assessment of market viability and public investment requirements to enable comprehensive development suggests that a comprehensive scheme would meet and exceeds typical public investment criteria for development and regeneration schemes. Substantial economic, employment, housing and fiscal benefits can be expected.
- 10.4 It is considered that a smaller scale, non-transformational or piecemeal approaches to the major development opportunity at Euston would have a lesser gross impact and also diminishing proportional returns because development framework and quality of place issues will be incompletely addressed. This will potentially present economic, employment, housing and fiscal opportunity costs to London and the UK economy.

Euston is a Once in a Generation Opportunity

- 10.5 Euston station lies in one of the most enviable investment locations in London, the UK and Europe. It is surrounded by:

- High value West End and Holborn office markets,
 - A global centre of the knowledge sector at Bloomsbury and the Euston Road, anchored by businesses as well as UCL, the University of London, UCL Hospital and the Wellcome Trust
 - An international destination for inward investment by next generation corporations, at Kings Cross on one hand and Regents Place on the other;
 - One of the world's great urban open spaces at Regent's Park;
 - A high visibility central London gateway location based on national and regional rail assets on the A40/Euston Road corridor.
 - High value residential neighbourhoods at Bloomsbury, Regents Park, Kentish Town and Camden Town.
- 10.6 There is the potential to essentially create new 'land' for development at Euston. This is an opportunity to fill in, and complete one of the most dynamic urban locations in Europe. The delivery of a new HS2 station along with the potential for a wider redevelopment of the existing station can address the physical gap and poor quality built fabric of rail infrastructure and facilities at Euston Station. A high value development and public realm fabric can be established that will support a transformational scheme.

A Deliverable Vision: A New Landmark UK Economic Hub

- 10.7 The Euston Economic Vision identified by this report sets out strong prospects for a combined commercial office and knowledge sector economic base. West End and Mid-Town growth in business and financial services, digital media and creative industry growth from Soho and Bloomsbury is projected.
- 10.8 Commercial Office floor-space absorption trends in the West End and Mid Town along with investor and stakeholder market testing have evidenced long term demand for higher value space in this area by UK and international occupiers. Euston also presents an ideal location for future UK inward investment opportunities. Recent years has seen Gazprom arrive at Regent's Place and Google commit to Kings Cross. New HS2 service and facilities will transform the identity, image, quality of place to create a highly marketable destination for international audiences.
- 10.9 For higher education and health sector in particular, where proximity is premium factor, Euston provides an opportunity for expansion close to anchor facilities. Expansion of the core higher education and health services and research from the Euston Road and Bloomsbury are the drivers for Euston. The international prominence of UCL, UCLH and the University of London, and the importance and appeal of their central London location to national and international students and staff anchors a future source of demand.

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- 10.10 Beyond larger occupiers a wide range of corporate spin outs, research commercialisation and local start-up and incubator operations will add diversity and flavour to an intensely mixed use district. An existing public and institutional organisational structure enhances individual investments. Most recently UCL and the BBC have announced the location of a technology hub in the area.
- 10.11 The potential average annual absorption of employment and related floor-space in the Euston Area is 10-15,000 SQM per year. Lease values and recent land transactions indicate that commercial development would be viable in the Euston area under typical circumstances.
- 10.12 Existing and new residents will join workers and the increase in rail passengers to support new and reconfigured retailing.
- 10.13 Independent research has identified development demand and potential across all major sectors. This demand can be captured to steer a full range of central London development trends into an immediately adjacent area. More than 180,000 SQM of commercial and employment space has been projected. Market analysis indicates the scale of development that could be absorbed can be transformational.
- 10.14 Delivery of this demand will also provide significant employment and training opportunities for local residents, many of whom currently have lives and socio-economic characteristics which are disconnected from the opportunities this central London location offers.
- 10.15 There is ongoing residential demand in Central and Inner London. Current prices are at high historic levels. Ongoing population and household growth is projected to continue in London for some time. Immediate access to employment and a full range of global city amenities can be expected to maintain residential demand in this area over the long term.
- 10.16 A transformational approach to rail infrastructure and facilities in the Euston area can create a scale and mix of uses that can contribute to the long term value and economy of Camden, London and the UK economy. This will enable the transformation of the public realm, image and identity of Euston Station, replacing poor quality facilities which have constrained investment in adjacent areas for decades.
- 10.17 The comprehensive approach also identifies a place-making scheme that will fundamentally transform Euston, with a focus on overcoming physical barriers rail infrastructure presents, creating a new framework for East-West connections between
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Regents Park and Kings Cross and enhancing the quality of the public realm, image and identity of the Euston Area.

Why a Transformational Approach is Required

- 10.18 The scale and extent of transformation has important implications for the delivery of these benefits. Full economic outcomes will not necessarily be achieved on a proportional basis for a smaller and more limited scheme.
- 10.19 Euston is currently faced by a number of constraints on development, many of which are the direct result of existing station facilities. Key factors include: large, aging, poor quality and inactive frontage buildings along Cobourg and Eversholt Street; the lack of east west connections between the existing station frontage and Hampstead Road to the north; overly functional servicing and access arrangements and extensive roofing structures covering platforms.
- 10.20 Euston Action Plan (EAP) concepts developed by the GLA and LB Camden addressing the proposed HS2 station area and the existing Euston Station have included the following components:
- A comprehensive and integrated approach to redevelopment at the Euston Road frontage;
 - A new north-south public connection at the centre of the new combined station facilities;
 - New East-west connections on axis with: Drummond Street; Robert Street/Phoenix Road and Polygon Road
 - New public open spaces to the north of the station frontage
 - A new public open space along Cardington Street;
 - A new public spaces and public realm above rail tracks to south of Hampstead Road;
 - A series of over-site development blocks at over-site frontage locations on Cardington Street and Eversholt Street as well as new over-site frontages created by the new east-west and north south connections above.
- 10.21 The intention of this masterplan approach is to overcome the existing constraints and seek a complete and integrated approach to development, movement and public realm, with a mutually reinforcing quality that transforms the role, density, image and identity of this location. The identified scale, coherence and contiguity of this approach is important to meeting these requirements in a location which is currently undermined by the immediate impact and quality of transport facilities.

- 10.22 A number of large scale and rail terminal oriented schemes provide reference points for the scale of development that is required in order to leverage the value of transport infrastructure and secure both development investment and long term commitment from occupiers.

<u>Station Scheme</u>	<u>Total Office Floorspace</u>
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King's Cross	300,000sqm
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Liverpool Street	400,000sqm
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Paddington	300,000sqm
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London Bridge	270,000sqm
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Victoria	135,000sqm
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- 10.23 In each case building footprints and floorplates have been matched by transformational investment in connections to stations, the quality of the public realm of streets and open spaces and pedestrian connections.
- 10.24 It is recommended that the extent of over-site development be maximised in order to provide multiple development locations, an integrated and comprehensive development environment and settings for high quality buildings.

The Economic Case for a Transformational Scheme

- 10.25 Major public investment will occur in the Euston area if HS2 rail services and station facilities are delivered. This has the potential to be matched by major investment in the existing Euston Station. Together this will represent one of the largest single public sector investments in London and the UK. The scale of this investment has the potential to fundamentally change the level of private and institutional investment in Euston.
- 10.26 There is the potential to leverage the full economic, housing and place-making value of this investment at and above station and rail facilities south of Hampstead Road. Capacity models have continued to evolve during the Summer of 2013. While it is not possible to identify specific block by block outputs given ongoing identification of construction constraints and evolution of design and engineering concepts, the following order of magnitude potential has been identified through further development of the masterplan approach during the Summer of 2013. The high level masterplanning work carried out by EAP officers has progressed to reflect the range of station redevelopment potential options more clearly, which are (1) comprehensive station redevelopment which lowers tracks and platforms; (2) new HS2 station alongside retained Euston station; and (3)

redevelopment Euston Station on the existing footprint to ensure the plan is flexible and can deal with the uncertainties around eventual station design:

- Between 9,000 and 15,500 jobs
- Up to 300,000 SQM of employment space
- Between 2,400 and 3,300 homes associated with station and over-site development to the north and a potential further 500 homes associated with housing intensification across the wider area
- Gross Value Added of employment of more than £950 million per year
- Business rates and council tax revenue of £10m + per year

10.27 Specific outputs will be dependent on resolution of development capacities and the mix of uses within them.

10.28 Additional economic benefits include the economic value of central London employment agglomeration, the efficiency of allowing proximate institutional growth among higher education and health sectors and equity considerations of addressing socio-economic deprivation and housing need in the Euston Area. Each will help leverage and achieve the full value of forthcoming rail service and facility investment.

Meeting Viability and Public Investment Thresholds

10.29 While there is substantial impetus to a transformational scheme at Euston, there are challenges to delivering over-site development. An assessment of viability issues has been carried out against the various EAP masterplan concepts and development capacities evolved by the GLA and LB Camden.

10.30 Over-site development will essentially create new 'land' for development in central London in a location where it does not currently exist. Land with development opportunity in central London has a significant value. However, there is a cost to creating the over-site development opportunity, which will impact the receipts it will secure if it is a cost to the developer. However, there is evidence to suggest these financial challenges are of a scale that can be resolved and managed by the public sector rather than being prohibitive to the scheme at this stage.

10.31 The cost of structural components required to support development above rail facilities, and the cost of development itself, is substantial. The ability to increase development densities is constrained by view corridor, conservation area and other Town Planning requirements. There are also costs, or reduced receipts, associated with affordable housing requirements.

- 10.32 However, early assessments based on the information that has emerged to date indicate the scheme is sufficiently close to viability to justify pursuit of a transformational scheme and investigation of ways to address the gap. The higher end development ranges identified by ongoing masterplanning and capacity analysis carried out by EAP officers would enhance prospects of deliverability. On-going viability assessment as schemes are further refined is recommended.
- 10.33 While there may be gross cost considerations, it is indicated these are within the tolerances for further investigation and funding criteria of regeneration funding programmes such as Growth Area Funding, the Regional Growth Fund, Growing Places Fund and the London Growth Fund. Such investment should also be considered in the context of the scale of wider economic, employment and regeneration benefits of a transformational the scheme. Further investigation of transformational schemes is required.

Strategies to Enhance Viability Further

- 10.34 This analysis has been carried out with review of a range of on-going conceptual masterplans and development capacity studies prepared for the EAP by the GLA and LB Camden and also parallel and rapidly evolving and work-in-progress HS2 focused station designs being led by HS2 in the January to April 2013 period.
- 10.35 Further refinement of development capacities by Camden Council has continued during the Summer of 2013 since the initial draft EAP, based on adapting the new HS2 station design scheme, was published. The high level masterplanning work carried out by EAP officers has progressed to reflect the range of station redevelopment potential options more clearly, which are (1) comprehensive station redevelopment which lowers tracks and platforms; (2) new HS2 station alongside retained Euston station; and (3) redevelopment Euston Station on the existing footprint to ensure the plan is flexible and can deal with the uncertainties around eventual station design. There remain a number of moving parts as evolution of rail station requirements has continued. This analysis is based on information available at the time of writing. However, it is possible to identify immediate and medium term strategies that can enhance viability. These include:
- A comprehensive design brief that treats HS2 and Network Rail station facilities as a single project and identifies integrated solutions to station and over-site requirements;
 - Isolation of net structural costs over and above those for station and rail facility foundations and column structures, to establish net over site development costs;
 - Investigation of a public-private delivery structure to reduce profit requirements on costs;

- Directly linking repayment of any public subsidy to the uplift in business rates and Council Tax associated with the scheme.

10.36 London's residential values have continued to rise during 2013 in all residential market classes. While this analysis has taken a conservative approach relating to current values found in the area, the potential to secure higher comparative values in the future would also improve the viability of residential components. The delivery of a comprehensive scheme in a high quality manner addressing both buildings and their setting and removing the negative impacts of the current station form provides the possibility of an uplift in residential values beyond current values, and allowing inclusion residential development in higher residential market categories, strengthening the delivery profile.

A Limited Scheme Will have Diminishing Returns

- 10.37 The value of a transformational approach in a context such as Euston cannot be wholly disaggregated. Creating floorspace will not be sufficient to achieve full economic gains in the absence of a substantial and high quality new setting and context for development. Euston's wider physical constraints will need to be addressed at the same time to address the context of any new investment.
- 10.38 In order to realise full economic benefits a large scale and transformational approach will be required that can create floorspace and also provide a new, high quality public realm, connectivity and amenities. Investors, developers and occupiers now seek vibrant, mixed use places with activity throughout the day and evening. The ability to address and lift the entire environment is now a requirement for development interests.
- 10.39 There is a risk at Euston that a reduced or piecemeal scheme will not be of sufficient scale to overcome and counteract existing constraints and their impact on image, identity and investment value these have.
- 10.40 At the same time, a scheme limited to areas of least technical constraint will not necessarily create opportunities at the best locations or offer the potential for strong, cohesive building and public realm arrangements or the most leasable floor plates. This is particularly the case where relatively isolated clusters might have close adjacencies with or directly overlook freight facilities, large expanses of station roof or multiple rail lines.
- 10.41 These factors will inevitably reduce lease and transactions values, again reducing private sector investment interest and weakening viability.

Conclusion

10.42 Based on the above, it is strongly recommended that a comprehensive and transformational approach to the delivery of the Euston Action Plan be pursued. This includes:

- Design integration of new HS2 and redevelopment of existing Euston Station facilities;
- Consideration of the entire joint potential rail related estate and over-site development in a cohesive manner;
- Maximisation of the over-site development scheme, subject to Town Planning, that provides sufficient scale to be both transformative, and achieve full economic benefits, higher values and full socio-economic and physical regeneration benefits;
- Identification of focus areas for new development that respond best to the city fabric and also offer the greatest potential for cohesive development zones;
- On-going refinement of viability considerations as rail facility, structural deck and over-site development capacities are developed further.

Note: This analysis has been provided on the basis of preliminary assessments of development locations, footprints and floorspace capacities provided by EAP officers. Development density and employment density assumptions have been made. All schemes reviewed will be subject to Town Planning and Policy considerations. Gross unit costs for structural elements have also been provided by others based on broad types of structure. Viability considerations are preliminary and represent an assessment reflecting the level of specification available at the time this report was prepared.