

Camden Council CAMDEN EMPLOYMENT LAND REVIEW



ROGER TYM & PARTNERS
Planners and Development Economists

Final Report

June 2008

ROGER TYM & PARTNERS

Fairfax House
15 Fulwood Place
London WC1V 6HU

t (020) 7831 2711
f (020) 7831 7653
e london@tymconsult.com
w www.tymconsult.com

This document is formatted for double-sided printing.

CONTENTS

1	INTRODUCTION.....	1
2	THE POLICY CONTEXT	3
	National Planning Policy	3
	Regional Planning Policy	5
	Local Policy.....	10
	Conclusions	13
3	CAMDEN'S INDUSTRIAL AND OFFICE ECONOMIES	15
	Introduction	15
	Office Activities	16
	Industrial/Warehousing Activities	19
	The Nature of Industrial Jobs	25
	Conclusions	33
4	THE OFFICE MARKET	35
	Introduction	35
	The Stock.....	35
	The Central London Area.....	36
	Camden Town	45
	The Outer Borough	46
5	THE INDUSTRIAL/WAREHOUSE MARKET	51
	Introduction	51
	The stock and its occupiers	51
	Demand, Supply and Market Balance.....	53
	Conclusions	54
6	EMPLOYMENT SITES	57
	Introduction	57
	Office Sites	61
	Industrial Areas.....	67
	Industrial Sites	73
7	DEMAND AND SUPPLY TO 2026.....	82
	Introduction	82
	Demand 2006-26	82
	Planned Supply 2006.....	85
	Market Balance.....	89
8	CONCLUSIONS.....	93
	The Quantity of Land	93
	Offices	94
	Industry and Warehousing	94

APPENDIX 1 DEFINITION OF EMPLOYMENT LAND USES
APPENDIX 2 OCCUPIER REQUIREMENTS
APPENDIX 3 2004 BUSINESS SURVEY FINDINGS

1 INTRODUCTION

- 1.1 This study was commissioned by Camden Council to assess the future demand for employment land, compare it with the land supply provided under current planning policies and make policy recommendations accordingly. The study will form part of the evidence base for the Council's emerging Local Development Framework (LDF) and inform specific planning decisions. In particular, it will suggest how far existing employment sites should be safeguarded from redevelopment for other uses, whether more land should be identified for employment uses and what other employment land policies might be included in the LDF.
- 1.2 The study deals with two broad land uses, industry/warehousing and offices¹. These uses are subject to very different trends and raise very different policy issues.
- 1.3 Industrial and warehousing employment in Camden, and inner London generally, have been in decline for many years as the structure of the economy has changed and higher-value uses such as housing and offices have competed for the available land. Camden's current Unitary Development Plan (UDP) aims to protect the remaining industrial/warehousing sites against this competition. Major questions for the present study relate to whether, and how, this objective should be taken forward in the new Local Development Framework, which will replace the UDP. In analysing these questions, the study updates and extends an earlier study, carried out by Roger Tym & Partners with King Sturge in 2004, which was used in evidence at the UDP Inquiry².
- 1.4 Offices, in contrast, are a large and growing sector in Camden and especially in the Borough's southern section, which forms part of Central London's office core. Current strategic planning policy, led by the Mayor of London, sees office-based sectors such as financial and business services as key drivers of London's economic growth and competitiveness. It requires the boroughs to support the development of these sectors and remove any constraints which planning policy may be placing in their way. A key question for this study is how Camden Council can do this.
- 1.5 Following this introduction, Chapters 2-5 describe the current position, providing the baseline and starting point for the futures analysis that is to follow:
- Chapter 2 briefly reviews the current policy context.
 - Chapter 3 profiles the economic activities that drive the demand for employment space in Camden.
 - Chapters 4 and 5 analyse the markets for offices and industrial/warehousing space respectively, to assess the demand for employment space and the current market balance between demand and supply.
 - Chapter 6 provides a qualitative assessment of sites identified for employment in the Unitary Development Plan.
- 1.6 Chapter 7 takes forward the analysis of demand and supply to the planning period 2006-26, forecasting the demand for employment land and comparing it with the supply currently identified and proposed. Finally Chapter 8 provides conclusions and recommendations.

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

² London Borough of Camden, Industrial and Warehousing Land Demand, Roger Tym & Partners, 2004

2 THE POLICY CONTEXT

- 2.1 In this chapter, we briefly review the strategic policies to which Camden's employment land policies need to conform and the current local policies which the Council needs to reconsider. This discussion sets the scene for our later analysis, identifying factors we need to take into account and questions we need to answer to provide useful policy guidance.

National Planning Policy

PPG 4 and the White Paper

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

PPS 4

- 2.5 The consultation draft of the new national Planning Policy Statement 4, Planning for Sustainable Economic Development, was published in December 2007. The Ministerial Foreword states the key objectives of the new guidance:
- ‘This draft Planning Policy Statement aims to... provide the tools for regional planning bodies and local planning authorities to plan effectively and proactively for economic growth... As a result of this new policy, regional and local planning bodies will support economic development by ensuring that they understand and take into account what their economies need to remain competitive [and that they are] responsive to the needs of business and factor in the benefits of economic development alongside environmental and social factors.’
- 2.6 Paragraph 9 of PPS 4 states the same objective more succinctly:
- ‘The Government wants planning policy to support economic growth.’
- 2.7 To pursue this objective, the draft says that regional planning bodies and local planning authorities should:
- Use evidence to *plan positively* to meet current business needs and future changes, and in particular:
 - Undertake employment land reviews to assess the supply and demand for employment land;

- Where possible, carry out these reviews at the same time as housing land assessments, to ensure that competing land uses are considered together;
- Use a wide evidence base, including market information and economic data;
- Plan to accommodate and support existing economic sectors, new or emerging sectors, clustering and knowledge-based and high-technology sectors;
- Locate key distribution networks and freight-generating developments so as to minimise carbon emissions;
- Aim to locate larger office developments in town centres on edge-of-centre sites, consistent with the sequential approach in PPS 6, except where offices are ancillary to other economic activities located elsewhere;
- Where appropriate, collaborate with other authorities;
- Where markets cross administrative boundaries, plan on a sub-regional basis;
- Recognise the needs of business, providing the *flexibility* to cater for varied and unforeseen needs, and in particular:
 - Use criteria-based policies to identify new employment sites and where necessary to safeguard existing employment sites from other uses;
 - Wherever possible avoid designating sites for single or restricted use classes;
 - Cater for start-up and SME accommodation as well as larger units and consider how the authority can deliver development, using interventions such as land assembly;
 - Avoid carrying forward existing allocations; if there is no reasonable prospect of a site being used for economic development during the plan period, it should be actively considered for other uses;
- Aim for *effective and efficient use of land*, in particular:
 - Use market signals in plan-making and decision-taking: 'planning authorities should take into account price differentials between land allocated to different use classes, when deciding on the most productive use of land';
 - Prioritise previously developed land and encourage new uses for vacant and derelict buildings;
 - Take a constructive approach to change of use where there is no likelihood of demonstrable harm;
 - Set maximum parking standards for non-residential development at the local level.
- Secure *a high-quality and sustainable environment*, in particular:
 - Seek to ensure economic development is of high quality and inclusive design and addresses climate change and the natural and historic environment.
- Take *a positive approach to development control*, in particular:
 - Where proposals do not have the specific support of plan policies, assess them using a range of evidence and consider them favourably unless there is good reason to believe that the economic, social and/or environmental costs of development are likely to outweigh the benefits;
 - (Where proposals accord with the plan, they should normally be approved.)
 - Ensure that development control decisions take full account of the benefits of development;
 - Hold early discussion with developers about major or controversial proposals;

- When refusing planning applications, set out clear reasons why.

Shifting Employment Sites to Housing

- 2.8 Reflecting the increasing priority given to housing over other land uses, Planning Policy Guidance (PPG) 3, Housing, was amended in January 2005 to encourage the release of redundant employment sites, so that they can be redeveloped for housing. A new paragraph 42(a) stated that:
- 'Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use.'
 - However, employment sites should still be safeguarded for employment 'if it can be demonstrated, preferably through an up-to-date review of employment land, ([see] Employment Land Reviews: Guidance Note' ODPM 2004):
 - that there is a realistic prospect of the allocation being taken up for [employment] use in the plan period; or
 - that its development for housing would undermine regional and local strategies for economic development and regeneration.'
- 2.9 This guidance was cancelled when Planning Policy Statement (PPS) 3, Housing, replaced PPG 3 on 29 November 2006. The new PPS notes that:
- 'Options for accommodating new housing growth... may include, for example, re-use of vacant and derelict sites or industrial and commercial sites for providing housing as part of mixed-use town centre development.' (paragraph 38)
 - Local Development Documents should aim to bring previously developed land into housing use, including by 'considering whether sites that are currently allocated for industrial or commercial use could be more appropriately re-allocated for housing development'.
- 2.10 This is similar to the guidance previously set out in PPG 3, before addition of the now cancelled paragraph 42(a). Under current government policy, therefore, planning authorities when reviewing their development plans should consider whether some land hitherto allocated for employment might be better used for housing or mixed-use development. But there is no presumption in favour of housing over employment and no tests that sites have to pass in order to be safeguarded for employment.

Regional Planning Policy

The London Plan

Introduction

- 2.11 The London Plan sets out the Mayor's spatial strategy, to which individual boroughs' planning policies are required to be in broad conformity. The original London Plan was published in 2004. The current version of the Plan, published in February 2008³, incorporates two sets of subsequent changes, the Early Alterations (2006) and the Further Alterations (2008).
- 2.12 The Introduction to the Plan notes (our italics):
- The Mayor believes that London's future will be significantly shaped by a number of factors driving change... *The most significant of these, at least for a spatial development strategy, is the projected rapid growth of people and jobs*, driven by powerful market and demographic forces... *The London Plan cannot realistically*

³ Mayor of London, The London Plan, Spatial Development Strategy for Greater London Consolidated with Alterations since 2004, February 2008

reverse these strong, deep-rooted factors driving change, nor does the Mayor wish it to do so. This plan sets out policies to accommodate that growth in a sustainable way, within London's own boundaries and without encroaching on London's precious green spaces ...

'The central message of this plan [is] that London must fulfil its potential as a world city in the national interest as well as that of Londoners. Accommodating the anticipated growth in London will be beneficial both to London and the rest of the UK. This plan seeks to work with the market and to address the potential supply side constraints.'

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

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

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

- 2.14 With regard to future economic and employment growth, supporting text in the Introduction states:

'Deeply rooted changes in international and UK economies and society have led to the persistence of strong structural trends over a period of three decades; the central forecast for the purposes of this revised plan is the continuation of these trends. The net growth in jobs in London 2006-2026 is projected as 912,000. The key sectoral projections that determine the total are set out in accompanying technical papers. These projections are the most authoritative currently available. However they are still only indicative and may over or underestimate the employment growth which could take place in some parts of London. It is not the intention to constrain growth and it should be fostered and provided for in accordance with the policies set out in this plan: they, and the variables which inform them, will be monitored closely.

The finance and business services sector stands out... owing to its exposure to increased global openness and technological change, its contribution to GDP and its ongoing dynamism... The sector is projected to make the most significant contribution to economic growth in London over the next 20 years with around 605,000 further jobs, 66 per cent of the net growth... Conversely, primary/utilities and manufacturing sectors are expected to decline.'

Spatial Strategy

- 2.15 Chapter 2 of the Plan sets out the Mayor's overall spatial strategy. Policy 2A.3 puts forward a new sub-regional structure, based on five wedge-shaped radial sub-regions. The 2004 Plan's Central sub-region, of which Camden was part, in the new structure is split between these wedges. Camden is part of the North sub-region. In the deposit draft of the Further Alterations, as in the 2004 Plan, the Mayor, working with the boroughs and other partners, was to draw up Sub-Regional Development Frameworks (SRDFs) for each sub-region, revising the existing SRDFs. But further amendments have turned the new SRDFs into Sub-Regional Implementation Frameworks (SRIFs), which, as their name suggests, will be about delivery rather than policy-making.

- 2.16 Overlaid on the new sub-regional structure is the Central Activities Zone (CAZ), which was already in the 2004 Plan but in the current Plan has a revised boundary. Policy 2A.4 states:

'The Mayor will and boroughs should use the CAZ boundary shown diagrammatically in Map 5G.1 as the basis for coordinating policy to address the unique issues facing the Zone. The detailed boundary should be defined in DPDs. The Mayor will work closely with boroughs and other stakeholders to prepare a framework to secure the most appropriate development of the Zone.'

- 2.17 In Camden, the CAZ, as shown in the diagrammatic map, covers all of the area south of the Euston Road plus, to the north of it, Kings Cross, Euston and the Camden section of Regent's Park.
- 2.18 Further building blocks of the Plan's spatial strategy are Opportunity Areas, Areas for Intensification and Areas for Regeneration. As set out at Policies 2A.5-2A.7 of the Plan, Opportunity Areas are intended for large-scale new development for housing, employment and other uses. Areas for Intensification are intended for redevelopment to increase employment and other uses, through higher densities and more mixed and intensive use. Areas for Regeneration are deprived areas, in which the Plan proposes 'sustained renewal by prioritising [the areas] for action and investment' in pursuit of the Government objective that 'no one should be seriously disadvantaged by where they live within 5-15 years'.
- 2.19 In Camden, the Plan identifies Opportunity Areas at Euston, Kings Cross and Tottenham Court Road (shared with Westminster) and Areas for Intensification at Holborn and the West Hampstead Interchange. Areas for Regeneration cover the 20% most deprived wards in London, as measured by the Index of Multiple Deprivation, and include parts of Camden, as shown at Map2A.2.
- 2.20 Finally, the Plan at Policy 2A.10 says that the boroughs should identify Strategic Industrial Locations (SILs) - a new name for the Strategic Employment Locations of the 2004 London Plan. Policy for SILs is discussed in the next section.

Working in London

- 2.21 Section 3B of the Plan, Working in London, provides the Mayors' employment land policies. It begins with Policy 3B.1, Developing London's Economy, which reads in part:
- 'The Mayor will work with strategic partners to support and to develop London's economy as one of the three world cities. He will seek a range of workspaces of different types, sizes and costs to meet the needs of different sectors of the economy and firms of different types and sizes and to remove supply side blockages for key sectors, including the finance and business services sector.'
- 2.22 Supporting text in Section B5 introduces employment projections for London, including breakdowns by sub-region and activity sector which are translated into forecasts of office space demand. It states that these projections, while inevitably subject to error, are the best available.
- 'The net overall growth in jobs [London-wide in 2006-26] could be 912,000. Given the dominance of the office-based business sector..., the availability of suitable office accommodation is a critical issue... The most robust proxy for net office demand is taken to be that defined by Roger Tym & Partners in the 2007 London Office Policy Review. On this basis, office based employment is projected to grow by 535,000 between 2006 and 2026...
- Research shows that the projection [in the 2004 Plan] is likely to be significantly above future need, [but] there is still pressure for further growth in the Central Activities Zone, where the main concentration of employment already exists and where a significant part of the market wishes to continue to locate.'
- 2.23 Further to this analysis of office requirement, Policy 3B.2 of the Plan states that the Mayor will seek both 'a significant increment to the current office stock' and 'the renovation and renewal of existing stock'. Boroughs should:
- 'Enhance the environment and offer of London's office locations;
 - Promote the provision of additional space and the rejuvenation of existing office space in CAZ;

- Develop strategies to manage long term, structural change in the office market beyond the CAZ, focusing on phased consolidation in strategically specified locations; and
 - Work... to bring forward and renew development capacity as efficiently as possible to avoid planning delays and facilitate site assembly, if necessary, through the compulsory purchase process’.
- 2.24 Policy 3B.3, Mixed Use Development, says that, within the Central Activities Zone and north of the Isle of Dogs (Canary Wharf), wherever increases in office floorspace are proposed they should provide for a mix of uses including housing, unless such a mix would demonstrably conflict with other policies in the Plan. The precise content of this mixed-use policy is left to individual boroughs, but supporting text states that the Mayor will closely monitor its implementation and issue Supplementary Planning Guidance about it.
- 2.25 The mixed-use policy is discussed further in Section 5G of the Plan, which deals with the CAZ, with supporting text explaining that the policy should be applied flexibly and in some cases ‘might be complemented by the concept of housing “swaps” or “credits” between appropriate sites within or beyond the CAZ’.
- 2.26 With regard to industrial/warehousing uses, the Plan notes that ‘industrial land in London accommodates not only manufacturing, where employment is projected to decline, but a range of other activities essential to London’s wider success’, and efficient logistics in particular is essential to London’s competitiveness. The Mayor’s aim is to release surplus industrial sites for other uses, while maintaining an appropriate supply to meet demand both in terms of quantity and qualitative requirements such as accessibility and clustering. Policy 3B.4, Industrial Locations, reads:
- ‘With strategic partners, the Mayor will promote, manage and where necessary protect the varied industrial offer of the Strategic Industrial Locations (SILs)... as London’s strategic reservoir of industrial capacity. Boroughs should identify SILs in DPDs, and develop local policies and criteria to manage Locally Significant and other, smaller industrial sites outside the SILs, having regard to:
- The locational strategy in Chapters 2 and 5 of this plan, Supplementary Planning Guidance and Sub Regional Development Frameworks;
 - Accessibility to the local workforce, public transport, walking and cycling and, where appropriate, freight movement;
 - Quality and fitness for purpose of sites;
 - The need for strategic and local provision for waste management, transport facilities, logistics and wholesale markets...;
 - Integrated strategic and local assessments of industrial demand to justify retention and inform release of industrial capacity in order to achieve efficient use of land.;
 - The potential for surplus industrial land (as defined in assessments) to help meet strategic and local requirements for a mix of other uses such as housing and social infrastructure and, where appropriate, contribute to town centre renewal.’
- 2.27 Camden does not figure in the list of Strategic Industrial Locations provided at Annex 2 of the Plan. In its new LDF, the Council will need to consider policies for Locally Significant and other smaller industrial sites.
- 2.28 The EiP Panel agreed with the Mayor’s approach to industrial land release, noting in particular that it is supported by a substantial evidence base and that Londoners, like everyone else, enjoy the benefits of the UK’s industrial decline through their consumption of cheap goods made in China. However, the Panel pointed out that it is not clear how the process of land release is to be monitored and managed and

stressed the urgent need for Supplementary Planning Guidance on this issue, which was already promised in the Plan. This Guidance has now been published, as we shall see.

- 2.29 Further policies in Section 3B seek to encourage knowledge-based and innovative activities and creative and environmental industries.

The North London Sub-Region and the CAZ

- 2.30 Strategic Priorities for North London in Policy 5B.1 include:

- 'Take advantage of the sub-region's exceptional access to the CAZ and to other growth and development areas to sustain relatively high levels of economic and population growth, especially in the CAZ and inner parts of the sub-region;
- Promote the contribution of the sub-region to London's world city role... ;
- Ensure that the optimum social, economic and accessibility benefits are derived from improvements in public transport capacity;
- Manage the reuse of surplus industrial land taking into account waste management requirements'.

- 2.31 Supporting text comments at length on Opportunity Areas and Areas for Intensification in North London and provides indicative figures on homes and jobs in these areas, but this guidance is not binding on the boroughs.

- 2.32 Finally as regards the Central Activities Zone, Policy 5G.3 Central Activities: Offices, states that the Mayor will and boroughs and other relevant agencies should 'recognise that CAZ is the country's most important strategic office location and ensure adequate capacity to meet future demand with supporting policies to enhance it as a globally attractive business location'.

- 2.33 Supporting text notes that 'the projected increase in office-based employment within CAZ could generate demand for nearly 3m sq m more office floorspace. There is adequate capacity to meet this in the short term in the area as a whole. However, this plan must ensure that capacity is not constrained for the longer term and that it can respond to the variety of needs of business within the Zone.'

- 2.34 The pre-eminence of the CAZ was hotly disputed at the Examination in Public on the Further Alterations, including by boroughs who would have liked to encourage more office development in outer London town centres. The Panel supported the Mayor's approach, based on a hierarchy of centres with different functions, and recommended no change to the Further Alterations, except that an early review of the Plan should consider the future role of the higher-order town centres, including their office potential.

Supplementary Planning Guidance: Industrial Capacity

- 2.35 Supplementary Planning Guidance (SPG) on Industrial Capacity was published in its final form in March 2008, further to drafts produced in 2003 and 2007. The SPG aims to guide implementation of Policies 2A.10 and 2B.4 of the London Plan, providing guidance both to ensure an adequate stock of industrial capacity and to plan, monitor and manage the release of surplus industrial land.

- 2.36 Using new research on land demand and supply⁴, the SPG sets out a London-wide benchmark of 814 ha of industrial land to be released in 2006-26. Of this total, 254 ha is a reduction in the required stock ('negative demand') and 560 ha results from a hoped-for reduction in vacant industrial land from 12.7% to 5% of the stock, resulting from more effective management.

⁴ Mayor of London, London Industrial Release Benchmarks, Prepared by URS Corporation Limited for the Greater London Authority, April 2007

- 2.37 The SPG breaks down the London-wide land release benchmark by sub-region and by five-year period, but not by borough, except for the North East and South East region, where the Mayor's consultants carried out additional research. The SPG says that the distribution of sub-regional figures between boroughs should be made in the process of preparing Sub-Regional Implementation Frameworks (SRIFs).
- 2.38 However, the SPG does provide some guidance for individual boroughs dividing them into three groups to reflect the pressure of demand for industrial uses. 'Managed transfer' boroughs have the most generous supply relative to demand and should allow managed release of industrial land to other uses. 'Restricted transfer' boroughs are at the other extreme, with an undersupply of industrial land and little or no land protected by SIL designations, and should adopt a more restrictive approach. 'Limited transfer' boroughs are in an intermediate position. Camden is in the restricted transfer category, suggesting that it should be especially wary of releasing industrial sites, though the SPG comments that restricted transfer status 'does not preclude the possibility of smaller-scale release where boroughs have made adequate provision of industrial land in their Development Planning Documents (DPDs)'.
- 2.39 Policies SPG 3 and SPG 4 state that boroughs in their DPDs should designate Locally Significant Industrial Sites and develop policies and criteria to manage other, smaller industrial sites, taking account of strategic and local assessments of demand, and having regard to qualitative criteria which are listed in supporting text.
- 2.40 Policy SPG 8, Industrial Capacity and Mixed-Use development, encourages boroughs and partners to consider whether industrial areas that have, or will have, good public transport accessibility, especially those within or on the edge of town centres, would be appropriate for higher density, mixed-use redevelopment. This redevelopment should not incur a significant net loss of industrial capacity or compromise the offer of competitive locations for industry, logistics, transport, utilities or waste management, and where necessary there should be 'robust and sensitive' industrial relocation arrangements to support redevelopment (Policy SPG 8).
- 2.41 Policy SG 9, Quality of Industrial Capacity, asks that boroughs and partners
- Encourage the redevelopment of industrial areas to 'enhance their offer as competitive locations attractive to modern industry'
 - Seek solutions which do not entail a net loss of industrial capacity,
 - Consider the use of planning agreements to secure London Plan objectives;
 - Make provision for bad neighbour uses in environmentally acceptable locations, normally within Principal Industrial Locations (which do not exist in Camden) and through good design ensure that they do not compromise the viability of other activities or the regeneration potential of the wider area.
- 2.42 Much of the SPG deals with issues which are not relevant to Camden, such as large-scale strategic distribution and Strategic Industrial Locations, and with land uses which are not covered in the present study, such as wholesale markets and utilities.

Local Policy

The Camden Unitary Development Plan

- 2.43 Camden's current UDP was adopted in June 2006. The Council's aims, stated in Part 1 of the document, include:
- 'Improving economic prosperity' and
 - 'Balancing the needs of residents with the Borough's London-wide role' (noting that 'conflicts can arise between development related to this role and those who live in the Borough').

2.44 Policy S13 of the UDP states:

‘The Council will seek to meet local and strategic economic needs by encouraging the development of a range of business to match the needs, skills and qualifications of the workforce and securing and retaining a choice of sites suitable for a range of office, industry and warehousing activities, including provision for small and traditional businesses.’

2.45 Policy S14 adds:

‘The Council will seek to retain existing business sites and encourage the expansion of business development in appropriate locations. The Council will seek to constrain and strengthen the strategic and international economic role of Central London in a manner compatible with the protection of local residential communities.’

2.46 In Part 2 of the UDP, Section 1 deals with Sustainable Development. Policy SD3 is the Camden version of the mixed-use policy in the London Plan. SD3 specifies that, in the Central London section of Camden and in the Borough’s larger town centres, ‘where a proposal would increase total gross [non-residential] floorspace by more than 200 sq m, the Council will expect a contribution to the supply of housing, and where appropriate will seek to negotiate up to 50% of gross additional floorspace as housing, except in Hatton Garden, where a smaller proportion may be accepted’. The policy goes on to list various factors that it will take into account in considering the mix of uses.

2.47 In justification of Policy SD3, the Plan argues that the incorporation of mixed use into individual developments can reduce the need for travel between homes, services and jobs; housing and other secondary uses can enhance the character of an area and increase safety & security; housing is a priority use because of the scale of housing need in the Borough; large parts of the Borough have a well-established mixed-use character that the Council seeks to retain and extend; and predominance of a single non-residential use, such as offices, is undesirable. Furthermore, the Central London Area and the large town centres, are the parts of the borough which have the best access to public transport, offer the best potential for a mix of uses and have a need for additional housing to provide a balance with commercial uses and to support shops, services and local amenities.

2.48 Policy SD5, Location of development with significant travel demand, sets out a sequential test for development that significantly increases travel demand. The highest preference is given to the Kings Cross Opportunity Area, Central London Area and Town Centres except for Hampstead, the second to the edges of Town Centres except for Hampstead and the third to other locations.

2.49 Section 7, Part 2, of the UDP deals with Economic Activities and states the Council’s aims as follows:

- To encourage the development of Camden as an economically successful place;
- To guide business development to appropriate locations in the Borough; and
- To provide for a range of business needs and to maximise job opportunities.

2.50 There are three main policies on economic activities.

2.51 Policy E1, Location of business uses, sets out criteria for the location of B-class development. For offices, the Council will grant planning permission in locations accessible by a choice of means of transport, following the principles of Policy SD5 above. For industry/warehousing and sui generis uses of a similar nature, the policy provides a list of criteria which favour the Industry, Kentish Town and Central London Areas, accessibility both by road and other modes, grouping of industrial uses and protection of residential amenity.

- 2.52 Policy E2, Retention of existing business uses, states that the Council will not grant permission for development that involves the loss of a business use on a site where there is potential for that use to continue. The policy lists criteria which the Council will consider, which are similar to those at Policy E1, but also include:
- ‘the retention of design features that enable flexible use, including use for light industry as part of schemes for the redevelopment or alteration of industrial premises for B1 purposes’.
- 2.53 Policy E2 adds:
- ‘Where the Council considers that the site does not have potential for continuation of existing business use, preference will be given to maintaining the site in an alternative business use, with a higher priority to retention for flexible space for B8 or B1 light industry than to provision of B1a offices. When a site is not suitable for continuation of any business use other than B1a offices as an exception to the general approach the Council may allow a change to other uses. In such cases, the Council will seek a change to permanent residential uses.. or community [uses].’
- 2.54 Policy E3, Specific business uses and areas, states that:
- In the Industry Area (between Kentish Town and Gospel Oak in and around the railway lands), the Council will not permit development that would prejudice the development of industry and warehousing in the Area.
 - In the Central London and Kentish Town Areas, the Council will not permit development that would prejudice these areas’ mixed-use character through the net loss of premises suitable for these uses.
 - The Council will permit development that provides accommodation for small firms and resist losses of this kind of accommodation.
 - The Council will seek to retain and promote creative and environmental industries.
- 2.55 Section 9 of the UDP is an Action Plan for the Kings Cross Opportunity Area and provides for a mixed-use development offering a broad mix of uses, which should include industry. We note, however, that the current permitted development does not provide any industrial space.
- 2.56 Finally, Section 11 provides the UDP’s schedule of land-use proposals. We will comment on those proposals which involve employment land uses in Chapters 4 and 5 below.
- 2.57 The above policies were tested at the inquiry into the draft UDP (December 2005). In particular, objectors argued that policies to protect industrial land should be more flexible, partly because ‘research... suggests that attempts to match job opportunities [to the] resident labour force are not usually effective’ and partly because housing should have higher priority, in line with PPG 3 (which, as noted earlier, has since been cancelled). The Inspector rejected these arguments, partly based on the earlier research on industrial demand which this study aims to update;
- ‘Camden has carried out a local survey and commissioned a demand assessment to inform these policies and their application. Whilst local jobs will not necessarily go to local people, they do provide for that opportunity, but they also add to the underlying employment structure of that sector in London.’⁵
- ‘... I consider that it is appropriate for the Council to seek to protect suitable employment land to contribute towards maintaining employment opportunities in the Borough for local residents... this helps reduce inequality, social exclusion and deprivation... In addition, Roger Tym & Partners and King Sturge were commissioned

⁵ The Planning Inspectorate, Camden Unitary Development Plan, Report of Public Local Inquiry into Objections, 7 December 2005, page 2.

to conduct a local demand assessment for industrial and warehousing premises. This report was based on a business survey and an analysis of the local industrial and warehousing property market. This confirmed what I am told the Council officers were already aware of - that there is demand for industrial land in the Borough.'

Planning Appeals

- 2.58 To see how Camden's policies have been working in practice, we have reviewed the planning appeals involving the protection of employment uses determined in 2006 and 2007. We found five sites where applicants appealed against refusal of permission for development that would result in loss of industrial/warehousing uses. Just one of these appeals was allowed - a retrospective application for change of use of a basement garage from car repairs (B1c) to garaging for three cars. The main reason for this decision is that the Inspector considered that the site's potential for commercial uses was questionable, because of the nature of the premises, the presence of vacant commercial units nearby and so forth. The other four were dismissed. In one such case, relating to the basement premises in Linton House (Highgate Road), the Inspector wrote:

'The Council... refers to a study undertaken for the Borough called Industrial and Warehousing Land Demand (2004). I note that amongst the findings this study identified the market for industrial and warehousing space to be tight, with high pressure of demand against supply. It suggested that the high pressure to transfer industrial sites to other uses is a cause of short supply.. I agree with the Council's view that the premises appear suitable for some types of employment use. Furthermore, they contribute to the stock of employment space suitable for occupation by small firms. Having regard to the objectives of the development plan to retain buildings in employment use, reinforced by the more recent study of industrial and warehousing space in the Borough, I am not satisfied that it has been shown conclusively that these premises are unsuitable for continued employment use. Therefore, on this issue I conclude that the proposed loss of employment premises is not justified.'

- 2.59 The history of recent appeals does not suggest that the Council's safeguarding policies have been unsuccessful, quite the contrary. Yet, as we show in Chapters 4 and 5, Camden in recent years has lost large amounts of industrial and warehouse land to other uses. This may be due to the criteria-based policy in place which does not preclude the loss of some sites to other uses if criteria are not met.

Conclusions

- 2.60 National policy on employment land uses has two main strands. Firstly, the White Paper and new PPS 4 want wealth creation and prosperity to have greater weight in the balance of land-use decisions. In their vision, planning authorities should positively support economic growth and competitiveness. In practice, this means a more development-friendly, market-led and flexible approach to economic land uses, both in policymaking and in day-to-day development control.
- 2.61 The second strand of national policy is to encourage the transfer of unwanted employment land to housing. Further to the publication of PPS 3, this appears to be less of a priority, though it does figure prominently in the still-current 2004 Government Guidance Note on Employment Land Reviews.
- 2.62 The regional spatial strategy, in the form of the London Plan, echoes the same themes. A key objective of both the current and emerging London Plan is that London should accommodate all its market demand for economic uses within its own boundaries. Planning should not constrain economic growth and modernization, and especially so in the key sectors that drive London's competitiveness. In the Mayor's vision, these key sectors are mostly users of offices, and their best locations are in the Central Activities Zone, which includes Camden's Central London Area and the major development opportunities at Kings Cross and Euston.

- 2.63 Like national policy, the Mayor's spatial strategy aims to transfer unwanted industrial land to housing, while protecting enough sites to fulfil the demand for industry and related uses. Camden's 'restricted transfer' status means that it is short of land for such uses and should stringently protect the remaining sites. But in terms of scale the borough's role in London's industrial economy is a small one, since it has neither Strategic Industrial Areas (SILs) nor market potential for strategic distribution.
- 2.64 Against this national and regional background, it is a major objective of the current Camden UDP to protect industrial and warehouse sites against transfer to other uses. The UDP Inspector supported this policy stance at the UDP inquiry, based partly on an earlier study which showed that there was demand for industrial/warehousing uses in the Borough, and partly on the view that industry and warehousing provide jobs for local residents at risk of deprivation or exclusion. This suggests that any future policies for the retention of industrial/warehousing land should consider up-to-date evidence firstly about the demand for such land and secondly about the jobs it provides. We provide this evidence below. Chapter 5 analyses the demand for industrial/warehouse land and its relationship to supply and Chapter 3 considers what kinds of employment opportunities industry and warehousing generate.
- 2.65 The UDP gives much lower priority to safeguarding office sites than industrial/warehousing sites. Indeed some of its policies favour both industrial and housing land uses over offices and therefore may discourage office development. Thus Policy E2 resists the redevelopment of industrial sites for offices and Policy SD3, which does not mention offices specifically, in practice means that office schemes in Central London and the larger town centres are expected to include housing, providing up to half the additional floorspace built.
- 2.66 The London Plan gives a high priority to office uses, because it considers that they are critical factors both in employment growth and in London's competitiveness and global city position. Accordingly, it aims to promote development and renewal of the office stock, mainly but not solely in Central London. To conform to the London Plan, policies in Camden's LDF should aim to meet the demand for offices, so that lack of space does not constrain economic development. This study provides analysis of the demand and supply of office space, to inform such policies.
- 2.67 Finally, both national policy and (more strongly) the London Plan require local planning authorities to work sub-regionally on employment land. In the London Plan, key targets both for new office space and industrial land release are set for sub-regions rather than individual boroughs, and the London Plan advises that sub-regional planning processes be used to split these targets between boroughs. Yet in practice effective sub-regional processes do not seem to be in place. The Sub-Regional Development Frameworks (SRDFs) set up under the 2004 London Plan were non-statutory informal documents and the latest (2008) version of the Plan replaces them with Implementation Frameworks that deliver rather than make policy. It seems doubtful how and if sub-regional planning will operate in practice.

3 CAMDEN'S INDUSTRIAL AND OFFICE ECONOMIES

Introduction

- 3.1 In this chapter, we briefly profile the economic activities that occupy employment space in Camden. We first discuss offices and then the industrial/warehousing sector. We need to understand what activities drive the demand for employment space in Camden, how much these activities contribute to the local economy, how they have been changing, where growth opportunities lie and hence what type of space may be needed in future.
- 3.2 With regard to industrial and warehousing sectors, the analysis provides an update of our 2004 study of Camden's Industrial and Warehousing Land Demand and we add a new section, to consider what kinds of job opportunities these sectors generate. The analysis of offices is new.
- 3.3 Unfortunately, there are no official statistics on employment in factories, warehouses and offices. To estimate this employment, we use data on employment by economic activity (sector, industry and service), together with assumptions about what sectors occupy what kind of space. Our standard assumptions are set out in Appendix 1 below.
- 3.4 Broadly, we assume that offices (which in our definition include R&D) are occupied by financial and business services, parts of the public administration sector, and publishing. Industrial space is occupied by manufacturing, sewage and refuse disposal, some parts of the construction industry, and the repair and maintenance of motor cars. Warehousing is occupied by a variety of transport and distribution activities. For this study and for the reasons explained in paragraphs 3.5 and 3.6, the sub-sector 'supporting land transport activities' has been taken out of the warehousing forecasts. Jobs in Labour Recruitment - which cover workers employed through agencies - are distributed throughout the economy.
- 3.5 We have adjusted the standard definitions in Appendix 1 to fit the particular circumstances of Camden. In our count of warehousing jobs, we normally include the sector called 'other supporting land transport activities' because some of these involve, for example, repair activities performed in warehouses.
- 3.6 Because three of the major railway stations in London are in Camden, this does not apply in Camden. Most of the employment registered in this sector (and it represents more than 12,000 jobs in Camden) is not related to warehousing activities. For example, there were, in 2004, 7,000 more jobs registered than in 2003, because one railway company has registered its entire maintenance staff in Camden. These are likely to be 7,000 existing jobs of people working in maintaining rails and railway and not new jobs in the warehousing sector in Camden.
- 3.7 The 'goodness of fit' between sectors and types of space is therefore not perfect; hence our definitions of office and industrial/warehousing jobs are no more than approximations. However, these are the best available approximations which we have developed through a succession of employment space studies, and they are endorsed by the Government Guidance Note on Employment Land Reviews⁶.
- 3.8 In the economic profile below, we benchmark Camden against:
- The Central London sub-region defined in the 2004 London Plan, comprising Camden, Westminster, Islington, Kensington and Chelsea, Lambeth, Southwark and Wandsworth;
 - The North London region defined in the London Plan, comprising Barnet, Camden, Enfield, Hackney, Haringey, Islington and the City of Westminster;

⁶ ODPM, *Employment Land Reviews: Guidance Note*, 2004

- Greater London;
- England.

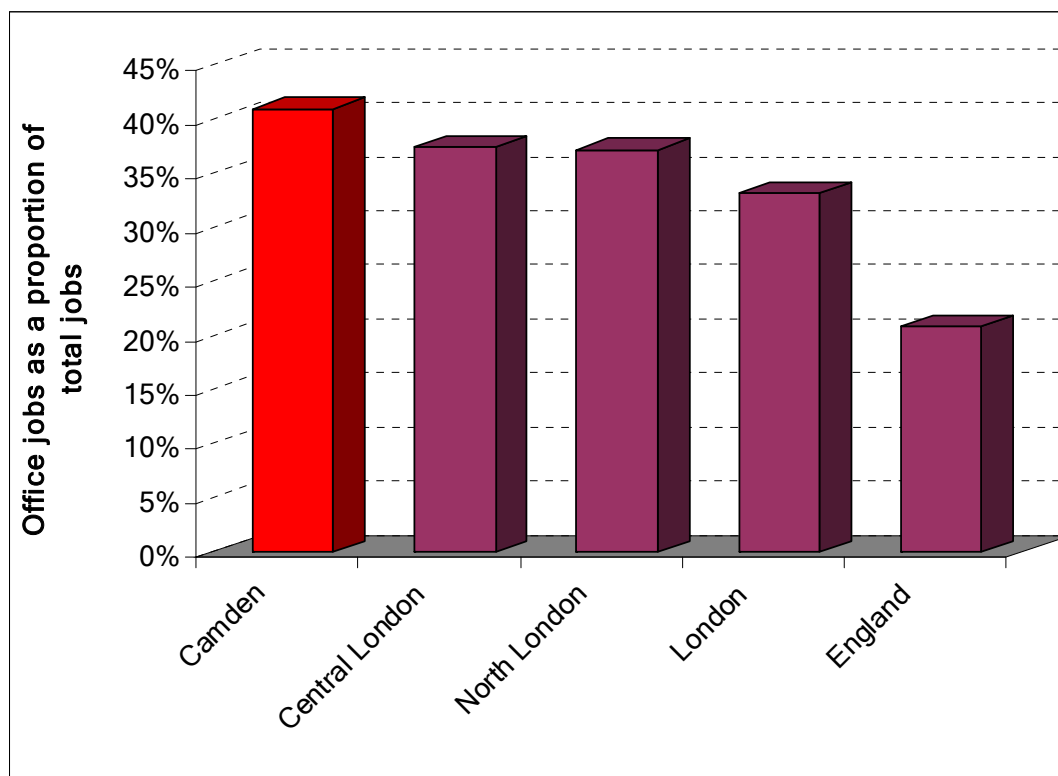
3.9 The (old) Central and (new) North sub-regions of course overlap. One reason why we have kept the now-superseded Central sub-region is to enable comparisons with the 2004 Industrial and Warehousing Land Demand Study.

Office Activities

Numbers

3.10 We estimate Camden's 2005 office employment at 104,800 jobs, 41% of the Borough's total employment and almost seven times the number of industrial/warehousing jobs. Camden's share of office jobs in total employment is slightly higher than Central London, North London and London and twice as high as for England.

Figure 3.1 Office Employment as a Percentage of Total Employment, 2005

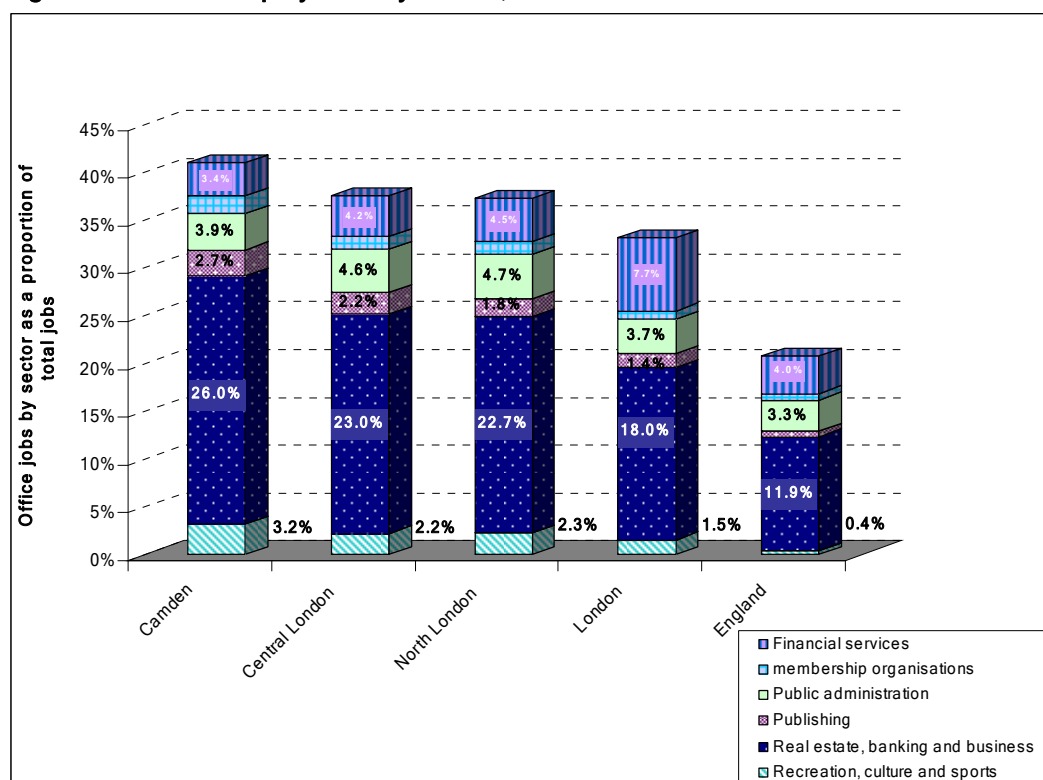


Source: ABI, 2005

The Mix of Office Activities

3.11 Camden has a relatively high share of real estate, banking and business activities (Figure 3.2). This is due to the high concentration of legal and accountancy activities around Holborn (11% of total jobs in Camden). As a comparison legal and accountancy activities account for 7% of total jobs in London and 4% in England. Camden also has a high share in publishing and office-based media activities. In comparison to the other areas in London, Camden has a low share of financial services and public administration.

Figure 3.2 Office Employment by Sector, 2005



Source: ABI, 2005

Location Quotients

3.12 The location quotients below measure the relative size of the office sub-sectors in Camden, Central London, North London and London relative to the national economy. As such, it highlights any specialisation of the local economy compared to the national average. A location quotient greater than 1 indicates some degree of specialisation, and the higher the location quotient the greater the specialisation.

3.13 Table 3.1 confirms that publishing and cultural/media activities are highly represented in Camden, as are real estate, banking and business activities.

Table 3.1 Location Quotients, 2005

Sectors	Jobs	Location Quotients			
	Camden	Camden	Central London	North London	London
Some Real Estate, Banking and Business activities	66,400	1.10	1.07	1.06	0.95
Some Financial Services	8,823	0.44	0.59	0.63	1.21
Some Public Administration	9,858	0.60	0.78	0.81	0.71
Publishing	6,989	2.32	2.05	1.72	1.49
Some Recreational, Cultural & Sporting activities	8,103	4.01	3.06	3.14	2.41
Some Activities of Membership Organisations	4,608	1.44	1.16	1.13	0.80

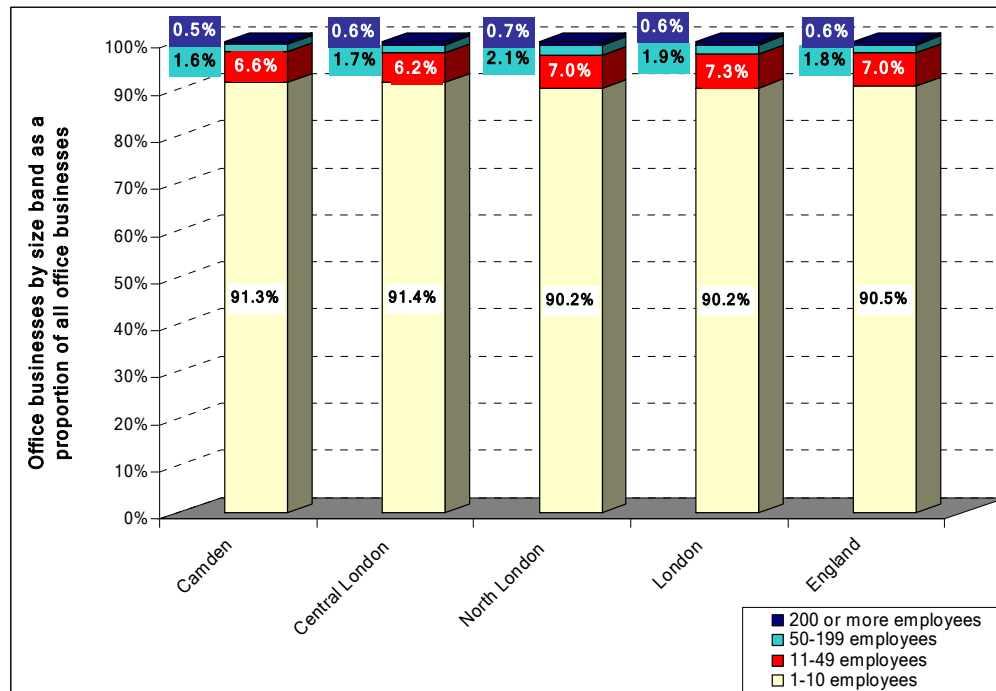
Source: ABI, 2005

Unit Size

3.14 Figure 3.3 below shows the size of business units (establishments) in Camden, measured in number of employees.

- 3.15 The size mix of business units in the office sectors is similar in Camden, North and Central London, London and England.

Figure 3.3 Size of Office Units, 2005

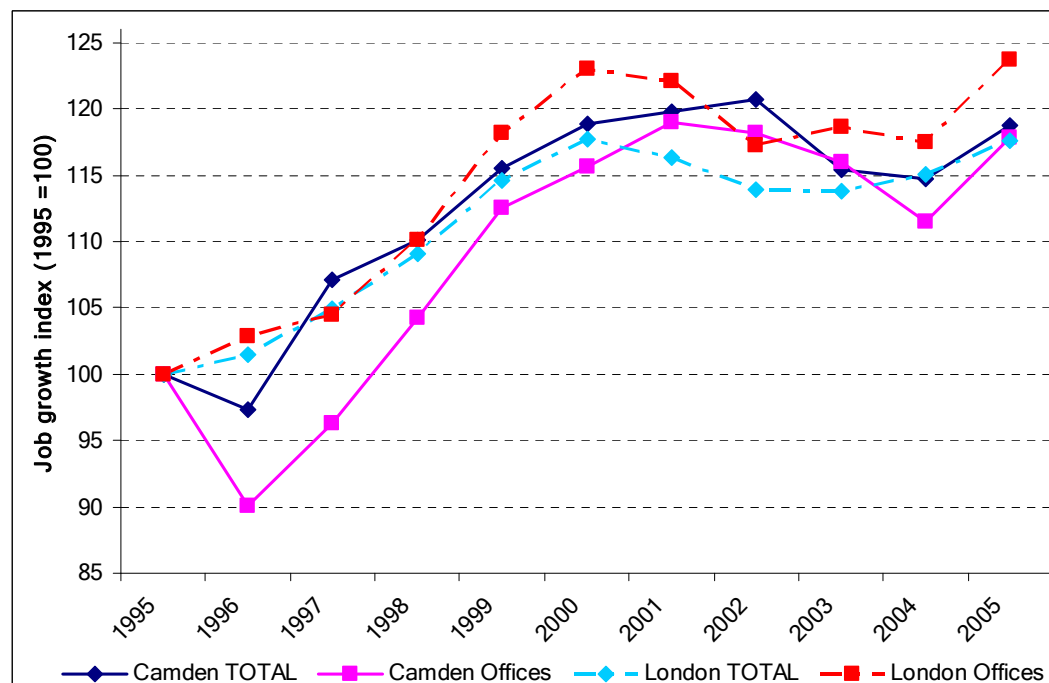


Source: ABI, 2005

- 3.16 Yet again, this confirms other findings about London's and Inner London's competitive advantage. For industrial occupiers, Camden and places like it are niche locations, attractive to (some) small units but to very few large ones. For offices, Camden belong to a group of mainstream locations, attracting a typical cross-section of unit sizes.

Employment Change

Figure 3.4 Office Employment Change, Camden and London, 1995-2005



Source: ABI, 2005

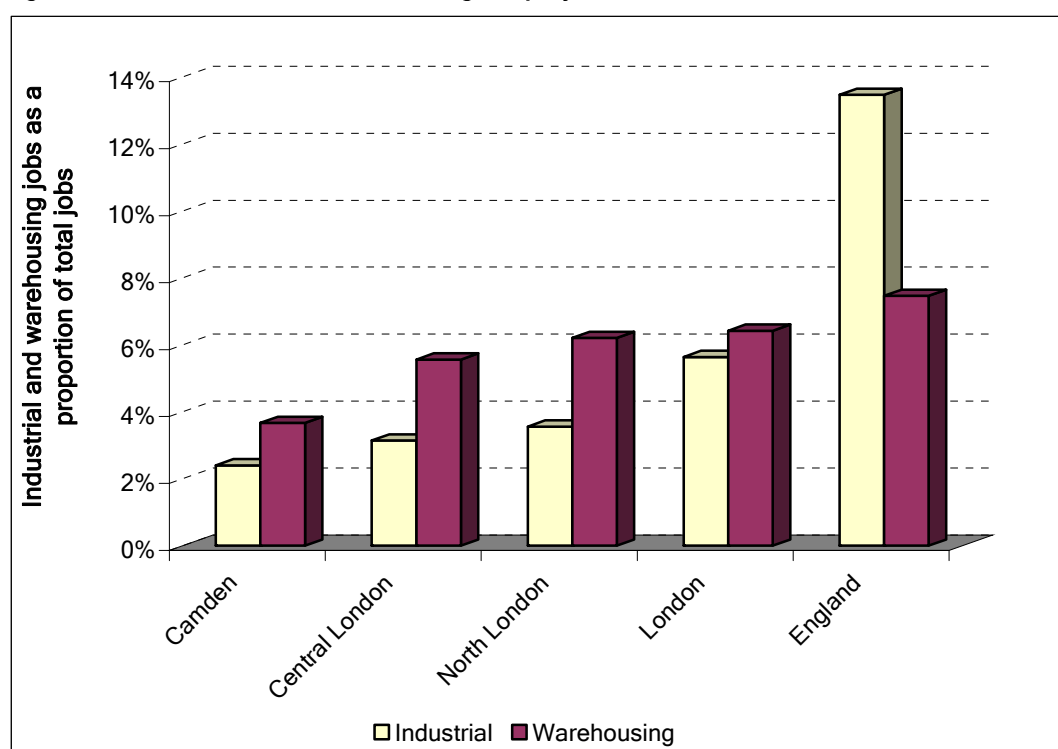
- 3.17 In the 10 years to 2005, Camden's office employment increased by 15,800 jobs (18%) while London's total increased by 24%. Both time series show the same profile, with short cyclical downturns in the mid-1990s and early 2000s, more than offset by a long period of growth in 1996-2001, and the beginnings of a new upturn in 2005.

Industrial/Warehousing Activities

Numbers

- 3.18 In 2005, Camden provided approximately 6,100 employee jobs in industrial sectors and 9,400 employee jobs in warehouse sectors. The combined industrial and warehouse total of 15,500 jobs amounts to just 6.1% of Camden's 255,800 employee jobs

Figure 3.5 Industrial and Warehousing Employment, 2005



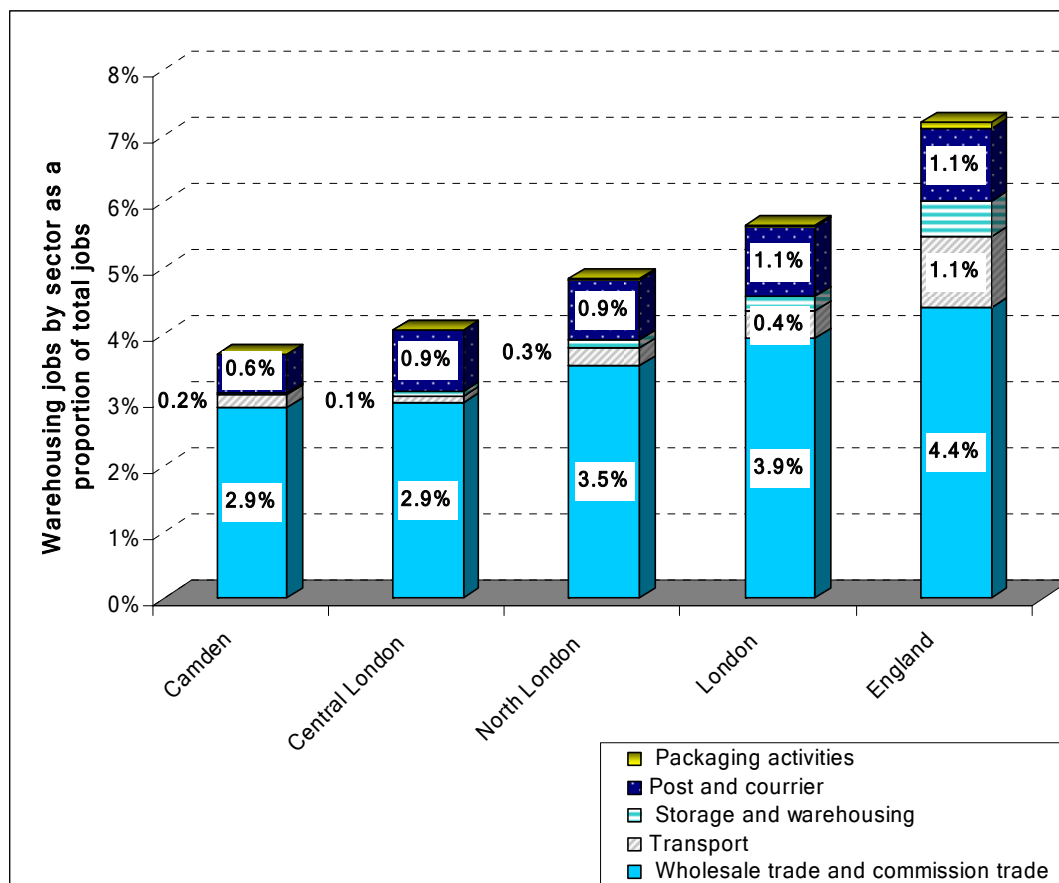
Source: ABI, 2005

- 3.19 Camden has proportionally fewer jobs in industry and warehousing than any of the comparator areas. But industry and warehousing are different:
- In industry, Camden has considerably fewer jobs than England and London and only slightly fewer jobs than the (old) Central and (new) North sub-regions.
 - In warehousing, the ranking is similar but the gaps between different areas are much smaller.
- 3.20 Previous studies of employment uses have found that London locations, and especially those in Inner London, derive their main comparative advantage from being close to a very large market. This advantage applies much more to warehouse-based activities than to industry.

The Mix of Warehousing Activities

- 3.21 To better understand the type of activities that warehousing is composed of in Camden we need to look at its component sub-sectors. Figure 3.6 below suggests that the structure of the warehousing sector in Camden is different from elsewhere.

Figure 3.6 Warehousing Employment by Sub-Sector out of Total Employment, 2005⁷



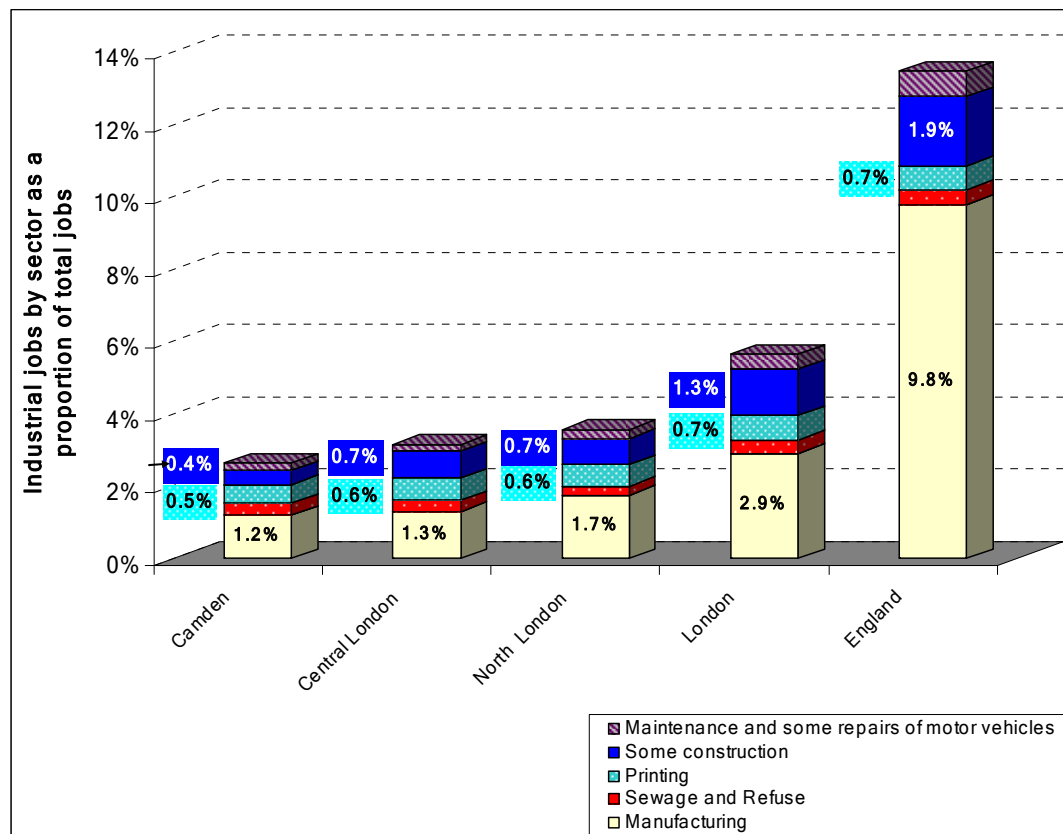
Source: ABI, 2005

- 3.22 Most of the warehouse jobs in Camden are in the 'wholesale and commission trade'. This is a higher share than in the comparator areas, and is probably explained by the sub-sector 'wholesale of jewellery', which represents about 1,600 jobs in 2005 or 23% of all wholesale jobs.

The Mix of Industrial Activities

3.23 Similarly, we look at the structure of industrial employment (Figure 3.7).

Figure 3.7 Industrial Employment by Sub-Sector, 2005



Source: ABI, 2005

3.24 The share of the printing sector in Camden is relatively high - a feature which Camden shares with Central and North London. Printing in Camden comprises printing of newspapers, computer aided design and reproduction of recorded media (sound and video recording). Most of these are creative activities and not heavy industrial printing. Many of them are located in Camden Town.

3.25 The share of manufacturing (excluding printing) in Camden's employment is 1.2%, close to Central and North London but less than half of London and less than one fifth of England.

Location Quotients

3.26 The location quotients below highlight any specialisation Camden borough has in specific industrial and warehousing sectors compared to the national economy.

Table 3.2 Location Quotients, Warehousing and Industry, 2005

Warehousing	Jobs Camden	Location Quotients			
		Camden	Central London	North London	London
Wholesale trade and commission trade, except of motor vehicles	7,356	0.7	0.7	0.8	0.9
Transport	488	0.2	0.1	0.2	0.4
Storage and warehousing	85	0.1	0.1	0.2	0.4
Post and courier activities	1,463	0.5	0.8	0.8	1.0
Packaging activities	4	0.0	0.1	0.2	0.2
TOTAL WAREHOUSING	9,396	0.5	0.6	0.7	0.8

Industry	Jobs Camden	Location Quotients			
		Camden	Central London	North London	London
Manufacturing	54	0.1	0.1	0.1	0.2
Sewage and Refuse	209	0.2	0.8	0.6	0.9
Printing	1,323	0.8	1.0	0.9	1.0
Some construction	1,026	0.2	0.4	0.4	0.7
Maintenance and some repairs of motor vehicles	520	0.3	0.3	0.4	0.6
TOTAL INDUSTRIAL	6,141	0.2	0.2	0.3	0.4

Source: ABI, 2005

- 3.27 In the warehousing sector, Camden's LQs are broadly similar to, or lower than, those in North and Central London. Similarly, all broad industrial sectors are underrepresented in Camden.
- 3.28 As mentioned earlier however, industrial/warehousing activities in Camden tend to be concentrated in a few sectors, so we need a more in-depth look at the component sub-sectors to identify any particular specialisation.
- 3.29 Table 3.3 below shows in detail the industrial activities over-represented in Camden⁸. LQs greater than one are in the apparel industry. Particularly high LQs, greater than four, are in activities related to media and music recording, and jewellery (over twelve).
- 3.30 The sector 'manufacture of furniture, manufacturing not elsewhere classified' is the largest industry in Camden. The industry's label is misleading, in that as well as furniture it includes light manufacturing of a wide range of consumer goods. In Camden, most of this industry's jobs are in the jewellery sub-sector - which has a location quotient of 12.7 but in absolute numbers provides just 900 jobs. With 400 businesses, the Hatton Garden jewellery cluster has 25% of London's jewellery businesses.

⁸ The table only include these sub-categories that employ more than 200 employees. This captures all categories with a location quotient higher than one.

Table 3.3 Location Quotients, Details of Industrial Activities, 2005

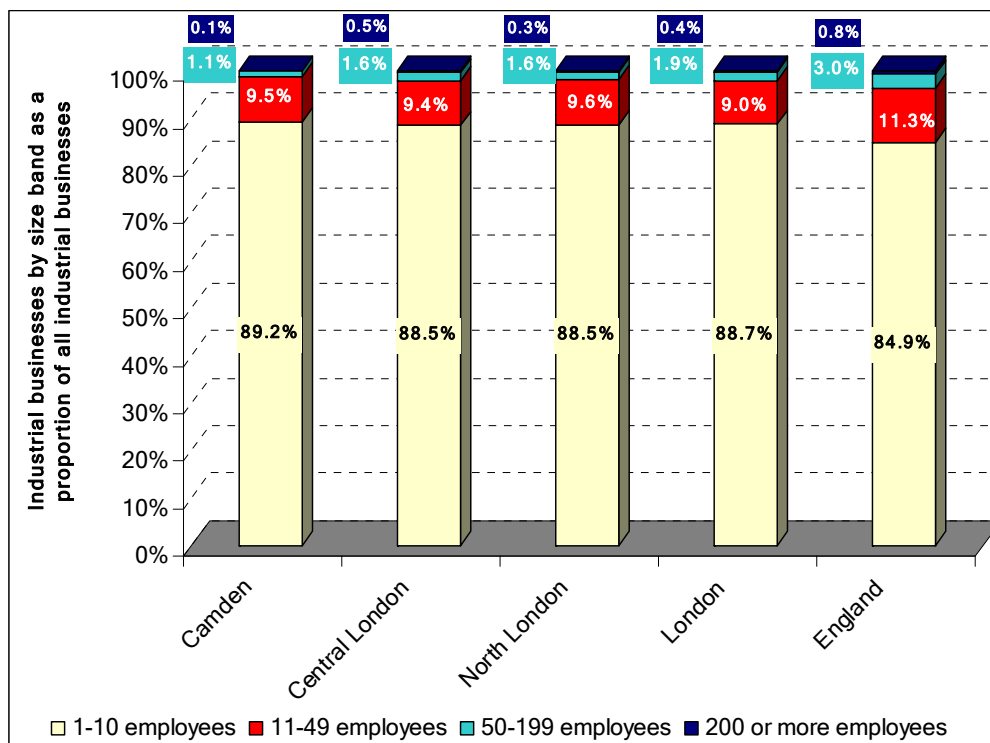
Industry	Jobs Camden	Location quotients		
		Camden	Central London	London
36 : Manufacture of furniture; manufacturing not elsewhere classified	1,280	0.8	0.4	0.4
3622 : Manufacture of jewellery and related articles not elsewhere classified	901	12.7	1.7	1.0
222 : Printing and services activities related to printing	1,101	0.7	0.9	1.0
453 : Building installation	636	0.2	0.4	0.7
5020 : Maintenance and repair of motor vehicles	495	0.3	0.3	0.6
18 : Manufacture of wearing apparel; dressing and dyeing of fur	441	1.3	1.4	1.3
454 : Building completion	390	0.2	0.4	0.6
15 : Manufacturing of food and beverages	235	0.1	0.1	0.5
223 : Reproduction of recorded media	222	4.1	2.9	2.6
90 : Sewage and refuse disposal, sanitation and similar activities	204	0.2	0.9	0.9

Source: ABI, 2005

Unit Size

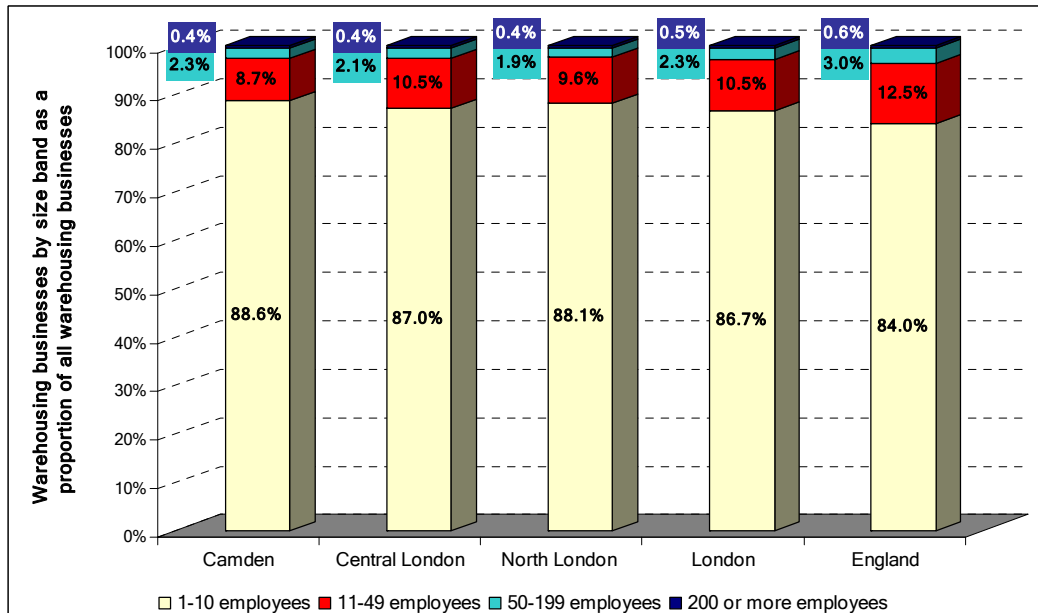
- 3.31 Figure 3.8 and Figure 3.9 show the size of industrial and warehousing business units (establishments) in Camden, measured by number of employees. Everywhere, the great majority of units are small, with 10 people or fewer. This is the case in Camden more so than in other sub-regions.
- 3.32 The distribution of unit sizes in the warehousing sectors is similar. Yet again, the Central and North sub-regions and London have proportionally fewer units employing more than 10 people than England, and Camden has even fewer.

Figure 3.8 Industrial Units by Numbers of Employees, 2005



Source: ABI, 2005

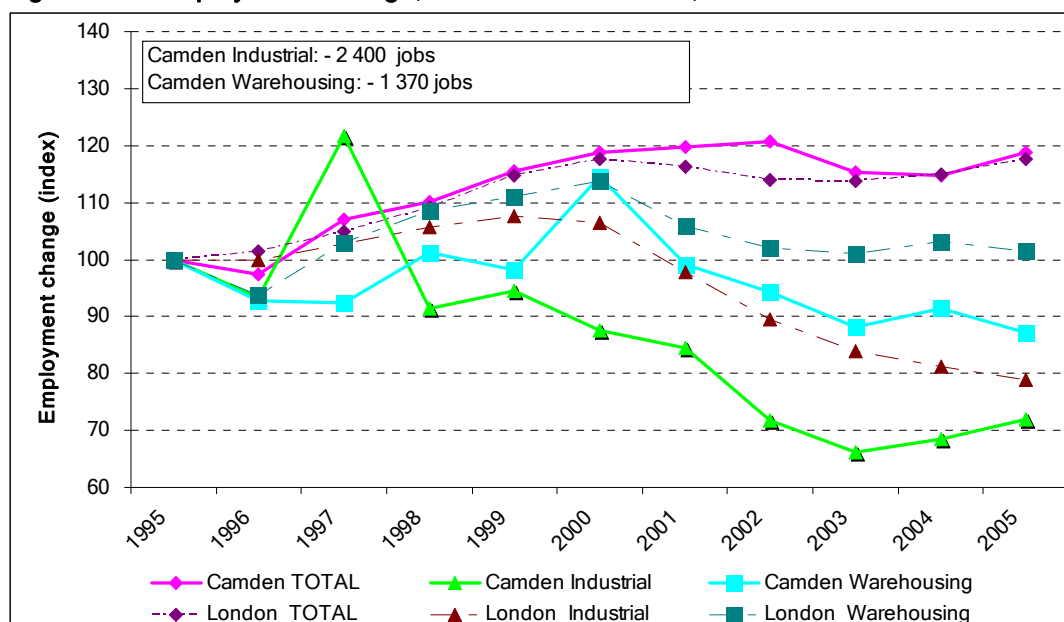
Figure 3.9 Warehousing Units by Number of Employees, 2005



Source: ABI, 2005

Employment Change

Figure 3.10 Employment Change, Camden and London, 1995-2005



Source: ABI, 2005

3.33 In the 10 years to 2005:

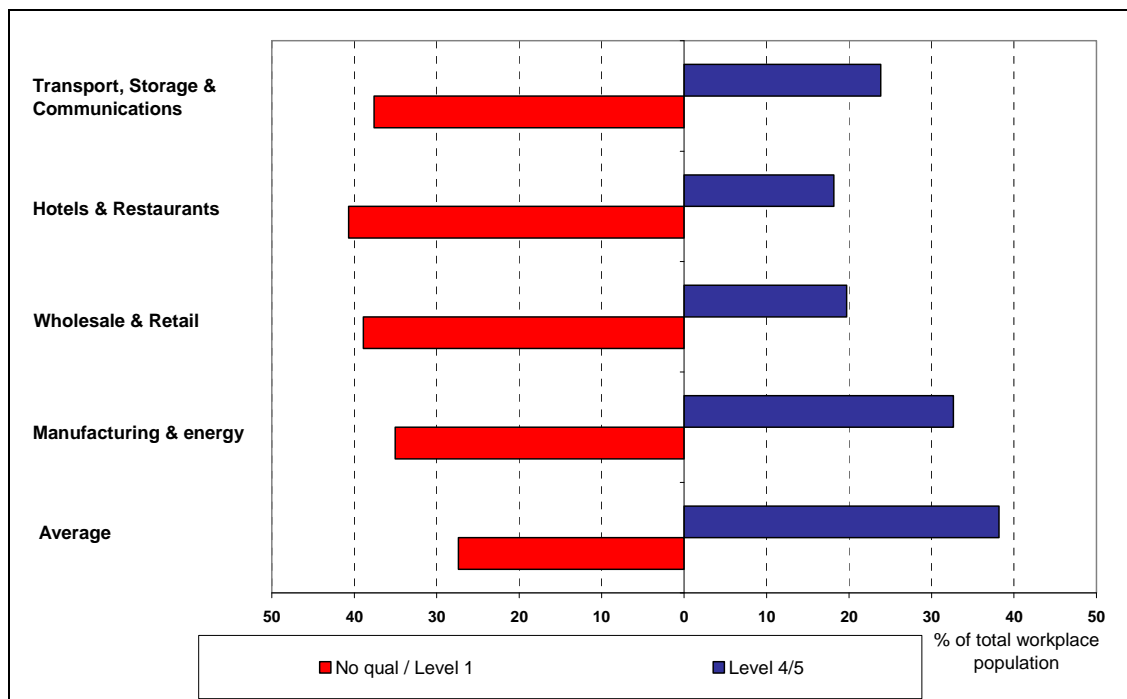
- Camden's total employment increased by almost 20%, closely paralleling the London total.
- Camden's industrial employment fell by 2,400 jobs, or 30%, also close to the London total.
- Camden's warehouse employment fell by 1,370 approximately 10%, while London's warehouse employment was unchanged.

The Nature of Industrial Jobs

Introduction

- 3.34 As we have just seen, industrial employment in Camden and similar places has been losing jobs for many years, like the British economy as a whole but much faster. There are sound economic reasons why industrial employers have been choosing increasingly to locate elsewhere, including accessibility, labour costs and competition from higher-value land uses.
- 3.35 It is not obvious, in these circumstances, why planning policy should aim to retain industrial jobs in places like Camden, rather than encourage it to move to more competitive locations. One oft-quoted reason for such planning policy is that industry provides jobs for people who otherwise would be at high risk of being unemployed, are economically inactive or otherwise disadvantaged. In this section, we aim to test this view, considering who Camden's industrial employers provide jobs for and what these workers' alternative options might be if these jobs are allowed to disappear.
- 3.36 The graph below provides a first-draft answer, London-wide, for the Census year 2001. Level1 is the most basic level of qualification; it is equivalent to an NVQ1, covering literacy, numeracy and basic skills. Level 4/5 on the other hand covers the highest education qualifications such as Bachelor degrees, Masters or Doctorates.

Figure 3.11 Workforce Qualifications by Sector, London, 2001



Source: Census 2001

- 3.37 At this broad level of aggregation, the main industrial/warehousing sectors - transport & communications, manufacturing and energy - seem to have a similar skills mix to retail, hotels and restaurants. This suggests that workers displaced by the loss of industrial jobs could readily find work in the retail, leisure and hospitality sectors, which are growing in London generally and Camden specifically.
- 3.38 But this is too broad an answer to be useful. To assess the job opportunities offered by industrial employers in Camden, we need closer analysis of the Borough's specific industrial structure, workforce skills and job prospects.
- 3.39 As mentioned earlier, the key industrial/warehousing activities in Camden are:
- Wholesale
 - Jewellery
 - Printing
 - Motor repair
- 3.40 These are the sub-sectors our analysis will focus on and compare with the retail, leisure and hospitality workforce.
- Skills*
- 3.41 To consider skills more closely, we have searched specialist literature for descriptions of the skills requirements of these key industrial sectors, compared to retail, hospitality and leisure. The tables below summarises our findings.

Table 3.4 - Key Skills Profile of Main Industrial/Warehousing Activities in Camden

Sub-sector	Broad Skills Profile
Wholesale⁹	<ul style="list-style-type: none"> - Customer relation, sales and organisational skills are most important. This may be the sector where skills are closest to retail due to the nature of the jobs although sales occur in a very different environment.
Jewellery¹⁰	<ul style="list-style-type: none"> - Research on this sector has identified a mismatch between the academic qualifications offered by universities and schools, and the skills jewellery manufacturers look for. - Vocational skills, technical jewellery-making skills, an interest in the sector and experience are the most important criteria. - Apprenticeships are still an important way for manufacturers to get the workforce with the skills they need. It also means that jewellery trainees are less likely to gain transferable skills that would allow them to move freely in the labour market.
Printing¹¹	<ul style="list-style-type: none"> - Skills are mostly craft/production-based. - On average 44% of a company's workforce in the print sector has no formal qualifications compared to 16% in publishing. - Apprenticeships have played a strong role in the past which means that qualifications are mis-representative.
Motor repair¹²	<ul style="list-style-type: none"> - The sector has a high proportion of skilled trades. Technicians and mechanics are prized workers which are difficult to recruit. - Vocational courses and apprenticeships are the main qualifications held by workers.

3.42 In general, perhaps with the exception of the wholesale industry, industrial/warehousing employers need technical/ craft skills.

Table 3.5 Key Skills in Retail/Leisure/Hospitality

Sub-sector	Broad Skills Profile
Hospitality and Leisure¹³	<ul style="list-style-type: none"> - Customer service skills top the list of skills required. - The sector suffers skills shortages and 40% of vacancies are hard to fill. - 64% of employers report that applicants lack communication skills, 56% believe they lack team working skills and 52% customer handling skills.
Retail¹⁴	<ul style="list-style-type: none"> - Sales and customer service skills are the most important - One in three retail employees has a basic or no qualification at all.

3.43 In contrast, retail, hospitality and leisure rely on customer-facing skills such as communication and customer service.

⁹ Learning & Skills Council, Skills in England, 2003

¹⁰ Hatton Garden Economic Analysis and Action Plan for the Jewellery Sector and Area, 2004

¹¹ LDA, Understanding the Print and Publishing Sectors in the City Fringe, 2004

¹² Automotivate, Sector Skills Agreement - Stage 1 - Skills Needs Assessment, July 2006

¹³ People 1st, *The hospitality, leisure, travel and tourism sector: facts and figures*, 2006

¹⁴ Skillsmart Retail, *A qualified and trained workforce?*, 2006

- 3.44 Thus, although some skills are needed across all sectors, namely customer and sales skills, the requirements of these key industrial/warehousing sectors is fundamentally different from that of retail/leisure/hospitality. While the former rely heavily on technical skills specific to their jobs, the latter look for customer-facing, sales and administrative skills. Therefore, although the broad qualification levels are not dissimilar, the mismatch in terms of skills is clear.

Occupations

- 3.45 The 2003 National Employer Survey provides an occupational breakdown of the main economic sectors in the UK. The table below lists those relevant to Camden's key industrial/warehousing sectors and compares them to Retail and Hotels and Catering.
- 3.46 Where information is not available at a detailed enough level we use the corresponding broad sector e.g. Manufacturing nes (not elsewhere classified) for Jewellery and Printing and Publishing for Printing. The latter is likely to dilute the more industrial aspects of Printing in the more office-based aspects of Publishing.

Table 3.6 Occupational Profile of the Key Industrial/Warehousing Sectors in England Compared to the Retail Sector (% of total), 2003

	Managers	Professionals	Associate prof.	Admin.	Skilled trades	Personal services	Sales	Operatives	Elementary	TOTAL
Wholesale	14	3	4	13	7	*	21	19	18	100
Transport	11	4	4	12	6	3	11	30	18	100
Printing and Publishing	15	10	13	14	15	*	16	9	8	100
Manufacturing nes	12	4	4	10	26	*	10	20	15	100
Sale and maintenance of motor vehicles	12	5	8	13	32	*	17	5	8	100
Retail	13	2	2	4	3	*	67	2	8	100
Hotels and catering	12	1	1	3	10	1	15	1	56	100
All sectors	13	14	8	13	9	6	16	8	14	100

Source: National Employer Survey and ABI

- 3.47 The contrast between the two groups of sectors is striking. Occupations structures in Retail and Hotels & Catering are heavily weighted towards sales staff and elementary occupations respectively. The other sectors are by comparison more balanced and rely more heavily on skilled trades, administrative staff and operatives.
- 3.48 However, this table only provides an idea of structure and proportion across individual sectors. It is valuable but insufficient. We need to look at absolute numbers as well as proportions. For example although there are proportionally more operatives in the industrial/warehousing sectors, they might only represent a very small number of jobs which could easily be absorbed by other sectors.
- 3.49 The next tables explore this issue. We used the Annual Business Inquiry figures of jobs by sector in Camden and applied the National Employer Survey occupational proportions. This provides a broad estimate of the type of jobs that are present in Camden. Bearing in mind that the labour market in London does not stop at borough boundaries, we repeated the analysis for London as a whole.

Table 3.7 Estimates of Employee Jobs by Occupation in Camden, 2003

	Managers	Professionals	Associate prof.	Admin.	Skilled trades	Personal services	Sales	Operatives	Elementary
Wholesale	1,040	223	297	966	520	*	1,560	1,412	1,337
Transport	785	285	285	856	428	214	785	2,140	1,284
Printing & Publishing	198	132	172	185	198	*	212	119	106
Manufacturing nes	152	51	51	127	330	*	127	253	190
Sale and maintenance of motor vehicles	62	26	42	68	166	*	88	26	42
TOTAL IND/WARE.	2,238	717	847	2,201	1,642	214	2,772	3,950	2,959
Retail	2,033	313	313	626	469	*	10,478	313	1,251
Hotels and catering	2,355	196	196	589	1,963	196	2,944	196	10,991
TOTAL RETAIL/HOSPI TALITY	4,388	509	509	1,214	2,432	196	13,422	509	12,242
All sectors	32,924	35,457	20,261	32,924	22,794	15,196	40,522	20,261	35,457

Source: National Employer Survey, 2003

Table 3.8 Estimated Employee Jobs by Occupation in London, 2003

	Managers	Professionals	Associate prof.	Admin.	Skilled trades	Personal services	Sales	Operatives	Elementary
Wholesale	22,519	4,825	6,434	20,910	11,259	*	33,778	30,561	28,953
Transport	5,494	1,998	1,998	5,994	2,997	1,498	5,494	14,985	8,991
Printing and Publishing	4,112	2,741	3,564	3,838	4,112	*	4,386	2,467	2,193
Manuf. nes	1,217	406	406	1,014	2,638	*	1,014	2,029	1,522
Sale and maintenance of motor vehicles	2,056	857	1,371	2,227	5,483	*	2,913	857	1,371
TOTAL IND/WARE.	35,398	10,827	13,772	33,984	26,488	1,498	47,586	50,898	43,029
Retail	48,352	7,439	7,439	14,878	11,158	*	249,199	7,439	29,755
Hotels and catering	35,977	2,998	2,998	8,994	29,981	2,998	44,971	2,998	167,893
TOTAL RETAIL/ HOSPITALITY	84,329	10,437	10,437	23,872	41,139	2,998	294,170	10,437	197,648
All sectors	522,246	562,419	321,382	522,246	361,555	241,037	642,765	321,382	562,419

Source: National Employer Survey, 2003

- 3.50 These figures suggest that, while Sales and Elementary jobs from industrial/warehousing activities might be absorbed in the retail/hospitality/leisure sector, this would not be the case for Operatives, because they account for almost eight times the number of jobs present in that broad area of activity in Camden and 38% of all Operative jobs in retail/hospitality /leisure in London. They also represent

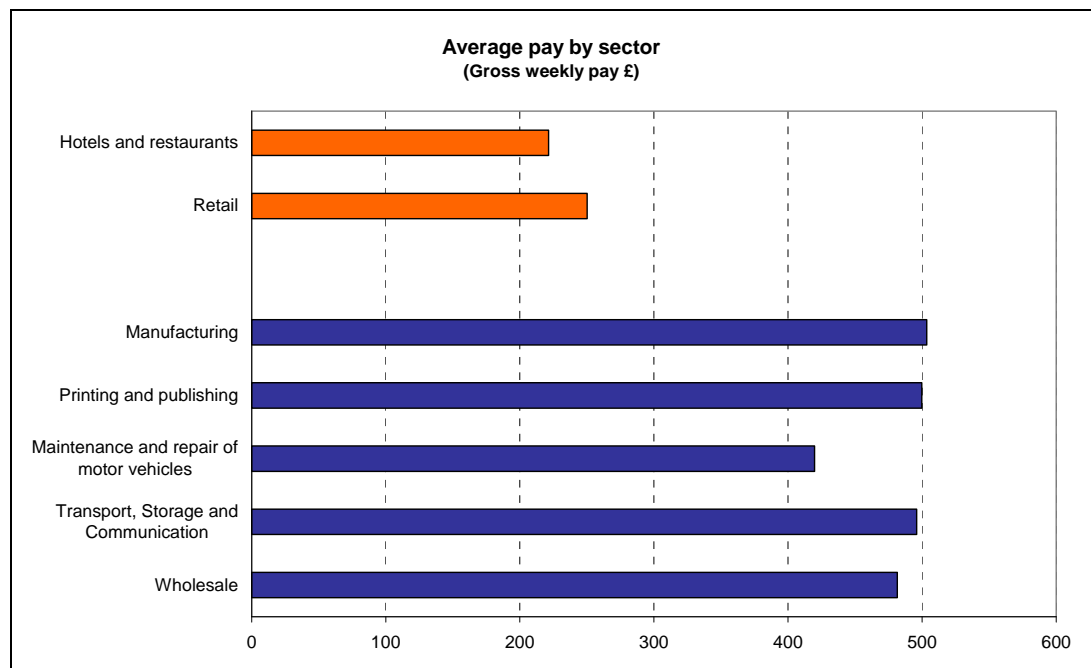
8% of all industrial/warehousing jobs in London, amounting to a considerable influx of workers on this stagnating labour market should they consider applying for similar jobs elsewhere in London.

- 3.51 Other occupations, apart maybe from Elementary ones, may also find it very difficult to adjust in view of their respective numbers in each employment sector, at a Camden level. Numbers at a London level suggest they might potentially be absorbed but that is assuming employees in such positions job hunt at a London-wide level and not taking into account the skills issue explored earlier.
- 3.52 In other words, should the industrial/warehousing jobs disappear in Camden, retail and hotels/ catering are not likely to provide an obvious and straightforward alternative. Many employees would not have the right skills for these new jobs. If they do, they would likely lose out financially by changing sectors, as shown in the next section.

Earnings

- 3.53 Figure 3.12 shows average earnings by sector in the UK (data is not available for local areas). The figures speak for themselves. On average, earnings in industrial / warehousing activities are double those in retail and hospitality.

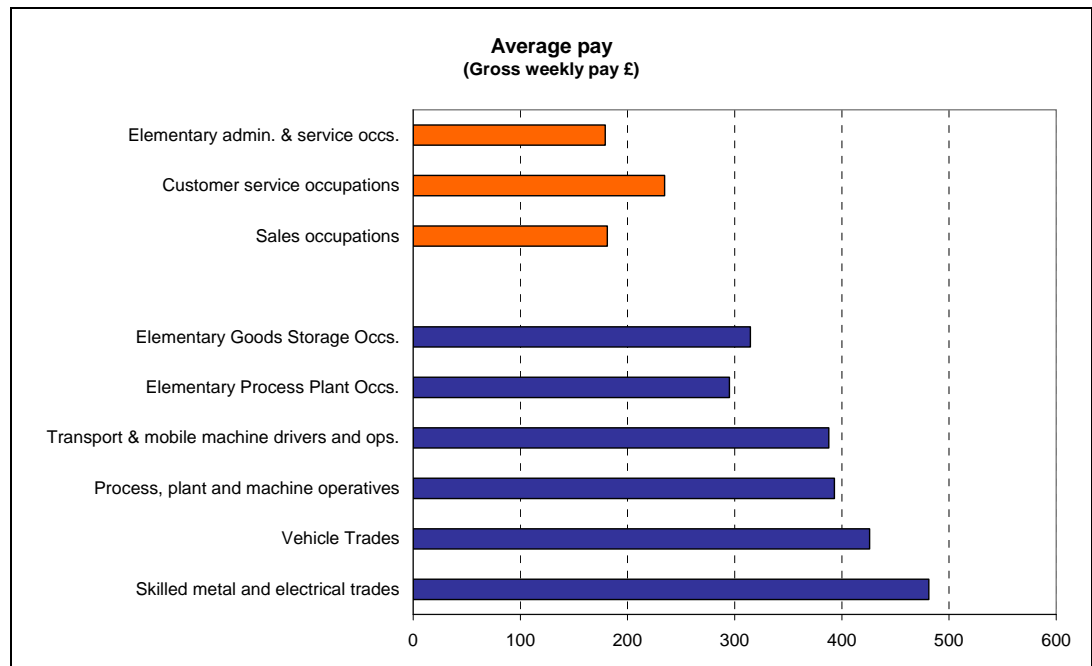
Figure 3.12 Average Pay by Sector, United Kingdom, 2006



Source: Annual Survey of Hours and Earnings, 2006

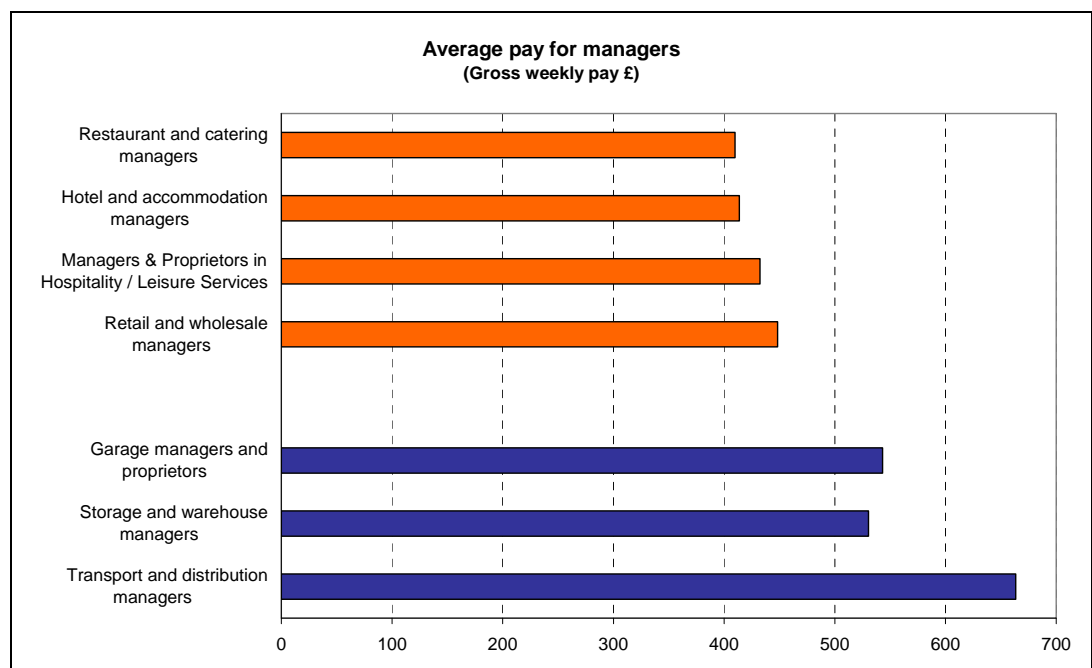
- 3.54 To ensure the variations between these sectors is not purely the result of the different occupational mix described earlier, we look at average earnings by sector for elementary occupations as well as managerial positions.

Figure 3.13 Average Earnings, Elementary and Skilled Trades in Industry/Warehousing Compared to Retail, United Kingdom, 2006



Source: Annual Survey of Hours and Earnings, 2006

Figure 3.14: Average Earnings Managers in Industry/Warehousing Compared to Retail, United Kingdom, 2006



Source: Annual Survey of Hours and Earnings, 2006

3.55 In both cases the disparities are undeniable. It seems that while replacing industrial/warehousing jobs by retail/hospitality jobs may have financial appeal for investors, it tends to result in the replacement of skilled, better-paid jobs by lower quality alternatives.

3.56 There are other reasons why transferring employees from one area of work to another would be difficult. Those are linked to cultural differences between employment

sectors. The two broad areas of employment considered here offer different types of jobs; they attract and employ a different type of workforce.

Worker Profiles

- 3.57 The workforce in the industrial/warehousing activities present in Camden tend to have a very different demographic profile to that in retail and leisure. Although this does not necessarily constitute an insurmountable hurdle to a change in job supply, it is an indication of employer preferences and customs in the sector as well as of the types of people these jobs naturally attract.
- 3.58 The diagram below presents a summary of the key features of the workforce in both industrial/warehousing and retail/hospitality/leisure based on National Statistics sources and research available from the relevant Sector Skills Councils.

INDUSTRIAL/WAREHOUSING	RETAIL/HOSPITALITY/LEISURE
<p>Older Across all sectors, it is observed that the workforce is generally older than for the economy as a whole.</p> <p>Works full-time Data was only found for the wholesale and logistics sector on this variable. It showed only 12% of employees worked part-time in Greater London (compared to around 17% in London).</p> <p>Ethnically diverse Contrary to the rest of the country, ethnic minorities are present in industrial/warehousing activities in London. They represent around a third of the workforce in wholesaling/logistics and manufacturing. This is four times higher than in the UK as a whole, reflecting London's population.</p> <p>Male dominance Industrial/warehousing activities remain clearly dominated by male workers. Occupations are also clearly divided amongst genders with female employees mostly working in the offices.</p>	<p>Young 37% of hospitality workforce in London is below 30, which is slightly younger than elsewhere in the UK. Students are an important pool of labour.</p> <p>Works part-time Almost half of retail staff work part-time. A third of hospitality staff in London work part-time.</p> <p>Ethnically diverse Ethnic minority employees account for 41% of retail jobs and 42% of hospitality jobs in London. A much higher proportion than elsewhere in the UK.</p> <p>Male/female balance Contrary to the rest of the UK, in London male employees are slightly dominant in both retail and hospitality, representing over half of the total workforce.</p>

Source: Skillsmart Retail analysis 2006 ; People 1st 2006 ; SkillsforLogistics 2007 ; Hatton Garden Economic Analysis and Action Plan for the Jewellery Sector - 2004 ; Annual Population Survey 2004; Census 2001

- 3.59 This overview points to some large differences in workforce profiles. In turns it also provides information on what employees look for (flexibility versus stability, temporary versus permanent) and further confirms that there can be no straightforward transfer between industrial/warehousing and retail/hospitality/leisure employment.

Conclusions

- 3.60 Industry and warehousing provide an estimated 15,500 jobs, 6% of all jobs in Camden, and in the last 10 years they have declined by 3,800. Both these sectors, and industry in particular, are concentrated in very small business units and in a relatively narrow range of specialist activities, such as the Hatton Garden jewellery cluster.
- 3.61 In contrast, Camden's office-based activities provide an estimated 104,800 jobs, 41% of Camden's total employment, and in the last 10 years employment in offices has grown by 15,800. Office-based activities in Camden take place in units of a similar size structure as in Central London the UK.
- 3.62 If the objective planning policy was simply to maximise numbers of jobs, it seems clear that the Council should favour offices above industry and warehousing, both because office activities are growing and because they provide many more jobs per hectare of land. But our analysis confirms that, for specific groups of relatively low-qualified workers, industry and warehousing provide the types of jobs that will not easily be replaced by jobs in other sectors. This is one of the reasons why policy may seek to protect industrial and warehouse sites, retaining jobs in these sectors so far as possible. Another reason is the fact that these activities provide valuable support services to both residents and businesses in Camden and London as a whole.

4 THE OFFICE MARKET

Introduction

- 4.1 In this and the following chapter, we analyse Camden's office and industrial/warehouse markets in turn. For each market, we begin with a general overview of the area as a business location. We then discuss in turn:
- The demand for space, based on recent take-up;
 - The supply of space and the balance of supply and demand;
 - Implications for planning policy.
- 4.2 This market analysis is inevitably short-term. It serves as a baseline and reality check to the forward-looking analysis of demand and supply provided in Chapter 6, and it provides the qualitative dimension which is lacking from the long-term calculations in Chapter 6.
- 4.3 In analysing commercial property markets, we have taken account of two important factors:
- First, the Camden property market does not operate in isolation: it is an integral part of the London market. We have borne this mind in our comments on supply and demand.
 - Secondly, today's market dynamics are very different to those of ten years ago, and are likely to be different again to those ten years hence. We therefore make every effort in our analysis to discount short-term market tensions, and instead consider longer-term, structural context and trends.
- 4.4 The Borough of Camden comprises three office market areas, which perform different functions and work in different ways: the Central London Area, Camden Town and the Outer Borough. Our market analysis will consider each area in turn. But first, to set the background, we show basic statistics relating to the stock of office floorspace in the borough.

The Stock

- 4.5 Camden in 2006 - the latest date for which statistics are available - had 2,223,000 sq m of office space, just under one fifth of the stock in the former Central London sub-region (Table 4.1). Over the previous five years Camden's office stock grew by 19%, paralleling the Central London total.

Table 4.1 The Office Floorspace Stock, 2006

000 sq m	1998	2005	% change
City of Westminster	4,667	5,616	20%
Islington	1,217	1,332	9%
Kensington & Chelsea	471	588	25%
Lambeth	571	679	19%
Southwark	878	1,154	31%
Wandsworth	345	363	5%
Camden	1,909	2,223	16%
Camden as a % of Central sub-region	19%	19%	0%

Source: DCLG, Commercial and Industrial Floorspace Statistics, 2001 and 2006

- 4.6 The office stock in Camden is considerably older than in the rest of London and in England as a whole, with 47% of the floorspace built before 1940.

Table 4.2 Age Structure of Office Floorspace (% of total), 2004

	Unknown	Pre-1940	1940-70	1971-80	1981-90	1991-2000	2001-03
Camden	n/a	47	26	9	8	10	n/a
London	6	29	19	9	18	14	5
England	6	28	18	11	17	15	5

Source: DCLG, Commercial and Industrial Floorspace Statistics, 2004

The Central London Area¹⁵

Overview

Geography

- 4.7 At its southern tip, Camden sits firmly within London's central business district, referred to in the London Plan as the Central Activities Zone (CAZ). In Camden, the CAZ extends south of the mainline termini. It stretches on its northern fringe from British Land's Regent's Place in the west, across to King's Cross and St Pancras (part of LB Camden's King's Cross Opportunity Area) in the east; and along its southern fringe from Cambridge Circus in the west, across to Kingsway and to Holborn Viaduct in the east.
- 4.8 The Central London Area contains the majority of Camden's office stock. It forms part of the wider market area known as Midtown¹⁶, which has seen much change and growth over the past seven years.
- 4.9 The Midtown area encompasses world-renowned institutions such as London University, University College London, the London School of Economics, King's College, University College Hospital, Great Ormond Street Hospital for Sick Children and the British Museum. Due to such activities, the area is important in supporting London's global role. Midtown is also home to tourist hotspots such as parts of 'theatreland' and Covent Garden and well known business districts such as Hatton Garden, Holborn and Tottenham Court Road. Parts of the area, particularly around Gray's Inn Road, Holborn and Chancery Lane, have been known for many years as 'legal land' due to the dense presence of legal practices.
- 4.10 The area is well served with transport infrastructure from a commercial property market perspective. Euston, St Pancras and King's Cross are key Central London termini and there are at least eleven Tube stations within and bordering the area that LB Camden refers to as Central London. All of London's airports lie within one hour by public transport from High Holborn. In November 2007, the new Eurostar service started operating out of St Pancras, providing the long-awaited fast service to Paris, Brussels and the European rail network. In the future there are the prospects of the Cross River Tram and Crossrail.
- Cross River Tram will provide a new link from Camden through Central London via Southampton Row and Kingsway to Peckham and Brixton. Some sections will relieve the most overcrowded stretches of the Underground while others will

¹⁵ We are indebted in this section to chartered surveyors Farebrother, who publish quarterly research tracking Midtown's commercial office market. Much of the trend data on vacancy, take-up, investment and development is sourced to their research.

¹⁶ It should be noted that Farebrother's definition of Midtown includes areas of St Paul's, Strand, Aldwych and Fleet Street that lie outside of Camden's Central London Area. The references to Midtown should therefore be taken as indicative rather than specific to Central London Area. The commercial property market definition of Midtown also extends south to the Thames (encompassing the Covent Garden and Strand areas), and stretches just beyond the eastern and western boundaries described by LB Camden's Central London Area.

provide rail connections in areas which currently rely on buses. Cross River Tram will carry 7,000 people per hour per direction in peak periods. The Cross River Partnership claims the scheme could be operating by 2016.

- During the past few months, confidence that Crossrail will be implemented has improved. In October 2007 the Government approved the £16 billion scheme, with a project start in 2008, and the first trains running in 2017. Crossrail will enable suburban rail services to run through Central London, linking Shenfield in Essex with Maidenhead in Berkshire. The line will have 38 stations, including new ones at Tottenham Court Road and Farringdon at the western and eastern boundaries of Camden's Central London Area. Tottenham Court Road to Heathrow will take 31 minutes, and to Canary Wharf 12 minutes.

History

- 4.11 The area that is now universally referred to as Midtown is a thriving office market. However this was not always so, and much of the change that has transformed its image is relatively new. Not so long ago, in the commercial property market, Midtown was more often than not mentioned in the same sentence as 'down-at-heel'. It was seen to be the poor relation of its larger neighbouring markets, and the location of choice to those organisations for whom a prime City or West End address was less important. The larger occupiers along the High Holborn corridor tended to be public sector bureaucracies such as the Ministry of Defence, Department of Transport and the Patent Office; former public utilities such as BT and British Gas, and major insurance companies, including Pearl Assurance and the Prudential, along with academic institutions (LSE and King's College) and the Law Courts. 'Out of hours' life was non-existent; the evening and weekend economy absent.
- 4.12 Midtown has two particularly iconic office buildings, both of which say something about the area's past ambitions as an office location. The older of these is 142 Holborn Bars, EC1, - previously 'the Prudential Building'. Designed in 1879 by Alfred Waterhouse, the building is a large rambling space around a central courtyard, occupied for many years by the Prudential Corporation. The newer iconic building, on the area's western fringe, is Centre Point, a product of the 1960s/1970s speculative building boom. This tall building, now listed, was developed by Harry Hyams to a design by Richard Seifert, and after many years vacant, eventually attained a useful economic role. Neither building succeeded in establishing the Midtown area as a distinctive office market.
- 4.13 Thus there was a long gap between the delivery of the prestigious 200 Gray's Inn Road, WC1, (the ITN building) in 1990, and MidCity Place, 58-71 High Holborn, WC1, in 2001. This time lapse reflected the uncertainty with which developers approached the market and its largely untested occupational strength. The more established markets to the west and east offered better prospects for large lettings to good covenants, even in the depressed days of the 1990s.
- 4.14 In Midtown, a significant proportion of the office stock was lost between 1995 and 2000, in a process defined by London Property Research as 'deglomeration'.¹⁷ The change of use of major office buildings to hotels (e.g. Pearl to Chancery Court; Turnstile House to Orion/Citadines) and luxury residential (Bishops House, 2-13 High Holborn) not only took surplus offices out of the market in the 1990s downturn, but also enhanced Midtown's appearance and facilities. It attracted visitors who created demand for amenities, restaurants, bars and retail. Since 1995, 11 new hotels have opened in Midtown. A further new 245-bed hotel is under construction at St Pancras Chambers, Euston Road, NW1 and due to open in 2009.
- 4.15 By the end of the 20th Century, a 24-hour economy was at last beginning to emerge in Midtown. When the office market recovered in the late-1990s and into the early 2000s,

¹⁷ London Property Research (1997) *London Office Policy Review* pp84-97 LPAC

this contributed to Midtown maturing as an office location in its own right, competing for tenants with both the West End and City. A notable example is publisher Estates Gazette, which moved from Wardour Street in 2004.

- 4.16 MidCity Place, a major development by Stanhope, providing 318,000 sq ft (c 30,000 sq m) of offices and 32,000 sq ft (3,000 sq m) of retail space, signalled a change in perceptions. Since its completion, Midtown has seen a number of high-profile developments aimed at larger 'corporate' occupiers. Not all of the developments have been from cleared sites. Some have been refurbishments, including some larger ones. For example, Derwent London's Johnson Building at 77 Hatton Garden, EC1, shows the possibilities presented by larger, older buildings. Completed in February 2006, this imaginative reconstruction of a 1930s structure produced c145,000 sq ft (c 13,000 sq m) of modern, quality space, and was fully let by spring 2007 to occupiers including Faber Maunsell, Grey Advertising, Syzygy Digital Media and Thomson Scientific. The question is: will the current crop of new buildings succeed where CentrePoint and the 'Prudential Building' failed in the past and help affirm Midtown as a distinctive office market.
- 4.17 Midtown, as defined by Farebrother, now contains a stock of 41 million sq ft (c 3.8 million sq m) of office accommodation. It is one of Central London's major office areas, catering for large, multi-national corporate organisations as well as many smaller companies that provide specialist services to a complex economy dominated by business services.

Demand

Occupier Demand

- 4.18 While continuing to operate at a rent discount to both the City and West End's peak rents (see below) Midtown offers an attractive alternative to cost-conscious organisations. Farebrother suggests that the long-term average annual take-up for Midtown is running at 2.7 million sq ft (c250,000 sq m), and the table below shows quarterly take-up during 2006 and 2007.

Table 4.3 Quarterly Midtown Take-up, 2006 and 2007

Period	Take-up, sq ft (sq m)
Q1, 2006	602,000 (54,200)
Q2, 2006	703,000 (63,300)
Q3, 2006	726,000 (65,300)
Q4, 2006	1,000,000 (90,000)
Q1, 2007	726,000 (65,300)
Q2, 2007	658,000 (59,200)
Q3, 2007	926,000 (83,300)

Source: Farebrother

- 4.19 The growing stock of modern offices in Midtown has succeeded in attracting a stronger base of diverse corporate occupiers. A good example is 55 New Oxford Street, WC1. This recent extensive refurbishment was formerly occupied by corporate giant Rank Xerox, but is now fully let to a range of companies including: Fox Interactive (media), Latitude Group (management consulting), Mayne (pharmaceutical), Pervin & Gurtz (finance) and Takeda (pharmaceutical). Another example is the more recent Met Building on Percy Street, W1. This refurbishment and extension of a typically aesthetically challenged 1960s tower and podium has been fully let to companies including BA Pension Fund (finance), Digital 8 (media), Gardiner & Theobald

(surveyors), GML Capital (finance), Wiggin (legal) and Zed Media (media), and is widely seen as a design success as well.

- 4.20 Table 4.4 below shows a selection of lettings during 2006 and 2007. The lettings fall within the Central London Area, and its fringe areas. The diversity of the occupiers is noticeable, ranging from charities to finance boutiques, with a strong representation of professional and media services firms. Such a diverse occupier base is a strength in market terms, increasing resilience to a serious downturn in one sector or part of the economy.
- 4.21 Another noticeable feature is that, apart from a small number of exceptions, the typical letting size is relatively small, compared to the City of London for example. Whether this is due to a shortage of large buildings or to lack of interest from very large occupiers is not clear.
- 4.22 There are certain lettings that help define an area in property terms. For example, they might signify a location's acceptance to a new sector, they might set a new rental benchmark, or they might represent a step change in letting size. The King's Cross area, north of the traditional office market that lies south of Euston Road, has recently seen several:
- Guardian Media Group has announced that it is to vacate its home of thirty years on Farringdon Road, EC1, to take 150,000 sq ft (c 13,5000 sq m) in Parabola Land's recently completed King's Place scheme on York Way, opposite Goods Way (just in LB Islington). The move will take place in spring 2008, consolidating 1,400 staff from five buildings. Media and advertising companies are likely to follow The Guardian. While The Guardian agreed to anchor the scheme at a rent of around £30 sq ft, prospective tenants are likely to pay significantly more, perhaps in the mid-£40s.
 - EC Harris. Another recently completed scheme, this time by P&O Estates, Regent Quarter (again just in Islington) has quickly let to a variety of occupiers - office, retail, studio. The scheme is also on York Way, perhaps 200 yards south of King's Place. A key letting has been to EC Harris, an international firm of quantity surveyors, who moved from Lynton House, Tavistock Square, WC1, leasing 65,000 sq ft (c 5,800 sq m) at the Jahn Court building in the scheme.
 - J Sainsbury: it was announced in the autumn of 2007 that Sainsbury is to leave its high profile headquarters on Holborn Circus, EC1, and move to Argent's King's Cross Railway Lands scheme, which finally gained planning consent during the summer. The retailer has pre-leased 250,000 sq ft (c 22,500 sq m) in what will be seen as an 'anchor' letting for the scheme.
- 4.23 While on one level, these leasing deals might be considered merely business-as-usual in the Central London's commercial office market, they are important to Camden and Midtown, because they create a natural northward extension of the established Midtown market. They give the area credibility; they act as magnets to other occupiers and they underpin the long-term regeneration of the area.¹⁸

¹⁸ It should be noted that all three were already Midtown occupiers, and that at least part of the reason for each move (declared explicitly by J Sainsbury) was the inability of the existing Midtown area to meet demand, whether due to cost or suitability of stock. It might be that by providing 'big ticket' space, the King's Cross area is relieving some pressure in Central London Area.

Table 4.4 Selected Lettings, Central London Area and Fringe, 2006 and 2007

Organisation	Sector	Address	Sq m
J Sainsbury	Retail	King's Cross Railway Lands, N1	23,000
Guardian Media Group	Publishing	King's Place, York Way, N1	14,000
Mediacom	Broadcast	124 Theobald's Road, WC1	6,100
EC Harris	Surveying	York Way, N1	5,800
Brewin Dolphin Holdings	Finance	12 Smithfield Street, EC1	5,000
Grey Advertising	Advertising	Johnson Building, 77 Hatton Garden, EC1	4,800
Thompson Scientific	Publishing	Johnson Building, 77 Hatton Garden, EC1	4,300
Gardiner & Theobald	Surveying	10 South Crescent, WC1	4,200
Cancer Research	Charity	Princes House, 37-39 Kingsway, WC2	3,800
Faber Maunsell	Engineering	Johnson Building, 77 Hatton Garden, EC1	3,400
TSL	Publishing	26 Red Lion Square, WC1	3,400
English Heritage	Charity	Waterhouse Square, EC1	3,400
TNS Media Intelligence	Research	214-238 Gray's Inn Road, WC1	3,000
Travers Smith	Professional	12 Smithfield Street, EC1	2,900
Corporate Executive Board	Consultancy	Victoria House, Southampton Row, WC1	2,800
ATOC	Transport	40-48 Bernard Street, WC1	2,200
London Business School	Education	Westgate House, 8-9 Holborn, EC1	1,800
1 st Contract	Recruitment	77-91 New Oxford Street, WC1	1,700
Cable & Wireless	Telecoms	124 Theobald's Road, WC1	1,700
ITV	Broadcast	ITN Building, 200 Gray's Inn Road, WC1	1,700
News International	Publishing	214-238 Gray's Inn Road, WC1	1,600
Takeda Europe	Pharma	2 Arundel Street, WC2	1,300
Timberland	Retail	77-79 Farringdon Road, EC1	1,200
ToscaFund	Finance	90 Long Acre, WC2	1,200
Syzygy Digital Media	Web Design	Johnson Building, 77 Hatton Garden, EC1	1,000
Steelcase UK	Furniture	77-79 Farringdon Road, EC1	1,000
Maitland Advisory	Finance	168-173 High Holborn, WC1	1,000
Twentieth Century Fox	Media	55 New Oxford Street, WC1	1,000
Anchor Trust	Housing	25 Bedford Street, WC2	900
Takeda Europe R&D	Pharma	55 New Oxford Street, WC1	900
William Morris Agency	Media	Centre Point, 103 New Oxford Street, WC1	800
Nitro Group	Advertising	22-25 Bedford Street, WC2	700
WPP Group	Advertising	24-28 Bloomsbury Way, WC1	700
Fragomen	Legal	26 Southampton Buildings, WC2	700
Davis Langdon	Surveyors	MidCity Place, 58-71 High Holborn, WC1	600
Mayne Pharma	Pharma	55 New Oxford Street, WC1	500
Queensland Investment	Finance	MidCity Place, 58-71 High Holborn, WC1	400

Source: Farebrother

Investment Demand

- 4.24 Take-up of office space is an indicator of one type of demand, reflecting the appetite of occupiers for new space and their confidence and/or desire to be in a particular area. From a planning policy perspective, however, it is equally important to understand the

level of investor activity because this reflects the attractiveness of a particular area to the investment community - a group whose interests focus on capital growth of a building, growth that is heavily dependent upon the success of the area in which it is sited. Their interest is crucial to encourage the continued development of prime space to replace older, secondary space.

- 4.25 Despite a more cautious approach among investors generally since events in the financial markets over the summer of 2007, investment interest in Midtown remained strong. This is interpreted by the market as a sign of its longer-term emergence as a key Central London market, with significant potential for further capital growth. The table below shows a selection of the larger investment deals during 2007 falling within the Central London Area.
- 4.26 The recent sales of MidCity Place, High Holborn, WC1, and 200 Gray's Inn Road, WC1 (the ITN building), are important as expressions of confidence in the area. The sale of a 50% stake in Central St Giles, St Giles High Street, WC2, to Mitsubishi, and the purchase of Chichester House, 278-282 High Holborn, WC1, by Hines, are also significant because they suggest on-going confidence in the area for new, medium-term development.

Table 4.5 Selected Investment Transactions, Central London Area, 2007

Address	Purchaser	Price (£m)	Comments
MidCity Place, 58-71 High Holborn, WC1	Beacon Capital Partners	330.0	
Central St Giles, St Giles High Street, WC2	Mitsubishi	200.0	For 50% stake.
200 Gray's Inn Road, WC1	Beacon Capital Partners	151.7	
CAA House, Kingsway, WC2	Tishman Speyer	135.0	4.5% yield.
7-11 Herbrand Street, WC1	Scottish Widows	43.0	
Princeton House, 271-277 High Holborn, WC1	Private investor	42.0	Redevelopment opportunity.
Chichester House, 278-282 High Holborn, WC1	Hines	26.0	
70 Gray's Inn Road, WC1	Arlington	24.2	2.92% yield.
16 Upper Woburn Place, WC1	Warner Estate Holdings	21.7	5.03% yield.
20 Red Lion Street, WC1	Morley Fund Management	15.7	
New Premier House, 150 Southampton Row, WC1	Structadene	14.5	5.05% yield.
49-51 Bedford Square, WC1	Private investor	14.0	
27-29 Macklin Street, WC2	Royal London	13.2	

Source: Ramidus Consulting

- 4.27 While not an office building, it should also be noted that the 290,000 sq ft (c27,000 sq m), retail-led Brunswick Centre was sold in 2007 to Hermes pension fund for £115m. In terms of broader investor appeal, the deal demonstrates a high level of confidence in the on-going regeneration of the area.

Supply and Market Balance

- 4.28 Overall, development activity in Midtown is currently at a low level and the market perception of the area is that there is a shortage of good quality stock to meet current levels of demand.
- 4.29 The table below is a comprehensive listing of all schemes currently under construction within Camden's Central London Area. Given that a number of the schemes are nearing completion, there is not a great deal of construction activity. This points to

further tightening of the market, which is not good from an occupational perspective, as choice shrinks and prices rise.

Table 4.6 Developments under Construction, Central London Area, November 2007

Address	Developer	Comments
30-33 Bedford Square, WC1	The Bedford Estate	3,500 sq m refurbishment + extension to four Grade I listed office buildings.
Central St Giles, St Giles High Street, WC2	Central St Giles Partnership	35,000 sq m of offices + other uses.
54 Hatton Garden, EC1	Marldon	700 sq m refurbishment of Hatton Garden offices.
75 High Holborn, WC1	O&H Properties	162 sq m offices + retail and flats.
Holbrook House, 8-18 Great Queen Street, WC2	Henderson Global Investors	Refurbishment and extension of 1960s block on east side of Covent Garden for c9,300 sq m of offices.
Osnaburgh Street, Regent's Place, NW1	British Land plc	36,000 sq m of offices; completion due at end-2009.
Seven Dials Warehouse, Earlham Street, WC2	Schroder Property Investment Management Ltd	3,400 sq m office currently under offer to Expedia at c£70 sq ft.
164 Shaftsbury Avenue, WC2	Freshwater	Refurbishment to provide 2,500 sq m.
1 Southampton Row, WC1	Englander Group	9,500 sq m behind façade.
10 South Crescent, WC1	City of London	4,200 sq m pre-let to Gardiner & Theobald.
264-267 Tottenham Court Road, W1	London & Regional Properties	2,500 sq m of offices + retail and residential.

Source: Ramidus Consulting

- 4.30 In addition to those schemes listed, there are a few that lie on the border of the area. Two good examples are Castlemore Securities' 180,000 sq ft (c 16,200 sq m) scheme at 40 Holborn Viaduct, and Ebble's 57,000 sq ft (c 5,100 sq m) at 70 Chancery Lane, both of which lie inside the City boundary.
- 4.31 Looking beyond the developments currently being built, Camden's prospective role as a key Central London office location is likely to grow and change with the developments at King's Cross and Euston (Chapter 6 looks more closely at this long-term supply pipeline). King's Cross in particular will make a large difference to the area. The proposals for the 67-acre brownfield site, which now have planning consent, include 7.9 million square feet (c 730,000 sq m) of mixed-use development. The proposals include business and employment space; some 2,000 new homes; student housing; hotels and serviced apartments; retail, food and drink, and visitor, cultural, leisure and community uses. Over 40% of the area will be public realm, including three new parks, five squares and 20 streets. There will be a new entrance to the London Underground; options for Cross River Tram and space for a new western concourse for King's Cross Station. In short, the project has the potential to create a new 'urban quarter' as has been achieved on smaller scales at Paddington, More London (the new development to the west of Tower Bridge, which has attracted large occupiers such as Ernst & Young, PricewaterhouseCoopers and Lawrence Graham) and, on a larger scale, at Canary Wharf. The new King's Cross quarter will potentially underpin the strength of the Midtown office market by providing a greater critical mass and a wider choice of premises.
- 4.32 In the short term, however, new supply in the Central London Area will continue to be constrained. Most of the space currently under construction is already let and there is only a small pipeline of space scheduled for completion in the next two years.

- 4.33 The commercial property agents we have consulted generally feel that this relative lack of supply is partly due to Camden's mixed use policy discouraging office development. As discussed in chapter 2 above, this policy requires office developments 'where appropriate' also to provide housing, amounting to up to 50% of the gross additional floorspace built. This naturally affects the profitability of office development. While large schemes may be able to absorb the housing element, the viability of smaller office developments may be adversely affected. Our respondents suggest that adverse effects are particularly acute with refurbishments and extensions, where the additional value resulting from improvements is eroded by the requirement to provide housing.
- 4.34 Following the strong take-up in the last 4-5 years, vacancy rates in Midtown have now fallen to below 4%.¹⁹ Like many other areas in London, availability in Midtown rose sharply following the collapse of the Dotcom boom in 2000. From a low of just over one million sq ft (c 90,000 sq m) in Q1 01, availability rose to a peak of six million sq ft (c 540,000 sq m) (nearly 15%) in Q4 03. Since then, availability in Midtown has been in more or less steady decline, resulting in a current availability level of just 1.58 million sq ft (c 142,200 sq m), or 3.9% in Q3 2007. This is the lowest level across all Central London markets. The inevitable upward pressure on rent levels is described below.
- 4.35 Of the 1.58 million sq ft (c 142,200 sq m) that is available, just 124,000 sq ft (11,200 sq m) is in new or newly refurbished accommodation. This is just 0.3% of the area's total office stock. In other words, there is a comparative oversupply of poorer-quality space which is naturally less desirable to occupiers and a dearth of good-quality space (with limited supply in the short-term development pipeline). Whether this supply/demand imbalance is a short-term issue or a deeper structural problem will be of concern in terms of the Borough's ability to meet the needs of the occupier market. The credit squeeze of mid- to late-2007 may have the effect of relieving pressure but all the signs remain of a rapidly maturing office market.
- 4.36 In terms of rent, Midtown has traditionally offered a significant rental discount to both the City and West End, thereby offering a less expensive alternative to more cost conscious organisations. However, the declining level of availability in the Midtown market described above (now down to around one third the level of its previous peak), together with low levels of development activity, have resulted in strong upward pressure on rents.
- 4.37 Today, rent for the best, grade A space in Midtown exceeds £60 per sq ft. In December 2006 MidCity Place, High Holborn, WC1, achieved a top floor rent of £62.50 per sq ft; and more recently 55 New Oxford Street, WC1, achieved the same for its 4th floor letting to pharmaceutical company Takeda Europe. More typically rents range between about £45 per sq ft and £50 per sq ft. While these rent levels have eroded the differential with the City, there remains a significant discount over the West End. Rents in the similarly under-supplied West End are typically 50% higher on like-for-like property.

Conclusions

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

¹⁹ It should be noted that Farebrother's definition of Midtown includes areas of St Paul's, Strand, Aldwych and Fleet Street that lie outside of Camden's Central London Area. The references to Midtown should therefore be taken as indicative rather than specific to Central London Area.

- 4.39 The Midtown market has a number of larger older, institutional buildings, and a few modern, 'signature' buildings. It is, however, dominated by smaller stock, accommodating a wide variety of occupiers involved in professional and business support services. There are very few large, single occupier buildings: most are medium-sized and multi-let.
- 4.40 One result of the area's recent success is a tight office market in which office supply falls short of demand. Vacancy in the area has recently reached a record low (4%) and the small amount of space being delivered in the next 12-18 months (shown in Table 4.6 above) is mostly spoken for. The evidence suggests that this tightening of the supply-demand balance reflects something more significant than a cyclical pressure. Table 6.4 (in Chapter 6) shows a small pipeline of outstanding permissions. Once the proposals for King's Cross - which are a long way from delivery - are deducted, there is just 345,000 sq ft (c 32,000 sq m) of planned net addition to space. At the same time rents have risen and begun to close the rent differential with the City and West End (rental levels in Central London generally rise once vacancy levels fall below about 7%). There is clearly not the capacity to continue meeting recent high levels of demand and choice for occupiers is now very limited. This applies equally to demand across the size ranges.
- 4.41 Market perception is that one factor constraining supply is Camden's mixed-use policy, due to its impact on the viability of schemes. How far this is correct is not clear from the evidence. Clearly the policy does not choke off development as many office schemes have started since it has been in force. But it may reduce supply below what it would otherwise be. To see if this is the case, and to estimate the size of any effect, would require a close study of the policy, using detailed case studies and development appraisals.
- 4.42 It might be argued that proposals for large-scale development at Euston and King's Cross will resolve supply constraints further south. However, these schemes are medium-to long-term; the more advanced of them, Kings Cross, will not begin to deliver office floorspace until 2010 or 2011 at the earliest. Moreover, in qualitative terms Kings Cross and Euston are unlikely to provide the right accommodation for all types of Midtown occupiers. Both schemes are further from London's office core than some occupiers would like and likely to be led by large pre-lets and to offer premium-quality, relatively expensive space. They may not cater for the many smaller and lower-value occupiers which Midtown has accommodated over the years. If it is to meet demand, the area needs to provide a continuing supply of small and refurbished space, as well as the large new developments at Kings Cross and Euston.
- 4.43 In summary, recent history suggests that there is growing occupier and investor demand for office floorspace in Camden's Central London area. At present and for the next few years, market signals suggest that the forthcoming supply falls short of this demand. The reasons for this market imbalance are not clear and may or may not relate to planning policy. We will reconsider the balance of demand and supply in Chapter 6 below, taking a longer-term view. But first we need to look at market conditions in other parts of Camden.

Camden Town

Overview

- 4.44 North of Central London sits Camden Town, a vibrant town centre with some office activity, which is undergoing rapid change as land uses and values vie with each other.
- 4.45 Camden Town focuses around Camden Town Tube station at the highly congested junction of the High Street, Kentish Town Road, Parkway and Camden Road. The area is well connected and benefits from the tourist attraction that is Camden Lock Market as well as a wide array of retail, bars and restaurants.
- 4.46 Of the Borough's local office market areas, Camden Town is the closest to Central London and the most likely to benefit from future growth in the office market there. Office activity often spreads, ripple-like, from higher cost to lower cost locations, taking advantage of secondary property. Thus, Camden Town is attractive to businesses being displaced from the higher-value area to the south, especially in the creative industries.
- 4.47 The stock of office space in the area is extremely varied in its size, age, condition and use. Office units are typically smaller than in Central London. There is much less modern, purpose-built office space, although this might change if mainstream office activity ripples outwards. A significant, though unmeasured, proportion of the floorspace stock is in converted light industrial buildings. These provide practical, cost-effective and flexible spaces for businesses not looking for the more formal corporate office environment.

Demand

- 4.48 Camden Town's office market caters largely to smaller, local businesses - the type that fall beneath the radar of market commentary. However, there is also a limited market of medium to large office occupiers prepared to contemplate locating amid the throng of tourist activity and 'colourful' life that typifies Camden Town. The area offers a cheaper location than Central London, while at the same time being very accessible to it.
- 4.49 Those businesses that have moved to the area are mostly creative types, including: Getty Images, H Bauer Publishers, Jim Henson Organisation, MCI Worldcom, MTV and Viacom Outdoor. Indeed, a strong broadcast media cluster has developed in Camden Town, stimulated initially by the arrival of GMTV in the 1980s. As we have seen, it is an objective of the current Unitary Development Plan to encourage these creative activities in the Borough.

Supply and Market Balance

- 4.50 Two larger buildings that have been delivered in recent times are Camden Point and the Centro Scheme. Camden Point in Camden Road is a 35,000 sq ft (c 3,200 sq m) building completed in 2005. It found a public sector occupier when it was let to the British Transport Police. The Centro scheme, a major refurbishment of the old Maples furniture depository in Camden Street, was delivered in 2005. This 85,000 sq ft (7,900 sq m) scheme has been partially let to Hugo Boss for its UK headquarters, but space remains available.
- 4.51 These large developments are exceptional. In general, Camden Town remains a secondary office location, with few large buildings or large occupiers. This may be due to lack of interest from larger businesses, the difficulty of assembling large sites in the area, or both. One indication of the latter is perhaps the recent failure of London Transport to secure consent for a mixed-use scheme which included a proposed 90,000 sq ft (c 8,400 sq m) of offices above the Tube station.

- 4.52 Because Camden Town is a secondary office market, there is little information on it and it is difficult to judge the balance of demand and supply. Our consultations and site visits suggest that the market is reasonably in balance. Certainly there is no evidence of a surplus of office floorspace or land. But there is at least the threat of undersupply, because employment sites are under great pressure from residential developers looking to increase the value of land currently used for lower-value offices.

Conclusions

- 4.53 Given the limited availability and high costs of office space in Midtown, we might expect mainstream office occupiers from the area to spill over into Camden Town, generating demand for larger, higher-quality, higher-value properties. However, this would be to ignore the major opportunities for large-scale, high-quality office developments at Euston and Kings Cross. We expect that in future these sites will absorb much of the up-market overspill demand from Central London and that Camden Town will continue to fulfil the important but 'secondary' role of providing less expensive space, including space for the creative sectors.
- 4.54 If the Council wishes to meet the demand for office space, so that lack of land does not constrain economic activity, it should consider protecting office sites against transfer to higher-value uses. But such a policy, if applied indiscriminately, risks safeguarding sites which will never be re-used for offices, perhaps because they are poorly located or certain market segments are over-supplied. Therefore the Council should monitor floorspace change and the take-up and availability of space so that it can assess market conditions over time. Moreover, any safeguarding policy should be subject to a market test so that sites can be transferred to other uses if applicants can demonstrate that they are no longer suitable or required for offices.

The Outer Borough

Overview

- 4.55 Moving further still from the central area brings one to the dense, often high-value, residential districts of Kentish Town, Finchley Road/Swiss Cottage, Hampstead, West Hampstead and Kilburn. Each of these districts has town centres serving its surrounding residential area. As well as retail and leisure, these town centres cater for office occupiers which are typically small and local, such as solicitors, accountants, surveyors and other professional advisors. A great many of these offices occupy the upper levels of buildings where the ground floor is retail. Due to the pressure of demand for residential property in these highly sought-after areas, such upper level commercial premises are under pressure for piecemeal conversion to flats.
- 4.56 The five outer town centres generally do not compete with each other for office users, because they mainly serve local markets. They are unlikely to appear within the search areas of companies currently in Central London who are looking for new premises. In commercial market terms, they are first and foremost retail and leisure centres.

Kentish Town

- 4.57 Immediately to the north of Camden Town, Kentish Town is one further step removed from the main office market. This fact is reflected in its sparse and generally older office accommodation. The area does not compete in any practical sense for office occupiers from other areas but rather caters for local office demand and for small firms, many of whose staff are likely to live relatively locally. The largest visible office building - itself apparently a converted light industrial structure - is Linton House, on Highgate Road, which offers a wide range of serviced office solutions.
- 4.58 Along Kentish Town Road there is a diverse and busy retail offer, with plentiful bars and restaurants as well as local convenience outlets. Also along Kentish Town Road and Highgate Road, and the areas immediately beyond, there is much new residential

development. During our visits to this area, we observed relatively few office letting boards.

- 4.59 Because there are so few office buildings in the area, we cannot make an assessment of supply and demand. There is probably little demand for new office space, certainly not from the larger, corporate sector, but sites are available should the private sector choose to invest. Kentish Town is not an established office location and there appears to be no overriding reason why it should become one.

Finchley Road/Swiss Cottage

- 4.60 A ten-minute walk westwards from Hampstead is Finchley Road (the A41). This very long and busy road travels north west to south east from Fortune Green to Swiss Cottage. Finchley Road is, to use the vernacular, a story of two halves.
- 4.61 The northern half, broadly from Fortune Green to Finchley Road & Frognal overground station, gives the impression of a retail centre past its sell-by date. It was clearly, at one point, a strong and vibrant centre. There is, however, now a high level of vacancy, both in ground floor retail units and upper storey accommodation. Those retail businesses that remain do not give the impression of catering for local convenience needs. Many sell specialist goods, for example designer furniture. The plethora of letting boards provides a striking contrast to Hampstead.
- 4.62 Along this length of road, there appears to be just one purpose-built office building - Lithos House, at 307 Finchley Road (actually accessed off a side road, Lithos Road) - and some of this building is vacant. There is, at the same time, very little evidence of local office businesses occupying upper floors of retail units. This is not an office location: it is too remote from a thriving commercial centre and public transport.
- 4.63 The other, southern, half of Finchley Road tells a different story. The area south of Finchley Road & Frognal station and to Swiss Cottage is clearly more successful as a commercial centre, both in terms of retail and offices uses. The retail offer is much broader and clearly popular, and the area around the eponymous Swiss Cottage has a collection of 1970s and 1980s purpose-built office buildings. One - 100 Avenue Road - is occupied by international publisher Sweet and Maxwell which relocated to the area from the Docklands after the IRA bombing of 1996, this building already belonging to parent company Thomson Publishing. The Jubilee Line connection into the West End and through to Canary Wharf is an important piece of connectivity that is likely to help maintain office activity in the area.
- 4.64 There is no evidence of a shortage of space around Finchley Road/Swiss Cottage and the stock of purpose-built, multi-let office buildings in the south of the area provides a healthy reservoir of space to accommodate fluctuating demand.

Hampstead

- 4.65 To the south west of Hampstead Heath lies the busy and prosperous area of Hampstead itself. This is a highly popular residential district of north London. Where the High Street joins Heath Street and Fitzjohns Avenue, just south of the Tube station, is the centre of the area. All three roads are well filled with retail and associated uses, and there is very little evidence of vacant real estate - office or otherwise.
- 4.66 There is evidence of first- and second-storey use by local office occupiers, but there are no large businesses. Those office users that are present are typified by local accountants, solicitors and other professional advisors. There is little visible evidence of office businesses serving wider markets.
- 4.67 Hampstead is a very prosperous residential district that has attracted an appropriate profile of retail opportunities. It is not a significant office location. Even if significant office sites became available, which is highly unlikely given the residential values, there would likely be no demand for large-scale office accommodation because

Hampstead is inaccessible from the main office areas to the south and there is no reason why large Central London office occupiers would wish to relocate this far north.

West Hampstead

- 4.68 Sandwiched between Finchley Road and Kilburn High Road is West Hampstead, centred on West End Lane. The area is bisected by rail lines, including Thameslink, the North London Line and the Jubilee Line. West End Lane stretches a long way and the quality of environment and property varies widely along its length. The northern and southern ends of West End Lane are residential. Towards the commercial core, around West Hampstead Tube station, there is a predominance of retail use, cheek by jowl with some low-grade industrial land. The area has a low density of office use, the main elements being the following.
- 4.69 The largest single occupier appears to be the LB Camden's social services department at 156 West End Lane. It shares the ground level of the building with builders' merchant Travis Perkins (who have a large storage yard to the rear).
- 4.70 In Iverson Road, near the junction with West End Lane, lies Hampstead West. This is a relatively new, 1980s-style B1 office development of five or six self contained buildings housing a variety of local businesses. It appears well managed and its occupiers include a local commercial estate agent.
- 4.71 In Blackburn Road, watchmaker Accurist occupies a building of 'high-tech' design. It is being used as the UK head office and was possibly built specifically for Accurist.
- 4.72 Apart from these three developments, the office market here is very small. What little office activity there is appears to be small-scale. There also appears to be less pressure from alternative uses in this area than in some others.

Kilburn High Road

- 4.73 A short walk to the west of West Hampstead lies Kilburn High Road. This is a busy thoroughfare (the A5) that merges at its southern end into Maida Vale and the St John's Wood area. The High Road is a long stretch of retail of variable quality with first, second and third-floors used for residential and a smattering of small local offices. The street is busy and there is a broad range of shops on offer, with a good mix of national chains and local businesses, although few are large. The nearest Underground station is quite a walk from the far end of the high street area.
- 4.74 Some of the buildings in Kilburn High Road show signs of physical decay and there is evidence of upper storey vacancy. To balance this, however, Primark have recently moved into a refurbished 1930 building - one of the largest on the High Road. Moreover, there are relatively few letting boards. We observed only two purpose-built office buildings during our visit. The first, an older three-storey building, appeared to be abandoned; the second was a serviced office which appeared to be under-used.
- 4.75 The High Road is not a strategic office location but it does cater for local businesses such as solicitors and other professional firms. Pressure for conversion to residential use is evidenced by the recent redevelopment of 146-162 Kilburn High Road (Prosper House, Banderway House and Kingsgate House) to provide a five storey building (plus basement) in two blocks including seven retail units, 14 intermediate flats and 56 private flats plus balconies and a covered atrium.
- 4.76 We have been asked by Camden Council to comment on the prospects for office-led development between the railway lines at West Hampstead. We reiterate our point above that this location serves demand for local offices. In our opinion, it does not have the potential to become a strategic office location in a wider London context, i.e. one that is likely to attract larger, footloose corporate occupiers from other parts of London. It has no track record in this respect, and lacks specific locational advantages such as closeness to an arterial road or a Central London rail terminus.

Conclusions

- 4.77 The overriding feature of the Outer Borough town centres is that they are not major office centres. The only possible exception is Swiss Cottage which has large purpose built office buildings and a critical mass in its office market. Most are little more than local in character and there is no reason to believe that this is likely to change materially in the future. The areas examined are not visibly competing with each other for office users, and they are unlikely to appear within the search areas of companies looking for new premises who are currently located within the Central London Area.
- 4.78 Much of the office stock in the Outer Borough is characterised by small units on first and second floor units above shops and other commercial uses. The single greatest threat to office activity is pressure for residential conversions. In areas of high residential demand, there is the possibility of piecemeal conversion of first and second storey accommodation above shops in commercial districts into residential flats. This situation could be monitored through the planning process.
- 4.79 In policy terms, we do not have enough evidence on supply and demand to support firm recommendations for the retention or otherwise of these small local offices. However, if the Council wants to ensure that demand for offices is met, we would suggest that existing office sites be safeguarded for continuing office use, subject to a market test and detailed monitoring of floorspace change, floorspace take-up and availability (vacancies). This would be prudent, because, given relative land values, for the foreseeable future it may be very difficult to replace office sites that have been lost.

5 THE INDUSTRIAL/WAREHOUSE MARKET

Introduction

- 5.1 The analysis of industry and warehousing in this chapter addresses similar questions to that of offices in Chapter 4. Its objective is to analyse the market, considering the nature and drivers of demand and the balance of supply and demand, to see if supply falls short of demand and draw implications for planning policy.
- 5.2 Below, we begin with basic statistics on Camden's industrial/warehousing stock, paralleling the earlier analysis of offices. We go on to an overview of the Borough's stock of property and occupiers, aiming to understand what kinds of industrial/warehousing activities locate in Camden, why they choose to be there and what kinds of sites and premises they require. The next section considers supply, demand and the relationship between the two, to gauge the balance of the market. In the final section, we draw conclusions and consider implications for planning policy

The stock and its occupiers

- 5.3 Camden has one of the lowest stocks of industrial and warehousing space in London (Table 5.1). Only Kensington & Chelsea, Westminster and of course the City of London (not shown in the table) have less.

Table 5.1 The Industrial/Warehousing Floorspace Stock, 2006

000 sq m	1998		2005		% change	
	Factories	Warehousing	Factories	Warehousing	Factories	Warehousing
City of Westminster	79	233	22	114	-71%	-51%
Islington	450	401	277	283	-38%	-29%
Kensington & Chelsea	70	103	43	104	-38%	1%
Lambeth	341	340	274	343	-20%	1%
Southwark	495	782	389	602	-21%	-23%
Wandsworth	285	384	239	446	-16%	16%
Camden	231	308	178	235	-23%	-24%
Camden as % of Central sub-region	12	12	13	11		

Source: DCLG, Commercial and Industrial Floorspace Statistics, 2001 and 2006

- 5.4 Despite protective planning policies, Camden's stock has been falling steeply. Between 1998 and 2005, the Borough's industrial and warehousing floorspace fell by 23%. This loss continues a long-term declining trend and is close to the total for the Central London sub-region.
- 5.5 It also appears that the stock that remains is not being renewed, with the bulk of Camden's industrial property (63%) dating from before 1940, and 76% dating from before 1970 (Table 5.2). Of the warehouse stock, just over half pre-dates 1940, and 74% pre-dates 1970 (Table 5.3).

Table 5.2 Age Structure of Industrial Floorspace (% of total)

	Unknown	Pre 1940	1940-70	1971-80	1981-90	1991-2000	2001-03
Camden	n/a	63	13	8	15	1	n/a
London	8	36	33	8	9	4	1
England	9	24	32	14	13	8	1

Source: DCLG, Commercial and Industrial Floorspace Statistics, 2004

Table 5.3 Age Structure of Warehousing Floorspace (% of total), 2004

	Unknown	Pre 1940	1940-70	1971-80	1981-90	1991-2000	2001-03
Camden	n/a	53	21	7	16	2	n/a
London	4	23	25	16	17	8	6
England	5	16	25	18	17	14	5

Source: DCLG, Commercial and Industrial Floorspace Statistics, 2004

- 5.6 Camden's industrial and warehousing property stock ranges in character from a small number of modern, purpose-built units, to a larger number of purpose-built units dating from the 1960s and 70s, to railway arches and converted residential space. While some of the stock is on discrete parcels of industrial land, much is integrated into residential areas.
- 5.7 The stock is occupied by a small number of large occupiers (such as BMW, Howden's Joinery, Murphy, Parceline, Travis Perkins and UPS) and a very long tail of ever smaller occupiers providing a wide variety of products and services. It is useful to classify occupiers in two dimensions, as described below.
- *Local v London*
In terms of the markets they serve, Camden's industrial/warehousing businesses fall into two broad categories:
 - Businesses serving local demand include builders, suppliers of DIY and household goods and the motor trades. They typically occupy older premises, often with open- air storage, which tend to be in poor condition. Many are grouped in railway arches and other fringe sites.
 - Those serving wider areas in London, and occasionally beyond, include design, electrical and mechanical equipment, food production, joinery, media production, office supplies and paper and print. Like other inner London boroughs, Camden has strong trading links with the West End, Midtown and the City, which it provides with a range of goods and support services, many from relatively inexpensive, off-pitch industrial premises. As the London economy grows, there is likely to be continuing demand from businesses providing goods and services to Central London. Camden, along with other Inner London boroughs, is a good location for these businesses.
 - *Clean v Dirty*
Many people assume that industrial space is used to make or mend things in a 'dirty' environment. This assumption is often wrong. Many business sectors have gone through radical transformations in recent years. A classic example is printing industry. Once a dirty industry, using noisy and polluting equipment, printing in many instances is now very clean. Other clean industries include communications, design, environmental technology, media production, medical equipment and many others. They typically require clean, economical buildings of simple specification in a fringe location. They frequently sit cheek-by-jowl on the same estate as dirty activities but such estates do not necessarily provide a satisfactory environment for them.

- 5.8 Clean industries are often those same industries that serve central London from a base in Camden. These businesses stand to gain the most, in terms of growth opportunities, from the continuing expansion of the Central London economy. At the same time, they are the most likely to be driven away by Camden's ageing and deteriorating stock of business space. They will only stay and grow in the Borough if there are sites and premises of adequate quality.

Demand, Supply and Market Balance

- 5.9 Because Camden's industrial/warehousing market is so small, there is little quantitative evidence about it. As noted in the 2004 study²⁰, deals are so small that they rarely show up in the public realm. Indeed, a search of *Property Week's* deals register for NW5 reveals just a single transaction in its entire archive (running from 2002) and none in NW3. Thus, we have no information about the quantity or qualitative mix of floorspace take-up in the Borough.
- 5.10 Similarly on the supply side, information is poor in that there are no data on the availability of industrial/warehousing space. But we do know that little or no *new* space is available: the 2004 study observed that 'virtually no new industrial property has been built since 1991'. This situation has not changed since: in the last five years just one building has been completed in Camden, an Audi dealership at 241/279 Finchley Road providing 4,490 sq m of showroom and workshop space. Moreover, virtually no new space will become available in the near future. As shown in Chapter 7 below, the industrial/warehousing space currently in the pipeline amounts to a Borough-wide total of 2,091 sq m.
- 5.11 It could of course be argued that the market is in balance, because lack of supply matches lack of demand: no new industrial/warehousing space is being provided in Camden because nobody wants it. But the evidence strongly contradicts this view. On the contrary, the facts suggest that Camden's industrial/warehousing market is tight, with high pressure of demand against supply:
- The commercial property agents we have consulted consider that demand for space is strong but take-up is constrained by the lack of supply.
 - Although the stock of industrial/warehousing space is small and old, it seems to be popular with occupiers; there is no evidence of general vacancy or abandonment. This suggests that there is good demand for the stock remaining in the Borough. In our visits, the few vacant buildings we found were either visibly in need of refurbishment or (in one case) very badly maintained. Those buildings which looked fit for purpose were either occupied or being actively marketed. This includes not only modern and refurbished space but also lesser-quality space which is appropriate to its market, such as railway arches.
 - The 2004 study of Industrial and Warehousing Demand estimated that the vacancy rate Borough-wide was 1.7%, far below 7-8% which is considered market equilibrium. We have not been able to update this vacancy rate but we believe it remains very low.
 - Industrial/warehousing rents are high, especially taking account of the poor quality of the stock. The 2004 study reported that industrial rental values typically ranged between £10-£12 per square foot and that these industrial rents were comparable to those in other Central London boroughs but 'in many of Greater London's major industrial locations rents were lower, even for new space.' There is market evidence to suggest that rents have now risen to more than £15 per square foot (this needs to be heavily qualified because the evidence is limited). The high rents

²⁰ Roger Tym & Partners, Camden Industrial and Warehousing Land Demand, 2004

achievable in Camden, even for older, less attractive properties, are an indicator of high pressure of demand against supply.

- The shortage of industrial space offered at reasonable cost is forcing some occupiers to consider taking space in higher-specified buildings of the sort included in mixed use developments. Anecdotally, one business is now considering relocation from the Borough because it cannot afford the c£22 per square foot commanded by such space.
- 5.12 In short, the evidence suggests that, if more industrial/warehousing space was provided in Camden, it would be readily taken up and at comparatively high rents, which at normal industrial land values would easily support viable development. The 2004 study reached the same conclusion, based on evidence which included a survey of business occupiers as well as property market analysis. The 2004 study noted that occupiers generally require good value 'fit for purpose' space, which is flexible and has adequate road access / loading arrangements²¹. However, the survey found that a high proportion of occupiers considered it difficult to find such space in Camden, with many having to compromise their requirements²².
- 5.13 Why, then, is more industrial/warehousing space not being built in Camden? One major reason, also discussed in the 2004 study, is clearly the competition from higher-value land uses, of which the most obvious is housing.
- 5.14 According to the Valuation Office Agency²³, indicative residential land values in Camden (July 2007) are between £13.9m and £23.2m per hectare. The VOA report does not provide industrial land values for Camden but for the neighbouring borough of Islington it shows an indicative 'typical' value of £2.5m per hectare. If we assume that industrial land values in Camden are similar, land values in the Borough are roughly 6-9 times higher for housing than industry.
- 5.15 Whatever the exact figures, it is clear that landowners have every incentive to transfer sites from industrial to housing use wherever possible and the price of industrial sites in many cases is likely to be inflated by the hope that they may be redeveloped for housing.
- 5.16 In short, residential demand is pricing industry and warehousing out of Camden. Although the credit crunch might bring a pause to residential development pressure, the impact is so generalised as to suggest that the fundamental relationship between property types will not materially change in the near term: residential will continue to pressurise marginal industrial activity unless a given site is suited only for industrial use.
- 5.17 One outcome of these dynamics is that, as the stock of space shrinks and ages, choice for prospective occupiers also shrinks and the quality of the stock becomes a disincentive to them. This in turn reduces interest from investors. Ultimately the market reaches a floor which it is unlikely to fall below but equally, from which it will have great difficulty growing. Beyond a certain point, therefore, policies to safeguard or revive industrial/warehousing uses will likely become ineffective; the horse will have bolted. We do not know if this stage has been reached but it may be close.

Conclusions

- 5.18 Camden's stock of industrial/warehousing space is small, shrinking, scattered and ageing. Demand for space is buoyant and there are opportunities for growth, especially from occupiers who are looking for economical and simply-specified premises from which to service the Central London business market. Camden is a good location for

²¹ A short section of the study dealing with occupiers requirements is reproduced in Appendix 2

²² A short section of the 2004 study's conclusion from the business survey is reproduced in Appendix 3

²³ Valuation Office Agency, Property Market Report, 2007. We have rounded the figures provided in the report.

such activities. But the take-up of space is restricted by lack of supply, and especially modern supply, as industrial/warehousing sites are under intense pressure from competing land uses.

- 5.19 Due to this competition from higher-value land uses, Camden is losing more industrial/warehouse space than it would do otherwise and its floorspace stock is not being renewed. Industrial and warehouse occupiers who would like to locate in Camden, and if it were not for competing land uses could afford to do so, are going elsewhere.
- 5.20 Whether this process should be resisted depends on policy objectives and priorities. It may be considered that, as suggested by market signals, competing land uses are more valuable and industry and warehousing are better located in other places. Alternatively, it may be that the market is giving the wrong signals in this instance, because less industry and warehousing in the Borough means fewer local jobs for disadvantaged residents and longer journeys both for workers and for consumers of various goods and services.
- 5.21 How far the loss of industry and warehousing should be resisted is a regional issue which cannot be resolved at the level of a single borough. Thus, impacts on workers and consumers will be much greater if industrial/warehousing jobs are displaced from Camden to Islington than, say, to Waltham Cross. We will discuss the issue further in our overall conclusions and recommendations in Chapter 8. For the moment, we consider what the Council would have to do if it did wish to encourage industry and warehousing in the Borough.
- 5.22 The obvious answer is that the Council should continue to pursue restrictive policies, safeguarding all existing industrial/warehousing land which is still suitable and viable for these uses. In the next chapter, we assess the Borough's industrial sites from a market perspective, to see which might be safeguarded in this way.
- 5.23 But, to maintain a healthy market in which supply matches demand, it is not enough to retain existing sites. It is necessary also to maintain and manage the existing stock and to renew it through development and redevelopment. As we have seen, there are growth opportunities in clean industries that serve the expanding Central London business market, such as building services, catering, cleaning, courier services, design, hospitality services, IT back-up services, marketing services, media production, office supplies, printing, security, training and many others. These activities need clean, functional space, of a higher standard than many traditional local industries. Some of them might currently have a low profile in the Borough but they could be attracted in greater numbers if they could find the right kind of space - 'clean industrial' units on well-managed estates.
- 5.24 Any developer or investor wishing to provide such space in Camden will find a lack of coherent sites where a reasonable number of units could be built or where estate management best practice can be applied to enhance the value of existing units. Most of Camden's industrial property is scattered thinly across the borough, with few significant concentrations. Many of these smaller scattered sites do not have the critical mass to support a viable redevelopment; should their current occupiers cease trading or relocate, they would stay vacant unless new occupiers can be found for the existing buildings. The UDP's mixed-use policy does not generate clean industrial space, because the employment units constructed under the policy are normally offices; industry is not a suitable use in residential-led mixed-use buildings because it generates too much noise, traffic and so forth, including at unsocial hours.
- 5.25 Liddell Road (discussed in detail in Chapter 6) is one substantial concentration of industrial activity but, ironically given that it is owned by the Council, it is poorly managed and in physical decline. The Council should consider an initiative to regenerate this estate.

- 5.26 Were Camden to identify land for new industrial/warehousing development, the most promising area of search is around the railways that criss-cross Camden. These railway lands tend to be removed from housing and other sensitive uses and they may include sites which have no practical alternative uses. Whether new sites will in fact be needed depends both on future demand and on the amount of land that may be lost from the existing stock. We consider these issues in the next two chapters.

6 EMPLOYMENT SITES

Introduction

- 6.1 In this chapter, we provide a qualitative assessment of selected employment sites and areas in Camden, to see how far they are still suitable and attractive for employment uses. The assessment covers:
- i) Industrial areas identified in the current UDP for industry and warehousing, comprising Hatton Garden, Kentish Town Area and Industry Area;
 - ii) One further industrial area, St Pancras, which is of interest as a significant area of industrial concentration and benefits from the general protection attributed to employment land;
 - iii) Office and industrial sites identified specifically in Policy LU1 for employment uses or mixed uses that include employment (while some of these sites are proposed for development or redevelopment, others are existing sites which we understand have been designated in order to afford them a higher degree of protection);
 - iv) A few additional sites which we found during our visits and particularly wish to comment on.
- 6.2 Except for these few additional sites, the sites to be considered have been set down by the Council. The assessment is not comprehensive; it excludes, for example, industrial sites such as Cedar Way and the St Pancras Commercial Centre.
- 6.3 The assessments below are made from a market perspective. In relation to existing employment sites and areas, its purpose is to judge whether, should a site fall vacant, under normal market conditions it would be re-occupied for its current employment use (either using existing buildings or further to redevelopment). Based on this judgment, we advise on whether the site should be safeguarded for employment. With regard to development sites, the purpose of the assessment is similar: we consider whether, assuming a reasonably balanced market, the site is likely to be taken up.
- 6.4 In making these assessments, we have taken into account five main groups of factors:
- i) Accessibility by different means of transport;
 - ii) The internal environment of the site or area;
 - iii) Its external environment, or surroundings, including the compatibility with surrounding land uses;
 - iv) Where there are buildings on the site, their quality and condition;
 - v) Direct market evidence, such as vacancy levels in the neighbourhood.

Figure 6.1 Employment Sites and Areas - South-East Camden

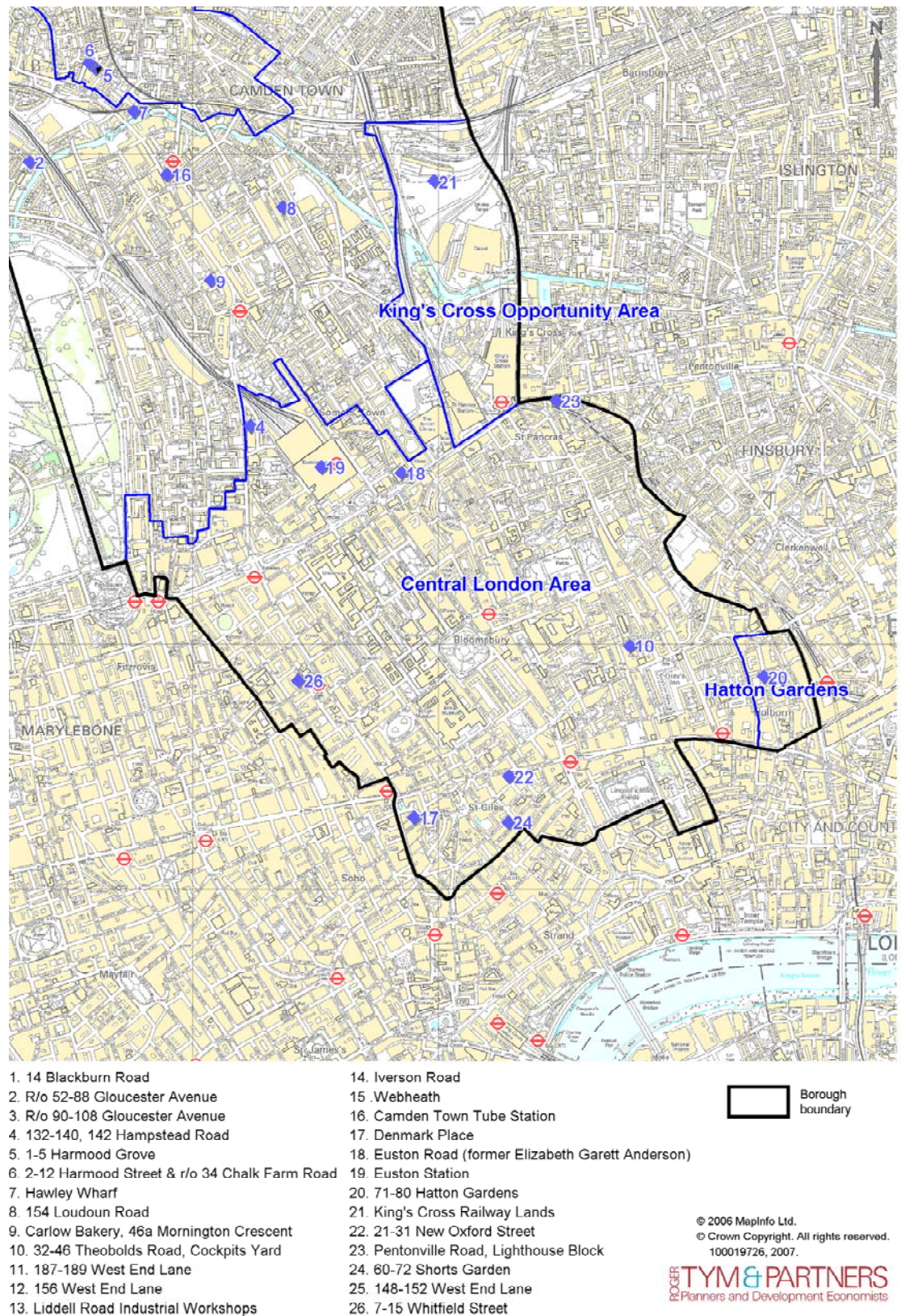
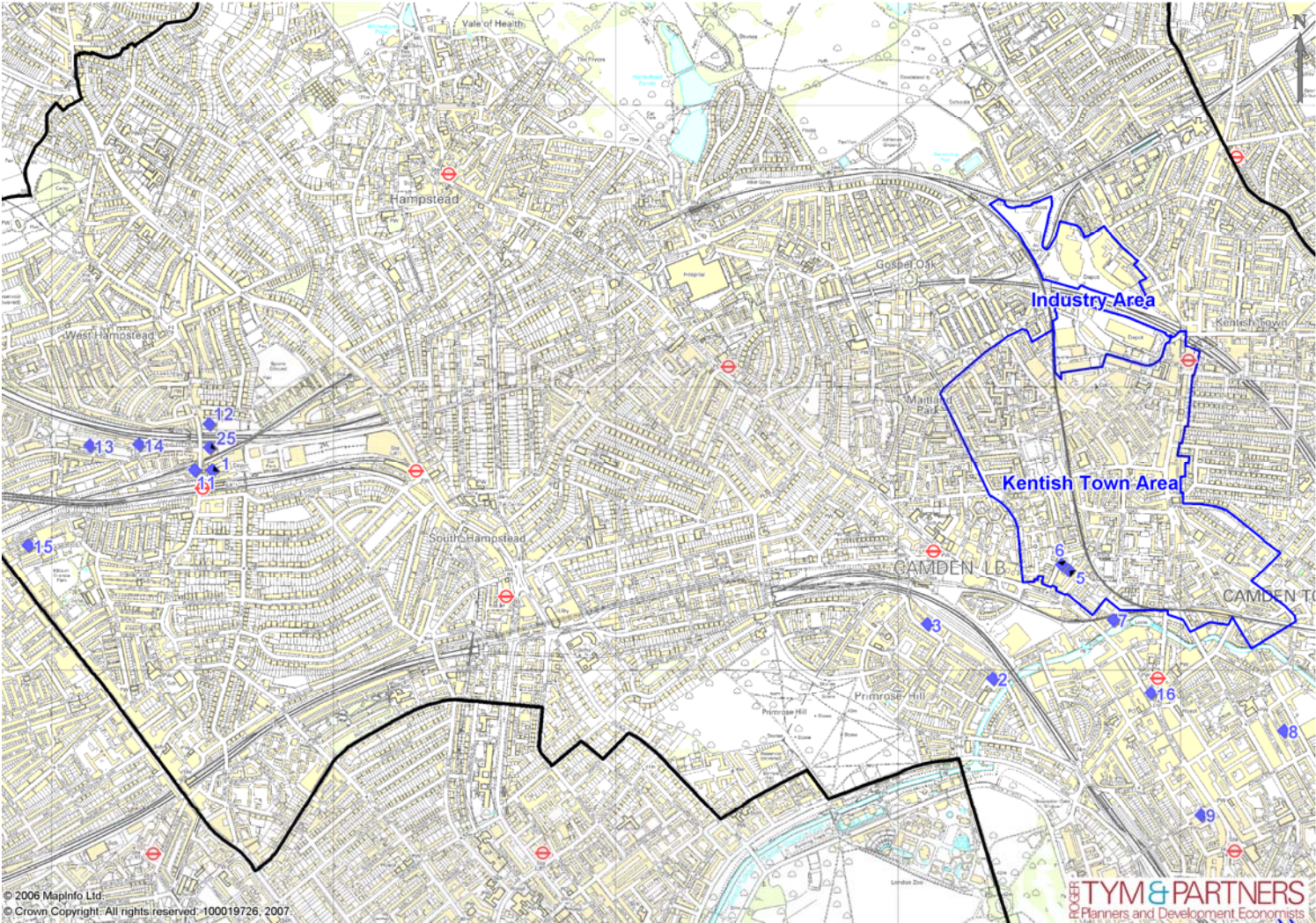


Figure 6.2 Employment Sites and Areas in North-West Camden



Office Sites

King's Cross Railway Lands

- 6.5 The proposals for King's Cross Railway Lands are well known and understood. The project has the ability to deliver a world-class office development, underpinned by excellent transport infrastructure, within a mixed use development that will create a new commercial and residential centre within London. The project's office component received a fillip in the autumn with the announcement by J Sainsbury that it has pre-let a new headquarters building at the site; and at the time of writing, the University of the Arts was known to be in discussions about a 300,000 sq ft (c 28,000 sq m) pre-let at the scheme.
- 6.6 The development will complement the Midtown office market and provide an opportunity to supply space for larger occupiers who have not traditionally stepped north of the Bloomsbury area (albeit that such occupiers might find themselves competing with occupiers searching for cheaper space away from the City and West End). Together with the neighbouring Euston Station scheme (see below), it will establish the area as a prime office location with large, well specified buildings, designed around the needs of larger, international companies. The scheme may have to work hard to convince occupiers to make the apparently small leap from the office core around Holborn, over the Bloomsbury area, and into the unknown of a postal code starting with an 'N'. However it is undoubtedly a good site for office use.

Euston Station

- 6.7 An agreement has been reached between British Land and Network Rail to redevelop Euston Station as a new office quarter. This will add to British Land's already strong presence in the area through its existing Regent's Place scheme and the recently started Osnaburgh Street. The 15 acre Euston Station scheme has the potential to deliver 3.5m sq ft (c 325,000 sq m) of space in a timeframe broadly similar to King's Cross (Euston was made an Opportunity Area in the Draft Further Alterations to the London Plan).
- 6.8 The site's physical relationship to infrastructure will give the scheme added credibility and its size will allow an integrated development with open space and amenities. It is most likely to be seen by the market as a high quality development in an established office location that has the potential to attract large, international office occupiers. Furthermore Euston, with its 1980s forecourt development and neighbouring Regent's Place, has at least some features of an established office location and could steal a march on King's Cross.

60-72 Shorts Gardens

- 6.9 The preferred use proposed for this site is mixed, including some office space, but dominated by housing.
- 6.10 This is not generally recognised as an office location, despite its close proximity to High Holborn, and the presence of small-scale office activity in the neighbouring Betterton Street. Just two minutes walk from Covent Garden Tube station, the site is surrounded by small scale retail and residential activity in four and five storey buildings of mixed age. The area is not entirely thriving: there are several letting boards for ground floor retail and upper level office units. However, the environment of the site is good, with frontage onto Shorts Gardens which is, by London standards, a quiet street.
- 6.11 The building is a refurbished light industrial building dating from perhaps the 1930s and it appears to be occupied by a collection of creative-type businesses, including one digital marketing agency and a London information web site business. Such businesses are typical of those in the area and of the target occupier profile for new offices.

Figure 6.3: 60-62 Shorts Gardens



- 6.12 The adjacent building to the east fronts onto Drury Lane and appears to be an operational building of EDF. The adjacent building to the west has been recently refurbished for office use, and is only partially let. The building itself comprises a high ground floor with first and second levels. The rear of the building, in Betterton Street, comprises a solid brick wall apart from a row of small windows on the second level.
- 6.13 The UDP's preferred use for the site is mixed use including residential as the major use and small scale A1, B1 and D1 uses. However, the plot has sufficient size to allow a medium to large office building to be developed. It potentially has front and rear aspect, which is very attractive. It would appeal to creative businesses looking for a slightly larger building than is typically available in the area.

21-31 New Oxford Street

- 6.14 Just to the north of both Shorts Gardens and Drury Lane, on the opposite side of High Holborn, lies 21-31 New Oxford Street. This is a site proposed for mixed use development. This large 260,000 sq ft (c 24,000 sq m) building of nine storeys, previously occupied by the Post Office, has lain empty since it was bought by the British Museum in 1995. The building dates from perhaps the late 1960s or 1970s and presents an imposing structure onto both New Oxford Street and High Holborn. Access is good, albeit adjacent to a very busy road junction, and the environment suffers from being dominated by dense traffic. The quality of the external architecture alone, not to mention internal servicing and layout, mean that site is a redevelopment site. It has potential for at least 400,000 sq ft (c37,000 sq m) of space.
- 6.15 The office market in the area is strong. The nearby 55 New Oxford Street shows what can be achieved and Central St Giles has progressed much more quickly. It is not clear, therefore, why there has been little apparent progress with the site. We could not find any public statement on the owner's intentions for the site (it was sold on to Morley and Consolidated Developments, aka Laurence Kirchel, for £40 million in 2002). However, it was reported in 2004 that architects Foster & Partners and

Wilkinson Eyre were in discussions with the owners and another developer about a tall building scheme of offices, hotel and retail space.

- 6.16 The scale of 21-31 New Oxford Street, together with the potential to create a landmark development to reinforce the rejuvenation of the area around Tottenham Court Road station, suggest to us that this is an important site in the context of London's office market, and that of Camden. It should therefore continue to be protected in policy terms, recognising that office use is likely to form a part, not all, of a new development.

Denmark Place

- 6.17 At the north end of Charing Cross Road, between Denmark Street and Andrew Borde Street, Denmark Place runs east-west for approximately 100 yards. The eastern side fronts onto St Giles High Street. The alley lies, literally, in the shadow of Centre Point. Together with the properties on the northern side of Denmark Street, the buildings form an island site of some significance. The site lies within about 80 yards of Tottenham Court Road Tube station.
- 6.18 The ground floor premises of Denmark Place are occupied by an assortment of retail (convenience stores, restaurants, tattoo parlours, etc) and the upper floors are mostly empty, except for a recording studio and some occupation on the Charing Cross Road frontage, including fringe religious groups and one film and music company. The current premises, mainly ground plus three-four upper stories, appear very run down: several upper storey windows are broken and there is evidence of physical decay. However, the site sits in the Denmark Street Conservation Area and some of the buildings are Grade II listed.
- 6.19 Denmark Place lies very close to the Central St Giles site currently being developed by Mitsubishi and the whole area, identified in the London Plan as an Area for Intensification, is currently subject to a masterplanning exercise by architect Terry Farrell. Like 21-31 New Oxford Street, the site is owned by Consolidated Developments. The UDP's preferred use for the site is mixed use including residential with B1. The Central St Giles scheme will reaffirm the area's status as an office location and Denmark Place will potentially benefit from this. In the longer-term, the new Crossrail station at Tottenham Court Road will further enhance the area's attractiveness to office occupiers.
- 6.20 Denmark Place is part of the Central St Giles / 21-31 New Oxford Street jigsaw that will ultimately transform this otherwise tired and scruffy part of Central London. This opportunity will be encouraged by the area's status as an Opportunity Area in the Draft Further Alterations to the London Plan. We recommend that employment use be protected on the site while recognising, as with New Oxford Street, that any new proposals are likely to be mixed use.

7-15 Whitfield Street

- 6.21 Running north-south and parallel with Tottenham Court Road, Whitfield Street is located within what is often referred to as Fitzrovia. This is in the same area as Derwent London's recently built Qube development (fronting Tottenham Court Road), and the Met Building on Percy Street. Engineering firm Arup have recently had a new headquarters built in the area. 7-15 Whitfield Street is a small two storey building and ex-electricity sub-station. Whitfield Street is a relatively quiet back street with good access and a pleasant environment: Crabtree Fields is on the adjacent plot and it is in the Charlotte Street Conservation Area. Opposite the property there is another building being refurbished for office use.

Figure 6.4: 7-15 Whitfield Street



- 6.22 The UDP states the preferred use for the site as 'residential or mixed use, predominantly residential'. A planning brief was approved on 9th April 2002. The site is in a proven office location and development for offices could provide a building of sufficient size and quality to attract, for example, a good sized creative business. However, transfer to another use would only represent a small loss of office space. Therefore, we recommend that the Council be flexible about the mix of uses in the redevelopment of the site.

71-80 Hatton Garden

- 6.23 The 2006 UDP includes 71-80 Hatton Garden as a protected site. However, this has been reconstructed as a modern office building, now called the Johnson Building since the UDP was published, therefore there is no need for us to comment.

Elizabeth Garrett Anderson

- 6.24 Just to the east of Euston Station, at Grafton Place, is the Elizabeth Garrett Anderson site. As with 71-80 Hatton Garden, this site's long-term future has been secured since the 2006 UDP. It has been bought by the trade union Unison, who currently occupies a building on the south side of Euston Road. The plan is to develop a new headquarters building and migrate from the existing space upon completion of the new building.

Lighthouse Block

- 6.25 Further east from Grafton place, at the start of Pentonville Road, lies the Lighthouse Block. This is a tightly constrained, flat-iron shaped, island site at the busy intersection of Pentonville Road and Gray's Inn Road. The site is within a few yards of King's Cross station and is also adjacent to the former Thameslink Station on Pentonville Road (now closed in favour of St Pancras International). The site is largely empty, although some of the ground floor retail units remain in use as fast food outlets and other retail.

Figure 6.5: Lighthouse Block



- 6.26 Access to the site is excellent, with King's Cross as a neighbour, and it sits within an established and growing office market. York Way, with its recently-completed P&O Estates' Regent Quarter lies just to the north, and the office market of Gray's Inn Road runs off to the south. The density of traffic makes the site less attractive, but there is heavy footfall in the area. The site already has a 2003 consent for a mix of office and retail use plus one residential unit and was sold by P&O in 2006. New owner UK Real Estate is reported to be working up redevelopment plans.
- 6.27 We recommend that future development of the site should contain at least a proportion of office use and, therefore, that the site should continue to be protected in policy terms.

Camden Town Tube Station

- 6.28 In the centre of Camden, Camden Town Tube Station sits on a very busy junction of several roads. Access is very good but traffic is dense and the environment suffers accordingly. The built stock in the immediate environs is of variable quality and some is quite poor. Immediately to the north is Camden Market; the area attracts very large numbers of tourists. Camden High Street is a busy retail centre with a good range of shops. The proposed Cross River Tram runs adjacent to the site - a fact that might restrict its future development.
- 6.29 Camden Town has some office activity, although it lacks a coherent 'office quarter', with identity (see Chapter 4). Businesses, typically, are SMEs, although there are a few large ones, and there is little 'institutional' stock available. Development of the Tube station would therefore make a very significant addition to the office market, potentially establishing a focus for the office market, and generating a change for the local office market in qualitative as well as quantitative terms.
- 6.30 The station's appropriateness to office development is partly contingent upon site size and configuration. The Council recently refused a London Transport-led scheme for the station site, a position that was supported by the Inspectorate. The proposal was for 90,000 sq ft (8,400 sq m) gross of offices, plus retail. The UDP's preferred use for the site is mixed use with offices and LB Camden do not wish to see a scheme that is dominated by offices on the site because of the perceived impact on the character of Camden Town.
- 6.31 Camden Town has suffered a shortage of purpose-built new office space in recent years. This is an ideal site - because of its centrality and prominence - for such a development. We therefore conclude that the site should be protected in policy terms for employment use, whilst recognising that office use might not be the only component of a redevelopment.

148-152 West End Lane

- 6.32 148-152 West End Lane has recently been partially redeveloped, since the UDP. According to the planning permission (PWX0103180), two floors of residential were added to the frontage and one floor of residential over the office block, totalling 600 sq m. A further 600 sq m of A3 was also added to the site and the facades were redeveloped. There remains an area of low intensity use behind the main site although the potential for intensification of office use on this site is possibly quite restricted.

Conclusions

- 6.33 The UDP lists 11 office sites, two of which have already been secured for office use: 71-80 Hatton Garden and the Elizabeth Garrett Anderson building. Of the remaining sites, most are likely to be developed as part of mixed use developments. Depending on their location, the importance of protecting the office element of these developments varies. They can be categorised into three groups:
- i) The sites around King's Cross and Euston (King's Cross Railway Lands, Euston Station and Lighthouse Block) are all part of the complete transformation of the area into a prominent office location with great transport connections, a high profile and critical mass. This area will generate the main floorspace contribution to Camden's future supply and play a central part in London's economic growth. On such sites, offices are a key component of the area's new economic structure and should be protected.
 - ii) The next key group of sites is located in the Tottenham Court Road Opportunity Area. This remains an area of intense retail and hospitality activity and, contrary to what is expected in King's Cross, office-based activities are not expected to drive regeneration but they are crucial to it all the same. Major redevelopment is planned on a scale large enough to alter the profile of the area. The new developments

(amongst them 21-31 Oxford Street and Denmark Place) and the good transport connections will make the area attractive to both office occupiers and investors. For these reasons, B1 office use should be protected as a component of mixed-use development.

- iii) The remaining sites are small-scale buildings in non-office locations (60-72 Shorts Gardens, 5-15 Whitfield, Camden station) i.e. places where either residential or retail or both are dominant and the office premises available attract small, often creative, businesses. In these, whilst the sites can make attractive and successful office developments, their transfer to another use would only represent a small loss of space. A flexible approach for these is best.

Industrial Areas

South of the borough: Central London Area and fringe

- 6.34 There are two distinctive and contrasting concentrations of industrial activity in and adjacent to the Central London Area of the Borough. The area behind St Pancras station is characterised by large industrial premises, many used for distribution. By contrast, the Hatton Garden area is typified by numerous smaller premises, generally on upper floors of ground floor retail units, and home to the UK's main jewellery cluster.

St Pancras Area

- 6.35 Industrial property behind St Pancras Station is concentrated in the St Pancras Way and Granary Street areas which lie around 500 metres north of the Central London Area. Much of the stock is warehousing, used as distribution centres by occupiers serving Central London businesses. Parceline, for example, is based here. For this reason, the area's industrial premises do not give the impression of being dense employment spots.
- 6.36 The industrial market is quite splintered and buildings often appear alone among other uses. Much of the industrial property in the area is clearly marginal activity and often located there due to historical reasons rather than recent location decisions. The small-scale, railway arch type activity observed in the northern part of the Borough seems largely absent from this area. Much of this type of activity was cleared as part of the St Pancras redevelopment works.
- 6.37 Our site surveys revealed very little new industrial investment, suggesting that such activity is becoming increasingly marginalised - a trend likely to be reinforced as general development pressure grows in the King's Cross area. There is plentiful evidence of pressure for residential development in this area close to Central London, with a number of schemes underway during the site visits. The continued presence of such large space-using activities in this area is therefore questioned.
- 6.38 We conclude that it will become increasingly impractical to protect these uses in this area.

Hatton Garden

- 6.39 Further east from the St Pancras Way and Granary street area, and bordering Islington, is the Hatton Garden area, bounded by Clerkenwell Road, Farringdon Road, Holborn and Leather Lane. Just to the east lies Farringdon Station. The area's historic importance lies in its association with the jewellery trade which remains a very strong feature of the street scene, with numerous jewellery shops.
- 6.40 The area comprises a dense matrix of generally smaller buildings with small floorplates and mostly four to six storeys: even the larger buildings in the area are only in the 20-30,000 sq ft (c 1,800 - 2,800 sq m) range. Notable exceptions include the Johnson Building discussed elsewhere in this report. There is the usual variety of building ages, but there is a predominance of early twentieth century buildings. Most of the stock is in good condition and there is evidence of a healthy refurbishment market.

- 6.41 Hatton Garden (specifically the street rather than the area) is the main focus of the jewellery retail trade. The street frontage is mostly ground floor retail units with offices and some workshop premises above. The street has plentiful letting boards, almost all of which are offering small, upper floor office suites to let. Little evidence of workshop space to let was observed during the site survey. Greville Street and St John Cross Street, both of which cross Hatton Garden, are also dense with jewellers, with greater evidence of upper storey workshops.

Figure 6.6: Hatton Garden



- 6.42 Whilst the character of Hatton Gardens is defined by the jewellery cluster, the area appeals to other sectors. According to a 2004 study on Hatton Garden for the Borough, there were 404 jewellery businesses and 347 other businesses in the area. It found that "The business base of the area continues to diversify as former jewellery premises become available"²⁴.
- 6.43 Indeed, the other streets in the area are more dominated by office blocks, exemplified by Saffron Hill, which accommodate a wide variety of business types. Dunston House, on the junction with St Cross Street, is typical. Refurbished, and showing signs of a 1930s vintage, the building is occupied by media, publishing and travel companies. Number 67-74 is occupied by a media promotion business, a consulting engineer, a campaign group and a market research company. Elsewhere in Saffron Street, there are consulting engineers, marketing businesses, recruitment consultants, precious metals companies and property companies. Nearby in Kirby Street, an upmarket restaurant group is headquartered in the modern office building. The area clearly caters for a wide range of business types requiring smaller premises than generally available elsewhere in Midtown. Large scale re-development for office use in the area is difficult due to the small plot sizes and probable difficulty of assembling sufficiently large plots of land (Johnson Building was a rebuild of an existing, rare, large building).

²⁴ MCA Regeneration, Hatton Garden: Economic analysis and action plan for the jewellery sector and area, April 2004

Furthermore, some of the larger plots are being targeted by residential developers, but typically this will be those without ground floor jewellery retail use anyway.

- 6.44 Saffron Hill is typical of the area in showing large amounts of residential development. There are several quite new residential blocks in the street. Kirby Street has a large new residential block and the latest residential development is on Greville Street, where Summerpark Homes is creating a new block of serviced apartments.
- 6.45 The UDP seeks to protect industrial employment in this area and in particular the light industrial or workshop type space associated with the jewellery trade. The impression gained during the site survey was that some of this activity has disappeared in recent times. Many of the retail outlets are national and international businesses which have little such associated activity on their upper floors. However, it still remains crucial to the operation of the cluster however and in 2004 accounted for 42% of jewellery businesses in Hatton Garden²⁵. The 2004 study expressed concerns about the risk of further attrition in the number of jewellery businesses in the cluster: the interest from office and residential uses have raised property values and rents in the area. This means that there is pressure to convert B2 / B1c premises to other uses and that rents have risen considerably. In 2004, a survey found that rent was indeed by far the main concern for manufacturing businesses in the area²⁶.
- 6.46 The main issue from a policy perspective appears to be the pressure to convert upper floors to small-scale office suites. This pressure should be monitored through the development control process, although further research to establish the extent of upper floor workshop usage would help inform the purpose and direction of the protective policy. There may also be pressure from residential conversions but we have not investigated the residential market as part of this exercise.

Industry Area

- 6.47 The Industry Area is bounded by Kentish Town Road/Highgate Road to the east and Regis Road to the south. Its western boundary is marked by a railway. The area sits immediately north of the Kentish Town Area. The UDP states that there are few concentrations of general industrial and warehousing use in the Borough and that this area provides 'the best opportunity for such uses' because of its scale, location relative to the road network and potential access by water or rail. We concur with this statement. The UDP also notes that it is the only large area of land in the Borough containing a mix of business uses but no housing. The area essentially comprises two large plots: Regis Road and Sanderson Close.

Regis Road

- 6.48 To the north of Kentish Town Tube station lies Regis Road. This is, perhaps, Camden's single most important industrial property resource: it has critical mass; it is well managed; it is more or less full and it houses a range of occupiers. It is almost exclusively commercial in character apart from Kentish Town Police Station and some social housing which backs onto it.
- 6.49 The most prominent feature is a very large and modern UPS warehouse, the first unit visible on entering Regis Road. Between UPS and the Asphaltic site, at the far end of Regis Road, is a variety of classic small- to medium-sized industrial estate occupiers, all comfortably in the B1c or B2 use class or similar *sui generis* uses. They include JML, Fridge Design, Howdens Joinery, EKO, Fairfax Beadov (wholesale butcher) and Hexagon, a BMW servicing centre. The Camden Car Pound and recycling facility is

²⁵ MCA Regeneration, Hatton Garden: Economic analysis and action plan for the jewellery sector and area, April 2004

²⁶ MCA Regeneration, Hatton Garden: Economic analysis and action plan for the jewellery sector and area, April 2004

also on the site. At the far end there is a roofing merchant. Many occupiers are in buildings dating from no later than the mid-1980s.

- 6.50 Old signage indicating former occupiers, including Mobil, suggests that the area has been steadily upgraded to modern uses. The area is well maintained with some evidence of landscaping and visible but unobtrusive security. Overall, it is a well managed, near fully occupied industrial and warehouse estate; the sole negative is that the site is quite congested and parking appears to be at a premium.

Figure 6.7: Regis Road Industrial



- 6.51 Regis Road is an invaluable pool of employment land within Camden. It appears to be successful in commercial terms, is well located and comprises a stock of good quality space, in a variety of unit sizes, that can continue to meet demand. We conclude that it should therefore continue to be protected as 'industrial' land.²⁷

Sanderson Close

- 6.52 Lying to the north of the Regis Road industrial site is Sanderson Close. This large site, just south of Gospel Oak is occupied mostly by building contractor Murphy's and is in constant use. It is very well established with the main occupier having been in situ for over thirty years.
- 6.53 It is difficult to evaluate this site from a commercial market perspective since its domination by one occupier effectively rules it out as a potential location. Furthermore, it would seem unlikely that it would be vacated any time soon given the long-term nature of Murphy's work and contracts. So, although a boon to the area in terms of employment generation, it also has the effect of restricting scope for further development or intensification of use on the site.

²⁷ Reflecting broader economic changes in the London economy, the nature of 'industrial' use is changing. Thus, whilst *true* manufacturing has been disappearing rapidly, the expanding business services economy has itself generated a large and growing demand for support services and activities. This is generating a demand for *industrial* premises from companies who require off-centre, economic and simply specified buildings, but who may not be undertaking activities in those buildings that would traditionally be termed industrial.

- 6.54 Should the site, for some unlikely reason, become available to the market, then its large size and location would be very attractive to industrial occupiers. Whether it would be equally attractive to property investors is a different matter. In this scenario, the site would require redevelopment to rid it of Murphy's bespoke space in favour of more generic space: this might prove difficult with so much pressure for residential use in the area.
- 6.55 Sanderson Close should continue to be protected as employment land in order to ensure its continued use should the existing occupier for some reason decide to relocate.
- 6.56 More generally, as already stated, the Industry Area provides a valuable stock of industrial space in the Borough and the largest single concentration. In policy terms its continued protection is essential if the continuing loss of industrial activity is to be minimised. The UDP currently resists developments in this area that would lead to the loss of B1b, B1c, B2, B8 and sui generis uses. We would suggest safeguarding this policy.

Kentish Town Area

- 6.57 While the area is principally residential, light industry makes a particular contribution to the character of the Kentish Town Area as is recognised in the UDP.
- 6.58 However, it is difficult to assess many of these from a commercial property market perspective, the principal reason being that they tend to be isolated, small in scale and with splintered ownership. In other words, they are unattractive to owners looking to create an asset with critical mass and multiple occupation.
- 6.59 The UDP describes the units as typically 'premises under railway arches and small light industrial premises in mews areas'. The plan also notes that they are an 'important source of workshop and storage accommodation, providing businesses such as car repairs, furniture production and restoration and local distribution points for shops'.
- 6.60 Industrial space in this part of London is under immense pressure from residential development. Whilst not presupposing that this space should be protected, from a market perspective, it is clear that much would disappear without protection - in fact, almost anything that is not in a railway arch or similarly constrained space.
- 6.61 The units as they stand are less sustainable than more coherent, purpose-built, managed industrial estates, such as Regis Road. While the existing use of single buildings can be protected within an area framework, they will only be attractive to similarly-sized businesses looking for premises in the same area at the time of their availability. They are unlikely to be attractive to owners and developers looking to create an asset that they can manage and market to a range of occupiers. This point is illustrated and typified by Holmes Road, covered by the Kentish Town Area.
- 6.62 Noticeably less coherent than Regis Road and generally less well maintained, Holmes Road runs west off Kentish Town Road. It lies in an area that is clearly in transition, and one under immense pressure from residential development, as evidenced by 55 Holmes Road, a recently completed scheme of 'luxury residential apartments', with 18,000 sq ft (1,700 sq m) of ground floor commercial. In the same road, another recent, mainly residential development, Simone House, is for 'key worker shared ownership' with a 2,000 sq ft (190 sq m) ground floor commercial unit. The commercial elements of both schemes remain largely un-let.
- 6.63 We have not, as part of this exercise, investigated the appropriateness of mixed-use developments with B1 space at ground floor level. However the two schemes above do raise an important issue for LB Camden's strategy of meeting housing targets by permitting precisely this kind of development. The research team's experience elsewhere suggests that the commercial market has great difficulties with such a strategy because the different uses raise serious problems in terms of marketability,

use (access, neighbourliness, etc) and value. We would strongly recommend that this area is looked at more closely, with evidence gathered to demonstrate how, and under what circumstances, such developments succeed.

- 6.64 The road's commercial market includes a purveyor of silk and a fireplace manufacturer, both of which occupy premises with high office content. There is an arts materials retailer/wholesaler, a furniture repair/production business and a Magnet & Southern kitchens outlet. The last of these occupies a site that could potentially be redeveloped as units. The furniture business, at numbers 61-63, occupies premises previously in use as residential property.
- 6.65 Access to Holmes Road is good as at Regis Road, but the area has a higher proportion of poorer quality buildings and this is reflected in some vacancy. However, it was noticeable that better quality space was well used and even some poor space fulfilled a need for current occupiers. Despite this, the intensification of residential use on the road will make the scattered industrial occupiers increasingly marginal, a trend that will be reinforced by the fact that (with the possible exception of the Magnet & Southern site), any vacated premises are likely only to be of interest to similar local businesses rather than the commercial market *per se*.
- 6.66 This illustrates a key feature of the industrial supply in Kentish Town. Much of what is protected is in isolated pockets and highly unattractive to a developer or investor looking to create value through active management. Similarly, there are virtually no sites that an investor could buy and create multiple units for occupation. This feeds one of the key problems for the future of the stock in this area, and indeed that to the north and south: the almost complete lack of renewal. This factor alone suggests that Camden's industrial stock will become an ever diminishing part of the urban fabric. It also raises issues similar to those referred to in paragraph 5.52 above.
- 6.67 In the context of a policy framework aimed at reducing the loss of employment land, these uses should be protected. The UDP recognises that the 'loss of premises for such businesses from the Borough would reduce the local range of employment opportunities and add to the need to travel' and Policy E3B, therefore, is intended to ensure that there is the provision of a sufficient supply of light industrial premises, of all sizes, in the area.
- 6.68 However, in practical, market terms, many of the premises are isolated, aged and in poor condition and, therefore, unlikely to be attractive to investors. While it might be preferable to seek to protect the existing uses, policy should be sensitive to the specific circumstances of individual buildings.
- 6.69 Where there are small concentrations of light industrial activity with critical mass and viability such as Liddell Road, policy implementation should be particularly vigilant in preventing piecemeal loss to other uses. A viable cluster would need around 20-30 adjacent units. Such concentrations are attractive to investors and developers who are looking to buy 'estates' whose value they can enhance through active management.

Conclusions

- 6.70 Having investigated the three industrial areas designated in the UDP and the St Pancras area, we find the following:
- Industrial activity in St Pancras is destined to continue to shrink in an area in transition which is attracting high value development. Industrial/warehousing activity in the area does not fit into the new role King's Cross is set to play for the borough and for London and it is not a coherent industrial area anymore. For these reasons, we do not feel it needs to be protected.
 - Hatton Gardens: In view of the specialised character of this area, we feel an in-depth study monitoring changes in premises' use from workshops to offices would be needed before formulating a final policy recommendation.

- The Industry Area is successful and the Council should continue to protect it
- Kentish Town is not a coherent industrial area: its supply is mostly small and scattered, which makes it impractical to protect through designation. It does include Holmes Road which offers some concentration of industrial use. We would advise the Council to consider whether its 'mixed use' status is sufficient to protect it against piecemeal loss to residential uses. Areas such as Holmes Road provide a potential opportunity to compensate for several sites that are already lost to industrial development, before it, too, is lost to encroaching residential development.
- Generally, the Council should protect smaller locations around the Borough where industrial/warehousing activity is found in concentrations.

Industrial Sites

14 Blackburn Road

- 6.71 Blackburn Road runs off West End Lane and is a curious mix of residential, old offices, very new offices (occupied by Accurist), a quality car dealership and a building supplies business in a dilapidated yard and associated buildings. The last of these, at number 14 Blackburn Road, has an outstanding planning consent (PWX0202103) for a mixed-use scheme including a multi-story extension of the builder's yard and residential uses. Discussions with on-site staff suggested that the development of this scheme is likely to start in the next year.
- 6.72 The road is very crowded and parking is clearly a problem. Turning space is very poor for an industrial site. The site also runs alongside a rail line with the inevitable noise associated with that use.
- 6.73 This is an isolated industrial site but clearly one that suits the sitting occupier. However, if this occupier should, for any reason, cease to operate, there will be a significant question mark over whether the location or soon-to-be purpose built premises will be attractive to other light industrial businesses.
- 6.74 In summary, already subject to an imminent mixed-use proposal, this site is not one that should be protected for industrial use.

90-108 and 52-88 Gloucester Avenue

- 6.75 90-108 and 52-88 Gloucester Avenue comprises a large, three storey plus basement terrace of Victorian or Edwardian houses. Although there are signs that some units may be in use as small offices, the vast bulk of the area is residential. Behind the residential terrace, and accessed half way along via Dumpton Place, lies an industrial site. The site is in single occupation by motor specialist HR Owen which has a Volvo repair shop and service facility there. The HR Owen site backs onto rail tracks.
- 6.76 The only other nearby non-residential uses are a pub and Keys Galore, a key shop. Further down Gloucester Avenue to the south there are commercial uses - Melrose and Morgan, a grocer and The Courtyard, a cluster of small units. This latter shows some signs of vacancy, could do with maintenance/improvement but is otherwise perfectly suitable to continue in business use.
- 6.77 This site is an example of an isolated, single occupier plot of land being protected for industrial use in an otherwise dense residential area. The efficacy of this policy will, in part, be based on an assessment of the site's potential for industrial re-use should the time arrive when HR Owen relocate. In these circumstances it is difficult to envisage great interest from developers keen to re-build the stock for multi-let to smaller occupiers should the existing business cease trading there. It lacks any visibility, it is not conveniently located and, as already noted, is physically isolated from other industrial activity.

- 6.78 However, its potential for conversion to residential is restricted by its proximity to the rail line. On balance, its protection for employment land should continue, not just because of the railway's constraining influence, also but because of the general shortage of business space in the Borough.

132-140 Hampstead Road

- 6.79 Running north from the Euston Road, the A400 Hampstead Road links Euston Road to Camden along the west side of Euston Station. At 132-140 Hampstead Road lies a large building that, at one point, was in use as Euston Studios. It is now occupied by retailer BHS who have a distribution depot and head office there. The main visitor entrance lies on the south side, fronting Cardington Street, and opposite the old London Temperance Hospital. On the west side and on the other side of Hampstead Road, there is Regent's Park Estate, a large, high rise housing estate.

Figure 6.8: 132-140 Hampstead Road



- 6.80 Access to the site is excellent and the quality of the surrounding environment is generally good. The site is highly prominent and visible from some distance. However, it is another isolated, single occupier site where the rationale for continued industrial protection is questionable on pure market grounds, particularly being so close to the central area.
- 6.81 As with Gloucester Avenue, the efficacy of continued (at least partial) protection for industrial use should be largely judged on a scenario in which the sitting occupier chooses to relocate. In this context, the site differs from Gloucester Avenue: it is very large and could accommodate a critical mass of premises including light industrial alongside residential and other activities. This latter point is critical in allowing the economics of redevelopment for industrial use to stack up on a site so close to the centre of London. The UDP identifies the site for such a mix of uses.
- 6.82 We conclude that this site should continue to be protected, at least in part, as employment land, recognising that a large-scale mixed use redevelopment could

include an element of light industrial space, such as starter units, for 'clean' businesses.

1-5 Harwood Grove

- 6.83 The UDP identifies 1-5 Harwood Grove as suitable for residential or mixed use, including residential with B1. Permission for a mixed B1/C3 scheme was granted in January 2005. The site is now under construction and site workers state that the premises are residential on the upper floors with offices on the ground. This is presumably consistent with the consent noted above. Thus the site is lost to traditional industrial use but may still be occupied by borderline industrial uses such as 'clean' printing or offices (see footnote 20).

2-12 Harwood Street and Rear of 34 Chalk Farm Road

- 6.84 Of the sites we were asked to inspect, the only cleared site is 2-12 Harwood Street and the rear of 34 Chalk Farm Road. It is boarded up and is used as an ad hoc car park with access from the service station on Chalk Farm Road. It is a few minutes walk north of the bustling Camden Market area but is somewhat hidden from it. There is, obviously, a temptation to propose another of the small side-markets that characterise the area but we would be concerned that the site is at the far north of the Market area and has poor direct access from Chalk Farm Road. It is also probably too far north to be considered a viable office location.
- 6.85 The UDP suggests that the preferred use for this site is either as residential or mixed use including residential and B1. An appeal for a 149 bedroom hotel and health and fitness club was dismissed in 2004. Subsequent hotel applications and refusal were also appealed, indicating the high value of such a use in Camden Town - but these appeals were withdrawn. More recent applications, so far unsuccessful, have sought to develop the site for a student hall of residence.
- 6.86 In this respect - and, again, subject to careful market testing - there is a good case for protecting this site for small-scale industrial or distribution uses and seeking development partners. We would point out that, while other sites on our inspection list are already lost to industrial development, this site is still clear. However it does have an outstanding permission for B1 use (and a small element of B8). Given the location of the site, this is more likely to result in office development leading to the loss of the industrial space.

Hawley Wharf

- 6.87 Running along the north side of the Canal, on the east side of Camden High Street, Hawley Wharf is occupied by part of Camden Market (known as the Camden Canal Market), with some associated light industrial use. A rear entrance is via Haven Street. As part of the thriving Camden Market area, such protection as exists should remain in place.
- 6.88 We understand that Hawley Wharf has been bought by the owners of the Stables Market who aspire to a large-scale development scheme. In our view, any scheme should include an element of workshops/light industrial space.

154 Loudoun Road

- 6.89 Starting in the south, in Westminster, before moving into Camden at Boundary Road, Loudoun Road is a long road. There is a marked transition in the size and quality of housing at the political boundary. At the junction of Boundary Way, there is a small B1 development currently under construction, in association with the refurbishment of a neighbouring church. However, this, together with number 154, was the only evidence of B1 activity in the whole of Loudoun Road and the immediately surrounding area (there was evidence of a small waste management facility (tall flues) but this was not inspected close up).

- 6.90 The quality of the environment is good and the area at the north end of Loudoun Road, particularly Fairfax Road, has a good selection of local retail convenience stores. Access is good and the road sits above South Hampstead mainline station. At the junction with Belsize Road contractor Inspace is currently building 38 affordable homes.
- 6.91 The tool and equipment hire business that occupies number 154 Loudoun Road, Haines Plant, on the corner of Alexandra Road, is prominent for its rarity in the locality. Identified for residential or mixed use including residential with B1 in the UDP, the site sits within a residential area. It is difficult to envisage this site attracting anything other than an opportunist local business in the event of the current occupier leaving the site.
- 6.92 We conclude that this site should not continue to be protected for employment use in this residential neighbourhood.

Carlow Bakery, 46a Mornington Crescent

- 6.93 On an island site just behind the southern end of Camden High Street sits Carlow Bakery, 46a Mornington Crescent. This site is within the dense residential neighbourhood behind the High Street. It has a somewhat confused planning history, caused mainly by it effectively being two sites: the narrow entrance from Mornington Crescent, past the residential area, and the bakery site on Carlow Street. The smaller front site has various consents to permit light industrial use (presumably food processing), while the larger site on Carlow Street itself now has consent for a five storey office building (PEX0101020) which has now been built leading to the loss to industrial use.

Cockpit Yard

- 6.94 On the north side of Theobalds Road, towards Gray's Inn Road, lies Cockpit Yard. This is a large site of nearly one acre, accessed via a constrained entrance off Northington Street. It is currently occupied by a mix of occupiers, including small office businesses, workshops, a waste management depot, and residential. The UDP's preference for the site is as a comprehensive mixed use scheme including library, B1a, B1c and residential use. The availability of the Camden-owned site is dependent upon Camden's operational and service needs and redevelopment would be contingent upon replacement of the waste management facility and community uses. Redevelopment would involve affordable housing, retention of B1c, particularly for studio/workshop space for creative industries.
- 6.95 Within Cockpit Yard there is a converted warehouse called Cockpit Arts which houses dozens of designers and producers in craft workshops. The work produced at Cockpit Arts ranges from textiles and fashion, to home furnishings, furniture and product design, jewellery and metalwork, glass and ceramic work. The same group also occupies a larger, similar facility at Creekside in Lewisham.
- 6.96 The main building forms a long U-shaped mews of ground plus first floor on the east side and a second story on the west, built probably in the 1920s or earlier. Some parts of the building are in poor physical condition and are clearly suffering from a lack of maintenance. Cockpit Yard provides suitable premises for those craft businesses operating from there but is otherwise outdated physical stock and would require redevelopment to place back on the open market. This is not an industrial area and there does not seem to be a compelling case for its retention as such.

Figure 6.9: Cockpit Yard



- 6.97 The continuation of the existing uses on this site is, in market terms, anomalous in the context of the local market dynamics - predominantly larger commercial premises in a high rent location. However, redevelopment of the site has the potential to create a substantial building which, like 132-140 Hampstead Road, could include an element of light industrial space such as starter units, for 'clean' businesses. The continued protection for at least partial employment land is therefore recommended.

187-189 West End Lane

- 6.98 In the centre of West Hampstead lies 187-189 West End Lane, directly opposite Blackburn Road. This site comprises two poor quality retail units fronting West End Lane and a long pencil-shaped site to the rear accommodating various motor trade activities, including a motorcycle dealership and a limousine hire firm. The site tapers towards its western end, making it increasingly inflexible with distance from West End Lane.
- 6.99 The UDP identifies the site's preferred use as 'mixed use, predominantly employment'. Although this is clearly a development opportunity, we would be sceptical that much of the site is appropriate for industrial or distribution use. One of its key problems as an industrial site is its configuration and it also sits on different levels. While there might be scope for providing larger floorplate buildings with adequate turning and servicing towards the wider, front part of the site, this becomes increasingly difficult further in.
- 6.100 We concur with the mixed use policy statement but have concerns about the 'predominantly employment' rider. We believe that this could be a residential/retail led scheme with provision for smaller, light industrial, starter units towards the rear portion of the site. This strategy would be helped if the adjoining few retail premises on the West End Lane frontage could be included to give the site greater prominence and better access. We also believe that the potential of the site would be enhanced through a planning brief.

156 West End Lane

- 6.101 Very close to West Hampstead Tube station sits 156 West End Lane. This building accommodates a Travis Perkins showroom and extensive yard area to the rear. The main building is in a good state of repair and the site is clearly integral to the town centre. The site has a narrow access to West End Lane, alongside an adjoining building occupied by a Camden Council Social Services function. The Travis Perkins yard is set sufficiently far back as to avoid any nuisance to West End Lane.
- 6.102 This is a good, accessible and well configured site that has potential for light industrial usage within a residential-led redevelopment. The UDP identifies the site's preferred use as 'mixed use including residential'. Given the configuration of the site - i.e. a long oblong, running alongside the rail tracks, and with very little street frontage - it is possible to see how a redevelopment involving light industrial elements could be made to work, perhaps around the ground floor of residential units. Alternatively, they might be provided discretely at the eastern end of the site - the far side from West End Lane itself. Retail is unlikely to work on the site due to poor street frontage.

Other Sites of Interest

- 6.103 In the vicinity of Blackburn Road there are a number of other noticeable industrial sites, notably Liddell Road, Iverson Road and Webheath. We have picked these because as well as providing a concentration of industrial activities, they illustrate how a criteria-based approach can inform planning decisions and remove the need to deal with individual sites in the UDP.
- 6.104 Running alongside the tracks from West Hampstead Thameslink station, **Liddell Road Industrial Workshops** is one of the very few purpose-built industrial sites in the Borough. On paper, Liddell Road Industrial Workshops should provide an excellent illustration of how modern space can fill a similar niche to that filled by railway arches: a parade of small units of simple space. Similar to many such estates built by the Greater London Enterprises in the 1980s, the site is apparently now owned and managed by the London Borough of Camden.

Figure 6.10: Some Liddell Road Estate Occupiers



Figure 6.11: Liddell Road



- 6.105 But the entire estate is in a serious state of neglect. The physical environment is not being maintained and is decaying as a result. The site is covered in graffiti, there are abandoned cars and fly tipping. Two of the units even showed evidence of structural damage that had gone unattended to. Unsurprisingly, occupancy is relatively low and, unlike Holmes Road, for example, agents' boards were conspicuous by their absence. The site illustrates a powerful truth - good maintenance is essential to success.
- 6.106 Liddell Road is an excellent example of the point made in para 2.41 regarding the need for additional vigilance in policy implementation to prevent the piecemeal loss of small but viable industrial concentrations.
- 6.107 Running between West End Lane and Kilburn High Road is **Iverson Road**. Although predominantly residential in character it contains, or adjoins, several sites that illustrate typical industrial space outside of Camden's Industry Area.
- 6.108 For example, near the Kilburn end, there is a small 'parade' of railway arches containing several uses that would be expected of such space: car parts and repair shops, building contracting and materials businesses and small scale craft style businesses, including a furniture maker.
- 6.109 This group of businesses has the somewhat scruffy appearance typical of railway arch related work but this should not be seen as criticism: it is well separated from the nearby residential areas and the units are well used and fully occupied. They clearly perform a useful function in providing cheap premises for small scale, manual labour businesses operating at an economic margin and are an excellent example of railway arch usage.

Figure 6.12: Iverson Road Railway Arches



- 6.110 In summary, these are generally small-scale businesses providing a valuable service to the local population and, in some cases, beyond. They are generally not under threat because of the difficulties of converting rail arches to other uses. However, policy should remain vigilant and aware of the arches' role as a seedbed for small businesses.
- 6.111 Just off Netherwood Street, **Webheath** is a small parade of light industrial units on the ground floor of a four storey residential block. The units are partially basement and natural light is received through opaque glass window blocks. The units look only partially occupied and are in a generally poor state of repair. There is no evidence of an industrial property market in the vicinity - not until Kilburn High Road, where there is a mix of commercial premises along the busy through route.
- 6.112 The Webheath units are in a building that seems to date from the early- to mid-1970s. In what appears to have been a deliberate attempt at mixed use planning, or community scale regeneration, the undercroft car park seems to have been converted to light industrial units. Whether the units were initially successful or not is unknown but it is clear that they appear incongruous now. Even access is off a small residential street and the physical entrance to the units - down a slope - is restricted in height and width. The surrounding physical environment is reasonably good and almost exclusively residential.
- 6.113 This is perhaps not a good example of the type of employment use that should be protected, given its apparent failure and isolation within an otherwise residential area. Intensification of industrial use on the site would be inappropriate; the potential to attract higher-value occupiers is probably low.

Conclusions

- 6.114 We have looked at the market viability of 11 industrial sites listed in the UDP to determine whether they should continue to be protected. A couple of these have been taken up and the remainder can be categorised into three broad categories:

- Those that are isolated but should be protected in view of the shortage of industrial/warehousing land in Camden and likelihood of being reoccupied: 32-140 Hampstead Road, 2-12 Harwood Grove, 187-189 West End Lane and 156 West End Lane, rear of 90-108 and 52-88 Gloucester Avenue.
- Those that are very small, isolated in residential areas and unlikely to attract new occupiers should they become vacant: 14 Blackburn Road, 154 Loudoun Road. In our view the Council should consider releasing should they come forward for redevelopment.
- Those that offer coherent larger buildings with space for industrial activity: Cockpit Yard and Hawley Wharf. In our view, if they come forward for redevelopment, some element of their original industrial/warehousing use should be retained.

6.115 As for the three additional sites we looked at, they exemplify how a criteria-based approach can deal with different sites. In this case:

- Liddell Road because it shows how important it is to protect whole areas to prevent piecemeal loss but also because it shows the limits of planning policy. In the case of Liddell Road, it is not sufficient, investment is urgently needed. We would suggest the Borough explores the possibility of a private sector partnership to bring Liddell Road back to an acceptable condition.
- Webheath is the opposite. It is a site that does not need protection because it does not match market demand and generates no market interest. It should be considered for release to other uses.
- Finally, Iverson Road is an example of a site that, although not of high quality, meets a market requirement and comprises premises unlikely to raise interest from other uses (railway arches). Such sites should be closely monitored

7 DEMAND AND SUPPLY TO 2026

Introduction

- 7.1 In this chapter, we forecast the demand for employment space to 2026 and compare it with the planned land supply - the sites currently identified by the planning system to accommodate change in the employment land uses. This comparison takes forward the short-term analysis of demand, supply and market balance in Chapters 4 and 5 above, using different methods and indicators. In interpreting our findings and drawing conclusions, we combine these two approaches, using the earlier market analysis to reality-check the long-term forecasts and to add qualitative factors which the long-term forecasts cannot provide.

Demand 2006-26

Study Method

- 7.2 Following an accepted method, in this study we use future employment as a proxy, or indirect measure, for the future demand for employment space. Specifically, we use employment projections that were produced for the GLA to inform the latest review of the London Plan. As explained in Chapter 2 above, there is nothing in the London Plan to make these GLA figures binding on individual boroughs. But the GLA forecasts are useful, firstly because they fit the objectives and policies of the London Plan, to which the Boroughs *are* required to conform, and secondly because they provide a strategic overview which integrates the different boroughs into a London-wide picture.
- 7.3 For offices, our figures both on jobs and floorspace demand are the same as the preferred scenario in the 2007 London Office Policy Review. For industrial and warehousing uses, the GLA study on London Industrial Land Release Benchmarks²⁸ points out the weaknesses of this employment-based approach for some industrial-type activities, in particular logistics and waste, and uses a new method to forecast the land requirements of these activities, partly based on output (GVA) change. However this approach cannot be applied to individual boroughs because the necessary data are not available and the GLA study stops at sub-regions. Therefore, on industry and warehousing our demand calculations are not strictly comparable with the GLA study.
- 7.4 The GLA employment projections are frequently updated. In this study, we use the latest version which was produced for the 2007 Examination in Public²⁹ and is also used in the GLA's latest strategic studies on employment land, comprising the London Office Policy Review and London Industrial Release Benchmarks which in turn fed into the Supplementary Planning Guidance (SPG) on Industrial Capacity and final, 2008 version of the London Plan.
- 7.5 We understand that in future the GLA intends to update them annually. When updating employment land calculations, we suggest the Borough Council should always build in the version of the GLA projections which is current at the time.
- 7.6 To translate future employment change into demand for space, we go through two steps. First, we identify those jobs that occupy employment space, based on the mapping of sectors into land uses described in Chapter 2 above. Second, we use employment densities (floorspace per worker) to turn these jobs into floorspace.
- 7.7 For offices, we use the same density assumptions as the London Office Policy Review. In the existing office stock, floorspace per worker is constant at 16.3 sq m. In new

²⁸ URS for the GLA, *London Industrial Land Release Benchmarks*, April 2007

²⁹ GLA Economics, *London Employment Projections - Panel note for the Examination in Public into the Draft Alterations to the London Plan*, 2007

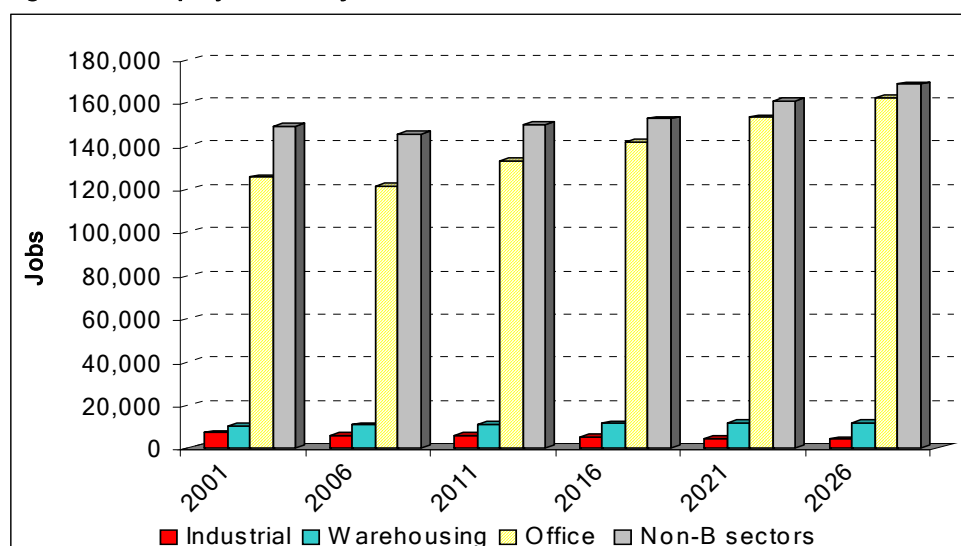
stock, it changes gradually to 13.9 sq m in 2026. The thinking behind these assumptions was that more intensive use of space would result from changing working practices and the aspirations of corporate occupiers, but these changes did not affect all businesses. In Camden specifically, floorspace per head might be low in brand new high profile offices around Kings Cross for example. However, in the existing stock and in older buildings densities are unlikely to change quickly, if at all.

- 7.8 For industry and warehousing, we assume 32 sq m per worker, based on a 1997 survey by Roger Tym & Partners for SERPLAN, which was broadly confirmed by a similar 2004 survey by DTZ Pieda for SEERA³⁰ and is supported by the government Guidance Note on Employment Land Reviews.
- 7.9 In considering the calculations below, the reader should bear in mind two caveats. First, as is well known and reiterated in the London Plan and supporting papers, all projections and forecasts are highly uncertain. Second, and perhaps less obvious, it is especially difficult to forecast demand for space in an area which, like Camden, is a closely connected part of a larger, sub-regional market. As we have seen, Camden's Central London office market is part of Midtown which in turn is part of the wider Central London market. The Borough's industrial and warehousing market is closely connected with other parts of Northern Inner London, such as Islington. Within these wider markets, occupiers to varying extents do not mind where they locate and most neither know nor care about borough boundaries. Whether such footloose occupiers locate in Camden or a neighbouring borough is not a matter of demand. Rather, it depends on supply-side factors, including where planning authorities choose to make sites available.
- 7.10 For the purpose of the analysis that follows, we set aside these observations about footloose demand and sub-regional markets. We will return to the issue in the concluding chapter.

Employment Projections

- 7.11 The graph and table below show future employment by land use, based on the GLA projections and RTP's sector-to-land-use mapping.

Figure 7.1 Employment Projection, Camden, 2001-2026



Source: GLA, RTP

³⁰ DTZ Pieda Consulting, *Use of Business Space and Changing Working Practices in the South East*, 2004
Roger Tym & Partners
Ramidus Consulting
June 2008

Table 7.1 Employment Forecasts, Camden, 2006-2026

Jobs, net change	2006-2011	2006-2016	2006-2021	2006-2026	2006-26 per year
Office	11,549	20,319	31,849	40,851	2,043
Ind & Warehousing	376	113	-252	-538	-27
Industrial	-7	-718	-1,247	-1,685	-84
Warehousing	383	831	995	1,147	57
Non-B sectors	4,548	7,223	15,703	23,149	1,157
Total jobs	16,473	27,655	47,300	63,463	3,173

Source: Volterra, GLA, RTP

- 7.12 Between 2006-26, Camden's total employment is forecast to grow by some 63,000 jobs in total, or 3,200 jobs per year. The bulk of this growth is accounted for by office employment which gains approximately 2,000 jobs per year, and the non-B sectors (1,200 jobs per year). Industrial and warehousing change is insignificant by comparison. Industrial employment falls by 84 jobs a year - a small absolute figure but significant in proportional terms given that in 2005 there were only 6,100 jobs in the industrial sectors. Warehousing grows, gaining just 57 jobs a year. Thus, the total of industrial and warehousing jobs falls by an insignificant 27 jobs per year - just 540 jobs over the entire plan period.
- 7.13 Table 7.2 below reality-checks the forecasts by comparing them with past change from 1998-2005. This is the longest period for which consistent data are readily available.

Table 7.2 Past and Projected Employment Growth, Camden

Jobs, annual growth rate % per annum	1998-2005	2006-2026
Office	1.7%	1.5%
Industrial & Warehousing	-2.6%	-0.2%
Industrial	-3.4%	-1.7%
Warehousing	-2.1%	0.5%
Non-B sectors	1.4%	0.7%
Total jobs	1.1%	1.0%

Source: Volterra, ABI, RTP

- 7.14 For offices, past and forecast growth are very similar. In the industrial sectors, the annual rate of job loss halves, from 3.4% pa in the past to 1.7% pa in the future. The warehousing trend is reversed, from past decline to future growth.
- 7.15 A different kind of reality check on the projections is to compare them with the market evidence in Chapters 4 and 5 above.
- For offices, both the market analysis and the employment point to continuing growth - though of course the market analysis does not quantify that growth
 - For industry and warehousing, the projections and the market analysis carry the same message: from a demand perspective, the market does not want the steep decline of recent years to continue.

Floorspace Demand Forecasts

- 7.16 Table 7.3 below translates the employment projections into net floorspace change between 2006-2026. This net change in the stock is the difference between floorspace gained, mostly from new development, and floorspace lost, for example where industrial sites are redeveloped for housing and other uses.

Table 7.3: Floorspace Demand Forecast, Camden

Net floorspace change sq m	2006-2016	2006-2026	2006-2026 per year
Office	326,186	614,820	30,741
Industrial and Warehousing	3,624	-17,203	-860
TOTAL B SPACE	329,810	597,617	29,881

Source: RTP

- 7.17 The forecast demand in 2006-26 is for a net increase of some 615,000 sq m in office space and an insignificant net fall (negative demand) of 17,000 sq m in industrial and warehouses space.

Planned Supply 2006

Study Method

- 7.18 As mentioned earlier, the planned (or committed) supply of employment space is the land currently identified by the planning system to accommodate change in the B-class land uses. In most employment land studies, this would be calculated as the sum of:
- iv) Outstanding planning permissions, comprising permissions not yet started and space under construction;
 - v) Outstanding plan allocations for developments that will produce gains or losses in office space;
 - vi) Any surplus vacant space, over and above the 'equilibrium vacancy' which is required for smooth operation of the market - which is estimated at 8% of stock.
- 7.19 In this study, we only count as committed supply the first of these elements, comprising planning permissions outstanding at 1 July 2007³¹.
- 7.20 We do not count as part of the committed supply pipeline the allocations ('land use proposals') listed at Policy LU1 of the UDP, unless they have turned into planning permissions, because they do not necessarily represent the development pipeline. As we understand it, the reasons why sites are listed in the LU1 schedule vary. While some of the sites are listed because the Council expects them to be subject to development which may involve gains or losses of employment land, other sites are included simply in order to state the Council's intention to protect an existing employment use - which may continue in existing buildings. The schedule does not say which of the LU1 sites are expected to be developed or redeveloped or how much employment space may be gained or lost in such development.
- 7.21 Vacant floorspace is also excluded from our calculations, because no Borough-wide data are available. However, as noted in Chapters 4 and 5, in our view the market is currently tight both for offices and industrial space, with vacancy rates below equilibrium. If this vacancy was included in our calculation, it would probably appear as a small negative number, reflecting current undersupply.
- 7.22 As well as the committed supply discussed above, for offices in the Central London area of Camden we consider potential development sites which have not yet received planning permission. The list of these sites was provided by the Council. Some are listed at policy LU1 or are the subject of planning applications. Others have no formal planning status at this stage.

³¹ Our data on outstanding permissions are taken from the Borough Council's planning applications database. We count all the permissions listed in the database as 'submitted', 'surveyed not started' and 'started'. We exclude permissions 'completed', 'superseded', 'presumed superseded', 'lapsed' and 'not relevant'. To split the B1 use class between light industry (B1c) and offices (B1a and b), we use the descriptions provided in the database.

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

Offices

The Committed Pipeline

- 7.24 In total, outstanding planning permissions provide for a net change of 456,700 sq m in office floorspace, the outcome of 537,600 sq m of gross gains in new development and 71,900 of gross losses in redevelopment or change of use. Below, we list the sites showing the greatest net gains.

Table 7.4 Outstanding Permissions, Largest Net Gains, Offices, July 2007

	Net Gains sq m
Kings Cross Central - main site	444,237
Euston Road, Osnaburgh Street, Regent's Place	28,449
132-142 Hampstead Road	20,375
St Giles Court	19,227
121-126 High Holborn, 3-9 Southampton Row	5,690
Howland House	3,460
Arches 7-12 and land at Leybourne Road	3,193
Rear of 46-50 Gloucester Avenue & 1-2 Dumpton Place	2,921
26-28 Rochester Place	2,021
JML House, Regis Road	1,809

Source: Borough Council

- 7.25 The largest office commitment by far is the Argent development at Kings Cross, which proposes 444,000 sq m of net new office space as part of a major mixed-use scheme that will also provide housing, retail and community uses, replacing large-scale industrial and railway-related uses. A distant second is Osnaburgh Street/Euston Road, which will generate an additional 28,400 sq m. This is closely followed by two developments of similar sizes: 132-142 Hampstead Road, where offices will replace B8 use and St Giles Court. The remaining pipeline of committed office developments comprises small-scale proposals spread across the Borough, of which the largest provides a net gain of 5,700 sq m.
- 7.26 In November and December 2007, two new permissions were granted: Africa House and Chichester House. We have not included these permissions in our calculations, because they occurred after our survey date of 1 July. Both permissions are small, producing net additions of 2,000 sq m and 600 sq m respectively. If we did include them, they would make no difference to our findings.
- 7.27 Of a total of 179 outstanding applications involving office space, 113 involve a net loss of such space, albeit very small in most instances (in 85 permissions, office losses are less than 500 sq m). The table below list the permissions involving the largest net losses of office space.

Table 7.5 Outstanding Permissions, Largest Net Losses, Offices, July 2007

	Net Losses sq m
St Pancras Chambers (Midland Grand Hotel), Euston Road	-12,743
19-29 Woburn Place	-12,300
146-162 Kilburn High Road & 4-10 Kingsgate Road	-3,270
100 Park Village East	-2,460
31 Southampton Row	-2,300
25 Shelton Street	-1,857
23-27 Euston Road	-1,661
Asta House, 53-65 Whitfield Street	-1,615
28-30 Theobalds Road	-1,476

Source: Borough Council

- 7.28 The largest committed net loss, 12,743 sq m, is at St Pancras Chambers, above the station, through conversion of offices and railway uses into a hotel and possibly apartments. We are not sure that this should properly be counted as a loss in the period 2006-26, given that some of the space may have been vacant and even derelict for some years. The second largest, near Russell Square, sees the conversion of offices into student accommodation with the loss of 12,300 sq m.
- 7.29 In summary, Camden's committed office pipeline has two very different components, Kings Cross and the rest. Kings Cross promises over 400,000 sq m of net new offices in a brand new environment. The rest of the pipeline comprises almost 200 much smaller schemes which mix gains and losses of office space but overall involve a net loss of some 32,000 sq m of offices across the Borough (or 20,000 sq m if we exclude St Pancras Chambers).

Potential Office Developments

- 7.30 Table 7.6 below shows potential office sites, which are at different stages in the planning process but do not yet have planning permission.
- 7.31 Where possible, the table shows an estimate of the office floorspace that may be built at the site; this figure represents potential gross gains, with no deduction for any office floorspace which may be lost. Such losses are likely to be significant, because many of the proposals are for redevelopment of existing office buildings.
- 7.32 Of the office developments in Table 7.6, the largest is likely to be the Euston Station redevelopment, but there are no estimates as yet of how much office floorspace this may provide. Other major proposals include the DCMS site west of St Pancras and the 'North East Quarter' at Regent's Place. All these sites are likely to be mixed-use developments. The UDP specifies that, in the King's Cross Opportunity Area to which these sites belong, 'each major phase of the comprehensive development of the Area should contain an appropriate balance of different uses' including residential, retail and community uses.
- 7.33 We are unable to quantify the net contribution of the potential sites to Camden's office supply. In total, those potential sites for which we have floorspace estimates may provide some 58,600 sq m of gross new office floorspace. But this total is not a useful indication of future supply potential, firstly because it excludes major sites, like Euston, where we have no floorspace figures, and secondly because, as explained earlier, it takes no account of space lost in the redevelopment of existing offices buildings.

Table 7.6 Potential Office Developments, Central London (Camden), July 2007

Address	Developer	Description
DCMS site, west of St Pancras	Government	Potential for 250,000 sq ft (c 23,000 sq m) of offices and 250,000 sq c 23,000 sq m) ft of residential/hotel.
Denmark Street	Consolidated Developments	Currently part of area masterplan by architect Terry Farrell.
Euston Station	British Land	Potential 3.5m sq ft (c 325,000 sq m) mixed use scheme around and above station.
Mount Pleasant	Royal Mail	Long-term redevelopment prospect.
Regent's Place	British Land	Detailed planning application submitted for 'North East Quarter' to provide 384,000 sq ft (c 35,600 sq m) of offices and 170 residential units.
21-31 New Oxford Street	Consolidated Developments	Long-term redevelopment prospect.

Source: Ramidus Consulting

Industry and Warehousing

7.34 In the industrial and warehousing land uses, outstanding planning permissions provide just 2,091 sq m of new development (gross gains) and the loss of 75,582 sq m of existing floorspace (gross losses). The outcome is a committed net loss, or negative pipeline, of 73,491 sq m of industrial/warehouse space.

7.35 The table below lists the permissions involving the largest net gains of industrial/warehouse space.

Table 7.7 Outstanding Permissions, Largest Net Gains, Industry and Warehousing, July 2007

	Gross Gains sq m	Net Gains sq m
Industrial		
Arches, 74-79 Randolph Street & 87-91 Baynes St	530	530
Utopia Village, Chalcot Road	94	94
Warehousing		
Rear of UPS building, Regis Road	3,185	738
44 Saffron Hill	545	545

Source: Borough Council

7.36 The two industrial sites shown in the table, at Baynes Street and Chalcot Road, for 530 sq m and 94 sq m respectively, are the sum total of outstanding permissions for B1c/B2 development in Camden. For B8, there are four small outstanding permissions in addition to those shown in the table.

7.37 Many more outstanding planning permissions involve net losses of industrial/warehouse space. The table below lists the largest of these losses.

Table 7.8 Outstanding Permissions: Largest Net Losses, Industry and Warehousing, July 2007

	Net Losses sq m
Industrial	
Kings Cross Central - main site	-9,162
Arches 7-12 and land at Leybourne Road	-726
Unit B, Imperial Works, Perren Street	-538
Warehousing	
Kings Cross Central - main site	-33,157
132-142 Hampstead Road	-14,110
Rear of 46-50 Gloucester Avenue & 1-2 Dumpton Place	-2,619
26-28 Rochester Place	-2,019
JML House, Regis Road	-1,450
Arches 43-50 Castle Mews	-1,400
Rear of 187-189 West End Lane	-1,400

Source: Borough Council

- 7.38 For both industrial and warehouse space, the largest committed losses by far are at the King's Cross site. We question whether all these losses should be counted as future change which is to occur in the planning period 2006-26. We suspect that some of the space included in the Borough's data base may not have been occupied, or suitable for occupation, for some years. In the case of the space at King's Cross for example, most of the space would have been vacated around 2002, although those parts where access was not needed for CTRL works have only been vacated in the last few months. We conclude that our total of committed losses is likely to be an overestimate but we cannot estimate by how much.
- 7.39 Outside the Kings Cross site, committed industrial/warehousing losses are considerably smaller and most involve change of use or redevelopment for offices.
- 7.40 The committed loss of industrial space at JML House, Regis Road, seems surprising. This site is in a designated industrial area which according to our market review is in high demand for its existing uses. Indeed it is the best industrial area in the Borough. The permitted development will replace B8 space with offices, to be used as TV production studios. This will be a loss of a valuable industrial/warehouse site, which on the face of it seems contrary to current UDP policy.

Market Balance

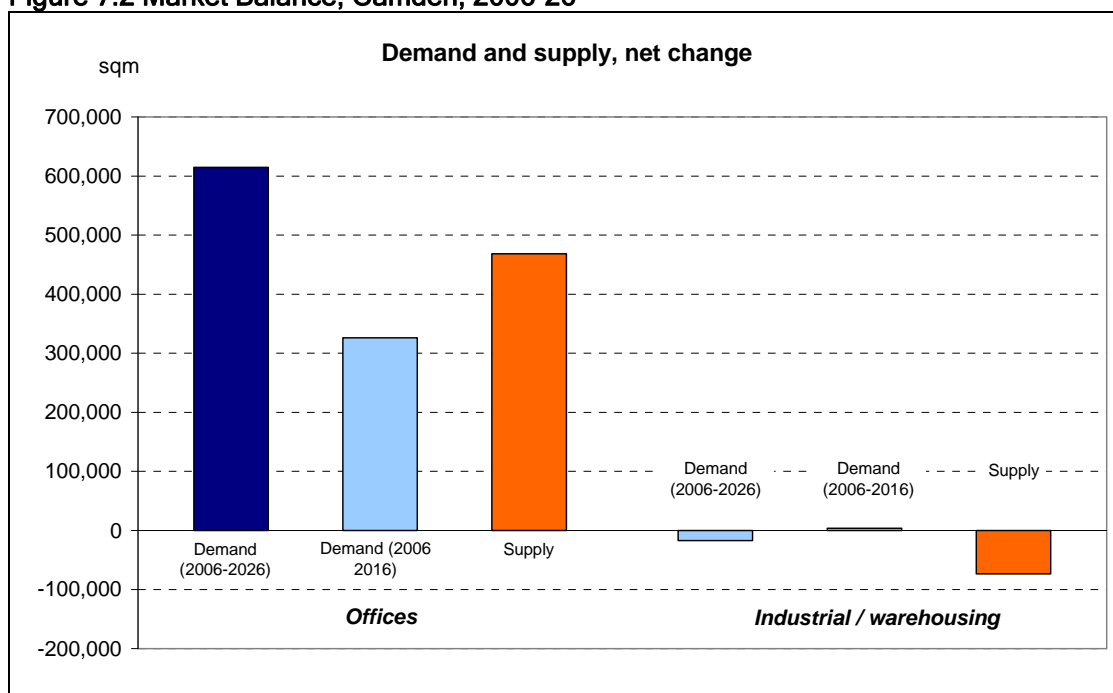
- 7.41 Figure 7.2 compares the forecast demand with the committed land supply to estimate market balance for the planning period to 2006-26.

Offices

The Quantitative Balance

- 7.42 As Figure 7.2 illustrates, the committed supply of office space is more than enough to meet the forecast demand to 2016. Based on the long-term forecast demand of some 31,000 sq m per year, the net gain of 468,000 sq m provided by outstanding permissions (including offices under construction) provides around 15 years supply.

Figure 7.2 Market Balance, Camden, 2006-26



Source: Roger Tym & Partners

- 7.43 In strictly quantitative terms, this is generous supply by any standards. The Central London benchmark set in 2001 by research for the GLA, and monitored through successive London Office Policy Reviews (LOPR), is that schemes in the planning and development pipeline should provide 3.25 years supply of new space³². The 2007 LOPR estimated that, for Central London as a whole, space permitted and under construction provided 8.2 years supply³³. Camden's current years supply figure, at 15 years, is around four times higher than the benchmark and one and a half times the 2006 Central London figure. The supply seems even more generous if we bear in mind that, hot on the heels of Kings Cross, there are other major office proposals in the pipeline, including the Euston redevelopment - which is not yet the subject of a planning permission or even an application, but is sanctioned in the London Plan.
- 7.44 The demand-supply relationship may not be entirely what it seems because our calculations exclude future windfall losses of office space - space which may be lost in the future but is not yet covered by current planning permissions. It will be important that the Council monitor these future losses. At this stage we do not know what they may be. But we do know that gross losses in the pipeline of currently outstanding permissions amount to some 72,000 sq m. By way of illustration, if real gross losses in the next 10 years were three times that amount, 216,000 sq m, and if there were no windfall losses, the permissions outstanding at 2007 would still provide enough office capacity to last until 2016.
- 7.45 We showed in the last section that a single site, Kings Cross, accounts for more than 100% of the net additional floorspace in the committed pipeline (excluding Kings Cross, the Borough's committed office supply is negative). Therefore, what the supply-demand figures tell us is that, at Kings Cross, Camden has a large strategic reserve of office capacity, sufficient to meet demand for the foreseeable future; once Kings Cross is exhausted, other large schemes, especially Euston, are expected to take its place.

³² Years supply equals space in the pipeline divided by the annual take-up of space. In other words, it is the number of years that the supply currently in the pipeline would last.

³³ The LOPR calculation is based on different data from ours, using gross rather than net change both for demand and supply, but this difference does not affect the substance of the argument.

- 7.46 In the circumstances, we may ask if there is danger of the Borough's office market being oversupplied, which might waste valuable land resources, damage the property industry and deter development and investment long-term. In our view, oversupply is unlikely to be a problem, because we expect Kings Cross and other major schemes to phase development in the light of demand. This should be easier to do where supply is concentrated in a few ownerships, as is the case in Camden. Furthermore, it may be that Kings Cross also 'imports' footloose office demand which in the GLA employment projections is assigned to other Central London boroughs. Given that there is no sub-regional planning for employment land, we cannot assess this possibility. Nor can we gauge the opposite danger, that at other times Camden's office market may be contaminated by any potential oversupply in the wider Central London market. However, the 2006 LOPR suggests that oversupply is not a threat in Central London in the short term.

Qualitative Factors

- 7.47 To return to the Camden office market, while quantitatively the demand-supply balance seems healthy, in qualitative terms there are grounds for concern. The problem is precisely the concentration of supply at Kings Cross. Excluding Kings Cross, as we have seen, the total of outstanding planning permissions is negative, providing a small net reduction in office space.
- 7.48 One reason for concern is timing. Kings Cross is a long-term project, which is unlikely to deliver office space for some time. Meanwhile, as discussed in Chapter 4, the Central London area of Camden is suffering an immediate undersupply of office space, with availability (vacancy) at some 4% of the stock and little space under construction. The GLA benchmarks, mentioned earlier, include an availability rate of at least 8%, supporting the traditional view that this is the 'natural' or 'equilibrium' rate. The benchmark states:
- 'When the Central London availability rate is moving in a direction that the 8% level seem likely to be crossed, particularly close attention should be paid to other market indicators, and the level of office supply should be reviewed'³⁴
- LOPR 2006 comments further on the 8% benchmark:
- '[In Central London's prime markets, the City and West End, our analysis shows that] when the availability rate is rising, as it passes through 8% rents tend to start falling almost immediately. When the availability rate is falling, however, rents tend to start rising as the market anticipates tightening supply... In LOPR 2004 we discussed whether it might be better to frame [the benchmark] in terms of an acceptable range, from 5-11%. A louder alarm bell should ring if the availability rate for Central London moves beyond this range.
- '... Across Central London as a whole the availability rate at the end of 2005 was poised to pass through the 8% benchmark level, 'heading south'. Benchmark 2 suggests that this is the time to review office policy with a view to promoting supply.'
- 7.49 Another possible problem with the concentration of office supply at Kings Cross and Euston may not suit all occupiers. Both schemes are in edge-of-centre locations, separated from the Midtown market by the barrier that is Bloomsbury. Neither is currently considered a tried-and-tested location for mainstream Central London offices, though Euston in the past did attract major occupiers to its office towers.
- 7.50 Furthermore, Kings Cross, and later Euston, will cater mostly to the top end of the market, providing new prime office space in a new prime environment. In contrast, the traditional Midtown market provides a mixed grain of property types, ages and sizes, including second-hand and refurbished units, offering sub-prime quality at sub-prime

³⁴ Quoted in LOPR 2006

prices. Small and young businesses, and those in the creative industries, may especially need this kind of space.

- 7.51 For all these reasons, if Camden is to meet market demand so that office supply does not constrain economic growth, there needs to be continuing growth and renewal of the office stock not only the large sites at the area's edge, but also in the traditional Midtown area. As shown in Chapter 6 above, such growth and renewal is occurring in Midtown with a number of development recently completed and in the pipeline. However, it seems that this supply falls short of demand, as evidenced by vacancy, rents and the small size of the development pipeline.
- 7.52 In Chapter 8, we will draw the policy implications from this analysis. But first we discuss the demand and supply of industrial/warehouse space.

Industry and Warehousing

- 7.53 In industry and warehousing, the scale of floorspace change is a lot smaller than for offices (Figure 7.2):
- On the demand side, the forecast shows no significant floorspace change in 2006-2026 and a net loss of 17,000 sq m in the longer planning period, 2006-2026.
 - On the supply side, the Council's database shows outstanding permissions for the loss of 74,000 sq m of industrial and warehouse space, although this may overstate the real position if some of the losses at the Kings Cross site have already occurred.
- 7.54 Either way, committed losses on the supply side are well above the forecast reduction in floorspace stock on the demand side. In addition to these outstanding commitments, further industrial/warehousing space is likely to be lost in windfall developments, partly depending on future planning policy. All this suggests that industrial and warehousing activities will be pushed out or priced out of Camden by higher-value uses, as the Borough does not provide land for them.
- 7.55 In reality, the shortfall of land supply against demand is likely to be even greater than our figures suggest, for two reasons. First, the analysis at Figure 7.2 relates to future change only, whereas in reality our analysis in Chapter 6 above suggests that current land supply already falls short of demand. Second, the analysis only shows the losses associated with current planning permissions; it excludes further, windfall losses that may result from permissions granted in the future plan period. If the future is anything like the past, the future will see a continuing stream of applications to shift industrial/warehousing sites to higher-value uses - though the Council of course may choose to refuse such applications, subject to appeal.

8 CONCLUSIONS

The Quantity of Land

- 8.1 In our recommendations below, we assume that, in line with national policy and the London plan, a key objective of the Council's employment land policies is fully to meet the demand for employment land, so that planning does not constrain economic growth. Based on our market analysis, this implies that the Borough should provide for continuing growth in office space, especially in the Central London area. In the industrial/warehousing sector, it should resist the decline in the stock and encourage its regeneration so that old buildings are replaced with new ones if they can provide good quality space. The GLA forecasts confirm this direction of travel and quantify future demand in terms of jobs and floorspace. Admittedly these figures are to some extent arbitrary, because much of the demand for space is footloose across Borough boundaries, but they have the advantage of providing a geographical distribution which is consistent across London.
- 8.2 There are further arguments for opposing the decline of industry and warehousing. As noted by the UDP Inspector in 2005, these activities provide suitable employment for disadvantaged people and groups, who may be at high risk of unemployment or non-employment, or may be forced into low-paid, low-quality jobs. Our labour market analysis in Chapter 3 confirms this view. Policies to protect industry and warehousing can also further sustainability by reducing the need to travel because, if jobs are displaced out of the borough, workers may travel further to work. How far this happens, of course, depends on where businesses are displaced to and where their workers and customers are based.
- 8.3 Planning for employment in Camden will always raise difficult issues because the Borough is a physically constrained area and other land uses also have pressing needs, also based on important priorities and supported by strategic targets. Thus, housing has strong claims both in terms of market demand and policy targets. Economic land uses compete for specific areas of land against each other, including offices against industry and both against non-B uses such as retail, leisure and public services, which may generate just as much economic benefit. In these circumstances, it could be argued that Camden should not aim to meet all its demand within its own boundaries, but should 'export' some industry and warehousing to other parts of London which are less attractive to higher-value uses. This may be a good solution but it cannot be designed or implemented by a single borough in isolation. Ideally, Camden and its neighbours would plan collectively based on sub-regional figures although in practice, this may not be feasible. As mentioned in the previous paragraph however, the choice involves factors other than land value, the economic benefits of local industrial / warehousing jobs to residents would be affected by such a decision.
- 8.4 In future, it is important that the Council assess the implementation of employment land policies by monitoring:
- Gains and losses of employment space;
 - Indicators of market demand and the supply-demand balance, especially vacancy rates (availability) and prevailing rents.
- 8.5 This will of course show how well LDF policies are working and where they need to be reviewed. It will also provide ammunition at future appeals and inquiries to defend the Council's stance.

Offices

Central London

- 8.6 In simple quantitative terms, Camden has an ample supply of office development opportunities to meet Central London demand, thanks to Kings Cross and other major development sites. Qualitatively, supply is not adequate, firstly because Kings Cross and other major sites will not deliver space for a few years at least, and secondly because there is a shortfall of supply against demand in the Midtown area to the south of Bloomsbury, which accommodates a wider range of occupier requirements.
- 8.7 If supply is to meet demand, therefore, the Council should seek to protect existing offices in the Central London Area and do all it can to encourage the development of new offices there. As part of this, it also monitor the operation of the mixed-use policy to ensure that it is not preventing office development. It should also ensure that development control processes, as well as policies, are flexible and user-friendly.

Camden Town

- 8.8 Camden Town provides a valuable office location for office-based activities which cannot afford or do not wish to be in Central London. Market intelligence on the area is limited but demand seems to be tight against supply. If demand is to be met, development of new office stock should be encouraged and existing offices should be protected against transfer to residential uses though with criteria-based exceptions to ensure that office sites which are not fit for market may be transferred.

The Rest of the Borough

- 8.9 Office markets in the rest of the Borough are local and secondary, with no appeal to corporate or mobile occupiers. The balance of the market varies between local centres and is difficult to judge, though the 'threat' of competition from higher-value uses is almost everywhere. We suggest a prudent policy stance, where the Council states that it wishes to maintain and encourage provision of local services in town centres, and existing offices are protected, subject to criteria-based exceptions.

Industry and Warehousing

Market balance

- 8.10 Our market analysis has shown that Camden's industrial/warehousing market is tight, with a definite shortfall of supply against demand, largely due to competition from higher-value uses. The Borough is a good location for a range of industrial / warehousing activities, including many businesses that serve the growing Central London market and need clean, modern, small and medium-sized units within easy reach. This is an area of demand which Camden at present does not meet, either in terms of the quantity of space or its quality.

Protecting and managing existing sites when viable

- 8.11 If this imbalance is to be addressed, the Council needs to protect those existing industrial/warehousing sites and areas which remain fit for market. The site assessment in Chapter 6 above has identified areas which should be protected in this way and others which no longer warrant protection. It has also suggested general decision criteria for sites and areas not yet assessed.
- 8.12 The Council should also encourage improvement and renewal of the existing industrial stock, including through better management of its own estate, perhaps through joint ventures with commercial developers.

- 8.13 Additionally Camden might consider 'exporting' some of its demand to other boroughs in the North London sub-region, but in the absence of real sub-regional planning this may not be practicable.

Providing new space

- 8.14 To replace those sites that have been lost, and to replace obsolete with modern space, is critical if demand is to be met. The stock is ageing, there has been virtually no new space completed for many years and there is no industrial space currently in the pipeline.
- 8.15 To correct this, the Council should seek to create opportunities for small-scale industrial development. This will be difficult, bearing in mind that industrial uses, unlike offices, do not easily fit into mixed-use developments, and for commercial viability industrial sites need critical mass, providing perhaps 30 units of some 50-500 sq m. The main area of search for industrial sites is likely to be around railways, it is a pity that it is too late to include a modest amount of industrial space in the Kings Cross scheme. Further opportunities for small-unit developments may arise if and when major occupiers move out, Murphy's at Sanderson Close being the most obvious example.
- 8.16 However, in the expectation that there will be very few new developments of industrial space in Camden, Camden's policies set out a preference to provide flexible employment space in mixed use schemes. In considering such schemes, it is important at the outset to distinguish between different types of employment. Where employment space is integrated into the same built structure as residential space, then its use profile must be compatible with a residential use. This immediately reduces the opportunities for re-providing a range of employment types as there are only certain uses that are compatible with a residential use. Thus, uses that involve noisy, dirty or 24-hour activities are difficult to accommodate in mixed-use schemes.
- 8.17 In addition to the use profile, there are also potential practical difficulties involving access and servicing. The need for van and possibly lorry access, together with floor to ceiling heights and the movement of goods in and out all require careful design of the commercial premises. In addition, there is a requirement to keep the residential access to a building separate from the commercial access and servicing areas. Ensuring that appropriate access arrangements are in place is becoming increasingly difficult in a dense borough, such as Camden. The majority of sites are already highly constrained in Camden, few are large enough to accommodate an employment plot and a residential plot side-by-side and most will involve residential space above employment space.
- 8.18 As a result, the majority of mixed-use schemes involve the provision of office-type employment space and more often retail/leisure on the ground floor with residential above. This does little or nothing to correct the shortage of industrial or flexible employment space.
- 8.19 As far as developers are concerned, any kind of on-site activity that will reduce the value of a development will be resisted, and employment space is generally seen in this category - particularly anything that is aimed at light industrial/studio level rents rather than high quality office space (B1a). Developers are therefore resistant to providing flexible employment space in mixed-use schemes. Anecdotal evidence suggests that developers comply with policy demands for employment space by providing space that is not appropriately designed for business use other than offices, perhaps in the hope that they will be able to change the use to retail, leisure or residential at a later date.
- 8.20 There are few examples of genuinely mixed use developments in London, especially outside of town centres and high street locations that involve any other uses than office (B1a) activities.

APPENDIX 1

DEFINITION OF EMPLOYMENT LAND USES

DEFINITION OF EMPLOYMENT LAND USES

Industrial Sectors	SIC 2003	Activities
Manufacturing	15.11-37.20 (ex publishing, 22.11-22.15)	<ul style="list-style-type: none"> ▪ Includes all manufacturing, including recycling, but excluding publishing)
Some Construction	45.3-45.4	<ul style="list-style-type: none"> ▪ Electricians ▪ Plumbing ▪ Other building installation ▪ Plastering ▪ Joinery installation ▪ Floor and wall covering ▪ Painting and glazing ▪ Other building completion
Motor Vehicle Activities	50.20, 50.40	<ul style="list-style-type: none"> ▪ Maintenance and repair of motor vehicles ▪ Sale, maintenance and repair of motor cycles and related parts and accessories
Sewage and Refuse Disposal	90.00	<ul style="list-style-type: none"> ▪ Sewage and refuse disposal, ▪ Sanitation and similar activities
Labour Recruitment and Provision of Personnel (part) ³⁵	74.5	<ul style="list-style-type: none"> ▪ Labour recruitment and provision of personnel
Warehousing Sectors	SIC 2003	Activities
Wholesale	51.11-51.70	<ul style="list-style-type: none"> ▪ Wholesale on a fee contract basis ▪ Wholesale of goods
Freight Transport by Road	60.24	
Cargo Handling	63.11	
Storage and Warehousing	63.12	
Other Supporting Land Transport Activities	63.21	
Post and Courier Activities	64.11-64.12	
Packaging Activities	74.82	<ul style="list-style-type: none"> ▪ Packaging activities
Labour Recruitment and Provision of Personnel (part)	74.5	
Office Sectors (including R&D)	SIC 2003	Activities
Publishing	22.1	
Financial intermediation	65, 66, 67	<ul style="list-style-type: none"> ▪ Financial intermediation, except insurance and pension funding ▪ Insurance and pension funding, except compulsory social security ▪ Activities auxiliary to financial intermediation
Real Estate and Business activities	70, 72, 73	<ul style="list-style-type: none"> ▪ Real estate activities ▪ Computer and related activities ▪ Research and development
Labour Recruitment and Provision of Personnel (part)	74.5	

³⁵ Labour Recruitment and Provision of Personnel covers all the workers employed through agencies. These workers operate in a wide range of activities throughout the economy. Therefore, we allocate them to industrial, warehouse, office and non-B sectors in proportion to their shares of total employment.

Office Sectors (continued)		
Some Other Business Activities	74.60, 74.83, 74.84, 74.1, 74.2, 74.3, 74.4	<ul style="list-style-type: none"> ▪ Investigation and security activities ▪ Secretarial and translation activities ▪ Other business activities nec ▪ Accounting/bookkeeping activities etc ▪ Architectural/engineering activities etc ▪ Technical testing and analysis ▪ Advertising
Administration of the State	75.1, 75.3	<ul style="list-style-type: none"> ▪ Administration of the State and the economic and social policy of the community ▪ Compulsory social services activities
Some Social and Personal Service Activities	91.11, 91.12, 91.20, 91.32, 91.33, 92.11, 92.12, 91.20, 91.32, 91.33, 92.11, 92.12, 92.20, 92.40	<ul style="list-style-type: none"> ▪ Activities: business/employers orgs ▪ Activities of professional orgs ▪ Activities of trade unions ▪ Activities of political orgs ▪ Activities other membership orgs ▪ Motion picture and video production ▪ Motion picture and video distribution ▪ Radio and television activities ▪ News agency activities

APPENDIX 2

OCCUPIER REQUIREMENTS - 2004 STUDY

The following is an extract from RTP's 2004 study on "Industrial and Warehousing Land Demand" in the London Borough of Camden, on occupier requirements:

- 3.15 Local consultations and King Sturge's market experience, suggest that:
- In the main, demand for industrial premises in Camden derives from companies already located in the Borough or in neighbouring boroughs.
 - These companies want to be in Camden for a variety of reasons, but the main one is that the location is close to their customers. Examples include printers serving the central London office economy, food manufacture/preparation/distribution servicing central London shops and restaurants and motor trade industries servicing the resident population.
- 3.16 Ideally, companies require good value, 'fit for purpose' space on either a freehold or leasehold basis. What constitutes fit for purpose naturally varies depending on the individual occupier and for what it requires the property. But, in general, companies undertaking light industrial/assembly work or storage and distribution activities typically want clear and flexible space, sufficient floor-loading, adequate ceiling height, the ability to load and unload goods and sufficient space for on-site vehicle manoeuvring with good/reasonable road access. In addition, no matter how well-located in terms of public transport, most users require some dedicated on-site car parking. In addition, many users will require some street parking.
- 3.17 More specifically:
- Clear and flexible space generally means as few supporting columns as possible;
 - Adequate ceiling height is very much dependent on the use envisaged. For storage and distribution, this often means a clear internal height of around 8 metres, which is the height to which a standard fork-lift truck can operate, but a height below this may well be suitable for other uses. However, a minimum height of about 5 to 5½ metres is often considered necessary to allow an efficient use of fork-lift trucks or to accommodate a mezzanine floor.
 - Required floor loadings for internal heights of 8-10 m are typically around 50 kn per sq m. A floor loading of 37.5 kn per sq m is normally sufficient for most users operating in standard buildings built to an eaves height of 6 to 8 metres.
 - The ability to load and unload goods means a reasonable number of loading doors, either providing level access (where the vehicle can drive into the building) or raised docks, where the height of the dock corresponds with the height of the floor of a trailer unit. For buildings up to about 1,500 sq m one loading door (a sliding folding door or a roller shut door) will normally suffice, but above this size users will typically require at least another door.
 - Sufficient space for on-site vehicle manoeuvring usually means a yard depth of 35 metres in front of the building in the case of an articulated vehicle. This depth is governed by the turning cycle for such a vehicle. However, companies that merely require sufficient room for transit vans to operate clearly will need much less yard space.

APPENDIX 3

BUSINESS SURVEY FINDINGS - 2004 STUDY

The following is an extract from RTP's 2004 study on "Industrial and Warehousing Land Demand" in the London Borough of Camden. It summarises the key findings from the business survey that was conducted as part of the study.

- 4.30 The survey reinforces the conclusions of earlier chapters, confirming that by far the main reason why industrial/commercial businesses locate in Camden is ready access to their customers. In addition, it shows that for a significant minority of firms important reasons for being in Camden include supplier links. This is most obviously true of the jewellery cluster in Hatton Garden, but there may be clustering benefits in other industries, such as fashion.
- 4.31 The survey suggests, moreover, that industrial/warehousing businesses in Camden generally have strong local ties. For good business reasons, around half of our respondents did not or would not consider moving beyond Camden, including many who are restricted to small areas such as single postcodes or streets; and a further 20-30% did or would not consider leaving the Central London sub-region. The great majority, in other words, are just the opposite of footloose.
- 4.32 This is not to say, of course, that it would be impossible for these firms to operate elsewhere. If they were forced out or priced out of Camden or Central London, no doubt many would find ways of serving their customers from elsewhere, while others would go under, to be replaced by others who similarly manage to cater to local demand from other places. But the survey does suggest that such geographical restructuring would incur considerable costs, borne by the firms themselves, their customers, and perhaps the environment if the move results in more vehicle movement. Whether such costs would be outweighed by the benefits that alternative uses of the sites might generate, is of course another question.
- 4.33 To return to our business survey, the results confirm earlier comments on occupier requirements and the difficulty of meeting these requirements in Camden. Around 70-80% of our respondents consider it fairly or very difficult to find property in Camden, mostly because of lack of suitable space and cost, and many compromise on their requirements. To an open-ended concluding question, the most common response is that industry and distribution are being forced out or priced out by higher land uses. Clearly, space for industry and warehousing in Camden is scarce and expensive by almost any standards. But whether Camden is worse off in this respect than other parts of the Central London sub-region, we cannot tell.

Aside from the availability, quality and cost of space, businesses have many complaints about the environment that Camden offers, of which the most common is inadequate parking, followed by 'crime and grime'. It is encouraging, nevertheless, that the great majority are happy with their accommodation and the general area.