



LB TOWER HAMLETS LEASIDE EMPLOYMENT STUDY

DECEMBER 2020

PREPARED BY ASC & HWO

CONTENTS

| | |
|-----------------------------------|----|
| EXECUTIVE SUMMARY - | 03 |
| EAST LONDON COMMERCIAL OVERVIEW - | 07 |
| KEY INDUSTRIAL OPPORTUNITIES - | 12 |
| ONGOING COVID RESEARCH - | 18 |
| SURVEY RESPONSES - | 20 |
| CREATING A NEW COMMERCIAL MIX - | 23 |
| PRECEDENTS - | 40 |
| OCCUPIER REQUIREMENTS - | 53 |
| WORKSPACE TYPOLOGIES - | 59 |
| RENTS & INCENTIVES - | 71 |
| MODELS OF DELIVERY - | 73 |
| AFFORDABLE WORKSPACE - | 78 |
| APPENDIX - | 83 |

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

ASC and HWO were commissioned by London Borough of Tower Hamlets to provide an Employment Land Study, building on historical work carried out in review of opportunities for the Poplar Riverside and Lower Lea area, Canning Town and Blackwall Trading Estate.

The Current Offer

Blackwall Yard – a series of low-rise ground + 1st floor industrial/warehouse units with commercial yards and parking in a secured gate – presents commercial tenure opportunities to bring together a mix of large, small and micro businesses. Design and local facilities require enhancing and access to riverside will benefit the local community.

Empson Street industrial estate – a series of low rise industrial/warehouse units with commercial yards and significant major industrial uses – is in poor condition and lacks architectural merit, but has a varied mix of uses, small studios and a business and artists community.

Transport connectivity at both sites are reasonable, with proximity to tube and DLR stations both within 12- minute walks.

Commercial Overview

The brief includes providing London Borough of Tower Hamlets with a granular commercial overview both of the current state and future opportunities. Tower Hamlets has a dynamic business community which includes world-class commercial clusters in banking and FinTech, technology, creative industries, professional services and cultural industries. Although the Borough's industrial base has diminished in recent years, office stock has levels of quality from Corporate Grade A space to semi corporate locations, creating new business destinations.

Tower Hamlets has a strong inventory of warehouse conversions and affordable spaces, and is still the biggest of the eight inner London industrial submarkets, achieving strong industrial rent levels.

The Borough is an attractive inward investment opportunity, with strong business infrastructure and an array of high-quality restaurants, cafes, cultural facilities and transport connectivity.

With a strong and varied business count, ranging from a high proportion of micro businesses through to very large business, Tower Hamlets represents a healthy, diverse economy. This includes start-ups in Hackney Wick through to tech and creative businesses in Brick Lane and corporate HQs in Canary Wharf. The Borough has a strong entrepreneurial spirit with high levels of business births, and clusters of small businesses providing services that meet the specific cultural demands of Tower Hamlets rich mix of ethnic communities.

The London Plan combined with the Mayor of London's strengthening of policies on the retention of LSIL and SIL land, though welcomed by industrial occupiers, has made the repurposing and regeneration of industrial estates into mixed-use schemes more complex.

The white paper on 'Planning for the Future' and subsequent legislation have brought the biggest shake up of planning use classes in decades, but in reality occupiers are more concerned about other factors such as location, cost, amenities and access to a skilled workforce. And, though the Mayor of London and many Boroughs will seek to maintain and protect SIL and LSIL land through S106, the new policy framework does afford the opportunity to create much more dynamic economic clusters which mix a variety of commercial uses and present the opportunity to bring together different types of businesses - it will be possible to create space that is genuinely fit for purpose. A key issue to resolve will be how to continue to provide land for big strategic uses such as logistics, storage, major manufacturing requirements, waste and recycling; and how these can be positioned, repurposed and intensified, whilst also freeing up land for other uses and purposes.

We are seeing strong growth in industrial requirements from traditional industrial and distribution uses, and the new economy sectors especially in craft and making sectors such as brewing, advanced manufacturing, food and drink, furniture, fashion and design.

Covid-19 has magnified the challenges to, and opportunities for, the industrial sectors. The process of rethinking our national industrial strategy could not be more urgent – offering economic opportunity and growth potential across many sectors.

Business leaders and entrepreneurs unanimously agree that products and resources of national interest should now be manufactured domestically. We also feel a return to domestic manufacturing could act as the catalyst for a resurgence in regeneration and economic opportunity in underperforming areas, creating thousands of new jobs.

East London's industrial space has seen an increase in the past 6-9 months – supply moved up to 1.8 million sq ft in Q2 2020, the highest level recorded since 2014/15. SEGRO Park, Rainham and Thames Gateway Park, Dagenham have boosted Grade A supply; several 'Big Box' units have come to market; prime rents have remained stable; and secondary rental values stabilised Q2 2020.

The maker space movement in London - a growth sector for several years - continues to grow and requirements remain strong despite Covid-19. Maker space is essentially defined as manufacturing space but designed for smaller businesses that are physically making products and services, and also in many cases retailing directly from the space to the public. This is translating into substantial growth in space requirements for small start-up businesses that are a hybrid mix between maker and studio space, and sometimes require a small component of frontage for retail space.

EXECUTIVE SUMMARY

We are also seeing a growth in maker type businesses who have grown rapidly, such as craft breweries. They need to plan for the future early, due to the scarcity of appropriate fit for purpose space.

Many makers and industrialists are no longer satisfied with being located on an industrial estate in an out-of-town location – they want to be in the heart of communities they serve and to be located within the urban, creative and business communities that they form a key part of. These tenants are seeking to be part of a story and want to be in a location that has a brand identity and a narrative.

We are seeing a significant requirement for hybrid space that can switch between uses over the course of a day, ranging from workshop to gallery space and the ability to retail directly in locations with high footfall.

Creating a New Commercial Mix

The brief includes providing LB Tower Hamlets with approaches to creating a new commercial mix. Our approach has been to create two new typologies of industrial building that will enable reprovision or intensification of floor space on industrial sites.

The first approach – the stacked factory – focuses on creating large format industrial spaces on the ground floor for heavier light industrial uses and to build larger format studio spaces throughout the upper floors of the building for lighter and different industrial / maker uses.

Approach two – the commercial yard maker space – focuses on creating large format industrial spaces on the ground floor centred around a commercial yard. Above this would be a series of floors for a range of micro and small units designed for early stage and small businesses, who only require a small amount of flexible space.

Our thinking was to create buildings that could become dynamic business clusters which contain a rich variety of different businesses, sectors and uses but with a focus on retaining the existing level and size of ground floor industrial space.

We want to deliver buildings that remain solely commercial – where businesses can actually operate and undertake industrial processes. The thinking was to create ground floors that would be able to meet the requirements of businesses on the existing ground floors of industrial estates and provide additional floorspace capacity for the Borough.

The idea was to create a building that has more facilities and amenities for industrial occupiers. Whilst usability and functionality of space must come first, design and creating a better place for all must be considered as an important part of the transformation and repurposing of industrial land.

Our approach was to examine the impact of cutting the industrial estates in half and to intensify industrial on that space as much as possible. This then frees up the remaining land for residential, but with the ground floor of the residential used for further commercial uses as well as the necessary community amenities such as retail, leisure and Food and Beverage.

The study also set a principle of ensuring no net loss of industrial floor space, and wherever possible delivering genuine intensification of commercial floor space.

The study also tried to ensure that the land freed up for residential use was the most valuable part of the site, to help cross subsidise the stacked industrial product and ensure this is deliverable first and foremost.

Consideration was also given to ensuring the industrial workspace was well located in terms of creating a better environment and placemaking.

**1.8 million
sq ft of
industrial space
in East London**

London has
**7,000
hectares**
of SIL

Typical local
requirements **1,500 -
10,000 sq ft**

Average Tower
Hamlets industrial
rent is
£17.83 sq ft

Requirements
for local
**micro
space**
15 - 50 sqm

**12 month
rent
growth in
LBTH
4.3%**

EXECUTIVE SUMMARY

Occupier Requirements

Our brief required a focus on occupier requirements, in response to much of the study area's existing stock not being sufficiently flexible or adaptable, particularly in terms of unit size, floor to ceiling heights, goods entrances and mix between industrial and important ancillary uses such as office, gallery and retail space.

The main issue on local industrial estates in the study is the uniformity of product and particularly the lack of variety of unit sizes and specification. The micro and small business sector is particularly under-provided for in the study area, leading to the sector working in other forms of commercial stock which is often not fit for purpose, and larger businesses face similar challenges.

Businesses in the new economy want to be part of dynamic economic clusters that mix uses, enterprise types and size of business. Occupiers want to be in close proximity to freelancers, creative studios and professional services that form an important part of the wider eco system.

Our typologies meet the demands of modern local occupiers, ranging from the micro units through to the studio spaces, and typical formats of industrial space ranging from micro units to 1,500 sq ft up to 10,000 sq ft, to demonstrate the type of format that occupiers are seeking in the market.

Opportunities

The current economic situation presents a once in a generation opportunity to create more dynamic economic clusters with a variety of different businesses and sector. This approach will help to rebalance the Borough's economy, which is over reliant on certain industries, and create more employment in trades and sectors that require employees with different talents, such as non-skilled and semi-skilled roles. This is important in creating jobs for people for different skills levels and creating a Borough with opportunities for all.

It is our view that the Council's focus should shift from predominantly seeking new office spaces as part of developments towards seeking a mix of flexible maker / light industrial and start-up spaces on the ground floors of schemes. The focus on this employment land study is a part of the Borough that is well-located between the key commercial hubs of Hackney Wick, Stratford, Canary Wharf and Royal Docks, with significant potential for intensified light industrial and maker space, the creation of start-up campuses focused on new micro businesses and new sectors such as green industries.

This area has the potential to be the making and manufacturing destination for these important surrounding commercial hubs and clusters, and there remains incredibly strong demand for industrial space that services the City. It also has potential as an innovation zone which brings together the local knowledge economy on the Olympic Park with the various university and research facilities, the finance and professional services from Canary Wharf and the creative industries that are concentrated in Brick Lane and Hackney Wick.

In new mixed-use schemes the inclusion of A use classes, particularly retail and Food and Beverage on the ground floor, should be tested to ensure appropriateness. The proposed inclusion of additional land above the key industrial spaces on the ground floor presents an important opportunity to provide a typology of space which is missing from the local area and has serious potential to create micro workspaces, smaller lighter industrial spaces that are comfortable moving to upper floor, and studios for businesses that are a hybrid mix of B1A / B1C and will be a very good fit for the new E use class.

There are a number of broad sectors that could be focused on to create exciting and dynamic economic clusters of industry within the study area including food and drink manufacturing and production; wholesale and storage; trade counters; green industries and technology; making and craft production; general production and manufacturing; start-up and micro businesses; cultural industries and artists.

Affordable Workspace

It is our view that new or additional reprovion of B1C space should not be subjected to any Borough affordable workspace policy. Rather it is more important to maintain rent stability for all occupiers in the sector – in the main small businesses. Affordable workspace to genuinely support local small and start-up businesses is critical to helping to build the local business community and to help ensure small businesses have the opportunity to grow and thrive.

We think that providing more micro spaces - ranging from 25 to 50 sqm - can improve the offer, proving more affordable for a business. A clear criteria and commitment to a social impact charter will enable clarity for businesses and support the local Tower Hamlets community.

We recommend developing a short-term, flexible approach. The next few years are likely to transform what the local market requires in terms of space. We think the Borough should adopt a strategic and focused approach on interventions into areas of the commercial workspace market that the Council wants to support, protect or grow. Affordable product should be designed with the most flexibility possible, so it can be repurposed to meet competing demands. A commercial strategy that demonstrates that the spaces provided are highly considered, flexible and meet a range of potential occupiers from different sectors through good design principles should become the norm as part of the planning process.

Finally, we feel that the Borough can be much more robust in seeking demands from the businesses that will benefit from the Council's affordable workspace programme, to encourage businesses to support the local residential community and be tied into apprenticeship programmes, paid internship programmes, paying the London Living Wage, attending business forums and mentoring programmes to ensure the scheme delivers long lasting social impact for the community. To benefit from affordable workspace in the Borough businesses should agree to sign up to a social impact charter on the issues detailed above.

EAST LONDON COMMERCIAL OVERVIEW

EAST LONDON

COMMERCIAL OVERVIEW

Tower Hamlets has a dynamic business community which includes a variety of different sectors and industries. It has four world-class commercial clusters in terms of banking and professional services in Canary Wharf, the creative industries located around Brick Lane and Whitechapel and a further major cluster in Hackney Wick.

The Borough’s industrial base has diminished in recent years, predominantly due to the repurposing of industrial buildings as creative spaces and the redevelopment of industrial estates and Victorian warehouses into new housing.

The Borough’s industrial stock is low quality whilst conversely the office stock is very high quality, fit for purpose, future proofed and has very good supply levels at a variety of price points.

The Borough’s office stock inventory has a good mix of of quality from corporate Grade A space in Canary Wharf and new corporate locations such as Republic, Thomas More Square and St Katherines dock. These have created new business destinations that provide HQ’s for range of creative and corporate businesses.

The Borough also has a good inventory of exciting warehouse conversions in Brick Lane and Hackney Wick, through to more affordable spaces such as the new Poplar Works facilities. Despite industrial decline Tower Hamlets is still the biggest of the eight inner London industrial submarkets, containing around 7 million sq ft of industrial stock. Tower Hamlets is one of the strongest performers in terms of industrial rent levels with rents achieving £16-£22.50 on average.

The Borough also has a strong business infrastructure which makes it attractive from an inward investment perspective, with an array of quality restaurants, cafes, cultural facilities and transport connectivity.

The Borough’s business count is also very strong, with a broad range of businesses in terms of size of company from a high proportion of micro businesses through to a very large business sector. This demonstrates a healthy economy that is varied and diverse, ranging from start-ups in Hackney Wick, through to tech and creative businesses in Brick Lane and global bank HQ’s in Canary Wharf. New business births in the Borough remain strong and demonstrate a strong entrepreneurial spirit and a place that is creating business opportunity.

The Borough is one of London’s most diverse areas and includes an array of small business communities that have emerged in locations such as Whitechapel and Bethnal Green, who provide a variety of services and meet specific cultural demands of Tower Hamlet’s ethnic communities.

The Borough has great strength in a number of business sectors, with certain clusters being world-class including:

- Banking and FinTech
- Technology
- Creative industries
- Professional services
- Cultural industries



EAST LONDON COMMERCIAL OVERVIEW

London Industrial – Overview

London currently has 7,000 hectares of Strategic Industrial Land and there is a marked trend of this continuing to decrease, with current projections estimating this falling at a rate of 106 hectares per annum. In terms of actual floor space this has decreased from 25.8 million square feet to just under 20.8 million square feet between 2010 and 2017. Industrial land accounts for less than 5% of London’s total land area. Industrial rents are strongly rising in London, especially in Zones 2 to 5, and rent increases are outperforming the South East.

The London Plan and the Mayor of London have in recent years strengthened the policies on the retention of LSIL and SIL land, seeking to manage the repurposing of industrial estates to ensure that replacement of existing floor space is reprovided as a minimum requirement and in some locations even seeking an intensification of industrial floor space. This has been welcomed by industrial occupiers, however this policy approach has made the repurposing and regeneration of industrial estates into mixed-use schemes much more difficult to deliver in reality.

In the London Plan Tower Hamlets is designated as a ‘retain capacity’ Borough, which in the London Plan definition means “should seek to intensify industrial capacity of LSIS, SIL and should apply the general principle of no net loss of space”.

The new National Planning Framework has seen B1A and B1C combined into a new use class E. In many industrial sectors, and particularly businesses that have been operating from B1C space, businesses often operate in very blurred lines between B1A or B1C use class.

The reality is that occupiers are rarely concerned about the actual use class, and more about other factors such as location, cost, amenities and access to a skilled workforce. The use class is more of a concern for policy and planning officers and the real estate industry than it is for business in the wider world.

We anticipate that the Mayor of London and many Boroughs will seek to maintain and protect SIL and LSIL land through other mechanisms such as planning conditions and S106.

However, the new policy does afford the opportunity to create much more dynamic economic clusters which mix a variety of commercial uses and present the opportunity to bring together different types of businesses. It will be possible to create space that is genuinely fit for purpose, rather than just shoehorning use classes into land that are not suitable.

The key issue that needs to be resolved is how to continue to provide land for big strategic uses such as logistics, storage, major manufacturing requirements, waste and recycling and how these can be positioned in areas that are prime for repurposing and intensification but will also free up land for other uses and purposes.

We are seeing strong growth in industrial requirements from the new economy sectors especially in craft and making sectors such as brewing, food and drink, furniture, fashion and design. There is also strong growth in more traditional industrial and distribution uses such as last mile logistics and distribution, trade counters and storage.



Fish Island, Tower Hamlets

EAST LONDON

COMMERCIAL OVERVIEW

A New Industrial Revolution

The Covid-19 situation has put a critical spotlight on the UK's manufacturing shortcomings, as well as weaknesses in the Government's national industrial strategy. The last 40 years have been a period of industrial decline as we have transitioned towards a service economy.

As nation after nation closed its borders, and global trade collapsed, the pandemic highlighted the fact that critical products could only be produced overseas, and UK manufacturers were unable to meet demand. It is our view in the future if the Government wishes to avoid competing with other national governments for critical products and supplies, they will need to start the process of rethinking our national industrial strategy, offering economic opportunity and growth potential across many sectors.

Business leaders and entrepreneurs unanimously agree that products and resources of national interest should now be manufactured domestically where possible. We also feel a return to domestic manufacturing could create significant opportunity for the property industry, and for businesses and entrepreneurs to make and supply products of national interest. Such a resurgence in manufacturing and industry could provide the catalyst for regeneration and economic opportunity in underperforming areas, creating thousands of new jobs.

Local and regional economic clusters could be formed to rebuild industry in areas that still have usable but void industrial stock, or where landowners are willing to invest in building new industrial stock and maker spaces. This approach could help to deliver major economic growth in such locations and become the catalyst for revitalising these communities and creating significant new employment and regional prosperity.

Areas of manufacturing could include chemicals, medicine, machinery, sanitiser, microchips, PPE, hospital supplies, steel, green tech and sustainable industries, certain food and drink production, defence resources and communications equipment. This would require partnerships between landowners, producers in these industries and local Government. Setting these areas out in legislation would create the market confidence for local and regional industrial strategies and for the property sector to invest.

East London Industrial

- Take up in the East London market has been held back by supply shortages over the past four years, but the past 6 - 9 months has seen an increase in space on the market.
- Supply moved up to 1.8m sq ft in Q2 2020, the highest level recorded since 2014/15.
- Grade A supply has been boosted by the completion of a number of new schemes, standing at 426,900 sq ft at the end of Q2 2020. The two largest units are the 70,558 sq ft Unit 2 at SEGRO Park, Rainham and the 55,670 sq ft Unit 16 at Thames Gateway Park, Dagenham.
- Several 'Big Box' units have come to the market in the early part of 2020. The Logic 233 (232,965 sq ft) at Hindmans Way, Dagenham is the largest building, whilst the 118,780 sq ft unit at 33 Thames Road, Barking and the 107,680 sq ft Welbeck Wharf, Barking also came back to the market.
- Prime rents have remained stable at £18.50 per sq ft over the past two years following the sharp upturn in 2017/18. Rents in Canning Town have increased by 15.6% (2.9% per annum) over the past five years.
- Secondary rental values stabilised at £16.00 per sq ft in Q2 2020 as levels of uncertainty hit the market following the on-set of the Covid-19 virus. The growth in secondary rents has outpaced prime values, rising by 28.0% (5.1% per annum) over the five years.



Paradise, Lambeth

EAST LONDON COMMERCIAL OVERVIEW

London Maker Space Overview

The maker space movement in London continues to grow and requirements remain strong despite Covid19. This is not a short term trend and has in fact been a growth sector for several years.

This essentially stems from the major shift in consumer habits and the desire for products that are bespoke, have better local sustainable supply chains and the provenance and quality of the goods can be measured and understood by customers. Consumers are becoming more concerned about their carbon footprint and are trying to live more environmentally sustainable lifestyles. This is translating into space requirements for small start-up businesses that are a hybrid mix between maker and studio space, and sometimes require a small component of frontage for retail space.

We are aware of several companies that are on very short term leases in the local surrounding area and the wider sub region and demand will only increase as areas continue to change uses in traditional business and industrial hubs across North and East London.

We are currently seeing a substantial growth in requirements for maker and industrial space across London. There is an emerging trend of businesses wanting a new kind of space that is far removed from the traditional approach to manufacturing space. We are also seeing a growth in maker type businesses who have grown rapidly, such as craft breweries, that are looking for substantial increase in commercial space within the next two to three years as leases on their current space come to an end. They need to plan for the future early, due to the scarcity of appropriate fit for purpose space. Maker space is essentially defined as manufacturing space but designed for smaller businesses that are physically making products and services, and also in many cases retailing directly from the space to the public.

The growth of websites such as Amazon and Etsy have also enabled producers and consumers to directly interact and trade products with very low set up and marketing costs in an easily accessible way. In July 2016 The Crafts Council and KPMG authored a report which outlined how craft skills and knowledge are have a strong economic impact and potential to drive further economic growth. The outcome of this in subsequent years is that many new businesses have been born and they require manufacturing space to make the products they sell. This ranges from craft beer to jewellery, food to furniture and products and goods across many sectors of the economy.

A report by Enterprise Nation describes how “consumers in developed nations are looking for products with provenance, as opposed to mass produced”. The Head of Sustainability at Ikea reported consumers are now focused on the meaning of buying, as opposed to merely what they are buying.

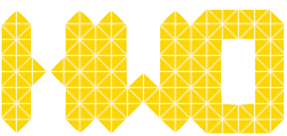
Many makers and industrialists are no longer satisfied with being located on an industrial estate in an out-of-town location. These businesses want to be in the heart of communities they serve and to be located within the urban creative and business communities that they form a key part of. These tenants are seeking to be part of a story and want to be in a location that has a brand identity and a narrative, and we are finding that these spaces need to be marketed and designed in a similar way to the way the office market has evolved in recent years.

Maker businesses are looking for flexible space that has very good ceiling heights and can be easily adapted for a variety of uses. We are seeing a significant requirement for hybrid spaces that can switch between uses over the course of a day ranging from workshop, to gallery space and the ability to retail directly in locations with good footfall.



Cannon Works, Canning Town

KEY INDUSTRY OPPORTUNITIES



KEY INDUSTRY OPPORTUNITIES

London Start Up Scene – Overview

The following graphs demonstrate the continued growth of business start-ups in Tower Hamlets and the surrounding East London Boroughs. Tower Hamlets saw uniform growth in enterprise births between 2013 and 2018. They also saw consistent level enterprises deaths per annum. This demonstrates that a large percentage of businesses in the Borough have good staying power and flourish into established businesses. The Tower Hamlets rate is much more healthy and demonstrates stable growth over a 5 year period.

| Area | Births | 1 Year Survival | | 2 Year Survival | | 3 Year Survival | | 4 Year Survival | | 5 Year Survival | |
|--------------------|--------|-----------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|----|
| | | Numbers | % | Numbers | % | Numbers | % | Numbers | % | Numbers | % |
| Hackney | 2845 | 2670 | 94 | 2185 | 77 | 1765 | 62 | 1485 | 52 | 1230 | 43 |
| Tower Hamlets | 3315 | 2970 | 90 | 2315 | 70 | 1820 | 55 | 1480 | 45 | 1180 | 36 |
| Newham | 2120 | 1970 | 93 | 1485 | 70 | 1115 | 53 | 930 | 44 | 740 | 35 |
| Waltham Forest | 1860 | 1735 | 93 | 1320 | 71 | 1070 | 58 | 880 | 47 | 705 | 38 |
| Barking & Dagenham | 1185 | 1125 | 95 | 865 | 73 | 690 | 58 | 545 | 46 | 435 | 37 |

Source data.london.gov.uk

New start-up’s in London in 2019 revealed a total of 221,373 new businesses. A decline of 2.39% from 2018. New businesses per 1,000 population stood at 24.85.

Tech Snapshot

| Local Authority | 2019 | | 2018 | 2017 | 2016 |
|--------------------|-------|-----------------------|-------|-------|-------|
| | Total | Total Tech Businesses | Total | Total | Total |
| Hackney | 23930 | 2421 | 21077 | 19325 | 17496 |
| Tower Hamlets | 6903 | 618 | 6546 | 6336 | 6152 |
| Newham | 8657 | 567 | 10137 | 7374 | 7204 |
| Waltham Forest | 4442 | 264 | 4022 | 3717 | 4160 |
| Barking & Dagenham | 3384 | 170 | 3022 | 2756 | 2941 |

KEY INDUSTRY OPPORTUNITIES

Start-up Community

Initial emerging data suggests Covid start-ups are at the forefront of kick-starting entrepreneurial recovery (Centre for Entrepreneurs, 2020). Record breaking number of new business formations in June 2020 offset a major drop in registrations during lockdown and suggests the beginning of a recovery. Business formation dropped year-on-year by 19% in March, 29% in April, and 3% in May, before growing 47% in June. All regions and devolved nations saw growth in June, with London and the West Midlands leading with 60% increases.

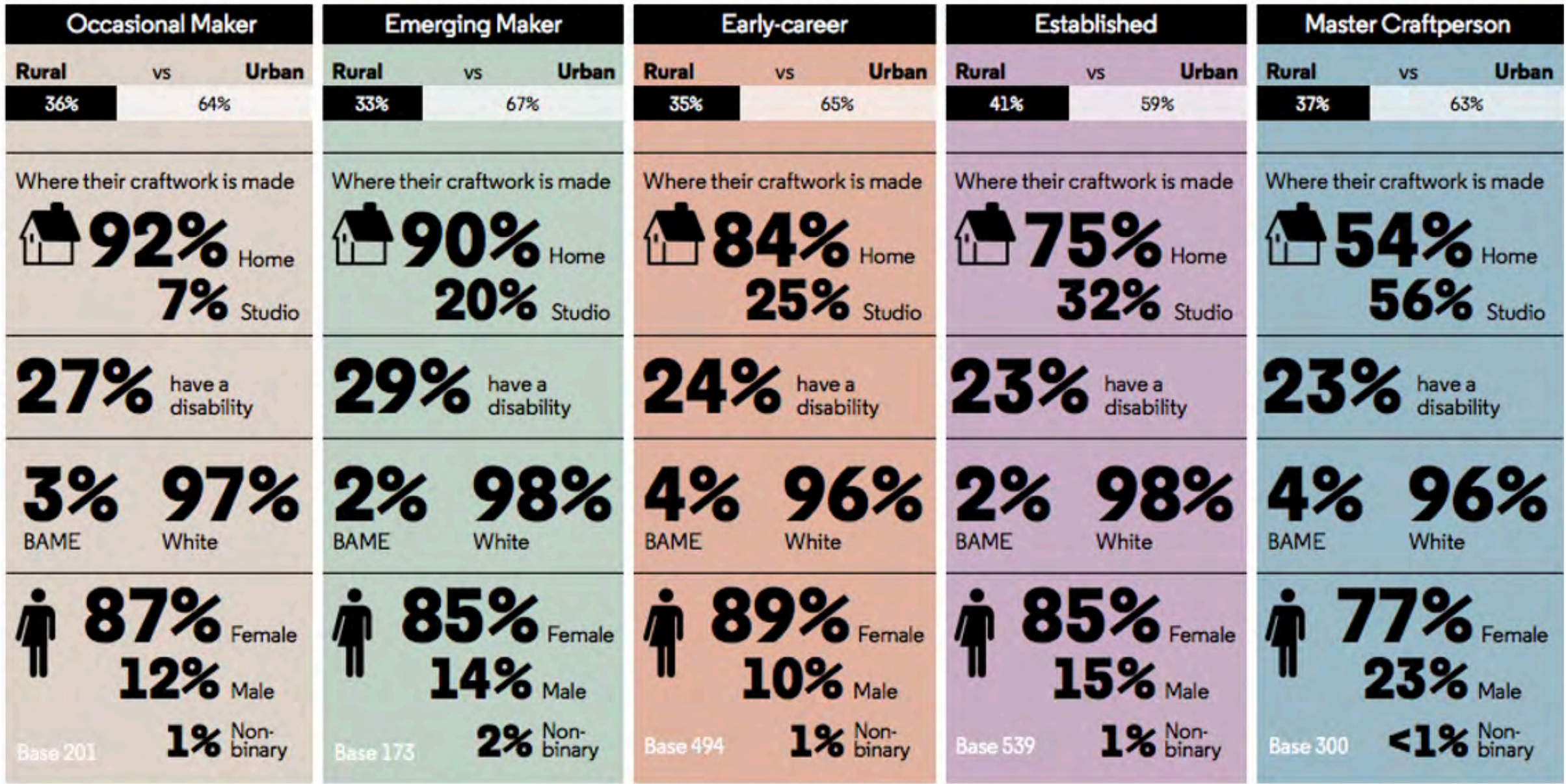
London emerged from lockdown with 6% more new businesses than the same period last year. There is evidence of an emerging ‘covid economy’, with major increases in disinfecting services (+400%), manufacture (+243%) and retail (+317%) of medical goods, manufacture of workwear (+227%), wholesale of pharmaceuticals (+196%), manufacture of cleaning preparations (+178%), specialised cleaning services (+85%) and research on biotechnology (+69%).

Business formation reached new record in 2019 (Centre for Entrepreneurs, 2020). More than five new tech startups launched every hour in 2019, contributing to a record 681,704 new business formations over the year.

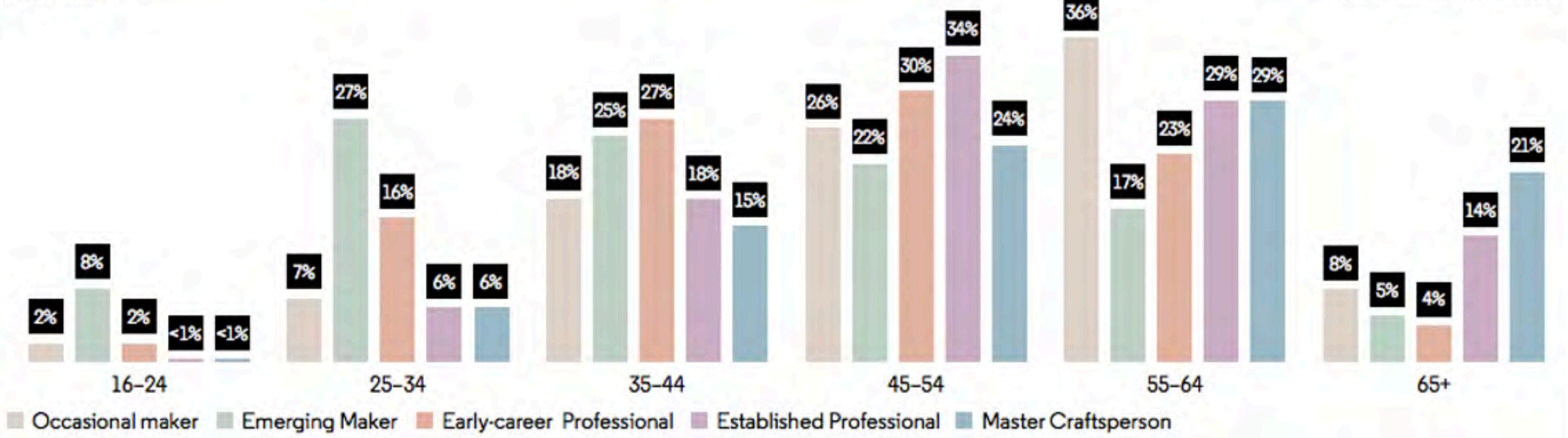
Over 45,000 tech start-ups were launched across the UK in 2019, representing 6.6% of all new businesses. 17,401 of these were registered in London (8.2% total). As evidence of the impact that food delivery startups and street food are having, 14,363 new take-away food shops and mobile food stands registered in 2019, greatly outnumbering both licensed restaurants (9,405) and unlicensed restaurants and cafes (7,182).

Ten new wine producers, 314 brewing companies and 347 distillery businesses also launched in the year. London continues to dominate; business formations increased by 2.4% to 221,373. Formation agents and virtual offices continue to distort London and other inner-city locations; Companies Made Simple provided registered office services in Hackney to circa 16,000 new businesses last year, with 1st Formations behind circa 12,900 formations in Camden.

In the Mapping London’s Makers (Cities of Making, 2020) the report identified one of the largest industrial corridors in London, the Upper Lee Valley which spans the Boroughs of Enfield, Haringey, Waltham Forest and Hackney and today acts as a gateway to and from London, given its proximity to the North Circular. Other noteworthy clusters include the Maker Mile, a square mile straddling Hackney and Tower Hamlets, home to manufacturers as well as maker spaces open to the public.



Age profile



icons courtesy of flaticon

KEY INDUSTRY OPPORTUNITIES

In the UK consumer demand for craft products has increased rapidly - craft sales went from £883 million in 2006 to over £3 billion in 2019 (The Market for Craft (Crafts Council, May 2020). There is a growing new generation of younger craft consumers. They represent a significant shift in patterns of consumption, as craft becomes more mainstream. This has seen dramatic growth in the number of people buying craft between 2006 and 2020 with 73% of the population buying craft in 2020. Between 2006 and 2020 the number of people buying craft in England increased from 6.9 million to 31.6 million people.

With regard to wider London start-ups 2019/20 London is ranked 3rd (tied with Beijing) for the best start-up hub in the overall global ecosystem, after Silicon Valley and New York City. The London start-up ecosystem is valued at \$47 billion and London is ranked in 2nd place for FinTech and 4th place for EdTech industries.

Key Industry Areas for Tower Hamlets to Target Inward Investment

Detailed below are the key business sectors we feel that Tower Hamlets should focus inward investment activity as momentum builds towards developing new industrial space in the Leaside study area. Please see the chapter 'Workspace Typologies' for further detail on the spatial and other requirements for each of these sectors.

The sectors are the areas we feel have the best growth potential particularly if the Borough can offer fit for purpose new industrial space within the study area. The industries have the best growth potential and will require state of the art new industrial facilities. It is our view that these industries particularly with the surrounding business clusters such as Here East, East Bank, Shoreditch will need this type of space in East London. This offer is already highlighted by the UK innovation corridor which stretches from Central London to Cambridge.

Advanced Manufacturing

The UK currently has approximately 100,000 advanced manufacturing companies and the sector continues to grow. The UK government aims for public and private sector investment in R&D to reach 2.4% of GDP by 2027 (GREAT, Department for International Trade, 2020).

In 2019 – 2020 the manufacturing sector's annual output accounted for £192 billion to the UK's economy (David Millar, Heap & Partners, The Engineer, 2020). The industry accounts for 47 per cent of exports and 66 per cent of R&D investment. It saw some 2.7 million people employed with the average salary in the sector standing at £33,500 some 13 percent higher than the rest of the country (David Millar, Heap & Partners, The Engineer, 2020).

Analysis by Make UK and Santander shows that manufacturing remains central to the success of the economy overall, accounting for two thirds of overall R&D, 45% of exports, 15% of business investment and 2.7 million high value jobs which are better paid than the economic average. With annual output of £192 billion the UK remains the ninth largest manufacturing nation in the world.

The analysis found the average salary in manufacturing of £33,592, compared to £29,832 for the whole economy and way above services at £29,014 (Make UK Santander, 2019).

Digital Manufacturing

British manufacturing companies have taken significant steps in adopting digital technologies with some 80% confident that Industrial Digital Technologies (IDTs) will be a reality in their businesses by 2025 (Bouncing Back Smarter: Innovation Monitor 2020, Make UK).

The use of 3D printers, AI, Internet of things, Augmented and Virtual Reality are making a real contribution to business operations across companies of all sizes especially around the recent need for remote production and monitoring but a significant number of small to medium sized businesses remain at the digital starting block.

The current COVID crisis has renewed the focus on resilience, creating significant opportunities for investment in IDTs. However, the pandemic will hit many manufacturers' spend on in-house R&D with two-fifths planning to decrease investment, so access to bespoke advice to choose the most appropriate technologies is a must to enable businesses to make the best choices.

Robotics and digitalisation technologies are becoming increasingly important for the UK manufacturing sector and the wider UK economy, with forecasted impacts on the UK economy of up to £455 billion for UK manufacturing over the next decade and delivering a net gain of 175,000 jobs (London Economics, 2019).

The increasing importance of advanced digital technologies is recognised by the UK Government, which, in 2017, set growing artificial intelligence (AI) and the data driven economy as one of four Grand Challenges for the UK Government and wider UK economy in the UK Industrial Strategy White Paper (London Economics, 2019).

KEY INDUSTRY OPPORTUNITIES

Industry 4.0

New technologies are set to transform productivity in the next few years, a process referred to as the 4th Industrial Revolution or Industry 4.0. The World Economic Forum considers the UK a leading country for Industry 4.0 ranked 2nd for technology and innovation, and 1st for available financing (GREAT, Department for International Trade, 2020).

The UK is also a world leader in material technologies and the development of advanced materials such as graphene and other 2D materials. There is a projected global opportunity of £138 billion in light-weighting for transport applications by 2021, and the UK is well placed to capitalise on this (GREAT, Department for International Trade, 2020).

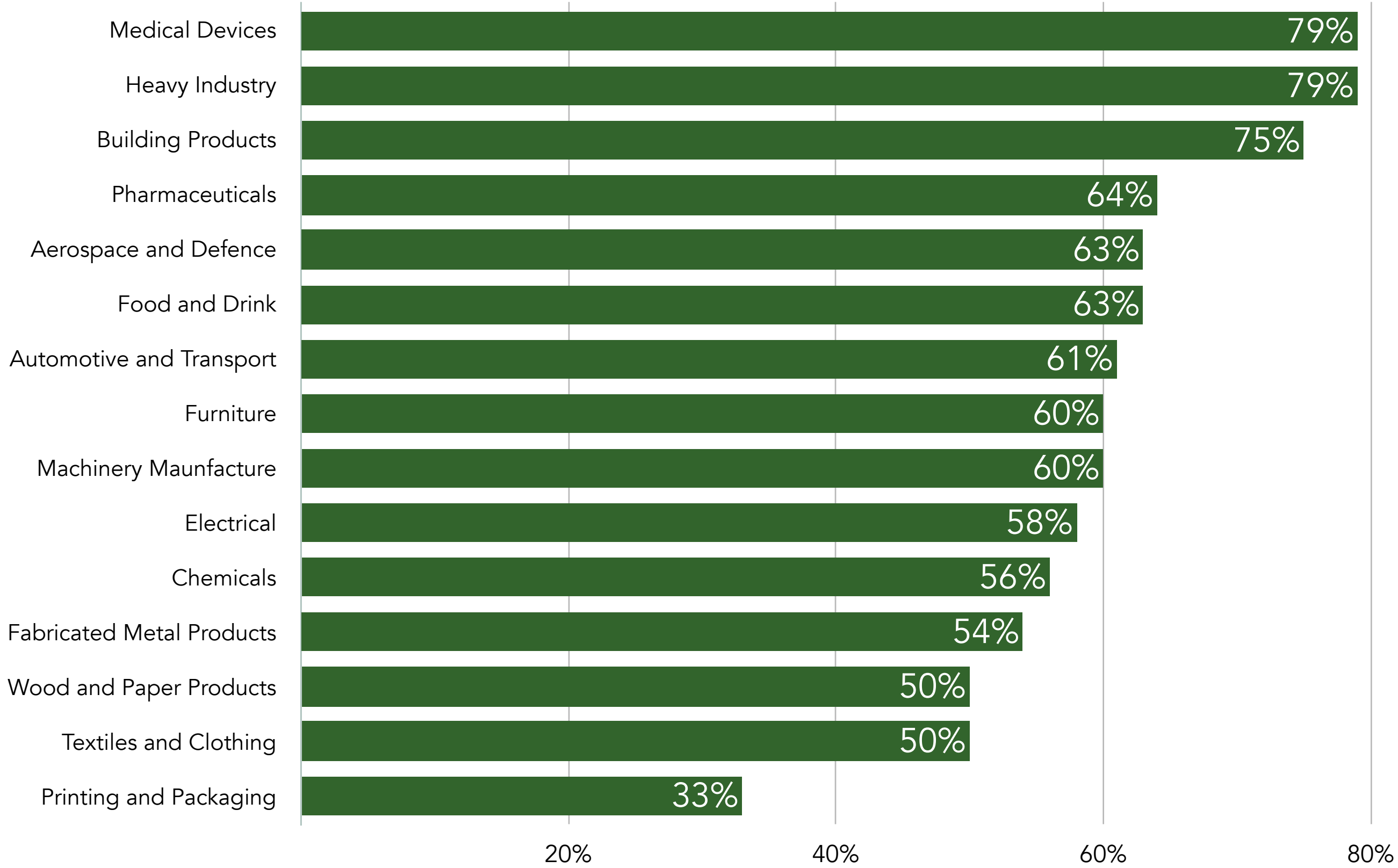
Analysis cited in the 2017 Made Smarter Review found that the benefits of a faster adoption of Industry 4.0 technologies could be as high as £455 billion over the next decade, result in a net gain of 175,000 jobs, reduce CO2 emissions by 4.5%, and improve industrial productivity by more than 25% by 2025 (Made Smarter Review, 2017).

Moreover, analysis undertaken by the Boston Consulting Group (BCG) found that, by leading the next industrial revolution, the UK could increase manufacturing sector growth rates by 1.5 to 3 percent and realise industrial efficiency gains of around 25%. Taken together these gains could deliver growth of around 0.5% of GDP annually, according to the BCG estimates (Frank Cordes, Nigel Stacey, Boston Consulting Group, 2017).

In terms of specific technologies, estimates of potential impacts on the world economy suggest that the Internet of Things could generate potential direct impacts of around \$2.7 trillion to \$6.2 trillion per annum in 2025, while the Industrial Internet of Things could add between \$10.6 trillion and \$14.2 trillion to the world economy by 2030.

In the UK, a moderate increase in investment of around £1.24 billion in automation and robotic equipment was estimated to yield around £60.5 billion in value added to the UK manufacturing sector over the next decade in direct effects only, and a further £2.5 (£3.9) billion a year by 2020 (2025) in indirect effects. Moreover, non-military Robotics and Autonomous Systems were estimated to impact more than 15% of GVA (£218 billion) by 2020-2025, and increase long-term employment by up to 7%, if current RAS technology was optimised. (London Economics, 2019).

Investment in Automation Across UK Manufacturing Sub-sectors



Source: Barclays Future-proofing UK Manufacturing

KEY INDUSTRY OPPORTUNITIES

Green Economy

The UK's low carbon and renewable energy economy ('LCREE') grew to £46.7 billion in 2018, up 4.9% year-on-year, according to the latest annual environmental industry survey undertaken by the Office for National Statistics (ONS). However, some commentators warn this may not be fast enough to prevent a climate catastrophe.

The survey of 24,118 businesses with a response rate of 81%, also revealed an increase in the number of full-time employees in the sector from 209,500 to 224,800 (+7.3%), as well as soaring levels of investment and exports. The survey also highlighted a 48% jump in total investments in the LCRE sector from 2015 to £8.1 billion.

Craft and the Craft Economy

Using data from the Annual Population Survey and Annual Business Survey, the 'Measuring the Craft Economy' report estimates that businesses involved in the craft industries contribute £746 million in GVA to the UK economy, with an additional £243 million of GVA generated by craft occupations in other creative industries and £2.41 billion of GVA generated by craft occupations in non-creative industries.

This makes an estimated total GVA for the craft economy of £3.398 billion.

Source: Crafts Council presentation; Measuring the Craft Economy, Crafts Council, March 2015.

UK makers are increasingly working within a mixed economy, supplying other businesses whilst marketing their own products and services, and raising funding and other finance where possible for research and development.

Source: Craft in an Age of Change, Crafts Council, (2012).

Estimated total craft
employment footprint was
182,860
employees in 2015

Craft contributes
£3.4 billion
to the
UK economy

Over **60%** of makers have a first
or second **degree in craft, art**
or design



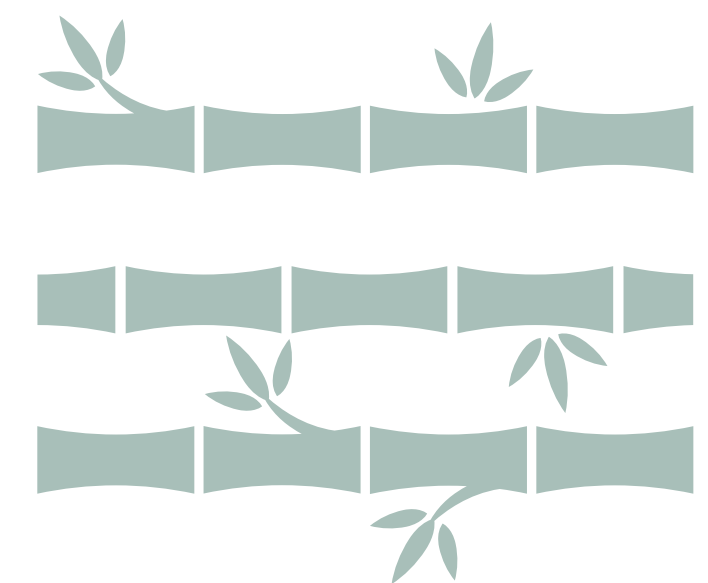
There are an estimated
11,620
craft businesses
in the UK

The average craft business has
been **trading 16 years**

57%
of makers are using **digital**
technology in some form in
their practice or production.

£5
billion of
exports
from the UK
craft sector

31% of makers have **changed their**
practice in the last three
years in response to **environmental**
concerns



88% of craft businesses are
sole traders

ONGOING COVID RESEARCH

ONGOING COVID RESEARCH

Our Insight and Research team is already conducting detailed research and interviews with landowners and occupiers about the future of commercial workspace in a post Covid-19 world, to fully understand likely trends and future requirements of businesses. We have already undertaken over 150 interviews with business leaders and influencers from start-ups through to global corporations.

So far our initial analysis has led us to understand:

Post Covid-19 Commercial Workspace Trends

- Small and micro businesses are looking for self-contained micro spaces that will still let them be part of a dynamic business clusters, but with shared business services and community facilities.
- Maker space requirements are growing because of the current situation and this trend is likely to grow in the long term future.
- The return to the office will be a much longer process than we expected.
- We are now becoming more certain that there will be a release of office space by businesses in certain locations, particularly within the Central Activity Zone.
- Conversely we think certain outer London areas might need to upgrade and increase their office inventory.
- We have found a growth in micro businesses using storage centres as their workspace due to very the affordable and flexible nature of the space.
- By the desk co-working operations such as WeWork in major commercial clusters will not deliver significant growth for the foreseeable future.
- Micro shared workspaces within residential areas which help workers to cut travelling will become popular.
- Certain businesses are seeking Covid-19 and Pandemic clauses, to ensure rent free periods if future lockdowns occur, as part of leasing negotiations.
- SME businesses increasingly want to purchase their own workspace and have their own front door, to hold a capital asset and control building costs.
- Businesses in prime locations paying high rents are keen to decrease their cost base and move to new business locations. i.e Central Shoreditch (£55 to 72.50 per sq ft) to Hackney Wick (£30 to £35 per sq ft). We have also seen some business move from Hackney Wick to Canning Town as an example to cut costs and reduce rent from circa £30 to £18 per sq ft. We think this trend will continue, with a move away from dense populated urban city areas to quieter urban villages and mixed-use locations particularly in areas around water and green space.

Post Covid-19 Retail and Food and Beverage Trends

- We are expecting a significant reduction in national chain casual dining sector.
- We are seeing a slight increase in uptake from independent retailers in certain sectors.
- Convenience retail sector remains strong and is performing well.
- National chain retailers are closing swathes of poor performing stores and focusing on operating a reduced number of stores in key locations.
- Many independent Food and Beverage operators, particularly pubs, have closed for good.
- Increase in independent retailers and restaurateurs looking for interesting out of city centre residential locations, to open more localised neighbourhood offers.
- All parties are seeking Covid-19 clauses in future lease agreements.
- Turnover rents will increasingly become the norm – tenants are looking for monthly payment plans rather than quarterly.
- Confidence across the sector is low – particularly in hospitality.
- We are seeing certain entrepreneurial operators waiting for the right opportunities to take advantage of market conditions.

SURVEY RESPONSES

LOCAL MAKER AND INDUSTRIAL BUSINESSES

A few of the business owners that were interviewed:



William Rixon
Co-Founder
Minor Figures



James Willson
Head of UK Operations
Lime / Uber Bike



Muriel Chatel
Founder
Borough Wines



Tom Seaton
Director
Crate Brewery



Sean Wild
Director
Cloud + Horse

LOCAL MAKER AND INDUSTRIAL BUSINESSES

Interview Summary

- Many of the interviewees were very concerned about the future security of their current premises lease. Over 50% of respondents were on short term leases or licences, and were very certain they would have to move to new premises within the next couple of years. Many occupiers wanted to sign up for long term premises but this was not an option, as many landowners were keen to redevelop the site or sell the site to house builders and realise the value.
- Every occupier felt that their existing site was not fully fit for purpose and did not meet their business needs. As leases were often very short term the only real benefit occupiers mentioned was the fact that the rent was slightly below the market value. Occupiers described the lack of professional management in the industrial sector and said the situation was very similar to that of private homes that they rented in the past, with a real lack of support or readiness to fix problems and undertake repairs.
- With regard to products such as stacked industrial the level of support was 50 / 50, with many occupiers keen to see how the product would work in practice before committing to lease. However, many were interested in the concept and were very pleased to hear that it is a time of real innovation in the sector and that new state of the art facilities are starting to emerge in London.
- Occupiers when questioned were also keen for industrial estates and areas to become much nicer environments with real consideration around issues such as the public realm, leisure and Food and Beverage facilities and most importantly much better quality of design of industrial buildings.
- Occupiers were keen for industrial areas to become much less single tenure estates and to see a broader mix of businesses clustering and the opportunities this will create for businesses to collaborate. Occupiers spoke about the desire for industrial areas to become more dynamic places that are at the forefront of innovation.
- Every occupier noted that industrial product in London was becoming more scarce by the month, and that something urgently needed to be done to enable businesses that service the City to remain in the area. Many occupiers were critical of new commercial spaces on the ground floor of mixed-use developments, which they felt was often poorly executed and did not meet their business needs. It was also noted that this type of reprovided space was often offered to market at the same price as commercial office space.

Over **50%** of
respondents were on
short term leases

100% felt their site
was not fully fit for
purpose

8/10 were keen to
see improvements in
industrial estates

100% of occupiers felt
industrial product in
London was becoming
more scarce

CREATING A NEW COMMERCIAL MIX

CREATING A NEW COMMERCIAL MIX

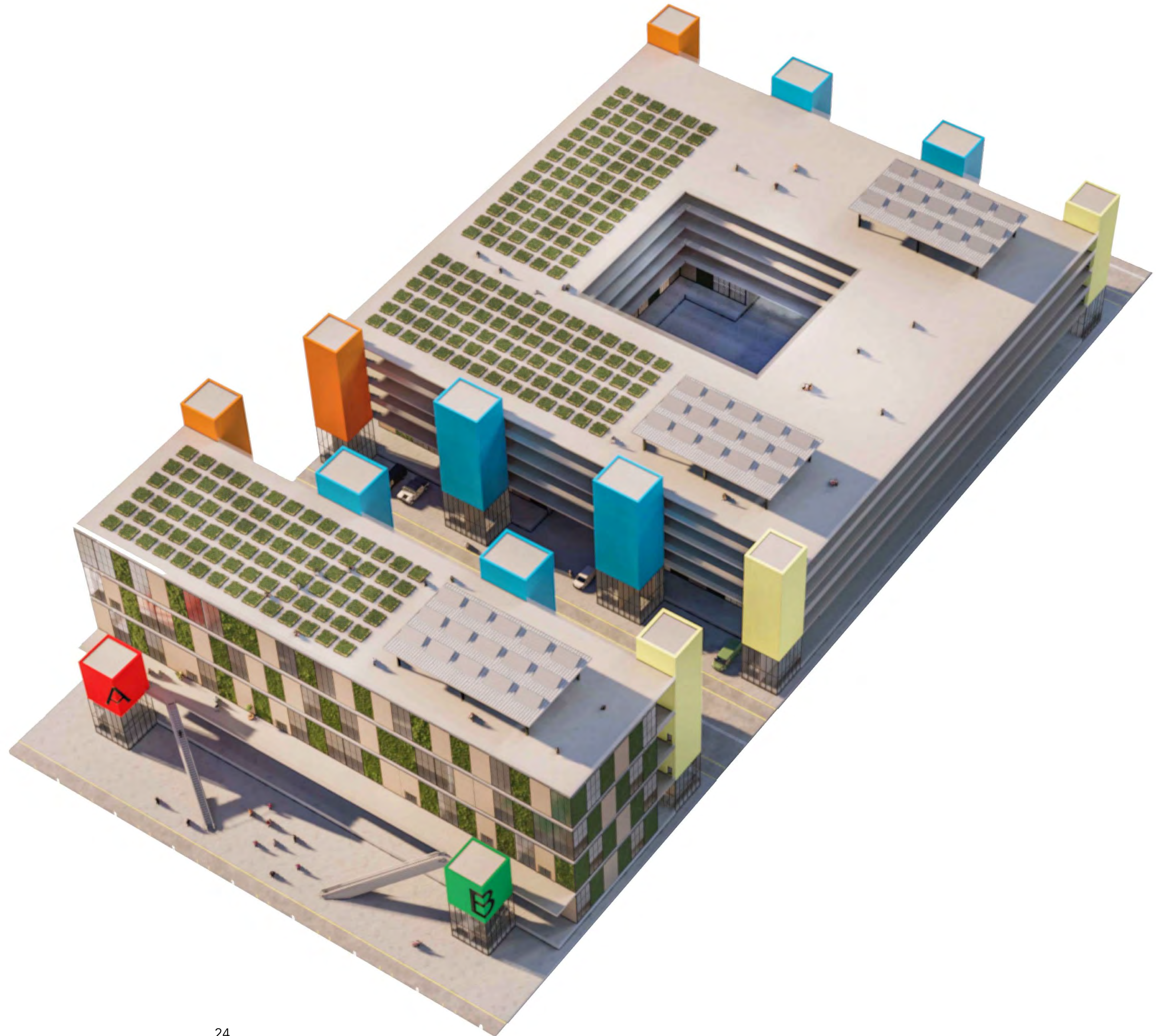
Our Approach

Our approach has been to create two new typologies of industrial building that will enable reprovion or intensification of floor space on the Blackwall Trading Estate and Empson Street industrial sites.

The key principle was to ensure that the ground floor of the building enabled heavier industrial use and created additional space throughout the upper floors, for a lighter industrial or maker type product, creating space for different types of uses as you move up through the building.

A key factor in our approach was to make the building as accessible as possible, particularly from a loading and unloading perspective, creating multiple access points and goods lifts where vehicles can access the building without causing major traffic queues. The building also contains a commercial goods yard for businesses to use throughout the working day.

A further factor was to apply great design principles to these industrial buildings and create a new typology of product, which would innovate within the sector and create the right conditions for a dynamic business cluster.



CREATING A NEW COMMERCIAL MIX

Approach One: The Stacked Factory

The focus was to create large format industrial spaces on the ground floor for heavier light industrial uses and to build studio spaces throughout the upper floors of the building, for lighter and different industrial / maker uses.

The building is serviced by a series of goods lifts located strategically around the site, to ensure that the building is accessible for loading and unloading from a variety of different access points.

On the first floor a series of showrooms and trade counters are incorporated for the public to directly access business showrooms in a high quality environment.

To provide better quality amenity spaces for industrial occupiers, a terrace and a café is located on the roof of the building.



CREATING A NEW COMMERCIAL MIX

Approach Two: The Commercial Yard – Maker Space

The approach was to create large format industrial spaces on the ground floor centred around a commercial yard. Above this would be a series of floors for a range of micro and small units designed for early stage and small businesses, who only require a small amount of flexible space ranging from 25 to 75 sim in size.

The building is serviced by a series of goods lifts located strategically around the edge of the building to ensure that the building is accessible for loading and unloading from a variety of different access points.

To create better quality amenity for industrial occupiers, a terrace and a café is located on the roof.

The ground floor units range from 5,000 sq ft to 10,000 sq ft and on floors one to four the size of units range from 250 sq ft to 1,000 sq ft.



CREATING A NEW COMMERCIAL MIX

Our Thinking and Key Principles for the Scheme

Our thinking was to create buildings that could become dynamic business clusters which contain a rich variety of different businesses, sectors and uses but with a focus on retaining the existing level and size of ground floor industrial space currently on the two estate.

We wanted to propose buildings that remain solely commercial where businesses can actually operate and undertake industrial processes and where they can make noise and undertake work that might be anti-social and would not impact on nearby residential and amenity space.

The thinking was to propose ground floors that would be able to meet the requirements of businesses on the existing ground floors of industrial estates such as Empson Street and Blackwall Trading Estate, and then build upwards incorporating other typologies of workspace to provide additional floorspace capacity for the Borough.

The idea was also to create a building that provide enhanced facilities and amenities for industrial occupiers. Too often industrial buildings are the poor relations in terms of the architectural hierarchy, and whilst usability and functionality of space must always come first, design and creating a better place for all must be considered as an important part of the transformation and repurposing of industrial land.

This approach enables new amenities such as cafes, business centres and roof terraces to be incorporated into buildings and create a much nicer environment for workers and residents.

Our approach was quite simple - to examine the impact of cutting the industrial estates in half and seek to intensify industrial on one half as much as possible. This would free up the remaining land for residential, but with the ground floor of the residential used for further commercial uses as well as the necessary community amenities such as retail, leisure and Food and Beverage.

The study also set a principle of ensuring no net loss of industrial floor space, and wherever possible delivering genuine intensification of commercial floor space and also the incorporation of community facilities and other key ground floor uses such as retail and Food and Beverage below the residential space.

The study also tried to ensure that the land freed up for residential use was the most valuable part of the site, to help cross subsidise the stacked industrial product and ensure this is deliverable first and foremost.

Consideration was also given to ensuring the industrial workspace was well located in terms of creating a better environment and placemaking.

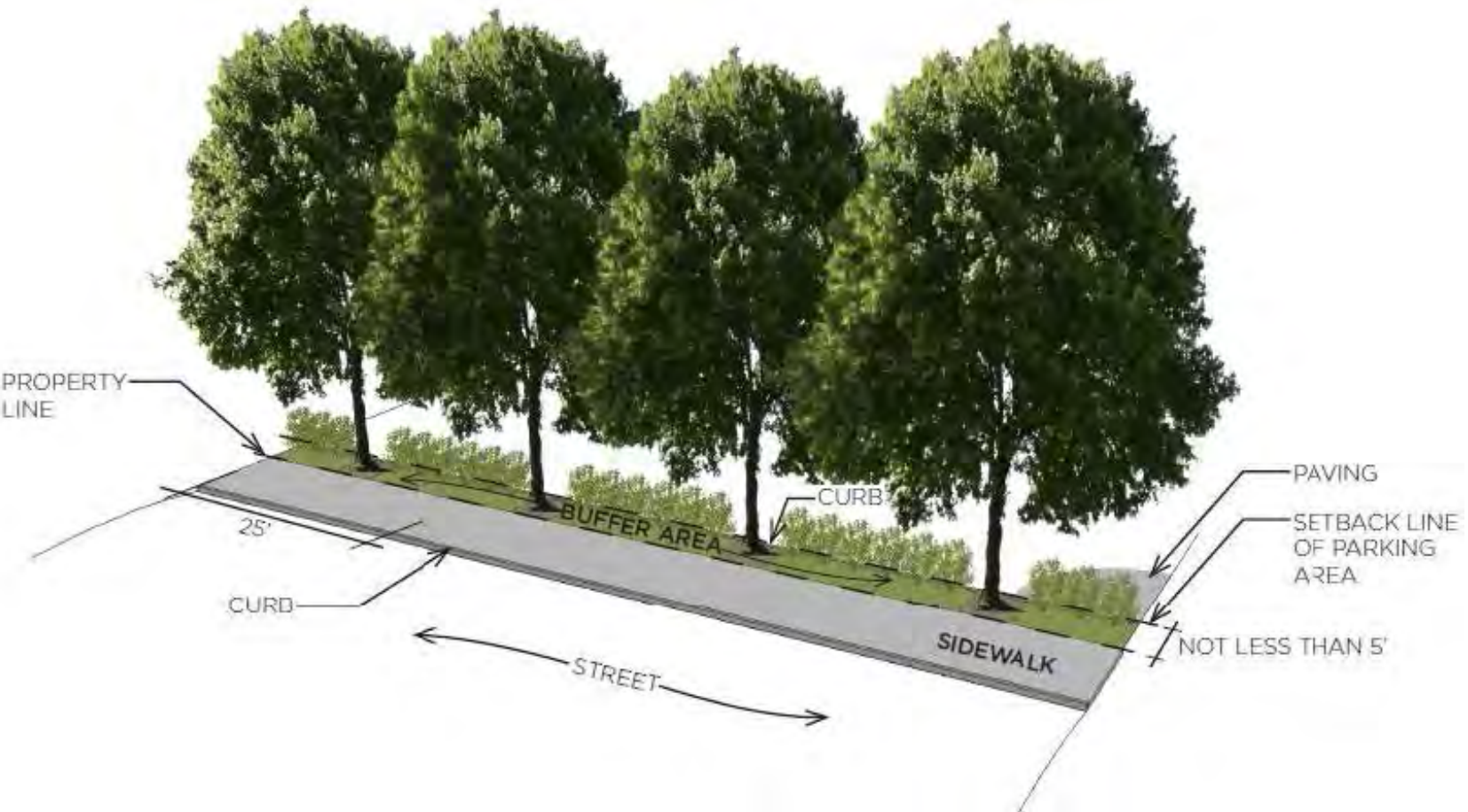


CREATING A NEW COMMERCIAL MIX

Our Thinking and Key Principles for the Scheme

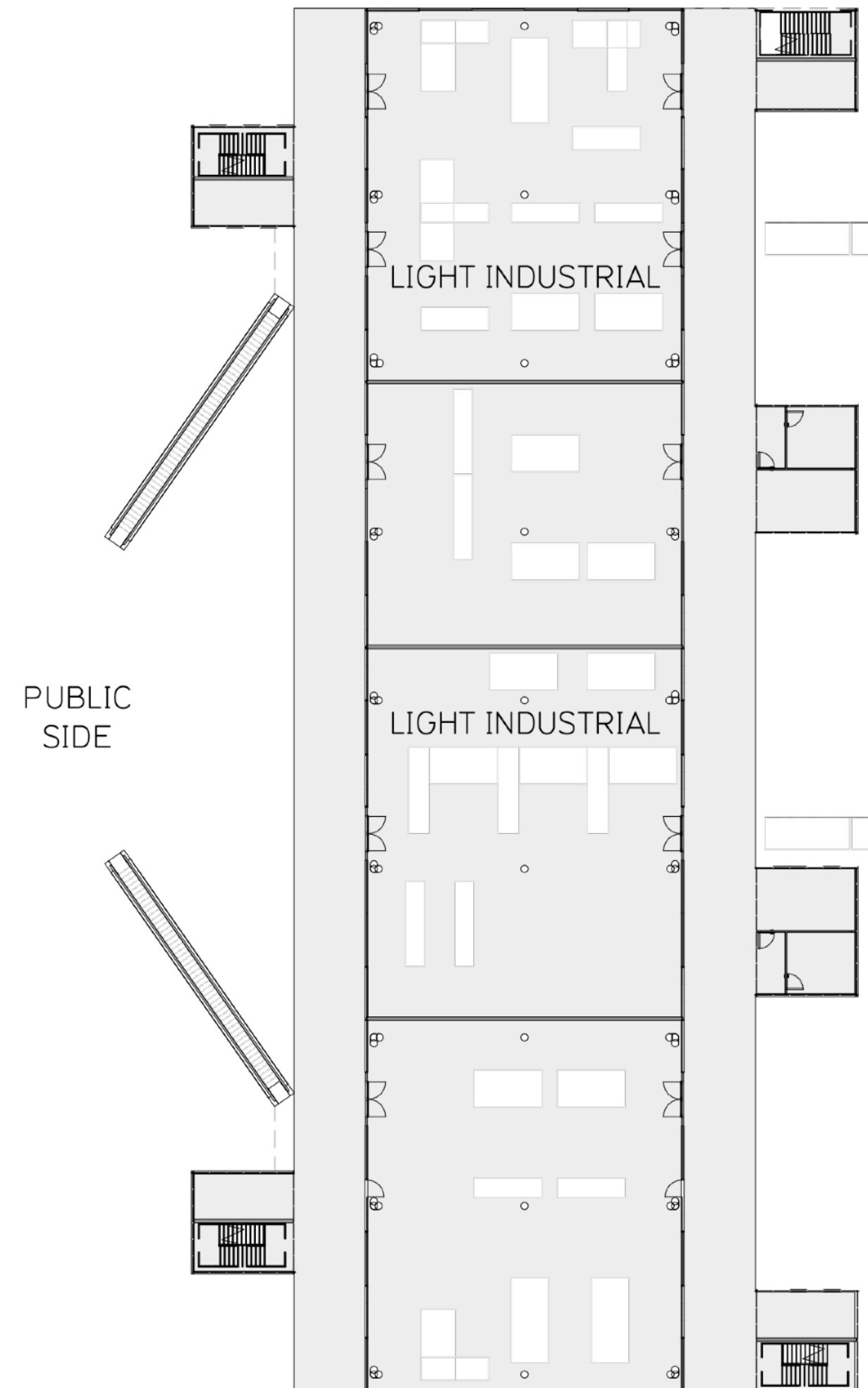
To efficiently separate industrial land use from other uses, future schemes will need to consider adopting four potential strategies to mitigate industrial noise and ensure pleasant surrounding external to the estate:

1. **Landscaped buffer as a screen**
 - Both hard and soft landscape, if correctly designed, will reduce or cancel out spread of noise from industrial to residential uses.
 - In particular, the correct specification of planting and its position on the landscape plan will be critical to provide good buffer. For instance choosing deciduous planting that keep their leaves, specifying trees with good canopy heights will quickly form a buffer if topsoil and irrigation are correctly specified.
 - A landscape maintenance plan will ensure that planting is permanently maintained in good growing condition and replaced with new plant materials when necessary to ensure screening continuity throughout seasons.
 - Finally landscape design might include physical screening such as louvers, tall fencing, lattice panels or canopies which will assist with sound reduction. These can then be covered in climbing plants if correctly positioned.
2. **Limitations on permitted uses in yard areas where industrial areas abuts residential buildings**
 - Management control of recreation hours in commercial yards.
 - Management control of delivery hours in shared residential and commercial access areas.
3. **Development setback**
 - Establish safe distances that a development must maintain between its boundaries to create and protect a buffer zone.
 - Request from future applicant that they provide acoustic reports demonstrating that setbacks are sufficient to provide acoustic separation between uses.
4. **Building material specification**
 - Glass is an excellent material for soundproofing, or sound insulation. Acoustic double glazed units can provide good noise reduction over standard triple glazing. However, one could include a laminated outer pane of 6.4mm glass into a triple glazed unit which would more than likely outperform the acoustic double glazing. Future applicants should demonstrate appropriate levels of sound reduction in the glass specifications. These specifications can then be controlled via the planning conditions, S106 agreements and/or building control.
 - Winter garden designs can help sheltering private amenity spaces and provide comfortable outdoor amenity areas for residents.
 - The architect's elevation design can also use fixed or orientable louvered sections to the façade designs.
 - There are many ways to create and maintain efficient acoustic buffers between industrial and other uses. To promote the inclusion of efficient buffer design to future applications, a Supplementary Design Guide could be published to illustrate good design principles. Acoustic modelling could be used to further test the application designs at planning application stage, with peer reviews from Council-side professionals. Finally planning conditions, S106 agreements and/or building control could be used to verify the correct installation and maintain acoustic buffers between industrial and residential uses.

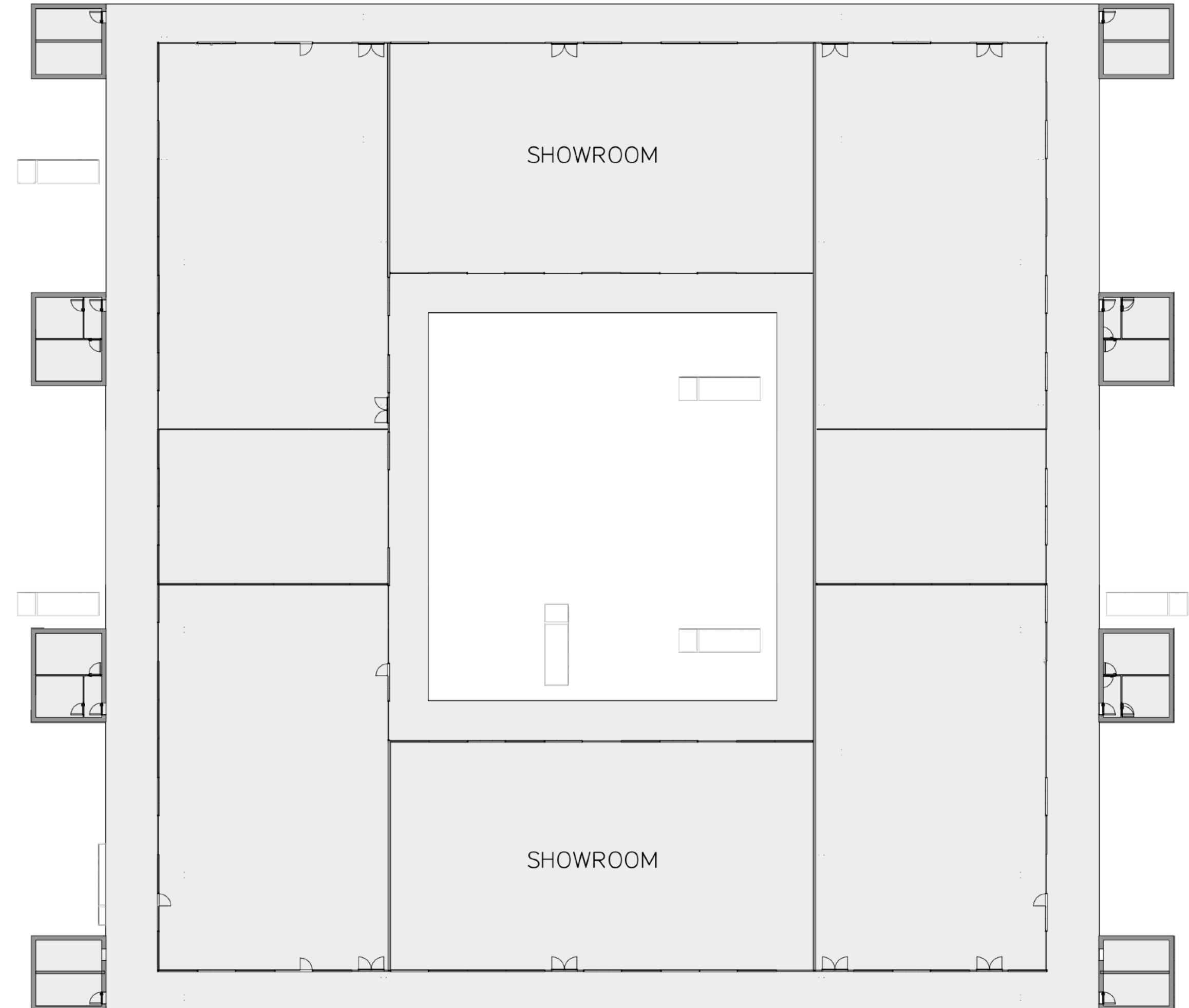
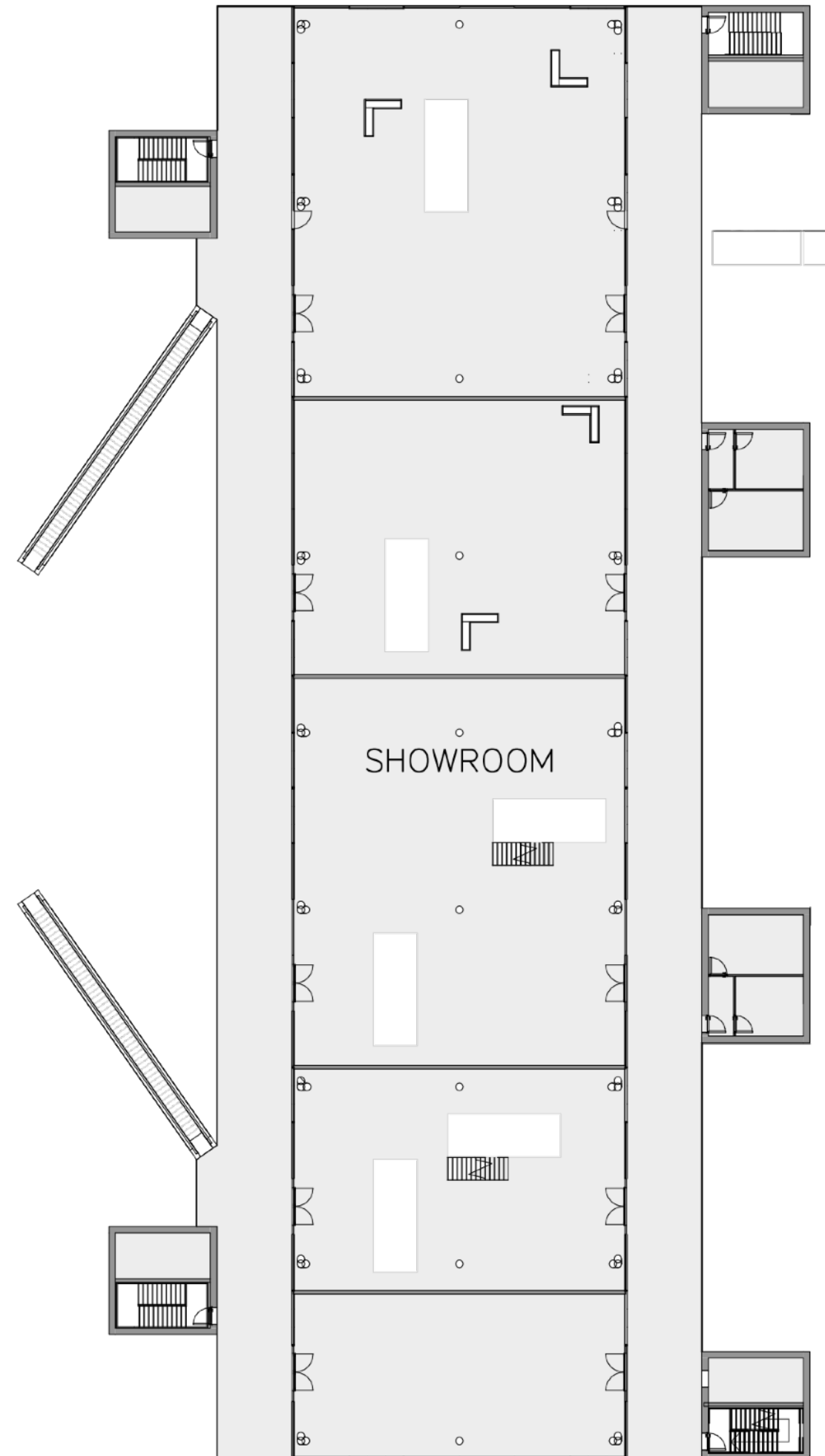




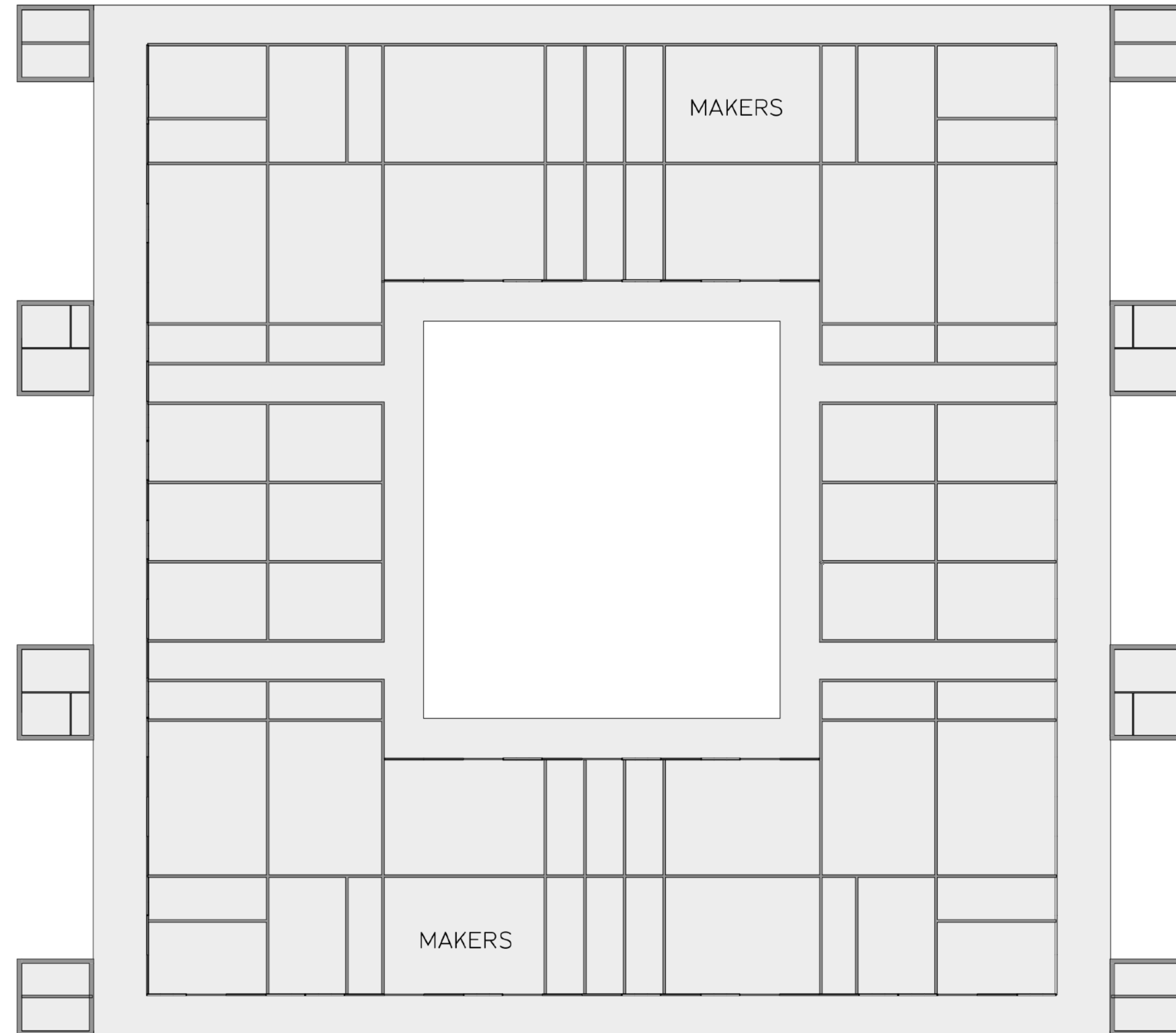
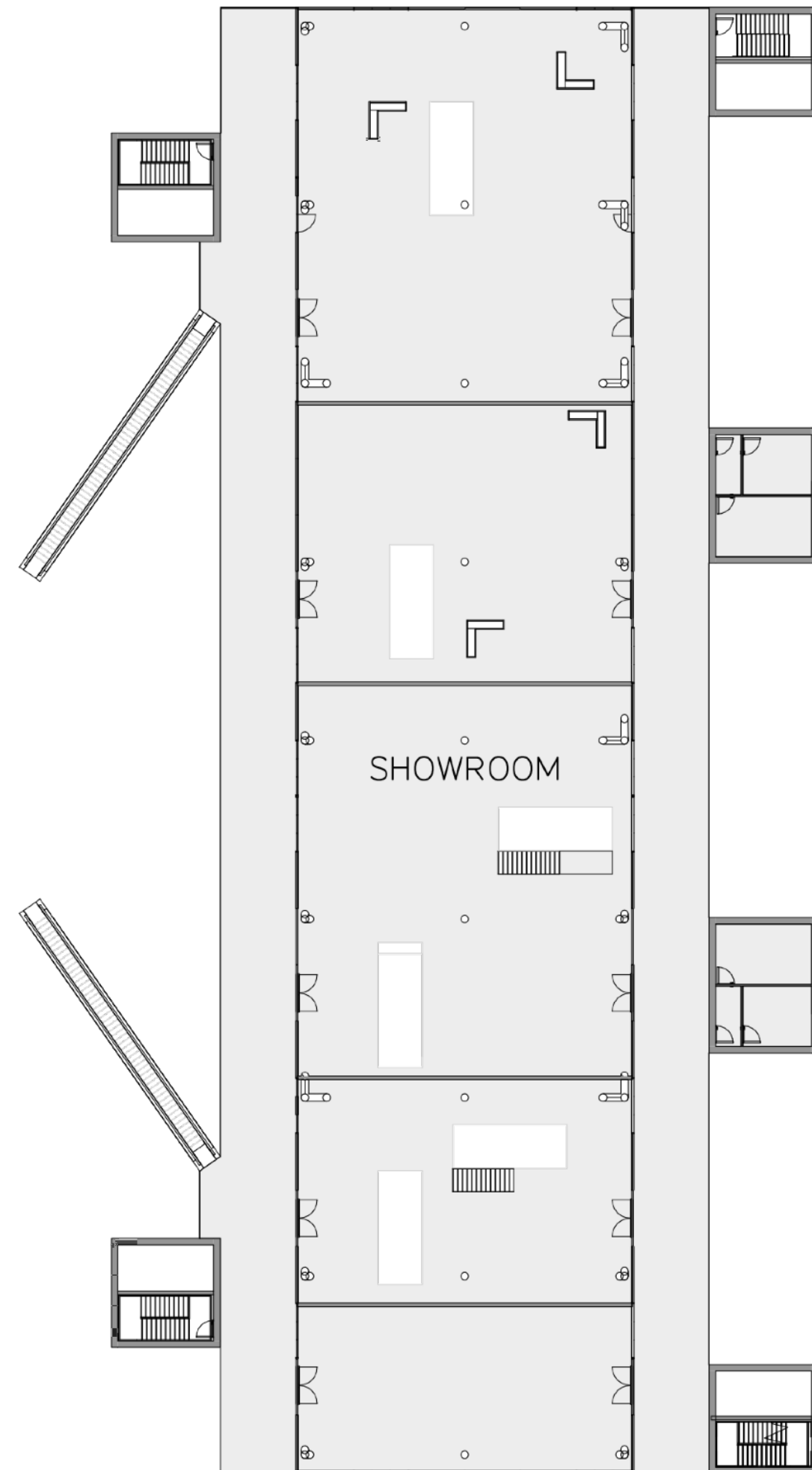
Typical Ground Floor Plan



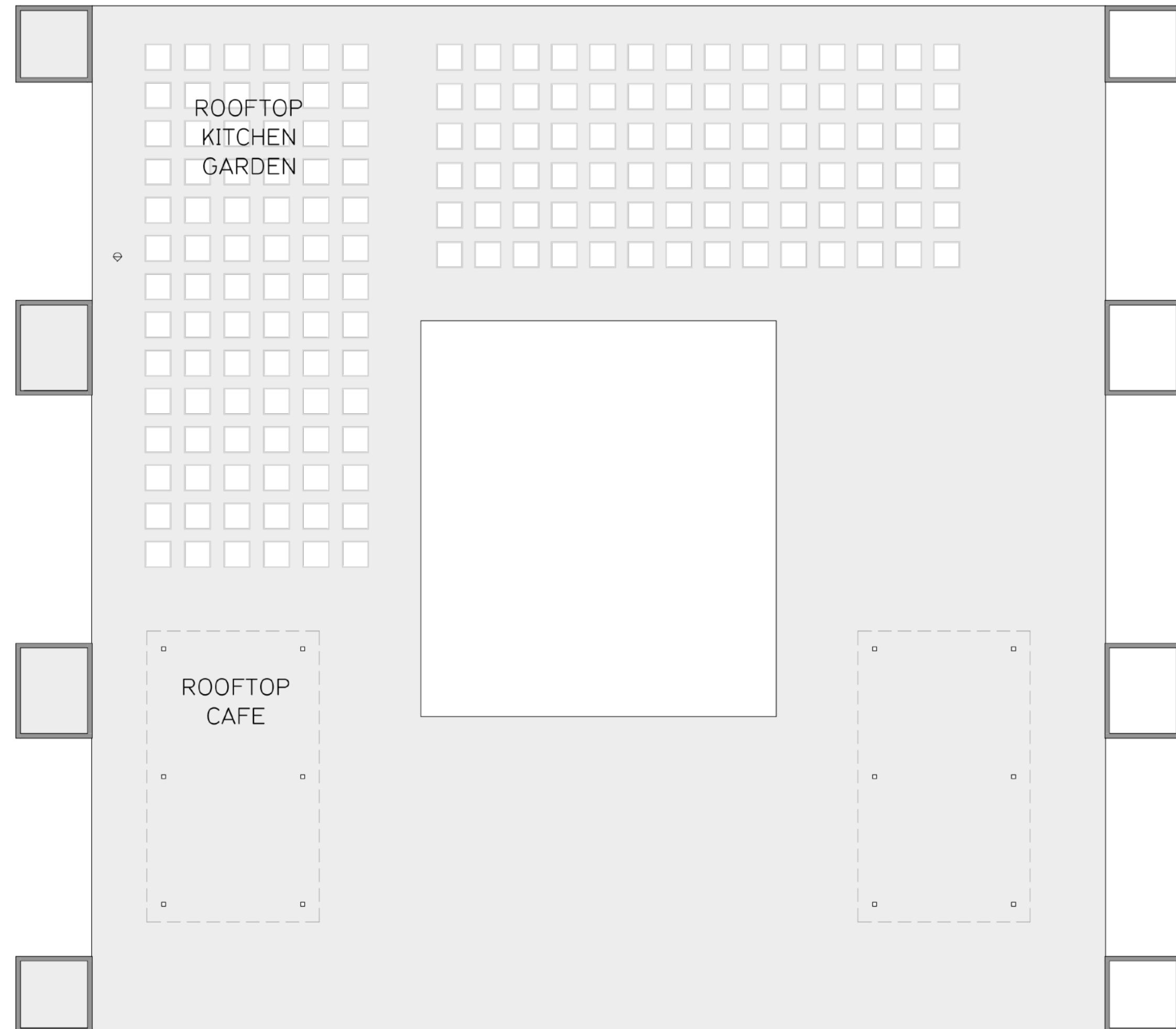
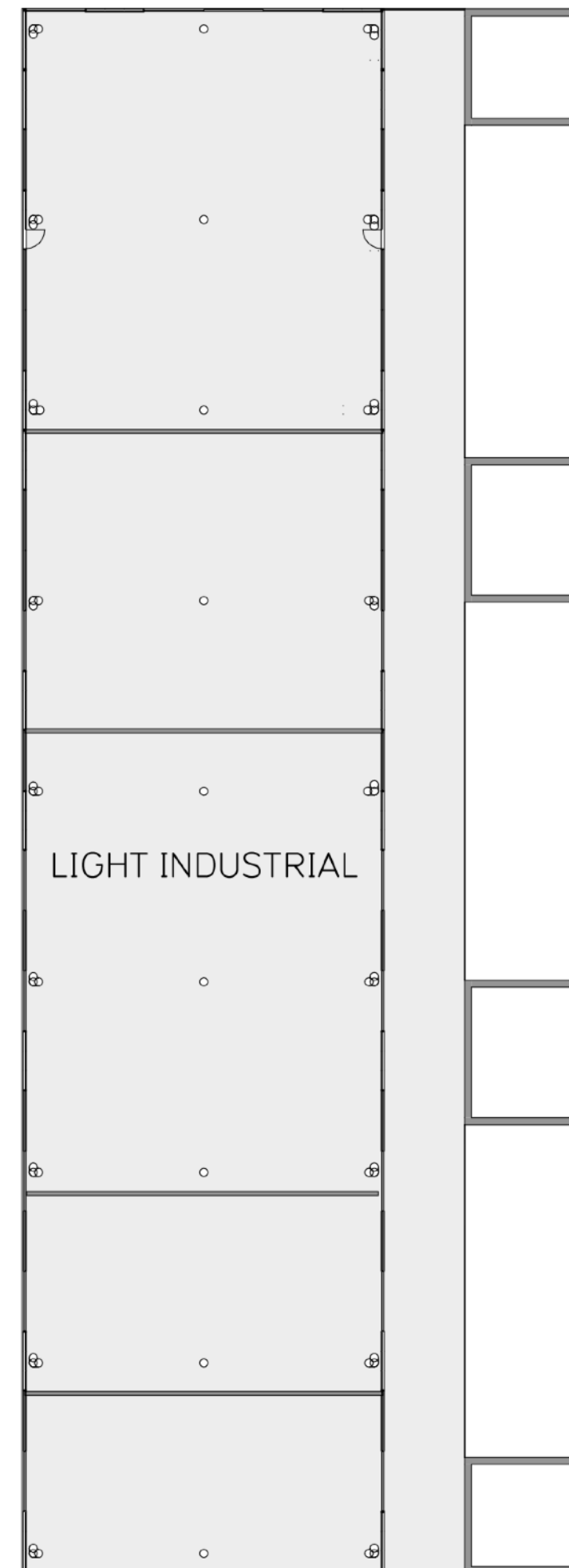
Typical First Floor Plan



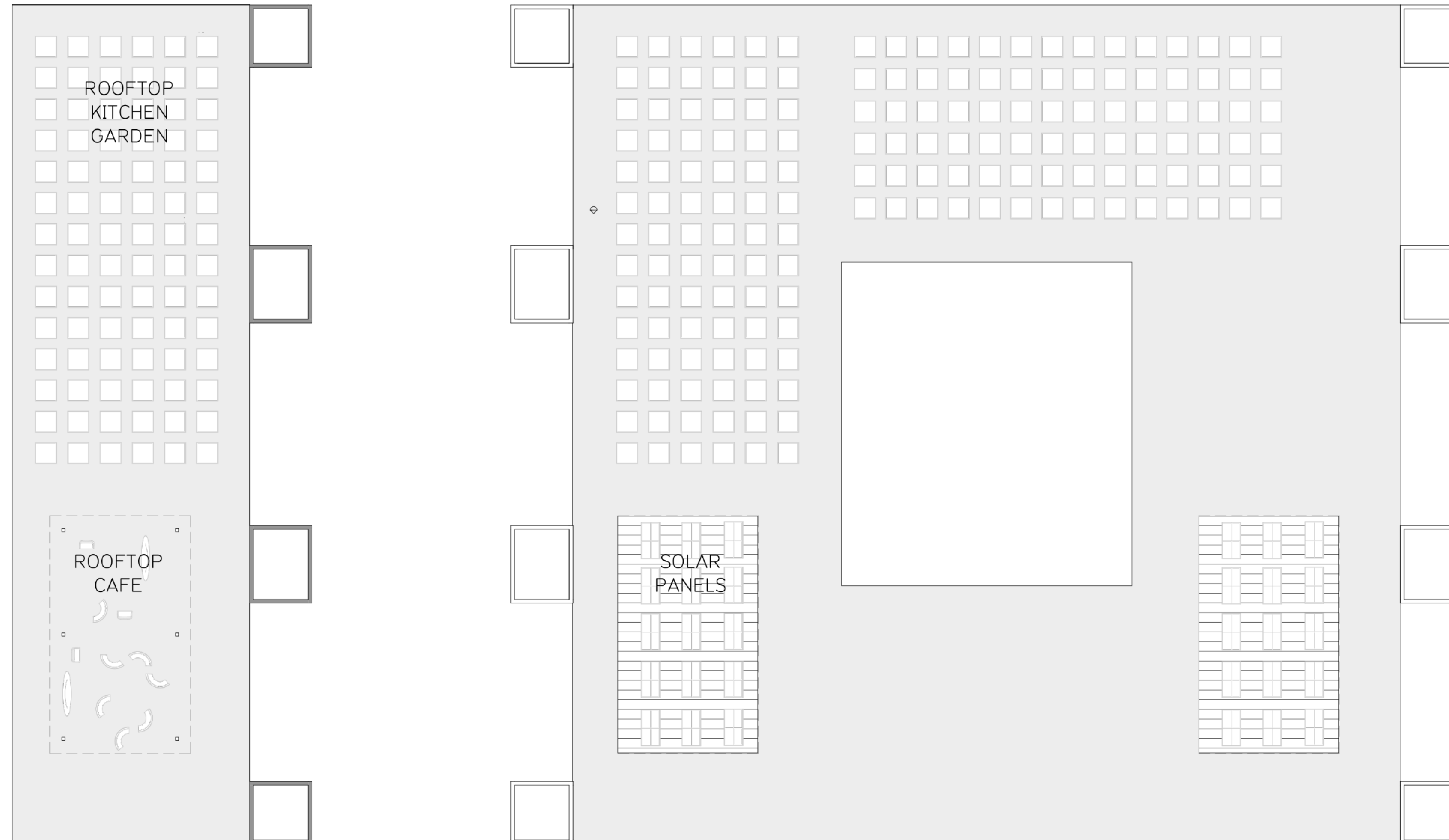
Typical Second Floor Plan



Typical Fourth Floor Plan



Typical Roof Plan



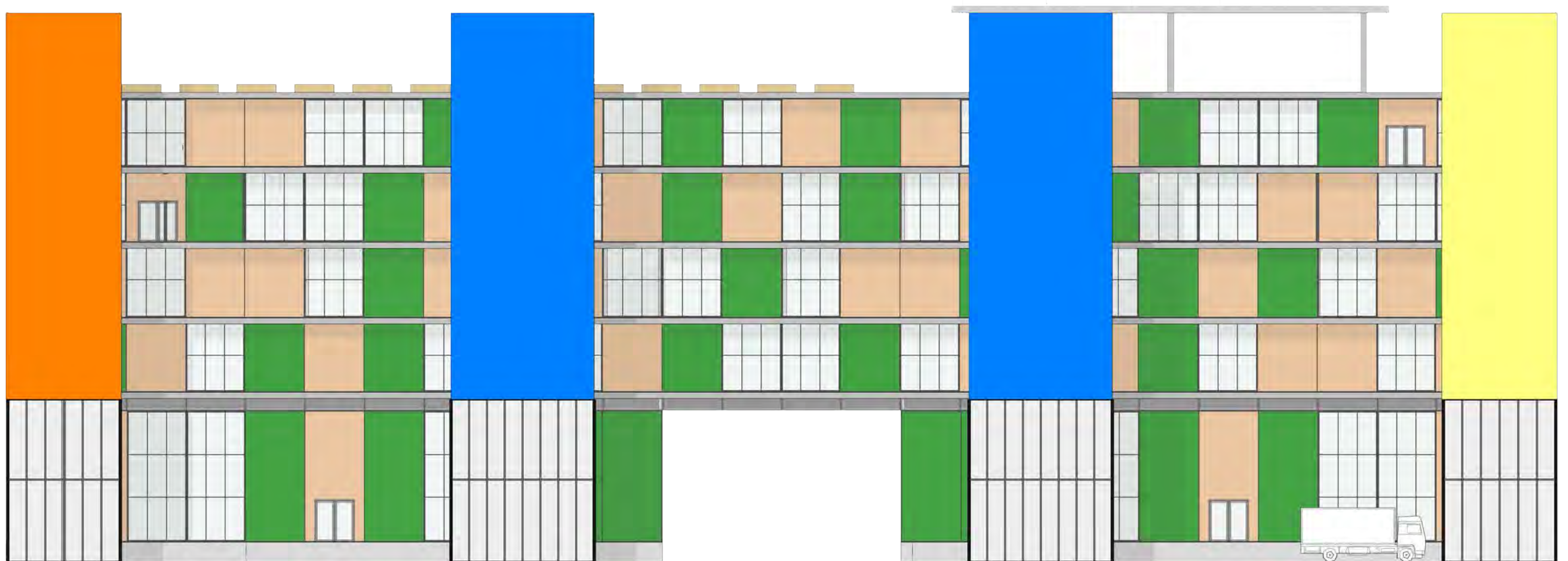
Public Side Elevation



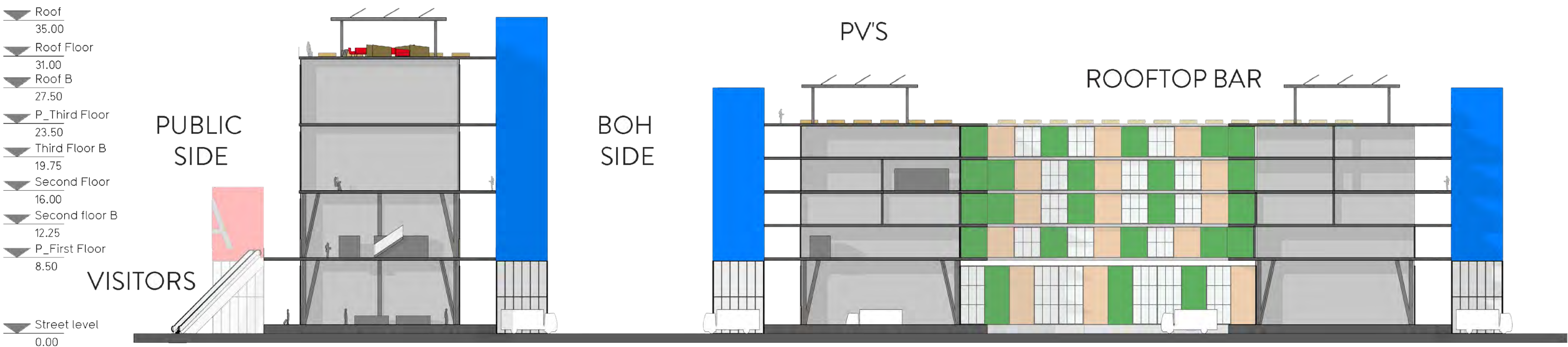
Back of House Elevation



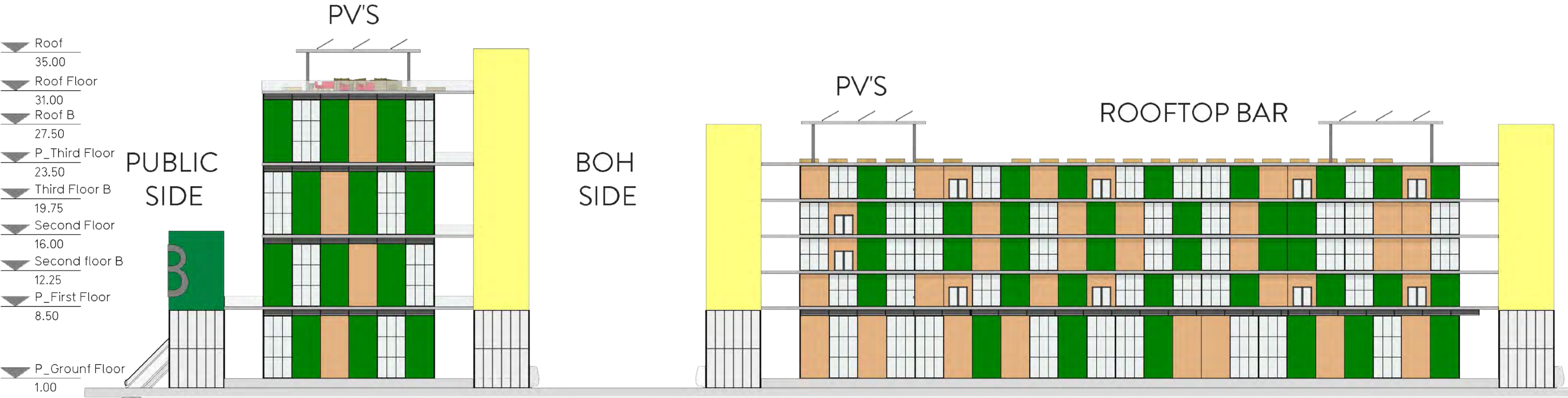
Back of House Elevation - Second Building



Typical Section



East Elevation



STACKED INDUSTRIAL PRECEDENTS

STACKED INDUSTRIAL PRECEDENTS

Stacked Industrial

Stacked industrial has long been viewed as a concept that does not work for the UK light industrial and industrial markets. However, across Europe the concept is used to meet industrial demand in urban areas.

We have found several locations across Europe where the product is used and well received by the occupier market.

Dreispitz - Basel - Switzerland

- 60,000 sqm regenerated industrial quarter
- University of Art and Design
- Market hall
- Light industry units
- Co-working spaces
- Museum
- Stacked housing
- Workshop



LB TOWER HAMLETS - EMPLOYMENT STUDY

Zurich West - Switzerland

- 72,000 sqm regenerated industrial quarter
- Market hall
- Stacked industry
- Light industry units
- Food production
- Flour/bread production
- Co-working spaces
- Museum
- New housing
- School



LB TOWER HAMLETS - EMPLOYMENT STUDY

St Jakob Foundation - Switzerland

- Stacked industrial
- Restaurant
- Food production
- Carpentry
- Electronics



LONDON STACKED INDUSTRIAL PRECEDENTS

LB TOWER HAMLETS - EMPLOYMENT STUDY

Hotel Industriel Pantin - Paris

- A city within a city, with its large square and interior streets.
- The ground floor is the prime area for heavy activities, and the architecture offers a clear height of 6 meters which allows ground loads of 5 tonnes / m².
- The 1st floor is intended for lighter activities. The free heights reach or exceed five meters and the ground accepts loads that can go up to 1.5 tonnes / m².
- Access ramps allow cars and vans to ascend to this floor.
- More classic, the second floor, calm and bright, is intended for high-tech activities and offices.



New London Stacked Industrial Concepts

London is currently seeing a plethora of new thinking and design concepts for stacked industrial buildings that are exploring methods of making the concept viable for occupiers, and most critically financially viable as a deliverable product as part of major regeneration schemes on strategic industrial land. A range of different approaches are being considered to test the deliverability of the projects and ensure that the product will work for occupiers. Detailed below are three concepts that are the best of the current crop of ideas, two of which are being designed and one which now has planning permission.

Industria - Barking – Haworth Tompkins / ASC

Industria is a stacked industrial concept in Barking that is being designed by Haworth Tompkins Architects on the former Remploy Factory on River Road / Thames Road Strategic Industrial Land.

The two acre site is designed over four floors and contains a mix of different unit sizes, ranging from 200 sq ft for micro units, a combination of 34 flatted factories at 1,000 - 5,500 sq ft and SME units at 1,000 - 10,000 sq ft. The scheme is designed to incorporate a circular goods ramp to enable large vehicles to access units on the upper floors, straight to the door of each unit. An internal goods yard is also included to provide businesses with the necessary external space to meet logistics requirements.

Alongside the mix of units and the stacked concept, a raft of facilities and services are included within the development from a business lounge with meetings rooms and a café, a roof deck, green walls and some retail facades on the ground floor, to enable trade counters and industrial spaces where business can wholesale and retail directly. The scheme is also innovating by developing a strong brand identity and architectural design ethos to set a benchmark for the kind of industrial typology that is delivered in Barking in the future. This will include a masterplan for the wider industrial area and a vision to attract a broader mix of industrial and maker type businesses to the area, through great design and masterplanning of the public realm to create a exemplar area for industry and innovation.



LB TOWER HAMLETS - EMPLOYMENT STUDY

Riverside Masterplan – Wandsworth - AHMM

Riverside is a new mixed-use scheme that contains 246,000 sq ft of commercial space for light industrial, start-up businesses and flexible working that includes a 106,000 sq ft business centre and 65,000 sq ft of industrial.

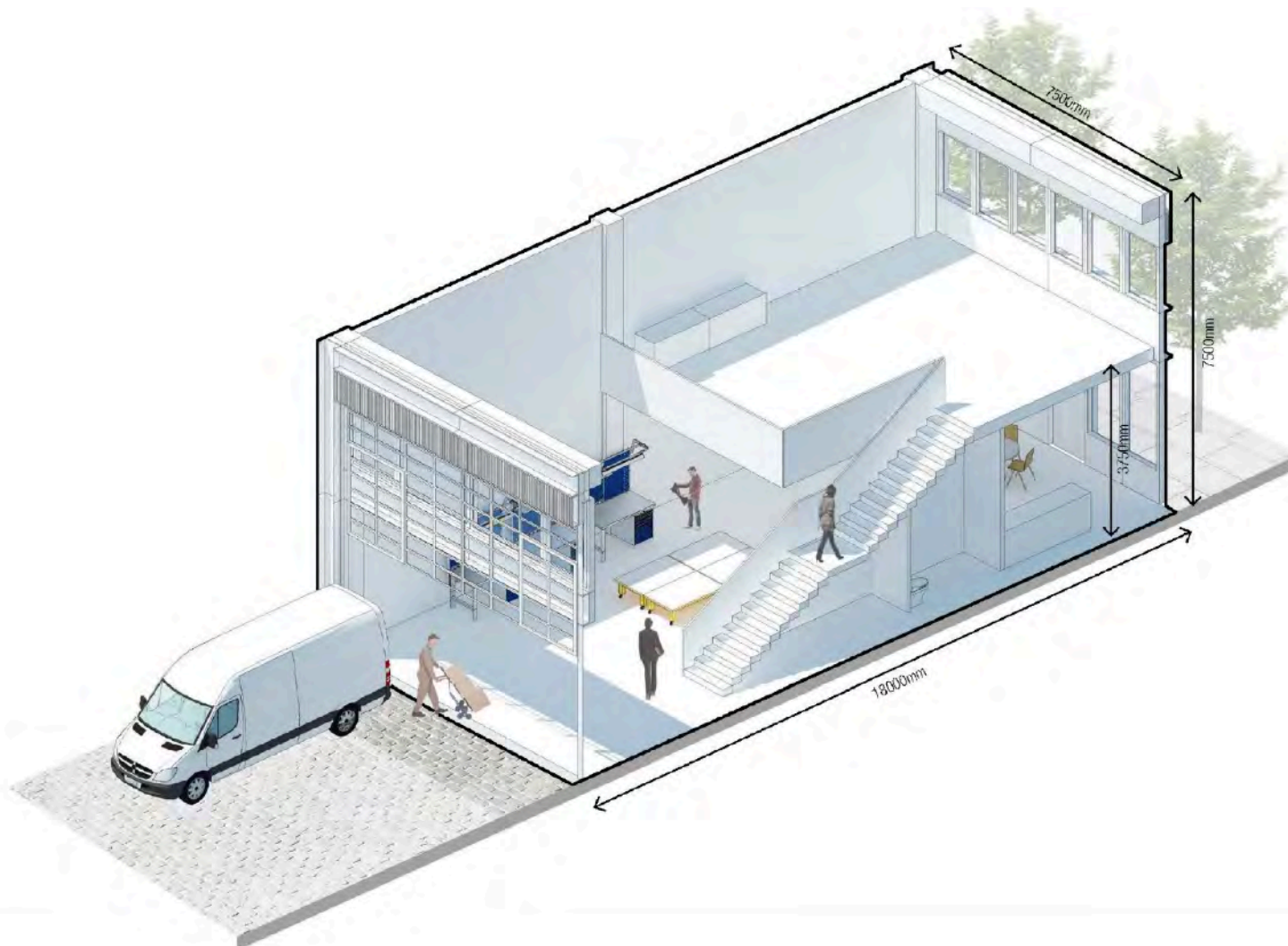
The Riverside factory provides 15,445 sqm (net) of commercial space split into a variety of different unit sizes starting from as little as 20 sqm.

A public arrival plaza contains a reception area and large café space to service the buildings workforce.

Light industrial units surround an internal commercial service yard.

On the street frontage, units are designed with a retail style façade to enable industrial occupiers to trade and retail from an impressive setting.

The building, whilst industrial in its nature, is designed to be a piece of statement architecture that makes an impressive contribution to the local neighbourhood and creates an innovative and inspiring place to work.



LB TOWER HAMLETS - EMPLOYMENT STUDY

Tile Yard Studios - Kings Cross - Studio Egret West

Studio Egret West have designed a concept scheme for the Tile Yard Studios campus in Kings Cross which combines a range of commercial uses in a stacked industrial building.

The ground floor is designed for heavy industrial uses, as you move through the building a range of uses from start-up spaces for micro businesses through to recording, gaming and photography studios and educational facilities are layered to create a dynamic economic cluster that mixes of range of different commercial sectors to create an exciting business campus.



MAKER SPACE PRECEDENTS

LB TOWER HAMLETS - EMPLOYMENT STUDY



Maker Space

We are seeing an increasing demand for maker space in London and we are starting to see a good mix of new space coming to the market that is well designed and is proving very popular with occupiers.

Caxton Works - Canning Town - Studio Egret West

Caxton Works is a mixed-use scheme in Canning Town by U & I and was designed by Studio Egret West. The scheme contains 13 units ranging from 700 sq ft - 6,000 sq ft and are delivered to shell and core standard. The spaces have generous floor to ceiling heights of between 5 - 7 meters, floor to ceiling windows and exposed concrete finishes. Each unit has the ability to mezzanine and create further internal floor space if the individual businesses wish to do this. The facades are clad with a weathered steel and the security shutters have been incorporated as part of the design to create a quality ground floor that integrates with the housing above.

Only two units remain unoccupied and the tenant line up includes a bakery, cycle workshops, a dessert maker for restaurants alongside other small maker businesses. A placemaking approach has been adopted for the ground floor centred around a commercial yard and planting, to create a nice environment for businesses and residents.



Micro

Over the last year we have seen a trend of small businesses moving away from co-working and other forms of shared workspace instead seeking small micro workspace units with their own front door.

Despite businesses wanting their own private space we are seeing that they still want to be part of a community with shared facilities such as meeting rooms, courtyards and café / bars and lots of other businesses located in the area.

These units start at 25 sqm in size through to 100 sqm. In many of the locations we have researched the smaller units at 25 sqm appear to be leased first and appear to always be occupied.

Detailed below are two schemes that are proving popular with occupiers and have excellent design principals from a place and commercial perspective. Poplar already has a small start-up community based in micro units located very close to the key study areas.

Poplar Works - Poplar - Adams & Sutherland Architects / Calfordseaden

Poplar Works is a campus of over 40 small studio units, a training centre and a garment unit facility set across two sites on the Teviot and Aberfeldy Estates that are owned by Polar HARCA and operated by the Trampery.

The scheme is designed to create a cluster of young new fashion industry businesses and provides low cost affordable workspace for the fashion industry with wrap around business support and training.

The micro units are designed for start-up businesses to launch a new business in a much more affordable setting than co-working or renting a small industrial unit or a studio space.



Fuel Tank - Deptford - Karakusevic Carson

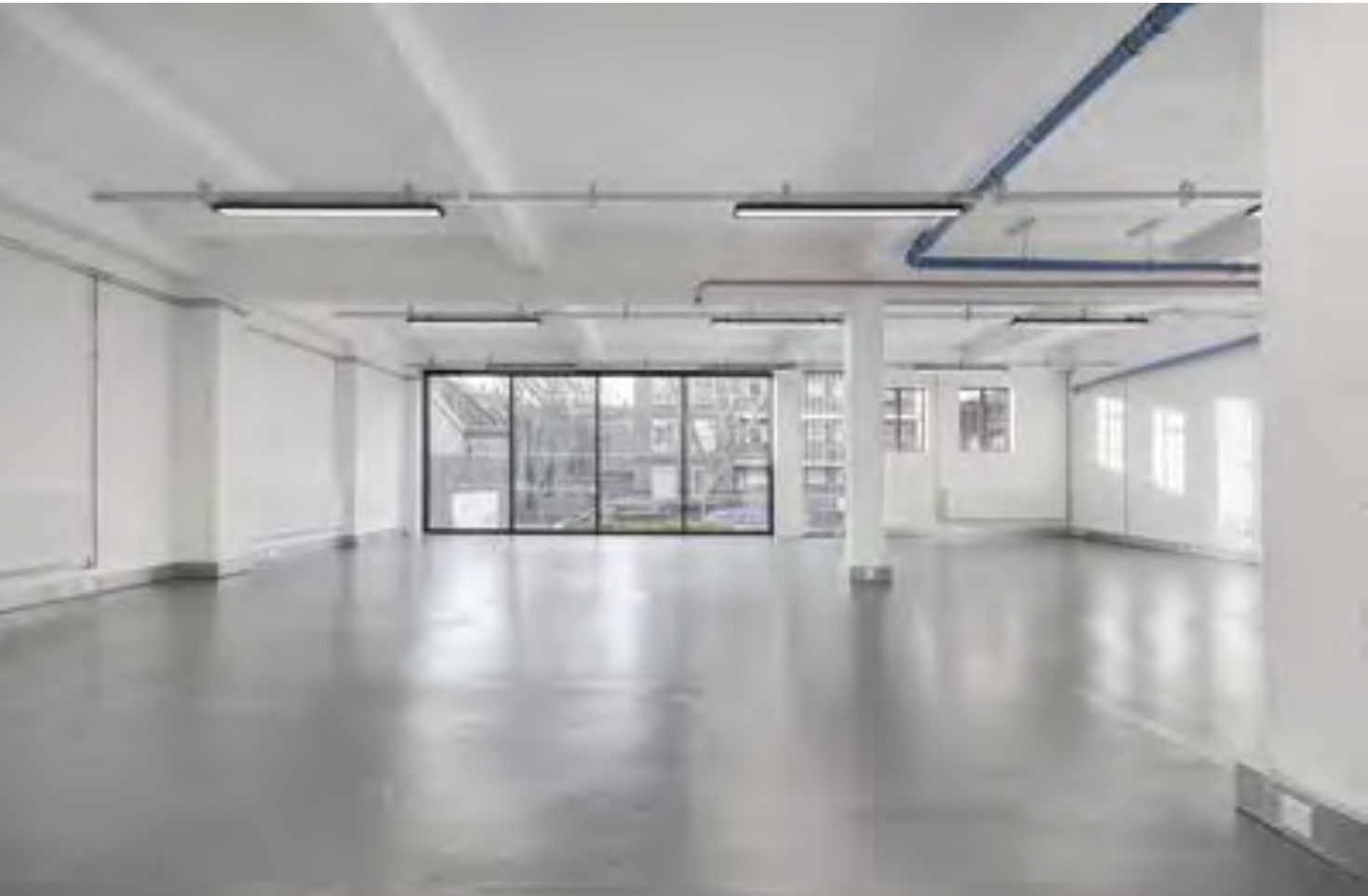
The Fuel Tank in Deptford is a mixed-use scheme containing a mix of residential and studio style workspace that was designed by Karakusevic Carson and is owned by Workspace PLC. The scheme won the New London Award for mixed-use development in 2014.

The scheme contains 63 offices and studios and a café / bar. The units vary in size from 20 sqm - 150 sqm, with a large proportion of units focused on the smaller spaces which are fully occupied.

The scheme has a wide variety of occupiers ranging from artists to small creative businesses, green industries, design and local businesses that service the city.

The great thing about the development is the way that commercial spaces are organised, to ensure each business has its own front door which gives businesses a real sense of place and the opportunity to have signage and advertising.

The scheme also has interesting little courtyards and public spaces that encourage the businesses to mingle and use the outdoor spaces for meetings and leisure. The courtyards are also well arranged to enable deliveries and parking.



OCCUPIER REQUIREMENTS

OCCUPIER REQUIREMENTS

Small Craft Brewery

Size Requirements: Up to 5,000 sq ft

Specialist Requirement:

- Light industrial space
- Small office component can be on a mezzanine
- Floor to ceiling height min 6 metres
- Medium sized Comms cupboard
- Electricity
- Cold potted water
- Specialist drainage requirements
- Minimum 2 double access doors
- Small commercial yard would be beneficial

Fit Out: Shell and Core

Transport: Up to 10 transport movements per day ranging from transits to articulated lorries

Number of Staff: Between 5 - 15



Fashion House

Size Requirement: 600 - 5,000 sq ft

Specialist Requirement:

- Flexible space that can be used as an office, workshop, photo studio and event space
- 3 phase electricity
- Small comms room
- Floor to ceiling height 4 to 5 meters
- Requires double goods entrance doors
- Must be minimal fit out spend - should be virtually plug and play and ready for occupancy

Fit Out: Plug and Play

Transport: Can have 30 to 40 deliveries and collections per day

Number of Staff: Between 5 - 20



Green Industries Manufacturing

Size Requirements: 1,000 - 5000 sq ft

Specialist Requirement:

- Light industrial space with office
- 3 phase
- Double goods entrance doors
- Small office space
- Small Comms Room
- Production area, storage and welfare facilities
- Floor to ceiling height 4 to 5.5 metres
- Potential to mezzanine

Fit Out: Shell and Core

Transport: Up to 10 transport movements per day

Number of Staff: Up to 20 staff



Production Kitchen

Size Requirement: 1,000 - 5,000 sq ft

Special Requirement:

- Flexible space with extraction, a small office space and staff welfare facilities
- Floor to ceiling heights 4 meters preferably
- Requires delivery doors
- Large storage area
- Preferably with extraction and sprinkler system in place

Fit Out: Shell and Core

Transport Movements: Up to 20 movements per day combination of Bedfords, transits and articulated

Number of Staff: Between 5 - 25



OCCUPIER REQUIREMENTS

Craft Bakery

Size Requirement: 1,000 - 5,000 sq ft

Specialist Requirements:

- Flexible space with extraction 3 phase
- Small office space
- Staff welfare facilities including showers
- Requires double goods entrance
- Floor to ceiling height up to 5 / 6 meters
- Business start work and 3am

Fit Out: Shell and Core

Transport: Will start very early, several incoming stock deliveries during the day up to 10. The business will do up to 20 external deliveries every day.

Number of Staff: 8 - 20



Craft Book Binder

Size Requirements: 250 - 500 sq ft

Specialist Requirements:

- Flexible space with area for small machinery and work benches
- good natural light
- storage area
- Floor to ceiling height: as generous as possible up to 5 meters
- Shared welfare facilities preferred

Fit Out: Plug and Play

Transport: Up to 5 transport movements per day

Number of Staff: 1 - 3



Event Production Company

Size of Unit: 10,000 - 20,000 sq ft

Specialist Requirements:

- 5 meter floor to ceiling heights
- Double goods doors
- Small office space
- Large comms cupboard / room
- 3 phase electricity
- Large storage area
- Staff welfare facilities

Fit Out: Shell and Core

Transport Movements: Between 10 and 30 movements per week of all vehicle types

Number of Staff: 5 - 15



Jewellery Maker

Size Requirement: 250 - 500 sq ft

Specialist Requirements:

- Flexible space with good natural light
- Ability to retail directly would be a benefit
- Maker area for work benches and storage area for stock and materials
- Floor to ceiling heights pref 3.5 to 4 meters
- Preferably plug and play and ready to occupy, minimal fit out costs

Fit Out: Plug and Play

Transport: Will have several courier visits per day of up to 10 movements

Number of Staff: 1 - 2



OCCUPIER REQUIREMENTS

Dark Kitchen

Size Requirement: 1,000 - 3,000 sq ft

Specialist Requirements

- Flexible space with extraction
- Floor to ceiling height 4 meters preferably
- Requires goods entrance

Fit Out: Shell and Core preferably with extraction and sprinkler system in place

Transport: Up to 350 deliveries per day mainly cycles and scooters, and up to 20 deliveries per day via small vans.

Number of Staff: 10 - 20



Bike Workshop

Size Requirements: 1,000 - 3,500 sq ft

Specialist Requirements:

- Flexible space that will need space for a workshop, office space, storage area, staff welfare
- Requires double goods doors,
- Could include a trade counter set up to enable retail
- Floor to ceiling heights min 4 meter floor to ceiling

Fit Out: Plug and Play

Transport: Up to 30 incoming deliveries by day which will be a combination of small vans, cyclists and people on foot.

Number of Staff: 3 - 10



Artist

Size Requirement: 150 - 500 sq ft

Specialist Requirements

- Light filled flexible space
- Space for large work bench
- Storage area
- Shared toilet / shower / facilities are preferred

Fit Out: Plug and Play

Transport: 1 transport movement per day

Number of staff: 1 - 2



Import / Export Wholesaler

Size Requirement: 5,000 - 20,000 sq ft

Specialist requirements:

- Flexible space with small office component
- Staff welfare facilities
- High floor to ceiling requirement up to 8 meters to enable racking system or mezzanine

Fit Out: Shell and Core

Transport: Up to 75 movements per day both deliveries and collections full range of vehicles and couriers.

Number of staff: 1 - 2



OCCUPIER REQUIREMENTS

Antique / Reclamation Business

Size Requirement: 2,500 - 10,000 sq ft

Specialist Requirements:

- Flexible space that can be used to retail as well as store
- Workshop area
- Double goods doors
- Staff Welfare facilities

Fit Out: Shell and Core

Transport: Up to 30 per day combination of transits, Bedfords, cars and cyclists and pedestrians

Number of Staff: 3 - 8



Coffee Roastery

Size Requirement: 2,000 - 5,000 sq ft

Specialist Requirements:

- Production area
- Small office
- Welfare facilities
- Storage facilities
- Double goods entrance door
- Generous Floor to ceiling heights minimum 5.5 meters
- The ability to build a mezzanine would be beneficial
- High quality broadband and wifi
- Ability to retail and wholesale would be an advantage

Fit Out: Shell and Core

Transport: Up to 5 deliveries per day combination of transits, Bedfords and artics

Number of Staff: 5 - 10



Tile Company Trade Counter

Size Requirement: 3,000 - 10,000 sq ft

Specialist requirements

- Flexible space that will be a combination of retail and back of house storage
- Good quality frontage with some glass for advertising and for customers to look in store
- Small comms room
- Double goods entrance doors
- Must be a boxy or rectangular shape
- Small level of visitor parking
- Good quality wifi / broadband

Fit Out: Shell and Core

Transport: Up to 5 stock deliveries per day up to 100 retail visit per day combination of pedestrians, cars, cycles and small vans

Number of Staff: 7 - 10



Small Start-up Kombucha Drinks Manufacturer

Size Requirements: 1,000 - 2,000 sq ft

Specialist Requirement:

- Light industrial space
- Floor to ceiling height min 4 metres
- Electricity
- Double access doors

Fit Out: Plug and Play

Transport: Up to 5 transport movements per day normally transit sized

Number of Staff: 2 - 5



OCCUPIER REQUIREMENTS

Start-up Advanced Manufacturing Facility

Size Requirement: 5,000 - 15,000 sq ft

Specialist Requirements:

- Production area
- Small office
- Welfare facilities
- Storage facilities
- Double goods entrance door
- Generous Floor to ceiling heights minimum 5.5 meters
- The ability to build a mezzanine would be beneficial
- High quality broadband and wifi

Fit Out: Shell and Core

Transport: Up to 15 deliveries and collections per day combination of transits, Bedford's and artics

Number of Staff: Up to 20



Independent Furniture Manufacturer

Size Requirement: 2,500 - 10,000 sq ft

Specialist Requirements:

- 5.5 meter floor to ceiling heights
- Double goods entrance doors
- Large comms cupboard / room
- 3 phase electricity
- Large production area
- Large storage area
- Ability to mezzanine
- Staff welfare facilities

Fit Out: Shell and Core

Transport: Up to 10 movements per day combination of deliveries and collections via small vans, couriers, transits and Bedfords

Number of Staff: 8 - 30



Gaming Studio and Production

Size Requirement: 5,000 - 20,000 sq ft

Specialist Requirements:

- 5 meter floor to ceiling heights
- Light filled space
- Large office space
- Large comms cupboard /room
- 3 phase electricity
- Large studio / production area
- Large storage area
- Staff welfare facilities

Fit Out: Shell and Core

Transport: Mainly courier and transit size deliveries 3 / 4 times per week

Number of Staff: 15 - 50



Large Craft Brewery

Size Requirements: 10,000 - 25,000 sq ft

Specialist Requirement:

- Light industrial space
- Small office component can be on a mezzanine
- Floor to ceiling height min 5.5 metres up to 9 metres
- Electricity
- Large comms cupboard
- Cold potted water
- Minimum 2 double access doors
- Specialist drainage requirements
- Commercial yard would be beneficial
- A tap room on a prominent frontage is a key requirement

Fit Out: Shell and Core preferably with extraction and sprinkler system

Transport: Up to 20 transport movements per day ranging from transits to articulated lorries.

Number of Staff: 20 - 50



WORKSPACE TYPOLOGIES

WORKSPACE TYPOLOGIES

The fast changing pace of industrial production processes, along with constant innovation in nearly every industry sector, means that maker and industrial businesses are often working from premises that are no longer fit for purpose and do not meet the requirements of modern business practices, whom need flexible spaces that can regularly adapt and innovate to enable business to grow and thrive.

Much of the study areas existing stock is not flexible nor adaptable and is based on outdated requirements, particularly in terms of unit size, floor to ceiling heights, goods entrances and mix between industrial and important ancillary uses such as office, gallery and retail space. This point is critical, particularly in terms of how businesses now need there space to be highly flexible and adaptable to changing business needs. For example, a craft brewery will want a tap room and off sales area, a furniture maker will also want to be able to retail and hold events. A coffee roasters might want to incorporate a café or the ability to wholesale to local customers, and a micro unit will want access to shared areas and welfare facilities to ensure they can maximise the use of every inch of their own individual space for business purposes.

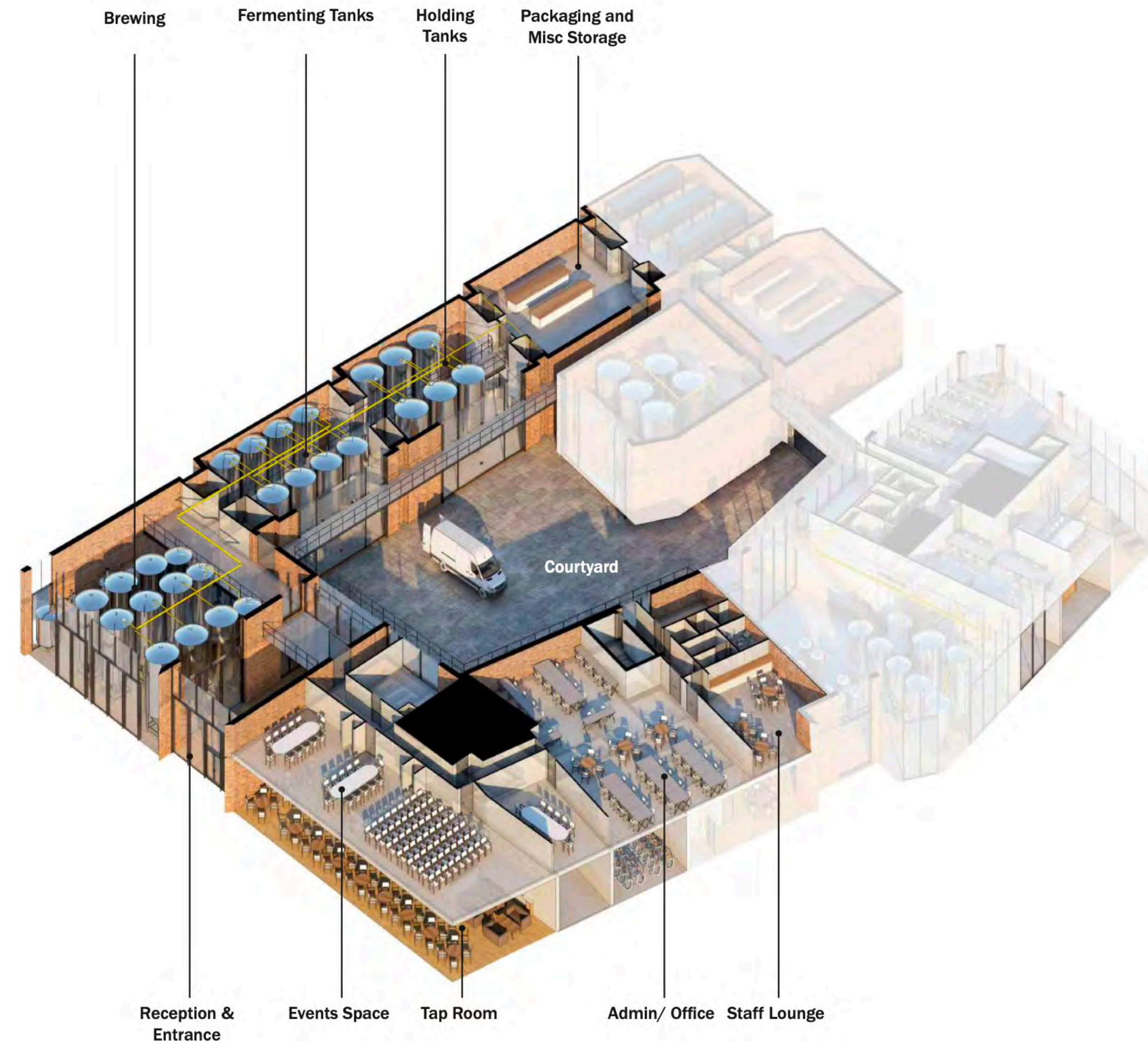
The main issue on local industrial estates in the study area is the uniformity of product and particularly the lack of variety of unit sizes and state of the art specification. For example, rapidly changing consumer demands has led to a growth of small start-up businesses in a variety of sectors, producing small batch products and goods ranging from food to clothing to furniture that want quality B1C style space and need to start up in very small units.

The micro and small business sector is particularly under-provided for in the study area and these businesses currently work from other forms of commercial stock which is often not fit for purpose. This will include spaces such as storage centres or former retail spaces.

Larger businesses ranging from 5,000 - 20,000 sq ft also face similar problems on issues such as uniform facades that are not responsive to business needs, or spaces that do not have necessary floor to ceiling heights and the level of access / egress capacity to meet their transport needs.

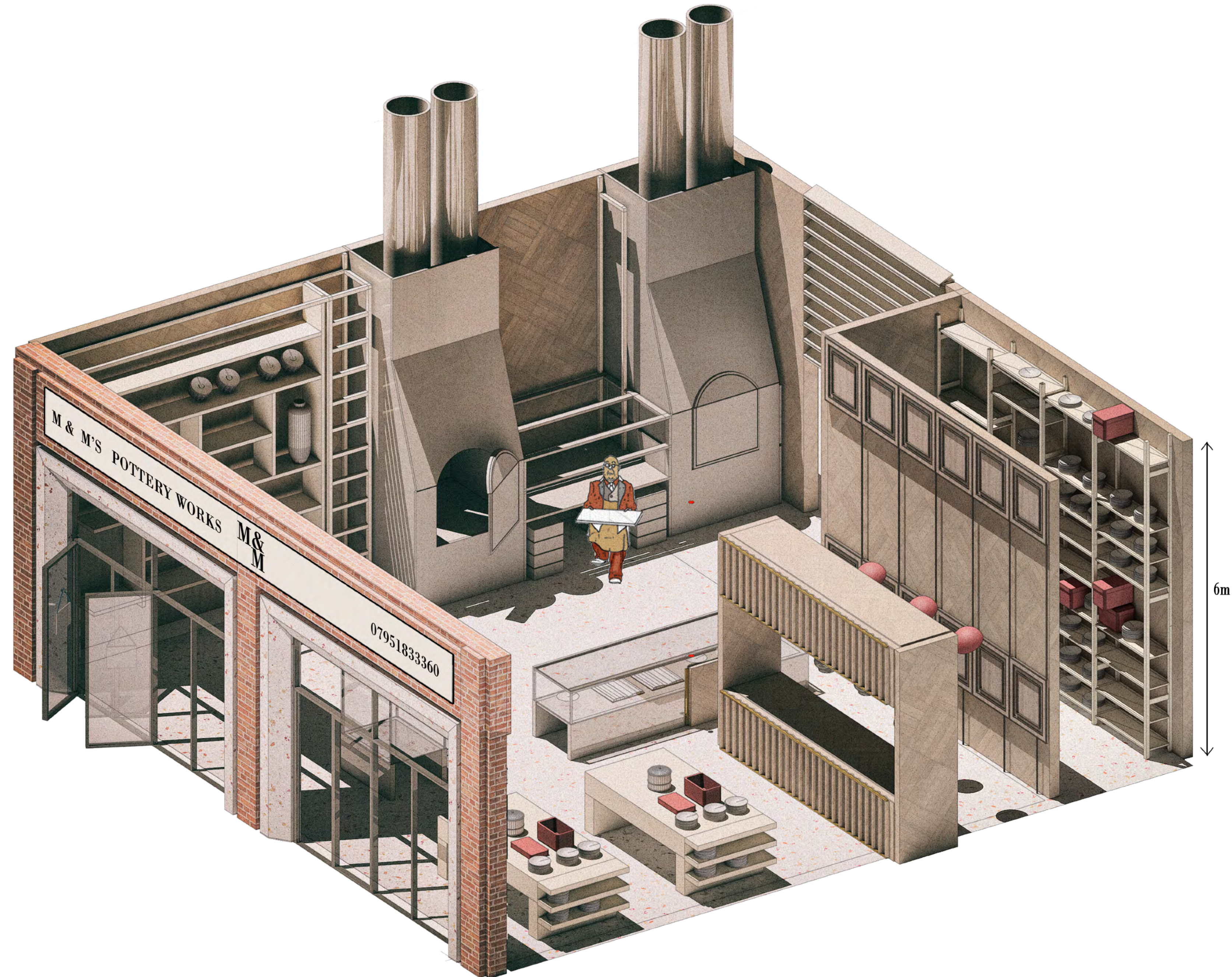
An important factor is that businesses in the new economy do not want to be pigeon-holed as solely industrial or maker businesses they want to be a part of dynamic economic clusters that mix uses and enterprise types and size of business. Occupiers want to be in close proximity to freelancers, creative studios and professional services that form an important part of the wider eco system.

Detailed below we have produced a variety of different formats of workspace typology that demonstrate the demands of modern local occupiers ranging from the micro units through to the studio space, and typical formats of industrial space ranging from micro units to 1,500 sq ft up to large format industrial spaces of 20,000 sq ft, to bring to life the type of spaces occupiers are seeking in the market.



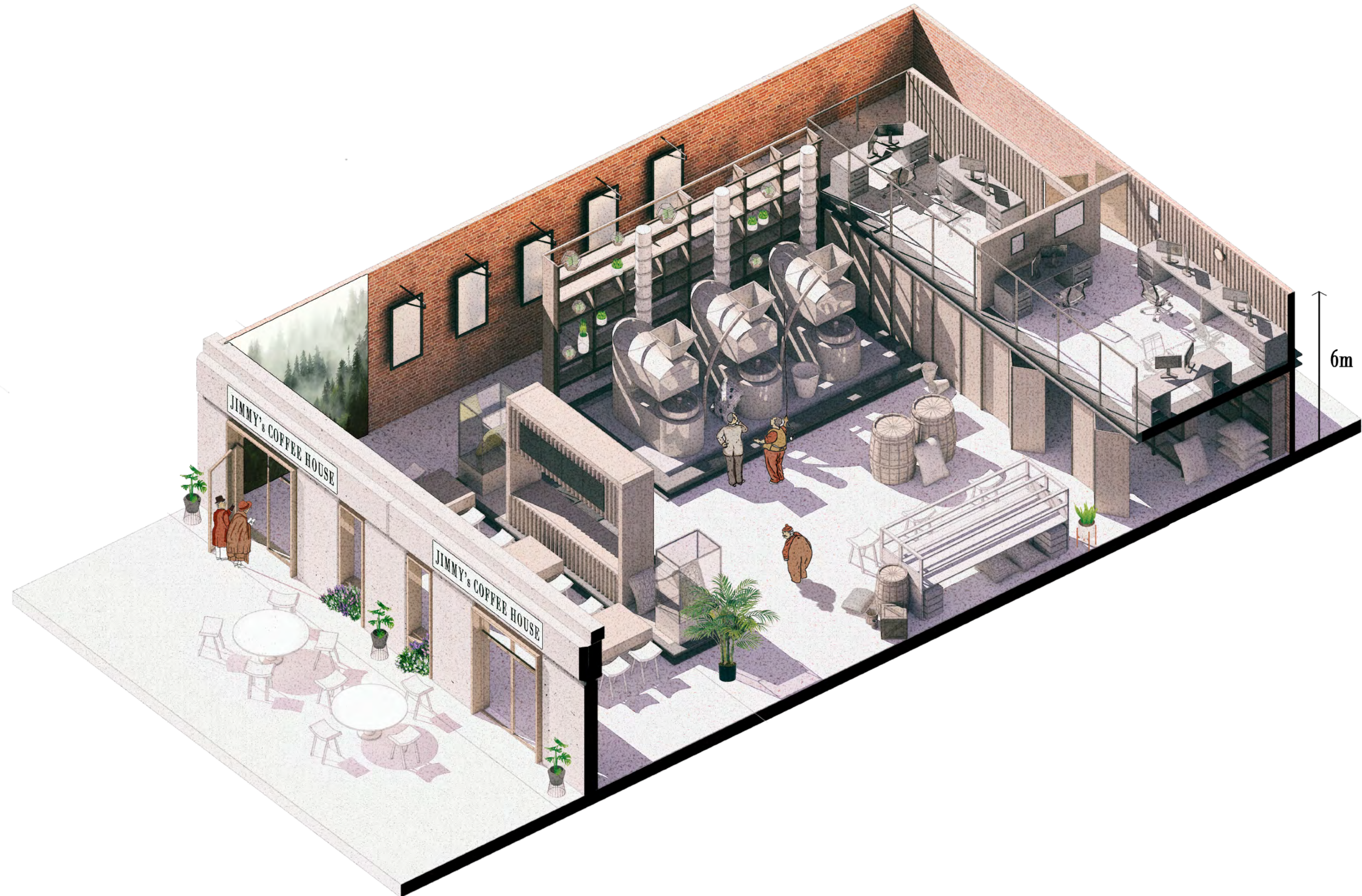
WORKSPACE TYPOLOGIES - SMALL FACTORY

- 150 sqm
- 6 meters floor to ceiling
- 2 double goods entrances
- Light filled space
- Ability to retail from the frontage
- Square or rectangular shape
- Space for signage
- Well designed column grid
- Extraction if necessary



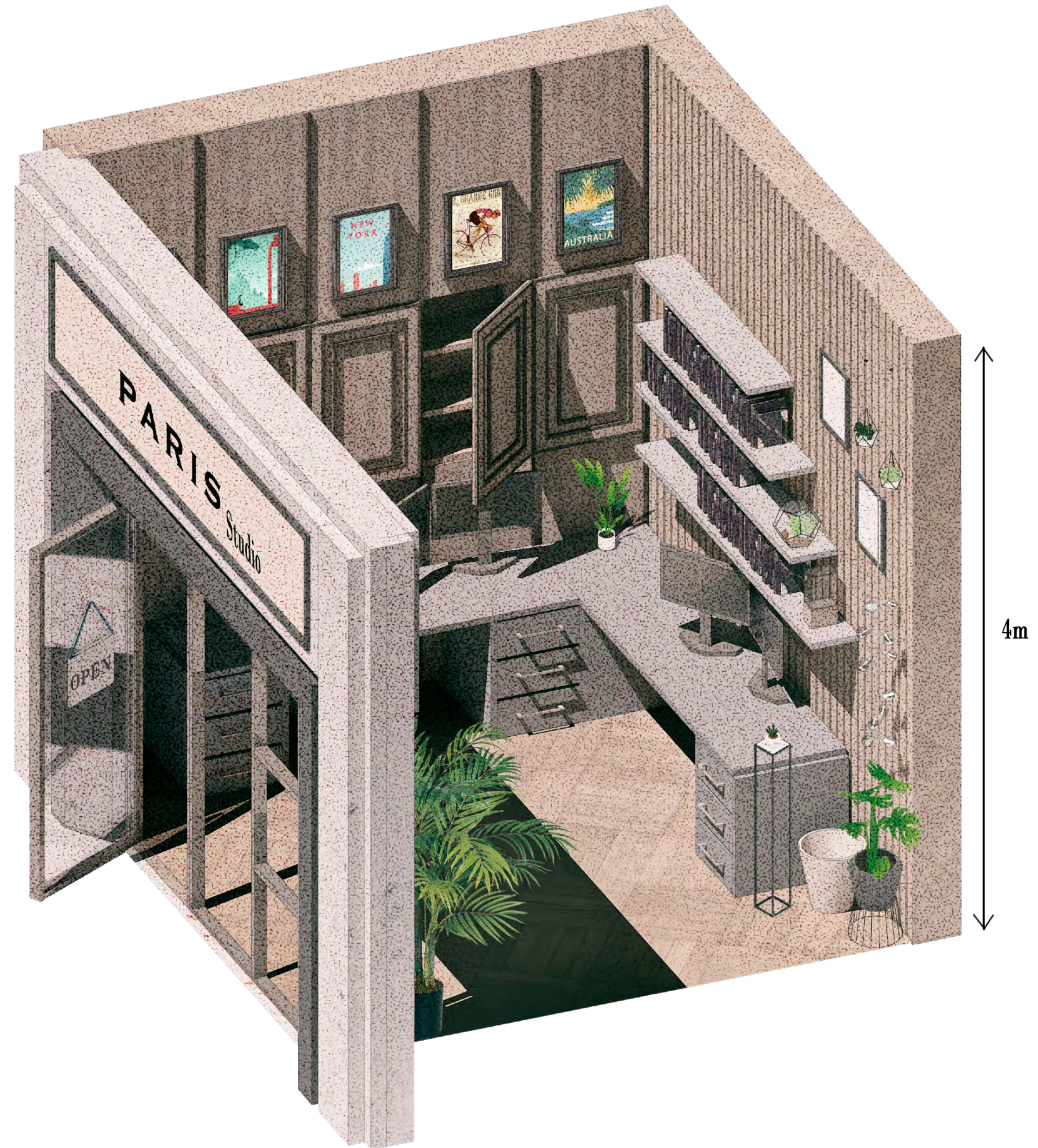
WORKSPACE TYPOLOGIES - MEDIUM FACTORY

- 500 to 1,000 sqm
- 6 - 8 meters floor to ceiling
- 2 double goods entrances
- Light filled space
- Ability to retail from the frontage
- Ability to include a mezzanine
- Square or rectangular shape
- Space for signage
- Well designed column grid
- Extraction if necessary
- Shell and core specification



WORKSPACE TYPOLOGIES - MICRO STUDIO WORKSPACE

- 25 sqm
- 4 meters floor to ceiling
- Large entrance door
- Plug and play with M & E already in place
- Light filled space
- Space for 2 or 3 desks
- Signage opportunity
- Shared welfare and communal facilities



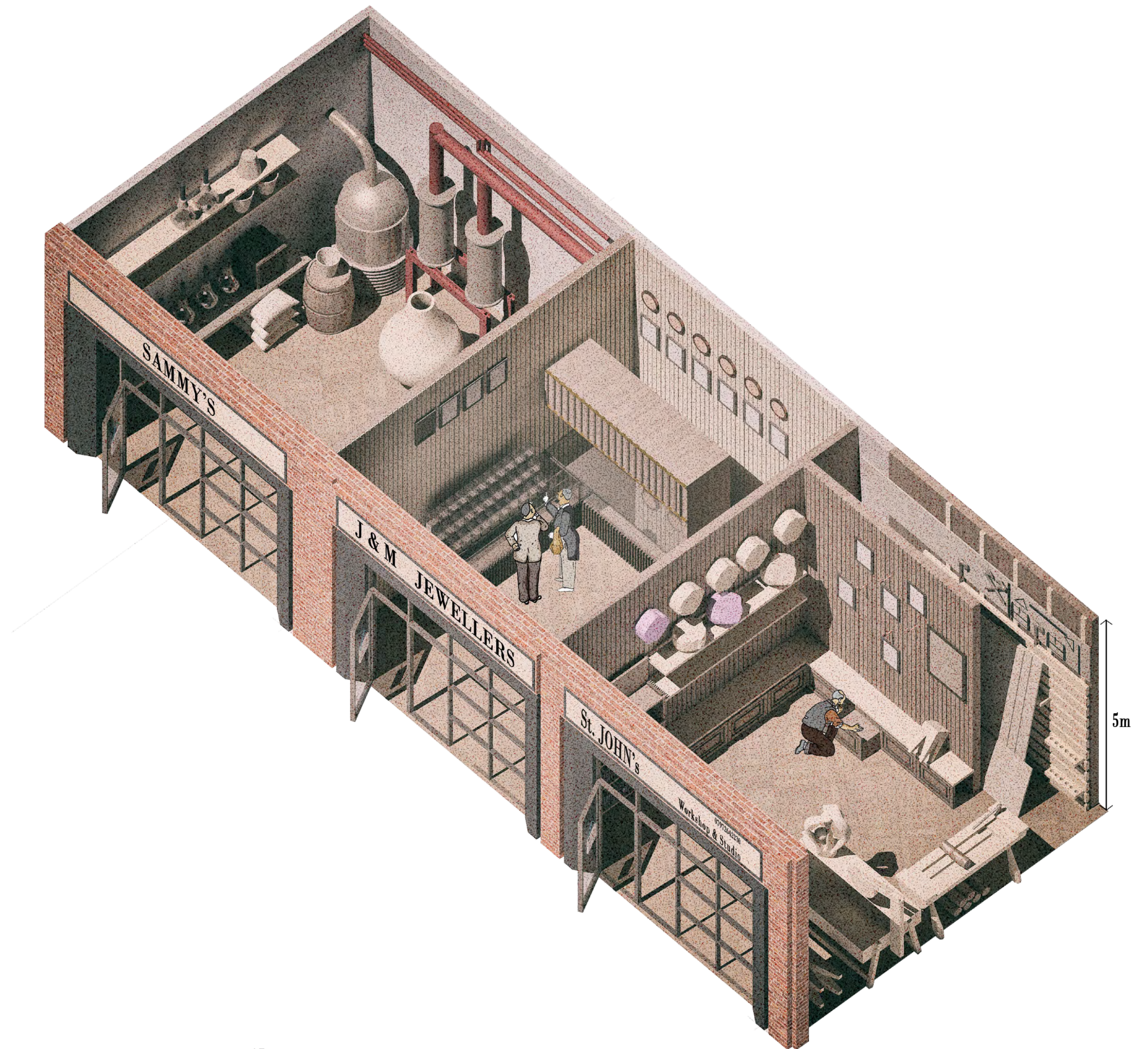
WORKSPACE TYPOLOGIES - MICRO MAKER WORKSPACE

- 50 sqm
- 5 meters floor to ceiling height
- Double goods entrance door
- Plug and play specification
- Space for 2 or 3 desks
- Space for signage
- Shared welfare and communal facilities



WORKSPACE TYPOLOGIES - MAKER MEWS

- 100 sqm
- 5 meter floor to ceiling height
- Hard wearing facade
- Double goods entrance door
- Plug and play specification
- Space for signage
- Ability to retail from the frontage
- Shared welfare and communal facilities



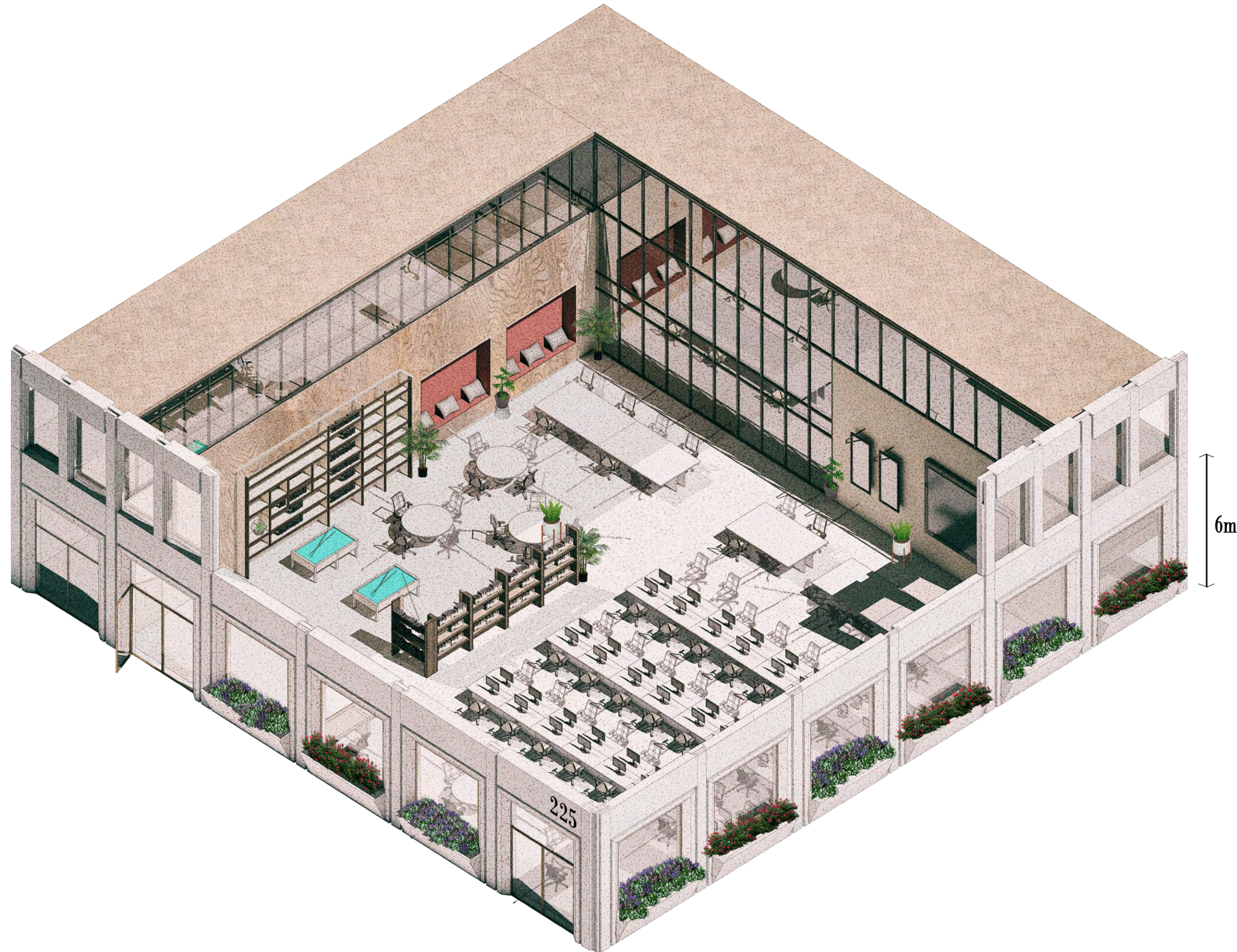
WORKSPACE TYPOLOGIES - CREATIVE STUDIO

- 250 sqm
- 4 meters floor to ceiling height
- Light filled space
- Usable shape square or rectangular
- Openable or crittall windows
- Well designed column grid
- Large entrance doors
- Enhanced shell and core or Cat A



WORKSPACE TYPOLOGIES - CO-WORKING SPACE

- Minimum size 1,000 sqm
- 4 to 6 meters floor to ceiling height
- Light filled space
- Easy to divide in to small units and space
- Well designed column grid
- Openable or crittall windows
- Large entrance doors
- Enhanced shell and core or Cat A



WORKSPACE TYPOLOGIES - PHOTOGRAPHY STUDIO

- 150 sqm
- Storage to the rear of the unit
- Small dark room space
- Main area split between a sales gallery, studio and workshop spaces



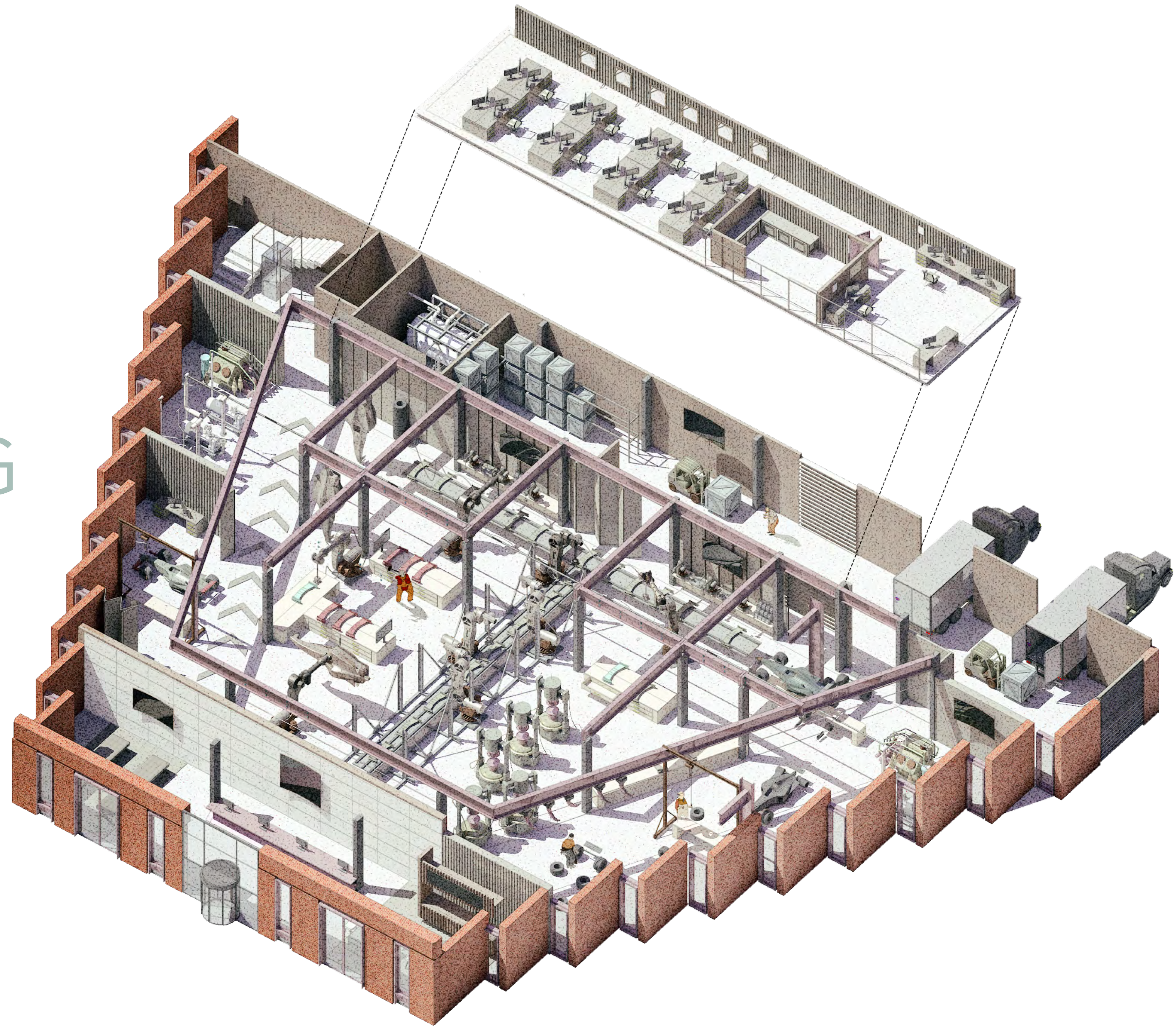
WORKSPACE TYPOLOGIES - CONCEPT WORKSPACE

- 2,000 sqm
- New formats of workspace that combines leisure and work to maximise use of space
- Yoga / dance studio
- Workshop space
- Office / studio space
- Podcast / recording studios
- Co-working in the main area which is offered flexibly to enable wide variety of uses

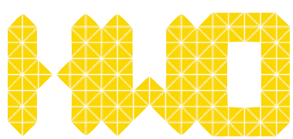


WORKSPACE TYPOLOGIES - ADVANCED MANUFACTURING

- 2,000 sqm
- Office space on a mezzanine
- Reception at the front of the space
- Production space in the main central area
- Loading bays to the rear with storage space
- Small workshops and flexible spaces on either side of the main production area



RENTS & INCENTIVES



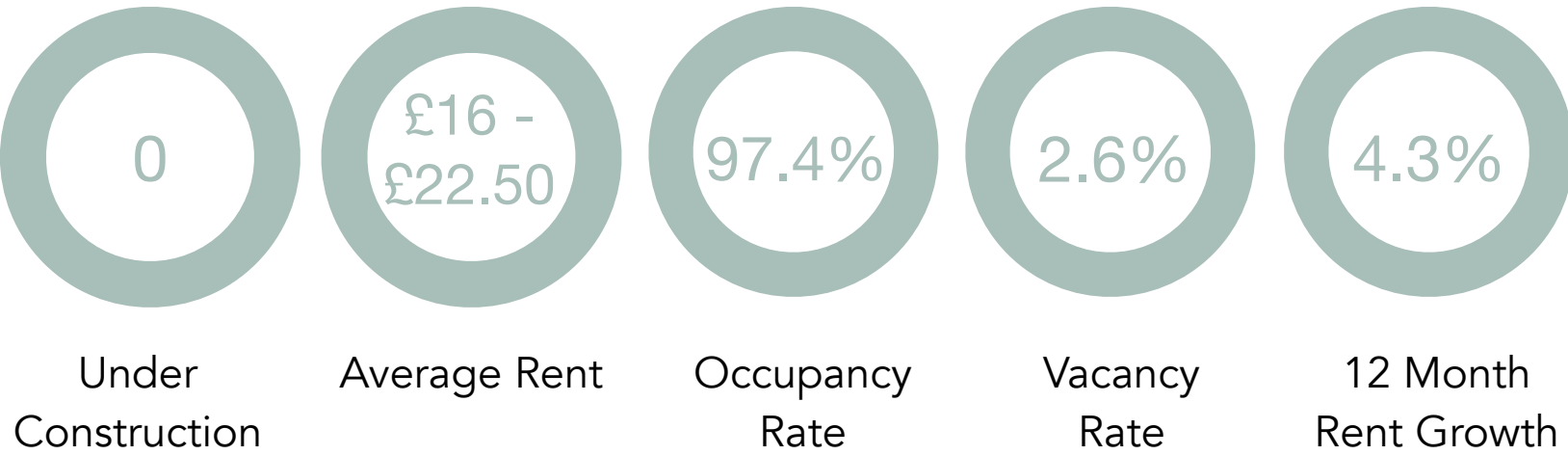
RENTS & INCENTIVES

Rents and Incentives

Tower Hamlets is the second biggest of the eight industrial inner London submarkets, containing over 7 million sq ft of industrial stock.

| Submarket | Vacancy Rate | Availability Rate | Market Rent/SF | Annual Rent Growth | Inventory SF | Market Yield |
|----------------------|--------------|-------------------|----------------|--------------------|--------------|--------------|
| Tower Hamlets | 2.6% | 3.4% | £17.83 | 4.8% | 7,267,537 | 4.0% |
| Hackney | 1.4% | 8.9% | £22.21 | 3.9% | 3,817,197 | 4.0% |
| Islington | 1.8% | 5.1% | £21.67 | 4.2% | 3,330,569 | 3.9% |
| Hammersmith & Fulham | 0.6% | 3.0% | £19.50 | 5.2% | 3,119,420 | 4.0% |
| Camden | 3.4% | 5.2% | £27.01 | 4.5% | 2,174,013 | 3.8% |
| Kensington & Chelsea | 0.5% | 2.4% | £31.09 | 3.7% | 607,961 | 3.9% |
| Westminster | 0.0% | 0.7% | £28.85 | 4.3% | 311,390 | 3.8% |
| City Of London | 0.0% | 0.0% | £24.31 | 3.9% | 129,171 | 4.0% |

The local industrial occupancy rate is 97.4% which is very high and above London averages. The local rent level is between £16 to £22.50 depending quality of stock and location. We also estimate some of the dilapidated stock in estates such as Empson Street are being leased well below this value and are probably leasing at between £7 and £11 per sq ft.



Tower Hamlets Industrial Sub Market

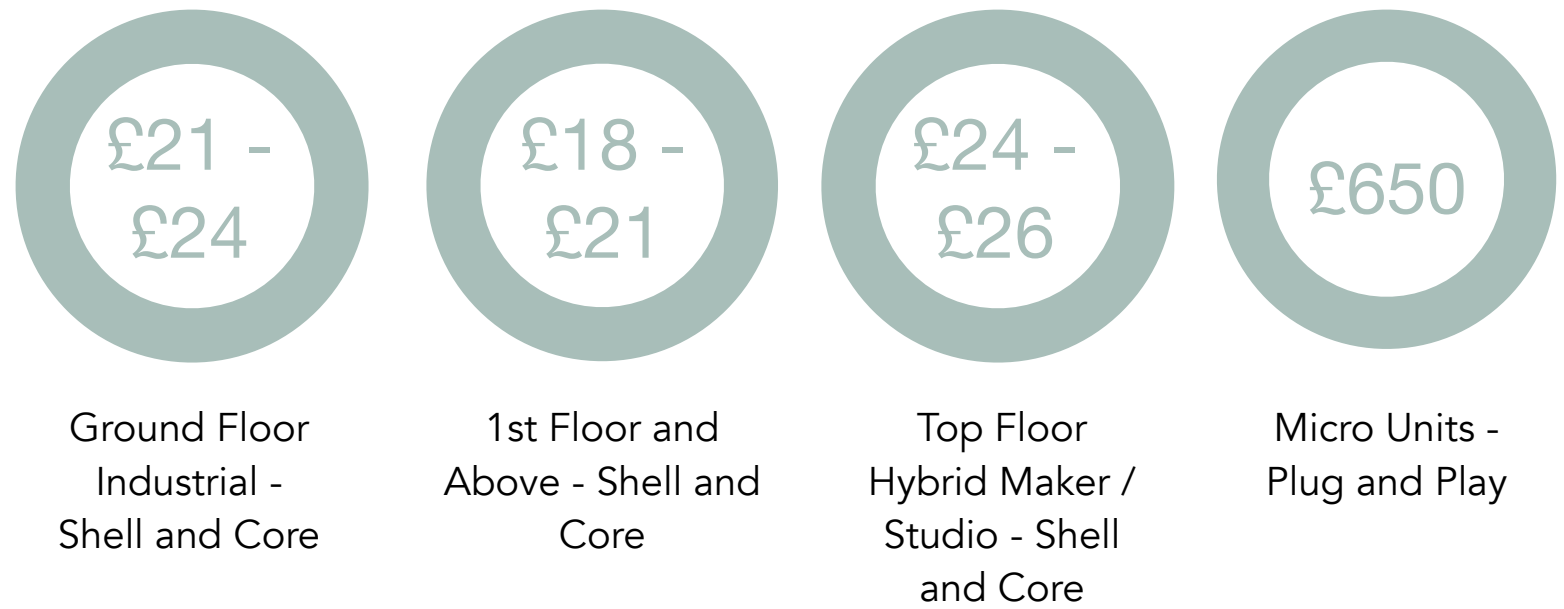
Tower Hamlets have been the strongest performers of the eight inner London industrial submarkets over the past few years. Annual rent growth in the area peaked at around 10% in 2016, but has since fallen to less than half this rate, with growth in inner London lagging behind those in outer London in recent years.

Large transactions i.e over 50,000 sq ft are extremely rare in inner London as occupiers are able to achieve better value just outside the M25. The same can be argued for 25,000 sq ft leasing in the area, but based on our own requirements list we feel this is due predominantly to lack of availability in the area and that the reality is that there is strong demand for this size requirement.

Whilst systems such as Co-Star suggest no new industrial floorspace under construction in the Borough, there is newly built B1C space that is being offered as part of mixed-use schemes, although this tends to be flexible space and is also usable as B1A. This space will not suit many industrial occupiers who will require commercial yard space, the permission to make noise and often undertake work that is not compatible in a mixed-use setting.

It is our opinion that very high quality state of the art, flexible industrial space could potentially push up to £24 per sq ft if it is provided to a decent level of specification with statement architecture, and potentially increased level of shared community and business facilities, high quality public realm and leisure facilities. For plug and play micro units of sub 25 sqm in size with shared business, community and welfare facilities could attract a monthly rent of around £650 per month.

Potential ERV's for New Industrial Stock



Incentive Packages

For all industrial tenures we would expect 1 month rent free for every year term certain signed. On larger requirements occupiers might push for 1 year rent free.

If extraction and sprinklers are not provided as part of the base fit out, occupiers that need such specialist requirements are likely to push for additional rent free periods.

Micro units occupiers are likely to sign up 1 year at a time – there is no need to offer a rent free period.

MODELS OF DELIVERY

MODELS OF DELIVERY

Models of Delivery

We have detailed three approaches that could be utilised as models of delivery on schemes in the study area. It is our view that these three approaches will be the most suitable for the type of development and partnership that is required to take forward major schemes in the study area.

Development Agreement - Master/ Strategic Development Partner

A legal agreement between a local authority and developer for the authority to become a strategic partner to prepare sites for development, usually the local authority will be responsible for installing infrastructure, securing land and obtaining planning. Whilst the strategic partner may also develop, some or all of the serviced parcels of land are then sold on to developers.

Public/Private Corporate Joint Venture (JV)

A new development company, typically set up for a specific development project, owned by a developer and a public body, usually on a 50/50 basis. It is common for the local authority to contribute land and the private partner to contribute development expertise and finance.

Public/Private Contractual Joint Venture (JV)

A legal agreement which enables a sharing of development risk between the parties. Typically made between a public body and a developer, it seeks to copy many of the advantages of a corporate JV but without creating a new corporate entity.

SWOT Test

Detailed below is a SWOT Test that provides an overview of the three main delivery models that could be used to deliver the scheme. A council led approach, a developer led approach and then finally piecemeal development led by existing landowners.

LOCAL AUTHORITY AS MASTER DEVELOPER

STRENGTHS

- Local Authority will have complete control over quantum of development, massing, uses and design and would lead the masterplan and planning process.
- Is likely to obtain the support of the Mayor of London and the GLA which will be critical on SIL and industrial led schemes.
- A Council led scheme will deliver the Councils vision for the study area without compromise and will ensure the scheme delivers the uses the Councils wants for the area.
- If CPO's are necessary this approach will be the best model to take the scheme forward.

WEAKNESSES

- Is likely to be a long and time consuming process through to delivery of the project. This scheme will require several years of political support and officer resource and management to drive through the project to completion.
- Multiple ownership is a real problem in the study area and adds a further level of complexity.
- The Council will probably need to CPO several landowners to secure the whole site which will be time consuming and costly.
- The Council would need significant funding to CPO or purchase land interests across the sites.
- Certain sites within the study areas are low in quality and if the Council was to purchase sites the interim income from the rent roll is likely to be low and unlikely to cover borrowing costs for the purchase.

OPPORTUNITIES

- This approach would clearly demonstrate to landowners and the market what the Council want to achieve with the site.
- The Council will have the opportunity to become a leader in delivering innovative industrial products and will help to transform London's industrial sector and will create dynamic new cluster of businesses in the Borough.
- By lobbying the GLA to support the Council's proposed uses this will minimise hope value for Landowners and will ensure land sales are transacted at industrial values.
- With this approach an agreement can be structured with the developer that includes certain demands and continued involvement in day to day management and the overarching vision for The Council.

THREATS

- Opposition from landowners who are seeking to change policy and are seeking a housing led consent will be unwilling to sell and will try to hold out for the hope value of a housing led scheme.
- The selection of a development partner will be critical and ensuring the right choice of partner will be essential in delivering the vision for the scheme.
- It will be important to procure a partner at the right point of the property market cycle to ensure the best possible return for the Borough
- A long and drawn out disposal / procurement process for development or construction partners will be a turn off potential investors and will almost certainly reduce the amount of investors bidding for the opportunity.
- When the masterplanning process goes live and the scheme becomes public the landowners will invariably put up the land values and will seek a greater return.

MASTER DEVELOPER WORKING WITH THE LOCAL AUTHORITY

STRENGTHS

- A master developer will be able to seek land deals without CPO and will be able to take positions on land values to speed up land assembly.
- A master developer led process will be quicker on land assembly, masterplanning and the planning process and will ensure the project is delivered faster.
- A master developer will be able to take options on sites and be more nimble in securing agreements for land.
- The local authority will be able to manage a master developer through the land assembly and planning process via the planning process and through exerting political control.
- This approach would be the most cost effective for the Council and will meet the Councils vision for the development.

WEAKNESSES

- The Masterplan will be led by the developer.
- Ultimate strategy has to sit with the developer.
- The Council will lose an element of control by enabling a master developer to take control of the development.
- The Council will have to compromise on certain issues during the planning and development process to enable the developer to bring forward the scheme.
- An element of the development or planning will probably start to come forward before all of the land deals are in place.

OPPORTUNITIES

- The Council will still be able to shape the development through the planning process and by providing political direction.
- The Council will be able to support the master developer through any CPO process if necessary to enable the scheme to come forward.
- The Council could potentially buy into the scheme and support land assembly to ensure that the development is viable.
- A developer led and Council supported scheme should be able to move forward quickly to a planning process. This will give a developer certainty to invest in such major developments.

THREATS

- The developer like all businesses could face financial issues which could create a reputational issue for Council.
- Landowners could refuse to sell which could delay the project significantly. A developer unless supported by the local authority does not have CPO powers.
- The scheme will be subject to market cycles and might have to adapt to ensure the scheme can come forward.

PIECEMEAL DEVELOPMENT BY LANDOWNERS SUPPORTED BY LOCAL AUTHORITY

STRENGTHS

- A piecemeal scheme could start to be delivered quickly and would provide some new industrial space faster than any other approach.

WEAKNESSES

- This approach is unlikely to deliver an outcome that the Council would want to support and is unlikely to deliver the quantum of development that would be possible if the area had been comprehensively masterplanned.
- This approach will not deliver a comprehensive development and will deliver a piecemeal scheme that will not have the rigour and consideration that a scheme that has been masterplanned will have.
- Landowners will dispute the need for shared requirements such as public realm and key infrastructure through the site such as roads, utilities and public space and will want to maximise development opportunity within their own parcel of land. This will certainly lead to a poorer quality scheme.

OPPORTUNITIES

- If piecemeal development does start to come forward the Council could start to develop a LDS or other form of planning policy document to bring order to the sites and ensure that the Council maximises its opportunity to control the development process.
- The will need to reiterate that the site is SIL and that is the land use that is expected to come forward.
- The GLA based on recent precedents is likely to support the Council position to secure the right type of development.

THREATS

- As the site has so many different landowners it is unlikely that there will be agreement on who delivers different types of uses and there will be disagreements over varying massing across the site, desired uses across land parcels and design issues.
- Piecemeal development will invariably get caught up in legal and planning dispute which will aim to disrupt development as landowners will seek to get the best possible outcome for their parcel of land.

AFFORDABLE WORKSPACE & SOCIAL IMPACT

AFFORDABLE WORKSPACE & SOCIAL IMPACT

Boroughs across London are wrestling with a series of complex issues to create an affordable workspace policy that genuinely reaches the businesses most in need of support.

In many Boroughs the policy is a blunt instrument that takes workspaces as a condition of planning with little afterthought given as to how the space is put to productive use that best meets the economic ambitions of the Authority. In many of the Borough's policies that we examined, the missing ingredient appeared to be the creation of a formula that ensured the end use of space delivers opportunities for local businesses to benefit from cheaper rents, a positive employment outcome for local people and a demand the businesses that benefit from the space put something back into the community for being given the opportunity to lease the space.

We also felt that certain Boroughs had sought to expand the policy to forms of commercial space that did not need market intervention, and this was an unnecessary mission creep that offered no real justification for why this was being sought. Furthermore, the policy did not get to the crux of the matter of being a productive instrument to meet the Borough's economic objectives or capitalising on the opportunity to extract socio-economic benefit from the businesses that hugely benefitted from the Council's well-meaning attempts to support small business growth.

For example, it is our view that new or additional reprovision of B1C space should not be subject to any Borough affordable workspace policy.

The product is already relatively affordable and accessible for businesses of all types and sizes; it is more important to try to maintain rent stability for all occupiers in the sector, which are in the main small businesses. It is our view that any provision of affordable content on new B1C schemes will drive up the rent levels for all occupiers, which will have an impact across the whole industrial business base in Tower Hamlets.

A further key factor is that it is much more difficult to deliver viable industrial schemes, particularly for B1C schemes, and any affordable component will impact on the delivery of new schemes that could potentially come forward.

Industrial / maker space, which is traditionally B1C space, is a more affordable and accessible product and does not need the policy intervention that has been necessary to help small businesses to lease B1A office space in high growth areas that have seen rapid transformation and significant increases in rent levels.

An example is in LBTH's wards in the Shoreditch and Brick Lane areas where rent levels have more than doubled in the last ten years. The rent levels in these areas have increased so rapidly it was right and necessary for intervention, to ensure that small businesses could continue to locate in such areas and play an important role in the growth of the wider business eco system. Albeit the missing element is that the distribution of space has not necessarily benefitted the Borough or the community, and an opportunity has been missed to help ensure very localised economic growth.

Furthermore, one of the other key barriers to entry for small and start-up businesses has been the need to have suitable covenant strength to secure office space, particularly in highly competitive sub markets and popular locations.

In the Borough's industrial areas the market rent is much more stable and remains accessible for small businesses seeking space. The requirement for covenant strength is much reduced in industrial products and space can be accessed by a much broader range of businesses.

With the changing nature of business and use of space there has been a significant blurring of the lines as to how companies use and operate their spaces, and for many businesses it does not matter about the planning use class. It is much more important as to how the space will perform for the business operation of the company in question.

For affordable workspace to genuinely support local the small and start-up business community in Tower Hamlets, particularly in terms of B1A office products, remains critical to building the local business community and to help ensure small businesses have the opportunity to grow and thrive in expensive locations. However the process to improve distribution to start-up businesses must be reconsidered to ensure it reaches the businesses that need it most. To genuinely support small local business growth in the Borough we propose that affordable space policy, particularly in the study area, is targeted towards supporting micro businesses that require their first business base.

AFFORDABLE WORKSPACE & SOCIAL IMPACT

We propose the policy should be robustly directed to target help towards local early stage businesses, which will enable them to grow in a supportive and affordable environment. It is also important that a considered and flexible formula is adopted, to help the Council to understand and measure each individual businesses trajectory towards transitioning into regular commercial space.

It is our view that the Council should give businesses a 3 to 5 year timeframe to transition to the open market. This approach would enable affordable spaces to be regularly refreshed and recycled to support each new generation of local start-up businesses. This approach would also ensure that space is targeted towards the stage in a new businesses life cycle where they most need support and affordable space.

In the study area and across much of the Borough the key requirement is for a flexible product, particularly focused on micro units at the small end of the scale ranging from 25 and 50 sqm.

One key intervention could be capping end user rent levels for micro space within the study area at £600 PCM + service charge for 25 sqm, and 50 sqm at £975 PCM + service charge. An annual inflation formula should be applied within leases or licences and the capped rent level reviewed by the Council every 3 years to ensure it remains competitive, fair and supportive towards the businesses that need it most.

It is our view that this should be viable if applied to 10% of commercial space within mixed-use schemes. This condition could be secured through the S106 process to clearly capture the Council's requirement.

The developer should also be able to choose whether to offer space directly to market, or whether to appoint a provider to manage this on their behalf. This will help to ensure genuinely affordable space comes to market and that small businesses can access it.

Developers would need to ensure the space is only offered to businesses that meet the criteria detailed below. This would help the development community, who are often seeking greater clarity on who can access affordable workspace and define what a 'local company' is.

With a micro space product the Borough is likely to be better served, as space could be offered directly to market without the need for a provider who would almost certainly increase the rent level as they need to take a cut of rent for management services.

In terms of creating a formula for the Borough to assess who should benefit from affordable workspace the criteria could include:

- The intention to build a new business in Tower Hamlets
- An existing Tower Hamlets start-up needing to relocate within the Borough
- A Tower Hamlets resident starting a new business
- A Tower Hamlets resident moving an existing business into the Borough
- A small business seeking to move to Tower Hamlets permanently

We also propose that the Borough should be much more robust in seeking demands from the businesses that will benefit from the Council's affordable workspace programme and encourage businesses to support the local residential community.

The affordable workspace policy should demand that beneficiaries should agree to sign up to a social impact charter that:

- Ties businesses into local apprenticeship programmes
- Ensures new roles are firstly offered through local brokerages
- Support paid internship programmes,
- Commit to paying the London Living Wage
- Support mentoring programmes for sixth formers and local unemployed
- Attend local business forums

This approach would sweat the asset and ensure the schemes deliver long lasting social economic impacts for the community.

Increasingly affordable workspace is built into developers proposals and viability from the outset of scheme conception, but we do think that in the turbulent economic times we will undoubtedly face in the coming years that a more flexible and market savvy approach should be taken to supporting continued development in the Borough.

This could include accepting offers where developers offer a reduced level of space but at a much more generous discount, for example 5% of space at a 50% discount. In certain areas we feel this would have a much bigger impact and help businesses. For example 20% of a B1A rent level in a location such as Shoreditch and Brick Lane, the City or Aldgate would still be in the region of £45 to £50 per sq ft and is not affordable for many small businesses, unless this was to become a co-working space and was then sub-divided by an affordable workspace provider.

AFFORDABLE WORKSPACE & SOCIAL IMPACT

A 50% discount becomes much more affordable for local businesses to lease, and could also have the added impact of retaining local businesses in the expensive locations within the Borough rather than these businesses relocating.

The opportunity for a financial contribution in lieu of provision should also be maintained, as this could provide the Borough with a significant fighting fund to use for creating additional affordable workspace or potentially for investing in industrial schemes.

As we have noted, we will see continued demand for industrial and maker space requirements and these schemes are more difficult to deliver. The Borough could help to give certainty and confidence to developers by investing relatively small sums of finance generated from affordable workspace into schemes with certain conditions applied.

It is also important to have necessary policies in place to enable S106 contributions to be used for commercial workspace in the most appropriate location for the Borough and to use funds to support strategic interventions in particular typologies i.e supporting stacked industrial concepts or micro workspace or helping to maintain industrial floor space but within repurposed mixed-use locations.

At the present point in time we recommend developing a much more short-term flexible approach to delivering affordable workspace which is regularly reviewed to access demands over the next few years. We are certain demands and what the local market requires will regularly change.

For example, we do not think we will see demand in the foreseeable future for further co-working spaces in places such as Brick Lane, Aldgate and on the City Fringe. These funds could be used much more wisely to secure different products such as B1C in the east of the Borough, that will in reality be much more likely to create many more jobs and opportunities for local people, particularly those residents that need semi / non-skilled roles.

The same can be seen with the current demand for workspace in out of City centre locations and green and waterside locations. The key fact is that the policy should be reviewed and updated regularly to test and measure market demand and requirements.

Furthermore, when affordable product is built it should be designed with the most possible flexibility, so it can be repurposed to meet competing demands. A commercial strategy that demonstrates that the spaces provided are highly considered, flexible and meet a range of potential occupiers from different sectors through good design principles should become the norm as part of the planning process.



Poplar Works, Poplar

AFFORDABLE WORKSPACE & SOCIAL IMPACT

Forward thinking developers and local authorities are now exploring how social impact can be delivered as part of developments or as wider strategies for an area. LBTH can set a vision for social impact for the Borough through commercial property and through the Borough's own property portfolio to ensure the vision is delivered. This policy can be delivered through a number of different approaches including section 106 agreements and contractual agreements on affordable workspace.

The Borough can also adopt policies on its own commercial property portfolio to ensure that the businesses that lease the space are aligned to the Council's vision and actively support initiatives as part of lease agreements. A key element of this is to encourage commercial property owners to include the Borough's social impact vision in their leasing strategy to encourage businesses moving into the Borough in new commercial space participate in social impact projects in LBTH.

The key is to ensure the policy is not too onerous on businesses and does not discourage them from leasing space in the Borough. The policy should be of encouragement and explaining opportunities and benefits, rather than setting targets on each individual business. However, the Council does have more leverage over its own property portfolio and a stronger position to demand that affordable workspace providers are locked into the vision and implementation of the strategy.

A key part of building momentum will be mapping and publicising how many businesses get involved in the social impact strategy. This will help to build the narrative and enable the Borough to calculate the level of social impact that is being delivered and measure the impact that the strategy is having. A key element of making the vision work is to ensure that there is a strong alert system between the planning department and the Regeneration and Inward Investment teams, to ensure that new schemes are flagged and included in the strategy and that officers get the chance to explain the opportunity to each individual scheme and developer and to build a matrix clients.

The opportunities include:

Ensuring businesses are signposted to the Borough's employment brokerage

Signing up to mentoring with schools and employment brokerages

Signing up to the London Living Wage

Offering work placements to local school and college leavers

Offering mentoring to start-up businesses and new entrepreneurs

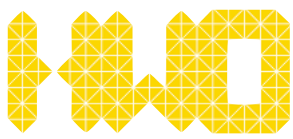
Asking businesses to support the Borough's inward investment strategy to encourage local economic growth such as becoming business ambassadors, holding local business events and advising on business growth.

Offering free desk space to new start-ups and entrepreneurs

Encouraging businesses to support local charity and community interest companies and signposting businesses to these opportunities

APPENDIX

APPENDIX 1 - FIT OUT SPECIFICATIONS



ENHANCED SHELL & CORE

Glazing

Specification should include clear glazing with 12% outer light reflection, semi-low iron glass.

Doors

Specification to include outward opening door-and-a-half frames that are thermally broken aluminium with PPC finish.

Lock and 4 keys to be supplied – Master key to be held by developer / operator

Shuttering

Spec to be agreed with architects and operator taking advice from Secure by Design Officer.

Level of Finish

Construction of shell and core + structural floor screeded and sealed with floor paint. External walls insulated, party walls finished, structural soffits painted all fire and environmental requirements achieved.

Mezzanines

The unit height will require a minimum of 5.27 meters clear to enable a mezzanine level. Further discussion required on whether a mezzanine is installed and what percentage level of unit coverage i.e 30% or 50% coverage of floor area. If mezzanine is provided as part of spec further work is required on the specification of the system.

Walls

To be white washed or as struck concrete

Wall loadings should be capable of supporting storage and fixing loads

Signage

A full signage and wayfinding strategy will be designed and provided by the landlord. Tenants will be provided with guidelines as to how to use this.

Ceilings

The tenant must ensure that any fixtures or fittings to the ceiling do not interfere with the cabling, pipework and lagging contained within, installing suspended ceilings where necessary. Landlord approval is required for any fixtures and fitting to any ceiling within the unit. Access must be maintained to all Landlord media.

Soffits

To be white washed as struck concrete or similar. Where plasterboard construction used for soffit / upper floor construction the boards should be taped & jointed and painted.

Structural Floor Loadings

The slabs to the units shall be designed for the following loading allowances as a minimum, or as per BS EN 1991-1-1 and the UK National Annex, where higher: Specialist advice to be taken due to unique nature of project – load bearings critical. Suspect it will be the following:

Plant areas 7.5kN/m2

Staff only areas 3.0kN/m2

Workshop floor/maker space area 20kN/m2

Mechanical, Electrical and Plumbing

The design, installation and operation of all systems shall comply with all statutory and regulatory obligations where applicable, including the following:

All relevant British Standard Specifications

Engineering Regulations (IEE) (BS7671) Institute of Plumbing Design Guide (IOP)

Water Regulations

The Building Regulations

Loss Prevention Council (LPC)

British Standard Code of Practice (BSCP)

CIBSE Guides to Current Practice and Technical Memoranda Institute of Electrical

Local Fire Brigade Requirements

Building Research Establishment (BRE) Digest Recommendations Health & Safety at Work Act

CDM Regulations

Acoustic and Environmental Considerations

Consideration to be given in the detailed design of the external envelope to the acoustic, malodorous, dust and vibration transfer from the adjacent uses.

Emergency Lighting

Emergency Lighting to be provided and must adhere to the legal requirements. Building must have lighting fitted to emergency routes and exits requiring illumination.

Ventilation Systems (to check / take suitable professional advice)

A louver allowance of .25m2 aerodynamic free area for both the general ventilation inlet and discharge to be allowed at high level on each floor.

The Tenant will be responsible for providing their own ventilation systems, utilising the louvers.

The Tenant will be responsible for ensuring that the units meet Part F of the Building Regulations as a minimum.

Security Systems

Tenant may install their own security system

Telephone and Communications

Incoming ducts provided

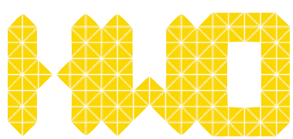
Tenant to undertake own works on connection to telephone and data.

Spare Ducts

To allow the provision of any additional tenant requirements and future proof for any future technological advancements or innovation that tenant may require.

Tenant’s Plant

It is the responsibility of the future tenant to provide all necessary additional works to support their plant requirements within their allocated demise and all works are subject to the approval of the Landlord.



ENHANCED SHELL & CORE

Electrical Installation

Developer to provide an independent 3-phase electrical supply and a meter with supply capacity based on 300 watts/m2 All to be registered with an energy provider and operational prior to handover. Tenant to take out account directly with utility company.
MPAN Number to be held by Developer / Operator for inclusion in the tenant pack.

Electrical regulations

All electrical installations, materials, components, equipment and workmanship must comply with statutory and other obligations and the regulations of any Local Authority, Public Services or Statutory Undertaking relating to the execution of the works. In particular they must comply with the requirements of:
The IEE Regulations for Electrical Installations (BS7671)
Regulations under the Electricity Acts
Health & Safety at Work Act
The Electricity at Work Regulations
The National Inspection Council for Electrical Installation Contracting
The Building Regulations
C.I.B.S.E. Guides
CDM Regulations
BS 5266 Emergency Lighting: Code of Practice
BS EN 1838 Lighting Applications: Emergency Lighting
BS 5839 Fire Detection and Fire Alarm Systems for Buildings: Code of Practice
BS EN 7430: 2011 Code of Practice for Earthing
All other Relevant British Standard Specifications and Codes of Practice

Power Distribution

Developer to leave incoming power operational to feed lighting and also 1 double socket close to meter. Further distribution undertaken by tenant.

Gas Supply

Developer to supply any incoming gas supply and meter, registered and operational prior to handover. Pipework to be left terminated beyond the meter. Supply capable of supplying 200W / m2. Tenants to take out directly with utility company. MPRN Number to be advised to the developer / operator for inclusion in tenant pack

Water Supply

Developer to supply an incoming 28mm cold potable water supply delivering an equivalent of 1.5 litres / second at bar 3 per 100 sqm of GIA.
Meter provided by developer
Water supply to be registered with utility company and operational prior to handover

Small Kitchen Point

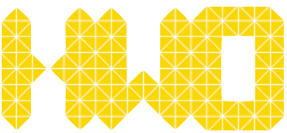
Howdens or similar
White or Grey Units, surfaces and cupboards– Contemporary style not old fashioned
Sink
Tiling
Include 2 double electrical sockets
Remaining wall areas to be painted white

Bathrooms (location to be agreed)

Basic WC facilities to be provided by the developer. Numbers to be calculated based on full-time equivalent (FTE) staffing numbers and calculated using the following guidance in the Homes & Communities Agency (HCA) Employment Density Guide. Will need to be suitable for the appropriate light industrial/maker space category (typical figures between 25sqm to 47sqm per FTE should be expected with Male : Female ratio being 50%: 50% split.
WC facilities to comprise basic sanitaryware (Ideal Standard, Concept range, or similar quality level), floor finishes of tile or sheet flooring, tiled walls to wet areas with remainder painted moisture resistant plasterboard with scrubbable bathroom paint. At least one in each group of WCs to be Doc M compliant accessible cubicle. Where larger numbers are clustered together it will be acceptable to provide a cubicle system.
Shower rooms will be required to promote cycling to work to be provided by the developer close to the principle staff/worker entrance
Provision of toilet cubicles to be DDA Compliant
Sink and taps
Toilet system
Toilet roll holder
Sanitary bin solution
Both to be half tiled – using neutral metro tile
Remaining wall areas to be painted
Appropriate easy clean vinyl flooring
30 minute fire doors with locking system

Cycle Storage

As determined in planning agreement – allow one space per 250 sqm and 1 additional space per 1000 sqm for visitors.



PLUG & PLAY

Glazing
Specification should include clear glazing with 12% outer light reflection, semi-low iron glass.

Doors
Specification to include outward opening door-and-a-half frames that are thermally broken aluminium with PPC finish.
Lock and 4 keys to be supplied – Master key to be held by developer / operator

Shuttering
Spec to be agreed with architects and operator taking advice from Secure by Design Officer.

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The tenant must ensure that any fixtures or fittings to the ceiling do not interfere with the cabling, pipework and lagging contained within, installing suspended ceilings where necessary. Landlord approval is required for any fixtures and fitting to any ceiling within the unit. Access must be maintained to all Landlord media.

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Workshop floor/maker space area 20kN/m2

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Water Regulations
The Building Regulations
Loss Prevention Council (LPC)
British Standard Code of Practice (BSCP)
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Building Research Establishment (BRE) Digest Recommendations Health & Safety at Work Act
CDM Regulations

Emergency Lighting
Emergency Lighting to be provided and must adhere to the legal requirements. Building must have lighting fitted to emergency routes and exits requiring illumination.

Ventilation Systems (to check / take suitable professional advice)
A louver allowance of .25m2 aerodynamic free area for both the general ventilation inlet and discharge to be allowed at high level on each floor.

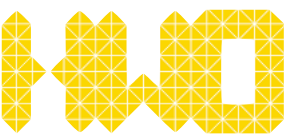
Security Systems
Tenant may install their own security system
Telephone and Communications
Incoming ducts provided
Tenant to undertake own works on connection to telephone and data.

Spare Ducts
To allow the provision of any additional tenant requirements and future proof for any future technological advancements or innovation that tenant may require.

Tenant’s Plant
It is the responsibility of the future tenant to provide all necessary additional works to support their plant requirements within their allocated demise and all works are subject to the approval of the Landlord.

Electrical Installation
Developer to provide an independent 3-phase electrical supply and a meter with supply capacity based on 300 watts/m2 All to be registered with an energy provider and operational prior to handover. Tenant to take out account directly with utility company.
MPAN Number to be held by Developer / Operator for inclusion in the tenant pack

Power Distribution
Developer to leave incoming power operational to feed lighting and also 1 double socket close to meter. Further distribution undertaken by tenant.



PLUG & PLAY

Electrical regulations

All electrical installations, materials, components, equipment and workmanship must comply with statutory and other obligations and the regulations of any Local Authority, Public Services or Statutory Undertaking relating to the execution of the works. In particular they must comply with the requirements of:

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- Regulations under the Electricity Acts
- Health & Safety at Work Act
- The Electricity at Work Regulations
- The National Inspection Council for Electrical Installation Contracting
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- CDM Regulations
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- BS 5839 Fire Detection and Fire Alarm Systems for Buildings: Code of Practice
- BS EN 7430: 2011 Code of Practice for Earthing
- All other Relevant British Standard Specifications and Codes of Practice

Gas Supply

Developer to supply any incoming gas supply and meter, registered and operational prior to handover. Pipework to be left terminated beyond the meter. Supply capable of supplying 200W / m2. Tenants to take out directly with utility company. MPRN Number to be advised to the developer / operator for inclusion in tenant pack

Water Supply

Developer to supply an incoming 28mm cold potable water supply delivering an equivalent of 1.5 litres / second at bar 3 per 100 sqm of GIA.
Meter provided by developer
Water supply to be registered with utility company and operational prior to handover

Power Distribution

Developer to incorporate incoming power to feed lighting and provide double socket close to meter. Further distribution of double sockets located strategically across each unit.
Air-conditioning and ventilation (HVAC)
Developer to provide heating and ventilation system to include radiator and air conditioning system to provide cooling if necessary

Signage Power

Supply Developer to provide a supply cable left suitably terminated on the soffit close to the middle of the main entrance doors ready to be adapted and extended to supply internal or external signage by the incoming tenant. Developer to provide a conduit from within the unit to the identified projecting signage and/or external signage location allowing the tenant to connect their signage without affecting the warranty of the envelope. Conduits to be left capped and weathertight

Bathrooms (location to be agreed)

Basic WC facilities to be provided by the developer. Numbers to be calculated based on full-time equivalent (FTE) staffing numbers and calculated using the following guidance in the Homes & Communities Agency (HCA) Employment Density Guide. Will need to be suitable for the appropriate light industrial/maker space category (typical figures between 25sqm to 47sqm per FTE should be expected with Male : Female ratio being 50%: 50% split.
WC facilities to comprise basic sanitaryware (Ideal Standard, Concept range, or similar quality level), floor finishes of tile or sheet flooring, tiled walls to wet areas with remainder painted moisture resistant plasterboard with scrubable bathroom paint. At least one in each group of WCs to be Doc M compliant accessible cubicle. Where larger numbers are clustered together it will be acceptable to provide a cubicle system. Shower rooms will be required to promote cycling to work to be provided by the developer close to the principle staff/worker entrance
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Sink and taps
Toilet system
Toilet roll holder
Sanitary bin solution
Both to be half tiled – using neutral metro tile
Remaining wall areas to be painted
Appropriate easy clean vinyl flooring
30 minute fire doors with locking system

Small Kitchen Point

Howdens or similar
White or Grey Units, surfaces and cupboards– Contemporary style not old fashioned
Sink
Tiling
Include 2 double electrical sockets
Remaining wall areas to be painted white

Telecommunications (Phone & Data)

Developer to provide a working telephone and fibre data connection (with a minimum bandwidth of 100Mbps per 100sqm GIA) and register to a service provider ready for the tenant to take on a contract directly. Cabling to be brought into the unit and left terminated in a suitable and convenient location within a distribution point ready for the operator to provide onward distribution to individual tenancies.

Security Alarm

Developer to provide basic intruder alarm system with sensors on doors and windows (no PIR). To be registered to monitored service and left operational prior to handover. System to be capable of expansion (with sufficient zones) to cover subdivision of unit into individual sub-tenancies of an average size of 70sqm each. Tenant to take out account directly with monitoring company.

Fire & Smoke Alarm

Developer to provide two-stage BS 5839 L1 grade fire alarm system for the unit with the capacity in the future to allocate a zone individual sub-tenancies of 70sqm average size. They system should be linked into and identified as an individual zones on a wider landlord's system (e.g. the adjacent residential or office accommodation). Design to be developed and installed in line with the requirements of developed fire strategy for the wider development

Sprinklers

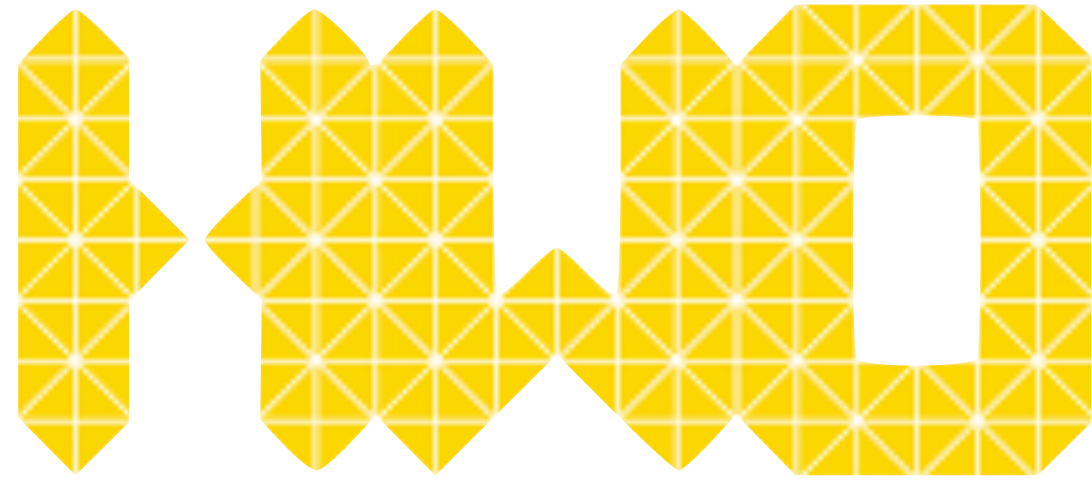
Developer to provide sprinkler system to entire unit if required in line with the requirements of developed fire strategy for the wider development. Sprinkler heads to be laid out on a regular grid with regular isolation valves allowing for adaptation by incoming operator following partitioning of unit.

Smoke Extract

Consideration to be given to the management of smoke in the event of a fire. A strategy for passive or mechanically assisted smoke extraction to be developed and installed by the developer in line with the requirements of detailed fire strategy for the wider development, and capable of further extension by an incoming operator to serve a partitioned layout with an average unit size of 70sqm.

Cycle Storage

As determined in planning agreement – allow one space per 250 sqm and 1 additional space per 1000 sqm for visitors.



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