

***London Borough of
Wandsworth
Employment Land and
Premises Study
2016***

Executive Summary

Final Report

August 2016

Prepared for

***London Borough of
Wandsworth***

Revision Schedule

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EXECUTIVE SUMMARY

Study Context

AECOM was commissioned by the London Borough (LB) of Wandsworth in March 2016 to undertake an Employment Land and Premises Study (ELPS) of the Borough. The ELPS assesses the quantity, quality and viability of the Borough's employment land to form an evidence base to support the review of LB Wandsworth's Local Plan. The ELPS will be used by the LB Wandsworth to inform its future approach to the provision, protection, release and enhancement of employment land and premises.

The National Planning Policy Framework (NPPF) outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies.

The need for Local Planning Authorities to produce an up to date employment land evidence base and the suggested format is outlined in national Planning Practice Guidance (PPG) published in March 2014. The PPG updates the suggested methodology for producing an employment land evidence base. Of relevance the PPG suggests that studies take account of wider employment uses such as utilities, land for transport and waste management. The Greater London Authority's (GLA) Land for Industry and Transport Supplementary Planning Guidance (SPG) (2012) also provides specific directions on employment provision requirements in London.

The requirements of the PPG and the GLA's Land for Industry and Transport SPG are captured in our approach.

Policy and Literature Review

The NPPF replaced PPSs as of March 2012 with the aim to make the planning system less complex and to promote sustainable growth. The NPPF recognises that the planning system plays an important role in promoting economic growth and building a strong, competitive economy. Key regional policy on employment land-use is contained in the London Plan (2011) and GLA Land for Industry and Transport SPG (2012). The London Plan sets out its vision for the South London sub-region, of which LB Wandsworth is a part, which centres on optimising the development of its Opportunity Areas; tackling barriers to work and social exclusion; managing the release of surplus industrial land; and planning effectively for sustainable economic growth, including in sectors of new and emerging technologies. At a local policy level, LB Wandsworth has an adopted Local Plan and adopted a new Wandsworth Core Strategy in 2016.

Overall, as a central London borough, the policy review emphasises the need for LB Wandsworth to plan sustainably for growth, particularly within the VNEB OA as a location which is centrally located and accessible (once the Northern Line Extension is complete), and seeks to balance the needs of land for new housing and employment uses.

Socio-economic Profile

Compared to the London average, LB Wandsworth has a relatively high-skilled, high-earning resident population with above-average representation of managerial and technical occupations. 69.7% of residents hold a degree level education or over, compared to 49.1% across London, while the proportion holding managerial and technical occupations are similar. Average weekly resident-based earnings in LB Wandsworth are estimated at £719, compared to £621 across London. However, there are signs of a disparity between resident occupational

characteristics and the local employment base. The share of employment in key office-related sectors is below the London average.

Employment within the Borough is marked by relatively high proportions in health, education, wholesale and retail trade, and accommodation and food services. These are in general less specialised sectors servicing the needs of local residents. Meanwhile, the manufacturing sector is relatively under-represented, along with office-related service sectors. Nevertheless, some key office-related service sectors have experienced recent growth. TTWA data indicates that almost 40% of LB Wandsworth residents live and work in the Borough or remain within the central London CAZ and work within the City of London and London Borough of Westminster.

LB Wandsworth has a relatively strong level of entrepreneurial dynamism as indicated by the net growth in registered businesses in 2014-15. This indicates potential for further, more specialised economic growth. In line with this, there are signs that the Borough is experiencing growth in industries such as the digital and creative technologies sectors, which are predominantly occupied by small businesses and start-ups, many of which experience rapid growth in the first few years after establishment. There has also been high growth in employment in industry groups which are associated with high value jobs.

This section has introduced the socio-economic profile of LB Wandsworth with the most up to date data, benchmarked against London. The most meaningful indicators for this ELPS are changes to the supply and demand of employment land, and we analyse how this has changed in the following sections of the report.

Employment Land Supply

Study Area and Scope

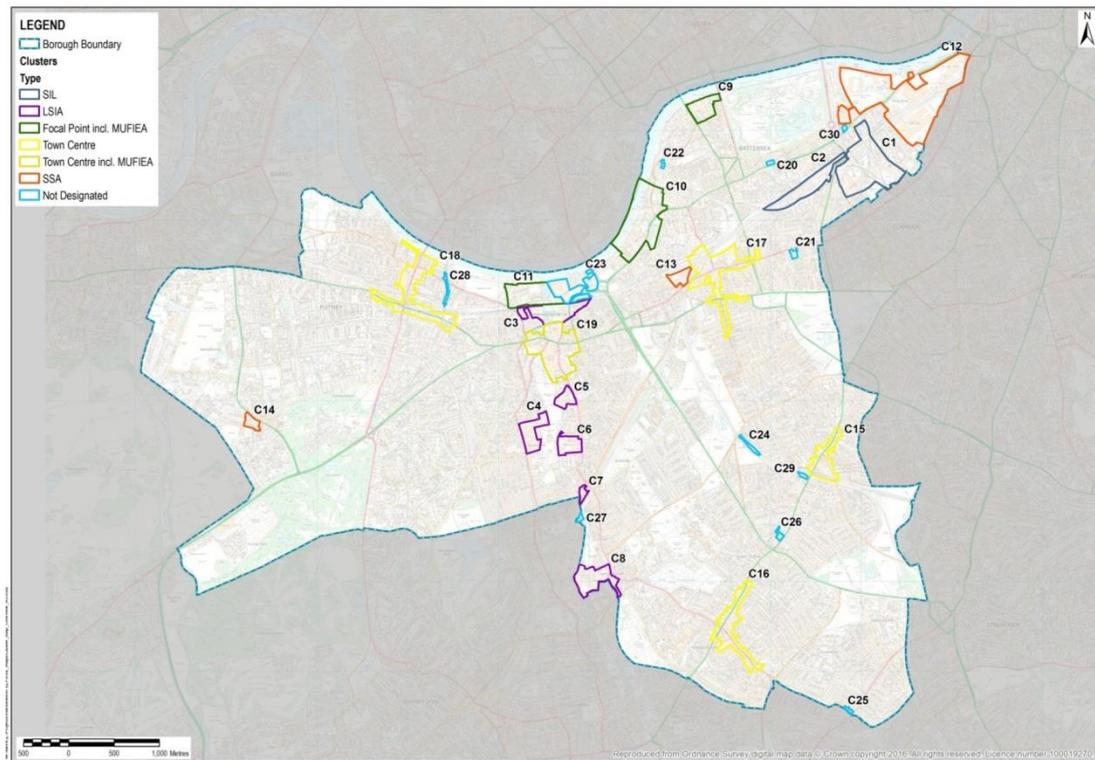
The assessment of the supply of employment land is centred on a qualitative survey of employment land within LB Wandsworth, which comprised a site visit to 30 clusters, combined with elements of desk research.

The clusters surveyed thus comprised: two SILs; six LSIAs; three Focal Points (including MUFIEAs); three areas which include SSAs; five town centres; and 11 non-designated areas of employment land >0.25 ha in size, listed in Table E1 and shown in Figure E1.

Table E1: Surveyed Employment Clusters – May/June 2016

AECOM Cluster No	Employment Area/ Name of Cluster	LB Wandsworth Local Plan Designation	Area (ha)
C1	Stewarts Road	SIL	31.1
C2	Stewarts Road - Culvert Place & London Stone Business Estate	SIL	11.7
C3	Central Wandsworth	LSIA	11.1
C4	Kimber Road	LSIA	7.2
C5	Old Sergeant	LSIA	3.5
C6	Bendon Valley	LSIA	4.9
C7	Thornsett Road	LSIA	1.1
C8	Summerstown	LSIA	10.1
C9	Ransomes Dock Focal Point	Focal Point incl. MUFIEA	6.7
C10	Lombard Road/York Road Focal Point	Focal Point incl. MUFIEA	29.6
C11	Wandsworth Riverside Quarter and Wandle Delta Focal Point	Focal Point incl. MUFIEA	13.0
C12	Nine Elms	SSAs (part)	66.3
C13	Land at Clapham Junction station, SW11	SSA 4.1.4	3.1
C14	Roehampton, Danebury Avenue, SW15	SSA 8.1.1	2.1
C15	Balham Town Centre	Town Centre	9.5
C16	Tooting Town Centre	Town Centre	14.9
C17	Clapham Junction Town Centre	Town Centre	22.8
C18	Putney Town Centre	Town Centre	21.4
C19	Wandsworth Town Centre	Town Centre incl. MUFIEA	23.9
C20	71 Warriner Gardens – Old Imperial Laundry	Not designated	0.4
C21	99-109 Lavender Hill Road	Not designated	0.6
C22	Cotswold Mews	Not designated	0.3
C23	Smugglers Way, Marl Road and Jews Row	Not designated	8.9
C24	Industrial units at Jaggard Way	Not designated	0.8
C25	Industrial units adjacent to 282 Mitcham Lane	Not designated	0.4
C26	Wimbledon Sewing Machine Co, Balham Cars, and industrial units on Chetwode Road	Not designated	0.6

Figure E1 Surveyed Employment Land Clusters



Source: AECOM (2016)

The assessment was conducted based on a set of site appraisal criteria (which were agreed with the Borough in advance) from which detailed analysis was carried out to identify the typologies of employment land within the Borough.

Supply of B-class uses

Overall, the supply of industrial (B1c/B2/B8 use) employment land in LB Wandsworth is that presented in the 2015 GLA study, amended to account for any recent redevelopment for other uses. The supply of land comprises land both within the clusters surveyed and on-sites smaller than 0.25 ha which is in industrial use, as defined by the 2015 GLA study. The supply of industrial employment land identified here (141.9 ha) has been used to inform the forecasting of demand for these uses.

A comprehensive database identifying sites which contain floorspace for office uses is not available. Where greater than 0.25 ha every effort has been made to include these sites as clusters for survey, including as part of surveys of SIL, LSIA, Focal Points, MUFIEAs and town centres. However it is recognised that there is a supply of floorspace in office use of precisely unknown scale which lies dispersed outside the employment clusters identified.

For the purpose of the forecasting of demand for office premises and floorspace set out in the forecast of demand, the most recent Valuation Office Agency (VOA) data on the supply of floorspace in LB Wandsworth has been used. This dataset in effect comprises office floorspace both within clusters surveyed and those which is dispersed outside of these clusters, identifying that the total stock of office premises in LB Wandsworth is 400,600m².

Overview of Clusters

Our assessment concludes that the majority of clusters surveyed are functioning well, have high occupancy rates and support a diverse range of business types. There is also little evidence of loss of employment sites to other uses, and limited conversion of office premises to residential accommodation (in line with guidance outlined in the PPG). There is some new mixed use development incorporating office and flexible (e.g. studio or SME) space however, most notably within the Wandsworth Riverside Quarter, and The Light Bulb development off Wandsworth High Street, both of which provide space for small businesses and start-ups and are likely to function as new clusters for these types of employment. The more comprehensive redevelopment being undertaken in the Stewarts Road and Nine Elms area of the CAZ will ensure that there is a good supply of new, high grade office provision continuing to come forward within the Borough and provide suitable space for larger companies, and may be attractive to company headquarters. There is a recognised demand for smaller office premises within town centres however, and this should also be seen as a priority, with current supply within town centres being reasonably constrained.

The survey found reasonably limited opportunities for intensifying sites for industrial uses, with the main opportunities being to redevelop older and poor quality premises to improve efficiency (if appropriate), intensity of use (i.e. office/workshop space) or very small isolated sites, which may be more suited to release for redevelopment for alternative uses. An example is the gas holder site off Smugglers Way, which presents a key opportunity for redevelopment of a site of a larger size which may become vacant in the future if decommissioned. Similarly, evidence of potential for intensification was observed, such as at Havelock Terrace in the Queenstown Road SIL, and at a former bingo hall site within Bendon Valley LSIA.

Property Market Assessment

LB Wandsworth's commercial property market should be considered within the context of its wider functional economic market area (FEMA). The analysis within this report is structured as follows:

- Defining the Functional Economic Market Areas (FEMAs) for office and industrial space, and present some contextual data on floorspace and employment
- Assessing the characteristics of the office market we consider two levels of provision:
 - the office market within the CAZ, being representative of the type of office stock that is being proposed and built at VNEB OA; and
 - the local / sub-regional demand for the office market, excluding VNEB OA.
- Assessment of the local and sub-regional industrial space by analysing key property market indicators.

Findings are based on desk-based research, analysis of the property market using CoStar and VOA data, and qualitative information from consultation with key business stakeholders and local property market agents, working within the office and industrial property market. Wherever possible we have sought a view on how the market could perform in the future were constraints to development removed.¹

¹ In line with the PPG, (2016); Paragraph: 005 Reference ID: 2a-005-20140306

Central London Office Market (CAZ)

It is evident that the nature and scale of provision coming forward at Wandsworth's VNEB OA portion of the CAZ is significantly different to other office premises elsewhere in the Borough, such that the market and occupiers it attracts will stand apart from it and firmly face the CAZ/Central London Office market at VNEB OA. The majority of the estimated 205,000m² floorspace anticipated to be constructed by 2024 will be within buildings of large floorplate. Current indications are that rents achieved will be in the order of £600-700 per m².

This space being of high quality design and specification set within an 'urban quarter' containing the historic Battersea Power Station, US Embassy and a revamped New Covent Garden Market is expected to attract high quality occupiers from high-value/growth sectors such as technology and business services. It is considered that the creation of this 'urban quarter' is key to providing the fabric for Wandsworth's portion of the Central London Office Market (CAZ) to succeed, and market impressions are that this is well on the way to being realised. It remains important that LB Wandsworth, and other actors, be responsive to helping to attract the occupier levels and calibre of occupier necessary to bring about the step change in employment offer locally which the VNEB OA CAZ market presents the opportunity for.

Local / Sub-regional Office Market

The local / sub-regional office market in Wandsworth accommodates 400,600m² of floorspace and whilst not large has a presence within the FEMA defined for it which spans across the river. Premises are mostly small and found dispersed along the River Thames in Focal Areas, Wandsworth Town Centre and within SILs and LSIAs, with some medium-sized premises being located within Putney Town Centre. Occupiers are generally split between the more traditional SMEs and sole traders, such as legal, accountancy and small consultancy firms, and creative and cultural occupiers; the former often being found in older quality premises, and the latter in more modern workspace as general trends. Demand for older and average quality premises is low as expected as occupier requirements change.

Amongst the six boroughs in its local office FEMA, Wandsworth has the second lowest stock of vacancy (10,400m²) and third lowest vacancy rate (2.6%). Availability is higher and while the Borough represents only 12% of stock, it contributes 19% of available floorspace. Net absorption rates, which are representative of demand, have been indicative of low levels of demand between 2012 and 2015, though increasing in 2016 suggesting that new occupiers are being attracted to the Borough by the space available. Average rents currently stand at £318 per m², a level significant lower than other inner London boroughs of the FEMA (Hammersmith & Fulham, Kensington & Chelsea and Lambeth) and more in line with the outer London boroughs of the FEMA (Richmond and Merton). Rental levels have however been rising since 2010, in line with the general trend across the FEMA.

In conclusion, the local / sub-regional office market is relatively small in absolute terms, and is continuing to undergo a structural change in its market such that the stock of medium-large sized premises/floorspace is decreasing so that supply is becoming increasingly concentrated within smaller premises. This is being driven by a lack of demand for medium/large premises borne from general occupier requirements trending towards small and flexible workspace, the poorer and dated quality of larger stock, and redevelopment for other uses proceeding due to PDR. Demand levels for smaller premises appear to be fairly positive, particularly from creative and cultural sector occupiers and continuing demand from traditional occupiers. The market in Wandsworth, including when considered in terms of trends in rental values and

availability, is not considered to be in a greatly different state from that of the local market in neighbouring boroughs/the FEMA and whilst not overwhelmingly buoyant, is not considered to be in bad health.

Local / Sub-regional Industrial and Warehousing Market

The industry and warehousing market in Wandsworth accommodates 360,800m² of floorspace being of around average in size for the five-borough FEMA defined for it (accounting for 18% of the space), which is led by Southwark with 28% of the floorspace. Activity is focused along two main axes; one running east-west from remnant areas in Nine Elms and the Queenstown Road SIL through to as far west as the Osiers Road MUFIEA; with the second extending from north to south along the Wandle Valley.

In terms of offer, there are few examples of large units, with medium-sized units of good to average condition being notable and small units being well distributed within designated and non-designated areas. Occupiers are varied though with particular concentrations of food processing and distribution, drinks manufacturing, printing and lighting. Traditional activities such as cement and concrete production and waste management remain important. Warehousing and distribution is mostly small to medium scale and there are a number of self-storage occupiers present.

Amongst the five boroughs in its industrial and warehousing FEMA, Wandsworth's floorspace vacancy rate (1.6%) is in line with the rest of the FEMA which is considered to be low generally. Net absorption rates, which are representative of demand, are negative in the Borough and are thought to be a consequence of a lack of new premises coming onto the market to meet demand and erosion of the industrial base through large-scale redevelopment of space for other uses particularly in Nine Elms. Average industrial rents currently stand at £203 per m², which is notably the highest in the FEMA, having risen sharply since 2014 at a rate outstripping the other boroughs.

In conclusion, the industrial and warehousing market in Wandsworth is average in size within its FEMA, being characterised by containing mostly small to medium sized premises and with a range of occupiers, many engaged in supporting CAZ functions or meeting local need for goods and services. Key occupiers within the market are New Covent Garden Market and other food and drinks-related enterprises, aggregates processors and medium-sized storage and distribution businesses. Vacancy and availability is low however and although the market meets an evidenced demand for small units and premises, overall indicators of demand are negative due to decreasing stock of larger premises and a lack of modern medium-sized premises coming onto the market. Further loss of industrial and warehousing space is to occur through continued redevelopment of the VNEB OA, although this has been strategically planned. Rental values are high and rising. The industrial market in Wandsworth, including when considered in terms of trends in rental values and availability, whilst fairly buoyant for smaller premises is ultimately still shrinking in size, including when considered against wider trends in the FEMA.

Demand Forecast and Comparison between Supply and Demand

The forecast is largely driven by quantitative analysis, though it is informed by qualitative findings from other sections of this review.

Our approach looks at both the macro-economic forecast and historic trend based forecast and considers their suitability for forecasting future land and floorspace needs. Our approach involves the following steps:

- Review historic trends in floorspace and employment using ONS published data, and the relationship between these two variables
- Review projections in office and manufacturing/warehousing employment using GLA Economics data² and consider how these compare against historic trends; and
- Based on historic trends and future projections, or a combination of the two, forecast employment floorspace and land requirements for office, manufacturing and warehousing space.

At each step the analysis considers trends for office and industry across LB Wandsworth and their representative FEMAs (see Section 5.1) so that local and wider economic and property markets can be compared.³

Central London Office Forecast

As presented above the office space provision planned at VNEB OA is primarily orientated towards the Central London office market, catering for businesses operating from offices which have a national or international reach. This is not to say that small office space, which could be used by smaller businesses operating at a local/sub-regional market level, will not be provided at VNEB OA.

The assessment of demand for a Central London facing office provision has been based on a broad review of demand and supply conditions, the former being based on an understanding of the wider projected demand for office provision in key boroughs which comprise the CAZ, and the latter considering whether the area has the right characteristics to attract demand arising across the CAZ. On balance, we consider that it is more likely than not that VNEB OA will capture a critical level of demand from the wider Central London office market to fulfil its development plans. As such we consider it reasonable to assume that the demand for VNEB OA would meet the planned supply of 205,000m² B1a/b use class floorspace over the long term.

This section therefore focusses on the supply and demand conditions of the local/sub-regional office market and local/sub-regional industrial market. It compares the projected future demand for the local/sub-regional office market floorspace and local/sub-regional industrial market land over the period 2016-2030 with existing supply conditions across the borough, taking into account vacant floorspace and land which is vacant and developable or has derelict buildings, as set out in previous sections.

Local / Sub-regional Office and Industrial and Warehousing

The results of the employment land demand forecast, accounting for supply, are shown below. Office floorspace demand is shown in **Table E2** and industrial land demand in **Table E3**.

² Autumn 2015

³ As suggested by Planning Practice Guidance (PPG), (2016); Paragraph: 012 Reference ID: 2a-012-20140306.

Table E2: Future Local / Sub-regional Office Floorspace Demand 2016 to 2030

Demand for Office Floorspace (Local/sub-regional market)	Floorspace (m ²)		
A. Supply of occupied office floorspace (2016)	390,100		
B. Current vacant office floorspace (2.6%)	10,500		
C. Total stock of office floorspace (2016) [A+B]	400,600		
<i>Forecast</i>	<i>Low</i>	<i>Mid</i>	<i>High</i>
D. Floorspace demand to 2030	21,600	37,500	54,100
E. Optimum frictional vacancy at 2030 [5% of A+D] ⁴	20,600	21,400	22,200
F. Surplus/deficit of vacant floorspace in 2030 [E-B]	10,100	10,900	11,700
G. Gross requirement for office floorspace 2016-2030 [C+D+F]	432,300	449,000	466,400
H. Net requirement for office floorspace 2016-2030 [G-C]	31,700	48,400	65,800

Source: AECOM

⁴ Frictional vacancy is the optimal level of surplus land or floorspace (as a % of overall land) required to allow for the efficient churn of occupiers. For LB Wandsworth a suitable frictional floorspace vacancy rate would be 5% according to the Mayor of London's Land for Industry and Transport Supplementary Planning Guidance, as currently levels are lower than this rate.

Table E3: Future Local / Sub-regional Industrial Land Demand 2016 to 2030

Demand for Industrial Land (Local/sub-regional market)	Stock (ha)		
A. Total core and wider industrial land (2016)	141.9		
B. Occupied core industrial land (2016)	76.9		
C. Current vacant industrial land	0.7		
D. Land equivalent of vacant Industrial floorspace (1.6%)	1.3		
E. Total Industrial Land (2016)	78.9		
<i>Forecast</i>	<i>Low</i>	<i>Mid</i>	<i>High</i>
F. Land demand to 2030	-10.8	-2.8	6.0
G. Additional Demand for Utilities, Transport and Waste Management 2016-2030	0		
H. Optimum frictional vacant land at 2030 [5% of B+ F+G] 5	3.3	3.7	4.1
I. Excess vacant land: optimal levels of frictional land minus existing vacant industrial land [H- C-D]	1.3	1.7	2.1
J. Gross requirement for industrial land 2016-2030 [E+F+G+I]	69.4	77.8	87.1
K. Net requirement for industrial land 2016-2030 [J-E]	-9.5	-1.1	8.2

Source: AECOM

Trends in Historic Industrial Land Supply

It has been identified that 38.4 ha of industrial land had changed to non-industrial use in LB Wandsworth between 2001 and 2015, with 29.4 ha, or 75%, of this change having occurred between 2010 and 2015. An additional 7.5 ha of industrial land has changed to non-industrial use in the Borough between 2015 and 2016, so that the total change since 2010 has been approximately 36.9 ha. When viewed within the context of the GLA SPG benchmark release figure of 41 ha over the period 2011-2031, 90% of this has already taken place, within approximately 5 years. Of the 36.9 ha of industrial land changed to other uses, the VNEB OA accounts for approximately 12 ha. The loss of industrial land across the FEMA has been of a similar rate.

This contraction is, proportionately, well in excess of the release rates set out in the SPG endorsed by the GLA and has occurred in part because there has been insufficient protection of industrial land during a sustained period of strong demand for housing. The redevelopment of industrial land for other uses at locations such as VNEB OA and within the MUFIEAs has

⁵ A suitable frictional *land* vacancy rate would be 5% according to the Mayor of London's Land for Industry and Transport Supplementary Planning Guidance, as currently vacancy levels are lower than this rate. See previous footnote for definition of frictional vacancy.

significantly added to this contraction in industrial stock. We observe that some of the planned redevelopment of industrial land at VNEB OA, to accommodate regeneration plans, has still yet to occur (see Section 7.4, Development Pipeline).

It is important that the Council recognises the scale of change which has occurred in LB Wandsworth's industrial land supply and reasons for this when identifying further industrial land as being appropriate for redevelopment to other uses.

Conclusions

Office (B1a/b) – Local/Sub-regional

There is approximately 400,600m² of office floorspace in LB Wandsworth. Provision is dispersed fairly widely within the Borough and located within Focal Points, town and local centres, within SILs and LSIA's, and in single premises scattered outside these areas. The Borough's office stock represents 18% of all office stock found in the local/sub-regional FEMA. Our forecasting exercise estimates that there is net additional demand for between approximately +31,700m² and +65,800m² of local/sub-regional office floorspace in the planning period to 2030 (see Table E2). The positive projected growth in local/sub-regional office floorspace is based on the forecast growth in office based employment and the Borough's potential to attract demand. There is also clear potential for positive economic multiplier effects from the presence of the CAZ market in VNEB OA.

The survey of employment land and the property market analysis presented in Sections 4 and 5 indicates that the local office supply in LB Wandsworth mostly contains small to medium sized companies. As such the commercial property market caters to and reflects the requirements of such occupiers. Floorspace vacancy, at 2.6%, is particularly low (lower than the optimal rate of 5%) and is indicative of a tight market with little flexibility to support the natural churn of businesses within the Borough.

This picture of future supply is complicated by the influence of PDR with the potential loss of local/sub-regional office space in the borough measuring around 48,600m². The Council should continue to monitor the impact of PDR, as clearly this scale of potential loss could impact significantly on the provision of space to support local businesses. The former preferred office location at Upper Richmond Road in Putney accommodates many of these premises, though here, as in other locations, most premises affected have been older stock or those occupied by one tenant which might prove difficult to re-let if required. Conversions of smaller buildings have been fewer in number.

With the disappearance of medium-large buildings catering to the local/sub-regional office market expected to continue, opportunities for the provision of new office floorspace will need to be met through redevelopment of former industrial or lower value uses in the MUFIEAs or Focal Points to provide small and flexible workspace for modern SMEs, such as recent examples at The Light Bulb (SME space on Wandsworth High Street). The development of the VNEB OA will also provide some new opportunities.

Though not factored into our considerations or calculations of future economic growth, Crossrail 2, were the scheme to be delivered, could be a significant driver of demand and provision and may attract high-profile occupiers to station locations.

Office – Central London Office Market (CAZ)

As of 2016, the CAZ⁶ contains 20,096,500m² of office space – approximately 50 times larger than the stock of floorspace in the local/sub-regional office FEMA. The area attracts businesses with a national and international market / client/customer base, which require access to a highly skilled and diverse labour market, and those seeking visibility and market presence.

The provision of office space in the CAZ has changed significantly over the past 10-15 years. The market (the development community and ultimately occupiers) has shown appetite for large schemes of high quality specification office space within new mixed use business locations with complementary retail and leisure provision. There is a strong planning pipeline for schemes in the CAZ and well connected areas of inner London suggesting supply is expected to increase further.

The commercial floorspace planned at VNEB OA is a response to this. The nature and scale of office provision coming forward is significantly different to other office premises elsewhere in the Borough. Together the flagship Battersea Power Station development, revamped New Covent Garden Market, the Northern Line Extension and US Embassy, represent a significant investment in/endorsement of a sense of place. The scheme provides a significant opportunity to drive wider regeneration and economic growth in the Borough, and attract higher value added businesses.

Presently within both the Wandsworth and Lambeth portion of the VNEB OA little to no floorspace of scale has been built-out. However, by 2024 in the region of up to 205,000m²⁷ of high quality B1a office floorspace is planned to be operational within the Wandsworth portion of the area, the majority of the floorspace will be within large floorplate premises individually providing more than 10,000m².⁸ We understand from the Council that there are also plans for provision of flexible floorspace which would be suitable for SME provision. As no office space of large scale (10,000m² plus) has been built-out in Wandsworth portion of VNEB OA as yet, take-up levels, occupier type, rents achieved and availability should be monitored by the Council. Our view is that new infrastructure provision and place making at VNEB OA will position the area well to capture demand from the Central London office market.

Industry and Warehousing (B1c/B2/B8)

There are a total of 141.9 ha of land currently in industrial use in Wandsworth, of which 78.9 ha of land is occupied by core industrial and warehousing uses or vacant (see E3). The current provision of industrial floorspace is estimated to be in the region of 602,000m². Industrial uses lie within designated as SIL, LSIA, MUFIEAs, SSA and non-designated employment land.

Industrial businesses operating within the Borough are mostly SMEs with a local/sub-regional market reach, and their land and premises requirements reflect their scale and operations. There are two types of industrial activities for which demand is expected to strengthen against the broader trend of contraction in industrial activities. The first is distribution activities which

⁶ Taken to be all postcode sectors where a majority of the area overlaps with the CAZ.

⁷ In addition, the US Embassy will comprise c.52,000m² of office-type floorspace delivered by 2019, albeit within sui-generis use class but considered to be evidence of the potential stature of office occupiers that could be attracted to the VNEB, and thus of relevance to supply identification.

⁸ Nine Elms on the South Bank: The Schedule (2015)

service CAZ functions. The second is higher value added industrial activities including creative activities (such as design and production). These activities require higher specification units.

The forecast shows that there is projected to be demand for industrial land in the period 2016 to 2030 of between approximately -9.5 ha and +8.2 ha once vacant land and floorspace has been accounted for – two contrasting positions, one representing the Wandsworth context and the other that of the FEMA.

The majority of employment land within existing SIL and LSIA's remain the most suitable locations in Wandsworth for accommodating this industrial and warehousing demand. This corresponds to the principles set out in London Plan Policy 2.17. By comparison the Borough's MUFIEAs and non-designated industrial areas generally either contain average/poor quality sites (albeit with some good examples) and are considered appropriate for redevelopment for other uses where there is demand for this.

Recommendations

R1 The forecasting exercise suggests that there is a net additional floorspace demand for between 31,700m² and 65,800m² of local/sub-regional office (B1a/b) up to 2030 once vacant floorspace and frictional vacancy have been factored in.

R2 The Council should continue to monitor changes of use/redevelopment proposals concerning office space to ensure that sufficient land/floorspace is available for economic growth over the planning period, 2016 to 2030.

R3 To ensure the realisation of its vision for the VNEB Opportunity Area as a strategic employment hub at the gateway to the Borough, the Council should continue to promote the economic development and regeneration of the area and to monitor the take-up of premises and types of occupier to maximise its success.

R4 To help ensure there is sufficient capacity to meet projected demand levels for industrial/warehousing land and floorspace in LB Wandsworth to 2030 the following existing designated employment land should continue to be protected for industrial/warehousing employment uses:

- Queenstown Road SIL (C1 and C2)
- Central Wandsworth LSIA (C3) (parts – see R6 below)
- Kimber Road LSIA (C4)
- Old Sergeant LSIA (C5)
- Bendon Valley LSIA (C6) (parts – see R5 below)
- Thornsett Road LSIA (C7), and
- Summerstown LSIA (C8)

R5 To help meet wider strategic objectives and promote higher density development at accessible locations the Council should consider promoting intensification of a portion of the Queenstown Road SIL (Cluster 1) at Havelock Terrace to include higher density employment uses (e.g. B1a/b) through designation as Industrial Business Park

R6 To help meet wider strategic objectives the Council could consider a change of use away from industrial employment uses at the following SIL/LSIAs industrial/warehousing clusters, through release from these designations by redesignating for a mix of uses including employment:

- Central Wandsworth LSIA (C3) – Hunts Trucks and adjoining Gasholder only (2.8 ha), and
- Bendon Valley LSIA (C6) - (0 ha as not currently in employment use)

R7 To help meet housing and wider regeneration objectives, including specific place-making aims, in Wandsworth over the plan period the Council should continue to permit a change of use away from industrial employment at the following clusters, currently either designated as within MUFIEA or Focal Points:

- Ransomes Dock Focal Point (C9) including Howie Road MUFIEAs (0.3 ha)
- Lombard Road/York Road Focal Point (C10) including Chatfield/Mendip Roads and Gwynne Road MUFIEAs (3 ha), and
- Wandsworth Riverside Quarter and Wandle Delta Focal Point (C11) including Osiers Road MUFIEAs (0.4 ha)

R8 To help retain an appropriate balance of supply and demand of industrial land over the planning period, the Council could adopt a criteria based policy requirement with regard to proposals for changes of use away from industrial uses at a limited amount of industrial employment land not designated as SIL or LSIA or within MUFIEA.

The decision on which land to permit for redevelopment should be based on certain criteria listed below being met. The loss of employment use in non SIL, LSIA or MUFIEA sites should not lower the overall industrial capacity of the borough significantly below that estimated by this study to be necessary to meet anticipated need over the planning period.

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

R9 The Council should seek to protect and encourage the provision of growth sectors at the following locations particularly:

- Focal Points including MUFIEAs (C9, C10, and C11)
- Summerstown LSIA (C8)
- Wandsworth LSIA (C3), and
- Nine Elms (C12).

Summary Recommendation

The above recommendations provide guidance on how LB Wandsworth could plan to meet the needs of businesses in borough over the period 2016 to 2030, taking into account the findings of the research undertaken and analysis set out within this study.

It is worth reflecting on how the recommendations could impact on the balance of employment land provision and demand as this will highlight the challenges the Council has in meeting the

net change in demand whilst planning positively for balanced growth across other sectors and achieving regeneration aspirations. Table 8.1 sets out how recommendations suggesting release / change of use at a cluster level would impact on supply, which shows in total were all recommendations to be applied the potential release of industrial land would be around 6.6 ha.

To recap, our assessment of potential employment floorspace and land needs in LB Wandsworth to 2030 shows that there is likely to be a positive demand for office space in the region of at least 31,700m² for office space orientated towards local/sub-regional markets; a reasonable likelihood of demand to meet the planned provision of circa 205,000m² office space at VNEB OA orientated towards occupiers seeking high quality space from which to operate businesses with a national/international reach; and a contraction in manufacturing and warehousing space of -9.5 ha, though were LB Wandsworth able to attract demand arising across the wider FEMA the project contraction in demand, the figure of net loss could be lower.

First considering office space: the floorspace requirement for local/sub-regional office provision is not significantly large and the view is that this level of demand could be met comfortably within Focal points including MUFIEAs, town centres (where sites can be identified), the VNEB OA should limited space be available and at locations where release or re-designation of industrial land is recommended, i.e. Havelock Terrace, Central Wandsworth and the Bendon Valley site. The national/international office demand-supply balance being planned for and being built out VNEB OA is wholly self-contained and therefore met.

The question then is whether the industrial land forecast net requirement can be met. There are a combination of factors which have to date and will continue to impact on the provision of land, which now provide challenges for the Council in deciding how to proceed with any land release, the potential for which is suggested in our recommendations:

- the ongoing strong contraction in industrial demand, in particular in the past five years, over and above the GLA's SPG benchmarks guidance for the Borough, which has led to the loss of poorer quality sites and so reduces options for balanced release to accommodate other competing use classes
- a relatively small absolute stock of industrial land remaining within the Borough
- the limited amount of vacant and developable land within existing employment clusters
- planned release from VNEB OA which has yet to be accounted for and which will see the displacement and relocation of businesses located on approximately 11 ha of industrial land
- a forecast contraction in industrial land over the Local Plan period which is not significantly large (low end being -9.5 ha).

The potential revised supply position, were all recommendations to be followed, suggests a potential release figure of up to -6.5 ha of employment land. Not all this land supports core industrial uses but by definition could potentially accommodate it. This figure of release falls within the net demand forecast of -9.5 ha. However this demand figure does not take into account the planned redevelopment of industrial land from VNEB OA for other uses. Our understanding is that a number of businesses located on the 11 ha of industrial land have plans, which include consolidation and rationalisation of operations and relocation outside of the Borough, though others may still need to be accommodated within the Borough/FEMA. If this is correct then a straight comparison of the supply release and net demand land requirements would suggest that it is not possible to release/allow redevelopment of all other

existing industrial sites listed in our the recommendations for other uses and meet the projected net additional demand arising. However as release of industrial land enables redevelopment for other uses, without such release other regeneration objectives are likely to be hampered, though planning legislation, such as the NPPF assumption in favour of sustainable development, may determine matters separately.

Intensification of existing sites, including sites with wider industrial activities for example utilities, may play a role in helping to alleviate this imbalance but not all of it. For those existing sites which have the potential to accommodate higher levels of industrial activity, as stated in R5, the Council should look to maximise the job potential and intensify land use.

R10 On the basis of the above it is recommended that, in considering how to draft its planning policy, the Council should:

1) explore with other Councils in the FEMA as part of its consultations relating to its Local Plan's evolution and Duty to Cooperate, whether and how other local authorities could support the release of industrial land as a consequence of regeneration schemes which provide wider economic and community benefits from LB Wandsworth and accommodate businesses who are displaced and unable to find suitable land/premises within the Borough

2) consult with businesses in the Borough and in particular those businesses within the approximately 11 ha of planned release at VNEB OA to determine their growth plans, premises needs and locational requirements, and

3) consider how a selection of recommendations of industrial land release could be pursued which maximises wider economic and community benefits and minimise loss of industrial land to ensure the net industrial land demand is best accommodated.