

London Borough of Tower Hamlets



London Borough of Tower Hamlets Employment Land Review

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Executive Summary

1. This Employment Land Review (ELR) study provides an up-to-date employment evidence base to help inform the land allocations and planning policies in the new Tower Hamlets Local Plan.
2. The study reviews the policy and socio-economic context, assesses the land and property market, the Functional Economic Market Area and the existing and allocated employment sites. It forecasts the future need for employment land over the plan period and makes a number of policy recommendations.
3. The policy context for the Borough is set by the London Plan, which seeks to encourage and enhance the Borough's strategic role; helping maintain London's position as a world city and international office market, and given the substantial losses of industrial land in recent years strongly resists further release. Data that underpins the current and emerging London Plan shows Tower Hamlets as a growing borough with one of the largest and most significant roles to play; accommodating a strategic reservoir of land round the City Fringe and the Isle of Dogs.

Socio-economic analysis

4. The socio-economic analysis showed that the Borough's population increased by 30% between 2001 and 2011, from 196,106 to 254,100, a much faster rate of growth than previously and compared to other areas. The GLA expects Tower Hamlets to continue to grow fast with an estimated population of 290,632 in 2016. The Borough has the largest proportion of 20-34 year olds out of any other Local Authority in England at 38.2%, and very high proportions aged between 20-59. Double the London average live in social rented housing and the proportion living in owner-occupied is half that for London and just one third that for England. The proportion of economically active people is consistent with London and England, and most indicators such as number of females economically active have improved considerably since the previous assessment in 2009. The number of jobs in the Borough increased by 47% between 2006 and 2015 with the biggest increase in the finance and insurance sector. Employment in the Borough is dominated by small business with 12,985 businesses employing <10 employees accounting for 89.9% of the total number of business units, and 3,800 more than a decade earlier.

The supply of employment sites and premises

5. This study assesses the supply of floorspace in the office and industrial sectors – identifying what type of employment space is in demand and in what type of location, and by assessing the existing provision and the allocated land it identifies how much of the existing provision is fit for purpose, and what scope there is for redevelopment to meet future demand.
6. The assessments show that the property market in the Borough, and the corresponding supply of property, is highly fragmented. There are two distinct markets. Firstly, the local market - the Borough has a stock of property that is

primary aimed at servicing the Borough's population. This includes secondary office space and some (limited) remaining 'local quality' industrial space including garages and trade-counters and businesses supporting the Borough's ethnically diverse population. These firms need to be close to the communities they serve. A second market also operates and is growing in significance. This market is a product of the highly successful Central London market. For Tower Hamlets this is typified by new office space in and around the Isle of Dogs and the City Fringe.

7. In recent years the City has also been displacing smaller, creative industries and TMT firms. These firms are looking for cheaper space further afield and Tower Hamlets is an obvious choice because of the mix of property available, including non-conventional 'flexible' space, but also the comparably low rents. This new market is extending into most of the Borough's employment areas; including the Borough's only Strategic Industrial Site, Empson Street. But pressure is greatest in the west of the Borough and will only increase due to the new Crossrail station at Whitechapel. Looking ahead we expect a further eastwards push as the first generations of movers are in turn outpriced as the west of the Borough becomes more sought after.
8. The market has responded with a supply of new office and 'flexible' space. The Borough's office pipeline is one of the largest in London. However, in order to be viable, the rents are beyond the true 'local' market. For occupiers who need traditional industrial space, including yardage and separation from residential uses, there is almost no new traditional industrial space being provided anywhere in the Borough; despite a chronic market shortage and evidence of a (free from residential hope value) viable market.
9. Meanwhile, the affordable space; including true secondary stock and smaller units are being lost through uncontrolled change of use (office) and 'regeneration' (industrial). Overall, headline vacancy rates are exceptionally low and increases in rents clearly demonstrate a market shortage.

The demand for employment floorspace

10. We have looked at two alternative views of demand. – the most recent GLA economic projection that will inform the new round of the London Plan, and the economic forecast from Experian, one of the main UK forecasting houses.
11. **For Industrial land** there is no disagreement between the forecasters. The rate of industrial land release has been far too high in recent years; the GLA benchmarks will be exceeded and too little land remains to support the number of Industrial jobs forecast by Experian.
12. There is no magic reservoir of land in Tower Hamlets to repair this deficiently; partly because the market evidence shows that the type of land and property in highest demand is lower density, traditional industrial space which is rarely forthcoming in redevelopment and regeneration schemes. This market view corresponds with Experian's view, where the growing sectors are construction, utilities and servicing activities, which are activities related to the needs of a growing population. Further proposed industrial land releases need to be strongly resisted.

13. As a longer and medium term measure the Borough needs to work with the GLA to better consider the role played by the remaining stock in supporting the London economy, providing local jobs and serving the CAZ.
14. The most important type of industrial space to retain is that which directly services the office and residential populations. This is likely to be more retail orientated industrial, most noticeably trade counters, building supplies and car sales & repair garages together with associated local waste, recycling and transport uses.
15. Industrial space which meets the definition of 'flexible' space and appeals to creative and TMT firms should also be retained. There is buoyant and largely viable demand to retain these uses. They can, and do, make viable use of otherwise secondary industrial space which is not fit for more traditional uses. To continue to support the TMT market the 'bar' to release industrial property from the stock needs to be set very high and sites not simply released because the property may not appear fit for traditional industrial or warehousing use.
16. **For offices**, Experian and the GLA have differing views. The GLA view is a continued centralisation of London's office market which is attracted to the Borough by the very large office supply pipeline. The exact quantum cannot be determined because the GLA data is not sector specific but we understand from the GLA that this growth (approximately 125,000 new jobs 2015/30) is fuelled by the office pipeline.
17. The Experian view is for much more modest growth - 35,700 jobs that generates a floorspace need of 435,000 sq m. Under an Experian scenario the office pipeline in the Borough broadly balances with demand over the 15-year period; allowing for some oversupply for choice and market friction, which in our view is not excessive as the profile of the pipeline is such that large amounts are held in a few major schemes and limited geographic areas which limits market choice and competition. This oversupply is a long term feature of the market in the Borough and is focused in areas of the Borough where the very recent GLA CAZ SPG is explicit that offices should remain the primary use and additional residential resisted because of the need to maintain a long term reservoir of office land. This is reflected in the very high GLA view of job growth in the Borough.
18. For Tower Hamlets the best approach is to view Experian as a minimum demand number. In our opinion the much higher GLA view is an aspirational view. It captures the pipeline potential, but the largest beneficiaries are the workforce coming from outside Tower Hamlets. The rate of growth envisaged in the GLA projection cannot be sustained from the local workforce and requires even higher levels of commuting into the Borough than those seen in recent years with strategic spending priority implications. The GLA view should be used to justify additional infrastructure provision in the Borough, particularly transport, to facilitate the sustainable flow of workers into the Borough who will be needed to fill the new office jobs the GLA envisages.
19. The Borough's remaining stock of 'value office space' is under pressure from continued regeneration and permitted development. Securing a new pipeline of 'value stock' the 'flexible' floorspace, is difficult because it cannot be viably provided at the

rents that local firms have become accustomed to paying. For the Borough, the only realistic option is to remove permitted development rights and so ‘stem the flow’. The rationale for this is a social one, supporting the resident economy in the face of displaced Central London demand.

20. Both markets, local office and local industrial, are chronically undersupplied with industrial type space, needed to service the population, but much more difficult to reprovide. There needs to be careful consideration of the market sector and type of activity being lost. It may be preferable to accept lower employment counts on redevelopment schemes in return for higher value (to the local population) activities.

Policy recommendations

21. The Borough’s employment land portfolio is found in a network of local designated sites including Local Office Locations, Preferred Office Locations, Local Industrial sites and a single Strategic Industrial Location (a Mayor of London designation).

Preferred Office Locations

22. Guidance on the balancing of priorities between housing, office and the other strategic functions in the Central Activity Zone is provided by the Mayor of London’s 2016 CAZ SPG. Three policy priorities are identified:
- A. Residential development is not appropriate in the commercial cores of the City of London and NIoD. Bishopsgate Road and Tower Gateway West are part the City’s commercial core and Canary Wharf POL is the commercial core of NIoD;
 - B. Office and other strategic functions given **greater weight** relative to residential, applies to other parts of the City of London and NIoD. Policy priority “B” applies to Aldgate and Tower Gateway South that are part of the City Fringe, the site allocations to the east and south of Canary Wharf and Blackwall LOL are within the NIoD CAZ;
 - C. Office and other strategic functions given **equal weight** relative to residential, in all other parts of the CAZ.
23. **Bishopsgate Road and Tower Gateway West** –these areas function as POL, and as part of the CAZ’s commercial core. These locations will continue to support office and strategic functions, but there is no need to alter the boundaries as there is sufficient office pipeline supply collectively within the POLs to more than meet demand over the Plan period.
24. **Canary Wharf POL** – London Plan policy is clear that the commercial core of NIoD should provide an unconstrained reservoir of land to support the NIoD strategically important globally orientated role as a financial and business services centre.
25. Our assessment of the Canary Wharf POL clearly shows that it functions as the NIoD commercial core. The Canary Wharf POL has maintained a substantial pipeline of office supply for many years, and does so currently. This supply pipeline currently exceeds the demand for new office space in the whole Borough over the Plan period. However, Canary Wharf continues to be the Borough’s key supply reservoir for office

sites, and as explained above the current pipeline supply is tied up in just a handful of sites/ large schemes and the London Plan approach is to take a long term view, seeking to maintain an unconstrained strategic supply of sites for office development to 2036.

26. Thus, whilst the demand supply balance indicates there is no need to enlarge the POL boundaries to identify additional supply, there is also no policy justification for releasing sites for non-strategic uses (ie residential) in the CAZ commercial core in either the new Local Plan period or in the longer term.
27. **Aldgate and Tower Gateway South** – the evidence suggests these are more mixed areas, but in the long term these areas will accommodate the continued eastward expansion of the City, and therefore the longer term priority should remain office and other strategic functions.
28. **The remainder of the NIoD CAZ area** – mixed use schemes are coming forward on the allocations in this part of the CAZ, but not primarily office and strategic functions. This area borders the Canary Wharf POL, and this area provides a suitable location for office development or expansion of the POL. The policy approach should therefore be in accordance with priority “B” of the GLA CAZ SPG – greater weight to office and strategic functions, but not exclusively so.

Local Office Locations

29. A single ‘catch all’ LOL designation is no longer appropriate due to the changing form and the very different potential challenges faced by each of the LOLs, including permitted development changes, allowing the loss of office space to residential without planning permission. We recommend replacing the LOL designation with a network of new locally specific designations with specific policies bespoke to each area. As part of this it will be necessary to actively consider removing permitted development rights, with the most important objective being to protect secondary ‘value space’ including space above shops.
30. **Blackwall** – LOL located within the CAZ, but remote from the main commercial core. Currently supplying large amount of large floorplate traditional office, and expanding amount of more recent space used for data centre activity. Blackwall’s location within the NIoD CAZ means strict interpretation of the SPG identifies this as a “B” priority location, but demand for strategic office is not evidenced now or forecast in the future, nor is there evidence of substantial SME demand sufficient to fill all the available space should the existing large floorplates be redeveloped.
31. This area needs a more flexible policy framework to allow for a more mixed use redevelopment including uses beyond the strategic functions that could deliver a location that does achieve the local office aspiration, albeit of a more viable scale. We consider there are special circumstances that justify deviation from strict adherence of the SPG, and define Blackwall as CAZ SPG “C” category, which provides the necessary flexibility.
32. **Whitechapel** – is outside the CAZ, but firmly in the City Fringe, and soon to be more accessible as a consequence of the Crossrail station. Strong interest in developing a

medical sciences hub, badged as Med City, focused on The Royal London Hospital. There is evidence that the area is beginning to change, as a result of the eastward expansion of the City activities and the Shoreditch hub of creative industries. Therefore, the area is quite different to the other LOLs, and should be the subject of an area specific policy based on the Whitechapel town centre boundary.

33. Whitechapel supports a lot of small scale office, commonly located above shops that are in danger of being redeveloped for other higher value uses. It is also the case that there is likely to be an influx of City type activities coupled with demand from emerging technology sectors (chiefly life sciences and biotech), the creative industries including the TMT sector able to pay higher rents that are beginning to filter through as City activities continue to expand eastwards. However, the existing stock is needed for local and CAZ related activity and should be protected, the only means of doing so is to introduce an Article 4 Direction (A4D) covering the town centre, and indeed introducing A4D for all the town centres and the City Fringe is justified as these areas have a very limited stock of office space for which there will be continued and long term demand.
34. **Mile End** – There is very little office activity in this centre, but what little there is should be protected through an A4D because the changes in Whitechapel will lead to future displacement of local and CAZ related businesses that Mile End could absorb, and the centre's low density character but excellent connectivity provides scope for some higher density redevelopment.
35. Mile End does not require its own policy because it is not likely to experience change on the scale anticipated for Blackwall and Whitechapel. However, its vitality and viability is threatened through the loss of office activity via PDR and redevelopment for other uses, principally residential. Office is a key town centre use, and the ELR evidence shows that there is demand for office space in the Borough's town centres, and the existing space should have policy protection, which in Mile End's case it does currently have through DM16, but in our view this would be better provided through an expanded town centre policy and the introduction of an A4D.
36. **Tower Gateway East** – located just inside the CAZ this LOL has largely lost the critical mass of office floorspace as residential use has become increasingly dominant. This area can no longer justify a local office location designation, as we can no longer distinguish between this area and other areas within (and beyond) the CAZ which exhibit a much more mixed profile of uses. In such areas the balance for future change should see office and strategic uses afforded equal weight with residential, as recommended by the CAZ SPG "C" categorisation.

Guidance on market testing

37. A more stringent requirement is proposed for the market testing of occupier interest, and the information required is consistent with that advised in the Mayor of London's 2016 CAZ SPG. The SPG does not identify a time period for market testing, but we recommend 24 months as being a suitable period because it will allow for remarketing should a first market offer fail to attract interest, but with scope for this to be varied in discussion with the Council.

Strategic Industrial Location

38. The Borough's only SIL Empson St is categorised as an Industrial Business Park, but while it continues to support industrial uses it is small scale by SIL standards.
39. There has been a lot of high density residential redevelopment in the surrounding area, and creative industries have increasingly occupied the workshop/studio space in the former College building and more recently spreading into the traditional industrial space on Empson St.
40. These trends, plus the continued outward migration from Inner London of traditional industrial activities that require large land take and are not servicing the local business and residential population, suggest the shift from more traditional industrial activities to lighter creative industries is likely to continue. Indeed, this study has identified a need and demand for creative industries accommodation and workspace for SMEs more generally.
41. Future change at Empson St should continue to be controlled through application of key London Plan policy 2.17B and promote industrial type uses which service the local residential and business population and the CAZ. The type of uses that should be encouraged are - garages, light industrial depots, warehousing and industrial retail. Upper floors could accommodate 'lighter' space including that for SME office and workshops. The strategic nature of the SIL means that residential uses should continue to be resisted.

Local Industrial Locations

42. The relative remoteness and poor connectivity of the Gillender Rd location, and the potential to reprovide close by, means it is appropriate to de-designate this site from its Local Industrial Location status. The Poplar and Highway sites are small, but are have good access to the road network, and offer scope for the creative industries. Blackwall Trading Estate and Thomas Road Industrial Estate are currently not designated LILs, but provide the size and type of good quality medium sized well maintained space that is in short supply in the Borough and should be safeguarded for employment use.
43. Policy DM 17 is the main criteria based policy controlling development in the Industrial Areas, and is generally working. But whilst applications on LIL sites are reproviding employment space, this space is not necessarily what the industrial market desires. There is market demand for service and construction activities such as trade counters that require ground floor double height units operating from B8 or B2 units. So where they are viable to provide the Council may consider trade counters in place of smaller offices or flexible space.
44. Policy would need to put this type of development as 'first priority' over smaller flexible units because the number of possible sites with the market prominence and accessibility to accommodate such units is likely to be uncommon; whereas smaller flexible units don't need such restrictive site criteria.

45. Suitably controlled by planning condition there is no reason why such uses cannot be provided outside of LIL (and SIL) and make use of more difficult to design ground floor areas of buildings. Operating hours are generally 'sociable' and delivery restrictions can control late night activity.
46. The policy should also make upward revision of the definition of flexible units (from <250 sq m to <500 sq m), and should seek a net addition of employment floor space and encourage lighter (office type or B1(c)) space on upper floors to meet the needs to SMEs and creative firms.

Article 4 Directions

47. All office, all light industrial and all warehousing in the Borough are vulnerable to change of use to residential via PDR because of the higher values associated with residential. There is a clear need to protect office floorspace in the Borough to cater for the expanding markets. All the designated office areas, POLs and LOLs plus the town centres need to be protected from change of use to residential.
48. The haemorrhaging of industrial space in the Borough that is well above the Mayor of London's benchmark target provides the evidence to identify the Borough's SIL and LILs for protection from loss of light industrial / warehousing. Active consideration should also be given to protecting 'flexible space' where the case could be made that permitted development rights should be set aside.
49. The Council should pursue a targeted A4D covering the Borough town centres, the City Fringe consistent with the area defined in the OAPF, Blackwall, Tower Gateway East and the Borough's SIL and LILs. The A4D should be taken forward at least 12 months before the exemption for areas within the CAZ falls away so that the effective date for the A4D and the removal of the exemption coincide.



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APPENDICES

APPENDIX A - VOA PROPERTY CATEGORIES

1 INTRODUCTION

- 1.1 This study was commissioned by Tower Hamlets Borough Council in April 2016, to provide an up-to-date employment evidence base to help inform the land allocations and planning policies in the new borough Local Plan.
- 1.2 The study's core purposes are to:
- assess the current national, regional and local planning policy context;
 - assess the supply of employment sites and premises;
 - assess the local economy, including future demand for premises based on sector analysis land and property market (for offices and industrial);
 - assess the demand for employment floorspace over 5, 10 & 15 years;
 - assess the supply and demand balance (for offices and industrial); and
 - provide policy recommendations and explore monitoring & targets.
- 1.3 The study also considers and makes detailed policy recommendations on:
- the impact of the new permitted development rights allowing the change of use from B1 to residential use on the availability of employment space in the borough, and possible policy implications;
 - the requirements of the London Plan and the Land for Industry and Transport SPG (GLA, 2012) in respect of safeguarding land for industrial uses and releasing industrial land for non-industrial uses;
 - review and sensitivity check the London Plan employment projections;
 - whether the existing spatial policy designation boundaries need to be updated and revised to take into account current requirements; and
 - the specific needs of the SME sector, and how policy support can be provided, drawing on examples from other boroughs seeking to deliver affordable workspace.

Conclusions and recommendations of the 2009 ELR

- 1.4 This ELR follows the 2009 Tower Hamlets ELR that was prepared by URS. The main findings and conclusions from that study can be summarised thus:
- the focus was on industrial land release, with 20 Ha identified for release to the end of the Plan period in 2026, and an additional 30 Ha being the maximum that could also be lost, which would bring the Borough in line with the Mayor's latest

release benchmark with scope for capacity identified broadly in the Lower Lea Valley.

- Net demand for office was between 685,000 sq m and 905,000 sq m to 2026. This was acknowledged to be a significant level of demand reflecting London's status as a global financial centre and NLoD and City Fringe being main focal points for new development. URS conclude that demand will continue to be strong in the longer term.
- The SME cultural/creative and TMT sectors are identified as growth sectors across the Borough targeting second hand/refurbished premises. The impact of rising rents in the City Fringe pushing the demand for such SME space further east was a trend evident in 2009. Mile End, Whitechapel and Mulberry Place were identified as areas suitable to accommodate these uses.
- Traditional manufacturing industries (B2 uses) were forecast to continue to decline, as it was for the warehouse market (B8) albeit at a much more modest decrease because warehousing in the Borough was critical to serving the Central London market.
- The proposed policy direction included recommendations to (excluding recommendations that relate to the LLDC area):
 - retain Empson St and Gillender St as SILs. Gillender St was subsequently de-designated;
 - the Highway and Blackwall Trading Estate were proposed for designation as LILs;
 - a number of locations were identified for POL designation including most of the areas currently designated, but also including Tobacco Dock and St Katherine's Dock neither of which remain POL;
 - Whitechapel, Mile End and Mulberry Place were identified for LOL designation to accommodate additional demand for small affordable and some secondary office space; and
 - de-designations were recommended for Limehouse Cut and Bow Common, and a more flexible approach to accommodate non-industrial uses was proposed for the Bethnal Green area.

1.5 We return to these conclusions and recommendations later in this report.

Method statement

1.6 Our method follows the approach for assessing economic development needs set out in the National Planning Policy Guidance (NPPG), and has been developed and

refined through undertaking many economic assessments and employment land reviews over the past 15 years.

1.7 The work and reporting stages are as follows:

- prepare the baseline – understand the policy context (Chapter 2) and undertake a socio-economic overview (Chapter 3);
- understand the land and property market - Property market analysis (Chapter 4), define the Functional Economic Market Area (Chapter 5) and undertake an Employment sites appraisal (Chapter 6);
- forecast future need - assess the demand and supply of employment land over the plan period (Chapter 7); and
- conclusions and policy recommendations (Chapter 8).

Policy context

1.8 Setting out the policy framework to establish the changing context of central and regional government policy and guidance, and to comment on the implications for the evidence required for employment land planning at the borough level. The stage will also identify the policies to be reviewed to ensure that the Council plans effectively for employment land uses in future. For example, reviewing the policy aspirations for targeted land release and how much employment land has actually been lost to other uses.

Socio-economic overview

1.9 Establish a broad picture of the Borough's population and economic characteristics, comparing the Borough with London-wide and national data. This work uses some of the key data sets used to determine demand for employment land, and sets the scene for more detailed work on the B-class uses that follows.

Property market analysis

1.10 This stage seeks to understand the employment land and property market from a developer / occupier perspective, distinguishing between the different types of employment (B-class) space. All B class activity with the exception of offices are considered as a merged 'industrial' grouping that reflects the interchangeability of activity within these use classes, which is distinct from office use. There are cross-overs between office and other uses such as workshops, and these are referred to in the analysis, but generally B class uses separate between industrial and offices.

1.11 The purpose is to form a realistic view of what kinds of development are in demand and viable for business occupiers. Solid evidence on this is vital if the Council is to safeguard existing employment sites, promote new sites and justify infrastructure investment to support employment growth.

1.12 The analysis is undertaken through a review of published data sources and discussions with agents, and the emerging findings and recommendations were

tested at a stakeholder workshop that brought together property agents, developers, landowners and key business occupiers to 'reality-test' and expand the emerging findings of the market analysis.

- 1.13 The property market analysis was conducted by specialist property consultants Aspinall Verdi, working as sub-consultants to PBA.

Defining the Functional Economic Market Area (FEMA)

- 1.14 National Planning Practice Guidance (PPG) is quite vague about how FEMAs should be defined. The standard means of assessing FEMAs, the Travel-to-Work Area (TTWA) data do not assist in the case of London, as the whole of London and indeed areas beyond is considered as one TTWA. Market areas in Inner London are extremely complex, and it is advisable to take a very broad approach to identifying FEMAs, and in particular what overlaps apply between strategic and local employment activity.

Employment sites appraisal

- 1.15 This stage prepares a quantitative inventory and qualitative appraisal of the area's existing employment sites (the designations) and sites allocated or proposed for employment development. The 2009 Tower Hamlets employment land review provides a helpful starting point.
- 1.16 The purpose of the appraisals is to review the existing employment sites to see whether they should be safeguarded for employment, or alternatively if any are now or are likely to be in the future surplus to requirements, and should be considered for other uses.

Demand and supply

Demand forecasting

- 1.17 The demand for offices and industrial space over the Plan period uses forecast job change data from the economic forecasting house, Experian. The Experian data is provided for economic categories and sectors, eg Administrative & Supportive Services rather than for land use, and jobs in categories such as that mentioned above will be spread across the B class uses and indeed other use classes. We translate these future jobs forecasts into demand by type of space, using our bespoke sector-to-space mapping and employment densities.
- 1.18 Having estimated the demand for floorspace and land resulting from the Experian forecast, we then reality-tested that demand against past take-up and our market analysis, and comparison with the GLA assessment of future demand.

Demand and supply balance

- 1.19 Next we compare demand and supply over the Plan period to assess the balance of the market. The output is an assessment of the net changes in floorspace and land area for different employment land uses that are required if demand is to be met in full.

Additional employment sites

- 1.20 The final stage is to advise where land should be identified for future employment development, and where existing employment sites, or employment allocations, may be surplus to requirements and should be considered for other uses. These conclusions will be based on the qualitative site appraisals discussed earlier, together with the quantitative balance, which will show how much land is required in total for each use.

2 POLICY CONTEXT

Introduction

- 2.1 To set the context for this study, in this chapter we summarise the national and London-wide policy and guidance with which the Council's employment land policies and decisions should comply. We also review the policies in the current Local Plan. The study will consider how these policies are being implemented, and recommend possible amendments.

National policy and guidance

National Planning Policy Framework

- 2.2 For economic development, as for housing and other land uses, the guiding principle of national planning policy is the presumption in favour of sustainable development. As set out at paragraph 14 of the National Planning Policy Framework (hereafter referred to as "the Framework" or "NPPF"), this says that local plans should positively seek opportunities to meet the development needs of their areas, and those needs should be met in full unless the adverse impact of doing so would significantly and demonstrably outweigh the benefits, or specific policies in the Framework indicates that development should be restricted.
- 2.3 Other parts of the Framework reinforce this central principle and expand on its practical implications. In relation to economic development the main points include:
- Planning should do all it can positively to support sustainable economic growth. It should not act as an impediment to such growth. Significant weight should be placed on this objective throughout the planning system (paragraph 19).
 - Local Plans should (paragraph 21):
 - set out a clear economic vision and strategy for their area;
 - identify strategic sites, or set criteria to help identify other sites, for development in line with that strategy;
 - support existing business sectors and where possible plan for new or emerging sectors likely to locate in their area;
 - in particular, plan positively for clusters or networks of knowledge-driven, creative or high-technology industries;
 - identify priority areas for economic regeneration, infrastructure provision and environmental enhancement;

- avoid the long-term protection of sites allocated for employment uses where there is no reasonable prospect of their being used for that purpose; and
- facilitate flexible working practices such as mixing business uses with housing.

2.4 In respect of sites allocated for employment use the Framework makes clear that:

- planning policies should avoid long term protection where there is no reasonable prospect of a site being used for that purpose; and
- land allocations should be regularly reviewed (paragraph 22).

2.5 Local authorities should work strategically across local boundaries, and in particular:

- in building evidence bases, collaborate with neighbouring and county authorities and Local Enterprise Partnerships (paragraph 160); and
- in policy-making, co-ordinate strategic priorities across boundaries and accommodate the needs of neighbouring authorities that do not have enough sustainable capacity in their own areas (paragraphs 179-180).

2.6 Local Plans should be supported by an evidence base that (paragraph 160):

- assesses needs for land and floorspace, both quantitative and qualitative, for all foreseeable types of economic activity over the plan period (the Framework particularly mentions the needs of the food production industry);
- reflects a clear understanding of business needs; and
- is based on close work with the business community to understand their needs and also identify and address barriers to investment, including lack of housing, infrastructure or viability (paragraph 160).

2.7 That part of the evidence base which relates to the employment (B-class) land uses is traditionally known as an employment land review, though the PPG does not use that term.

2.8 Of particular relevance for this post-Brexit world is the Framework's advice to plan positively for growth and not to act to impede growth. Given that the effects of Brexit cannot be predicted with any level of assurance, and the timescales for any effect are also unknown, to prepare a 15-year Plan on the basis of a Brexit led economic downturn would be contrary to the Framework.

Planning Policy Guidance

2.9 The Planning Policy Guidance (PPG) expands on the question of cross-boundary working, advising that authorities join forces with neighbours, in line with the Duty to Co-operate, so that assessments of development needs cover market areas that

- straddle local authority boundaries. This is because such needs are rarely constrained precisely by administrative boundaries.
- 2.10 The Guidance states that regional economies are too large to be helpful for individual boroughs, and refers to a number of data sources that are key to identifying discrete economic areas, referred to as functional economic market areas (FEMAs), chief amongst them travel to work areas.
- 2.11 Where joint assessments are not practical due to different plan-making timetables, single-authority assessments may be acceptable; in that case authorities should refer to neighbours' evidence bases; and future timetables should be co-ordinated so that assessments are undertaken jointly.
- 2.12 As referred to above the Guidance hints at the complexities of identifying economic market areas in areas such as Tower Hamlets, and this is borne out by the fact that that the TTWA for Tower Hamlets covers the whole of London and beyond. We return to address how the FEMA requirements should apply to Tower Hamlets in the Market Analysis
- 2.13 The Guidance states that the primary objective of identifying economic need is to:
"identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply". Paragraph 2a-002-20140306
- 2.14 Need should address the quantity of economic development floorspace based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment. The assessments should only include scenarios that can reasonably be expected to occur, and should not be constrained by factors such as the supply of land and previous performance.
- 2.15 Assessments of need should be restricted to the FEMA and with the involve business organisations and other interest groups including the other councils in the FEMA.
- 2.16 In relation to the planning evidence base (which as mentioned earlier includes the employment land review), unlike for housing the PPG does not set out a method for assessing future needs. The Guidance says that the purpose of an assessment of land availability is to identify a future supply of land which is suitable, available and achievable for economic development uses over the Plan period, but is not prescriptive as to how this should be achieved. The Guidance provides a 'shopping list' of factors that the evidence should cover - which includes demand (business requirements, recent take-up), supply (the existing stock of employment land, recent development, employment land lost to other uses, physical / ownership constraints) and the balance between the two (rental values, land values, evidence of oversupply and market failure).

- 2.17 The Guidance adds that the evidence should estimate the future demand for land and floorspace, based on projections or forecasts; these forecasts should be both quantitative and qualitative and they should be broken down into sectors or market segments. It also lists other information that should be considered, including consultations. In the design of the present study we have aimed to meet all these requirements.
- 2.18 Emerging employment sectors in the area should be encouraged and planned for where possible. Market segments should be identified so that need can be identified for the type of employment land advocated. The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified.
- 2.19 Plan makers should consider forecast scenarios based on:
- sectoral and employment forecasts and projections (labour demand);
 - demographically derived assessments of future employment needs (labour supply techniques);
 - analyses based on the past take-up of employment land and property and/or future property market requirements; and
 - consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 2.20 The Guidance refers to the need for councils to make sure that the economic forecasts that they rely on account for the locally distinct employment conditions, which may differ from national economic trends.

Permitted Development Rights

- 2.21 In the past three years the government has introduced a number of temporary changes to permitted development rights (PDRs), allowing buildings to change use without planning permission, subject to a 'prior approval' process. The right most relevant to this study is the permitted change from B1a offices to C3 residential use. In October 2015 the government announced that the right would be made permanent.
- 2.22 Certain areas were granted exemption from PDRs and these areas included the Central Activity Zone, part of which lies within Tower Hamlets (the City Fringe area) and the North of the Isle of Dogs area. In these areas the right of change of use B1a to C3 does not currently apply. But this exemption will be removed in May 2019, and if the borough wishes to retain planning control of such changes it will need to have an Article 4 in place by that time.
- 2.23 PDRs were extended earlier this year to allow storage or distribution buildings (B8) up to 500 sq m in size to change use to residential. The right is subject to a prior approval process covering transport and highways, air quality impacts on intended

occupiers, noise impacts of the development, risks of contamination, flooding, and the impact the change of use would have on existing industrial uses and or storage or distribution uses. It applies for a period of three years.

- 2.24 The Government intend to introduce a further extension to PDRs from October 2017, allowing change of use from light industrial (B1c) to residential. The right will be subject to the same prior approval requirements as B8, and will be restricted to buildings of a maximum 500 sq m.
- 2.25 We will advise the Council on how significant the issue is for the borough's office areas, and what areas may need to be considered for protection.

The London Plan

- 2.26 The London Plan, amended in March 2015 provides the strategic context for this study and for policy development in the borough. Below we extract the relevant parts of the policies as they relate to Tower Hamlets.

Strategy

- 2.27 The London Plan set out total employment projections at borough level.

Table 2.1 London Plan Employment projections 2011-2036

Adjusted triangulated projections	2011	2036	% growth 2011-2036	absolute growth 2011-2036
Tower Hamlets	246,000	281,000	14.40%	35,000

Source: London Plan Table 1.1 'Employment projections'

- 2.28 However, the Plan makes clear that the figures in the table are projections and not policy targets, and certainly should not be treated as maximums. Projections can vary over time, and indeed more recent GLA projections (discussed below) are much higher.

London's places

The Central Activity Zone and Isle of Dogs

- 2.29 Policy 2.10 sets out the strategic priorities for the Central Activity Zone, which includes part of the borough's City Fringe area (Aldgate). The policy also relates to the Isle of Dogs. The policy seeks to sustain and enhance the CAZ and Isle of Dogs as strategically important, globally-oriented financial and business services centres.
- 2.30 The policy acknowledges the importance of offices in the north of the Isle of Dogs as a strategic priority, and highlights the need to ensure that development of office provision is not strategically constrained and that provision is made for a range of occupiers especially the strategically important financial and business services.
- 2.31 Policy 2.11 addresses the strategic functions of the CAZ, and again in part also relates to north of the Isle of Dogs. The policy promotes the inclusion of a mix of uses including housing alongside office unless such a mix would demonstrably

conflict with other policies in the Plan. It also encourages the borough and other agencies to work with the Mayor to seek solutions to constraints on office provision in the CAZ caused by heritage assets.

- 2.32 The supporting text identifies the need to ensure an adequate supply of office accommodation in the CAZ/Isle of Dogs to meet the needs of a growing and changing economy that is projected to lead to significant demand for new office space. Similarly, there will also be a need to ensure continued availability of workspaces appropriate for the technology, media and telecommunications and other emerging sectors in and on the fringe of the CAZ.
- 2.33 The supporting text also makes it clear that - *"although the northern part of the Isle of Dogs is not formally within the CAZ, it fulfils some of the same functions, particularly in supporting a globally-oriented financial and business service cluster. As a result, the same general planning policy direction for offices should be taken there as in the CAZ."* Paragraph 2.55.
- 2.34 Further guidance for these CAZ policies is provided in the CAZ SPG, which is discussed below.

Opportunity Area

- 2.35 London Plan Opportunity Areas (Policy 2.13) are locations identified for major development or redevelopment. The Isle of Dogs is the only such designation in Tower Hamlets, with City Fringe/Tech City and the Lower Lee Valley being located immediately to the west and east.
- 2.36 The Plan identifies scope for employment growth in the northern part of the Isle of Dogs, with a critical catalyst for growth being the Crossrail station. An indicative figure for employment growth is given as 110,000, plus in the southern part beyond Canary Wharf a minimum of 10,000 new homes. The Plan refers to the need to consider the impact of changing commercial occupier requirements on the balance between housing and employment in the area, and the scope to extend the area covered by the framework further north to open up employment and housing opportunities, for example towards Poplar. The Borough and the GLA are currently working to prepare a joint OAPF for the Isle of Dogs.

Industrial designation

- 2.37 London Plan Policy 2.17 identifies Strategic Industrial Locations (SILs) where industrial uses will be promoted, managed and, where appropriate, protected. Tower Hamlets has just the one designated SIL - Empson Street, which is an Industrial Business Park (IBP).
- 2.38 Development in SILs should be for industrial type activities unless alternative uses are promoted through an opportunity area planning framework or borough development plan document, or as part of a proposal for employment workspace that meets identified need for small and medium sized enterprises (SMEs) or new emerging industrial sectors. The plan acknowledges that while IBPs are not intended for large scale office development, they could be acceptable where they do not

jeopardise local provision of light industrial accommodation where there is demand for these uses.

- 2.39 The importance of SILs in supporting logistics networks is identified as being essential to ensure London's economic competitiveness. SILs also have a critical role in providing land for waste management facilities.

London's economy

- 2.40 Policy 4.1 of the plan, Developing London's Economy, sets out the plan's positive approach to the economy as a whole. It says that among other things the Mayor will work with partners to:

- *'... promote and enable the continued development of a strong, sustainable and increasingly diverse economy across all parts of London, ensuring the availability of sufficient and suitable workspaces in terms of type, size and cost, supporting infrastructure and suitable environments for larger employers and small and medium sized enterprises, including the voluntary and community sectors...;*
- *support and promote the distinctive and crucial contribution to London's economic success made by central London and its specialist clusters of economic activity;*
- *sustain the continued regeneration of inner London and redress its persistent concentrations of deprivation;*
- *emphasise the need for greater recognition of the importance of enterprise and innovation;*
- *promote London as a suitable location for European and other international agencies and businesses.'*

Offices

- 2.41 Policy 4.2, Offices, advises that the Mayor will and boroughs should:

- *'Support the management and mixed-use development and redevelopment of office provision to improve London's competitiveness and to address the wider objectives of this Plan, including enhancing its varied attractions for businesses of different types;*
- *recognise... differences in implementing this policy to:*
 - *meet the distinct needs of the central London office market, including the north of the Isle of Dogs, by sustaining and developing its unique and dynamic clusters of 'world city' and other specialist functions and business environments;*

- *encourage renewal and modernisation of the existing office stock in viable locations to improve its quality and flexibility;*
- *seek increases in the current stock where there is authoritative, strategic and local evidence of sustained demand; and*
- *monitor the impact of government liberalisation of Permitted Development rights for changes of use from offices to residential.'*

2.42 The policy adds that Local Plans should:

- *'enhance the environment and offer of London's office locations.*
- *Provide the basis for... work to bring forward and renew development capacity as efficiently as possible, co-ordinating their activities and interests to avoid planning delays and facilitating site assembly, if necessary through the compulsory purchase process and especially beyond the central London office market...*
- *Work with sub-regional partners to develop strategies to manage long-term, structural changes in the office market, focusing new capacity where there is strategic as well as local evidence of demand encouraging renewals and modernisation in viable locations and supporting changes of surplus office space to other uses.'*
- *Examine the scope for re-use of otherwise surplus large office spaces for smaller units.*

2.43 Supporting text notes that London's economy is increasingly service-based hence *'ensuring there is enough office space of the right kind in the right places is a key task for the London planning system'*. For this, the Mayor *'encourages the renewal and modernisation of the office stock in viable locations in inner and outer London'*, but also *'urges boroughs to manage changes of office space to other uses, providing overall capacity is sustained to meet London's long-term office needs'*.

2.44 In short, the London Plan considers Central London as the leading office location in the capital. Beyond central London, it draws a sharp distinction between 'viable locations' and other places. In the 'viable locations', the plan encourages renewal / modernisation of the office stock, and also new development provided that there is demand for it. In other places it recognises that demand may be weak, so some of the office stock is becoming surplus to requirement, and encourages managed release of that surplus stock to other uses.

2.45 London Plan Table 4.1 (reproduced below) indicates growth in office jobs and floorspace over the next 15 years will be principally in the CAZ and north of the Isle of Dogs.

Table 2.2 Demand for office based employment and floorspace, 2011-2031

Location	Office based employment growth		Demand for office floorspace (million sqm)		
	Total	% of total growth	Net floor-space	Gross floor-space (75% ratio)	Gross floor-space (85% ratio)
Outer London	59,000	20	0.77	1.03	0.91
Inner London*	67,000	22	0.86	1.15	1.01
CAZ and the north of the Isle of Dogs	177,000	58	2.30	3.07	2.71
London total	303,000	100	3.93	5.24	4.62
* Excluding CAZ and north of Isle of Dogs					
Source: GLA; derived from London Office Policy Review 2009					

Source: London Plan Table 4.1 Demand for office based employment and floorspace, 2011–2031

- 2.46 At paragraph 4.14 the Plan identifies that in the CAZ and the Isle of Dogs there remains strong long term office demand, and a substantial development pipeline which is partly subject to the implementation of Crossrail and other significant investments in transport capacity. Environmental improvements in these locations continue to be needed to enhance its attraction as a global business location.
- 2.47 Policy 4.3.'Mixed use development and offices', repeats the policy approach of Policy 2.11 in seeking a mix of uses including housing accompanying office developments unless providing a mix would conflict with other policies in the Plan.
- 2.48 The Policy goes on to encourage boroughs to ensure their policies and strategies take into account the strategic need to encourage mixed use where appropriate. Boroughs are encouraged to take into account the contribution that 'land use swaps', 'housing credits' and off-site contributions could make to sustaining strategically important clusters of commercial activities such as those in the City of London and the north of the Isle of Dogs Opportunity Area.
- 2.49 Policy 4.3 also encourages boroughs to provide protection within the CAZ for small scale offices (under 500sqm or a justified local threshold) where justified, and requires residential proposals within the CAZ, which would otherwise result in the loss of office space to make a proportionate contribution to provision of new office space within, or nearby, the development.
- 2.50 Supporting new and emerging industries is a London Plan policy objective (Policy 4.10). The Policy seeks to encourage research and innovation and the provision of a range of different workspaces to cater for the needs of new and growing businesses. The Policy also supports the evolution of London's science, technology, media and telecommunications (TMT) sector.

Industry

- 2.51 Policy 4.4 of the London Plan advises that the Mayor will work with boroughs and other partners to:

- *'Adopt a rigorous approach to industrial land management to ensure a sufficient stock of land and premises to meet the future needs of different types of industrial and related uses in different parts of London, including for good quality and affordable space.*
- *Plan, monitor and manage release of surplus industrial land where this is compatible with [the] above...'*

2.52 Supporting text in the plan implicitly recognises that the total land in industrial uses is falling, so significant amounts of industrial land will continue to be released for other uses. But it aims to ensure that enough industrial land remains to meet demand:

'Even an increasingly service-based economy needs space for less high-value activities crucial to sustaining the city's metabolism, including 'services for the service sector', manufacturing and maintenance, waste management and recycling, wholesale and logistics. Sufficient space to accommodate demand for workspace suitable for SMEs and for new and emerging industries is also required...'

2.53 [Therefore] the Mayor will promote a rigorous, evidence-based approach to reconcile demand and supply of industrial land and to take account of the needs of industrial and related uses...'

2.54 To this end the Mayor has produced Supplementary Planning Guidance (SPG) to help ensure an adequate stock of industrial capacity to meet the future needs and to plan, monitor and manage the release of surplus industrial land. The Land for Industry and Transport SPG (2012) provides borough-level indicative industrial land release benchmarks.

2.55 The table below is extracted from the SPG, and identifies the benchmarks for the east London boroughs.

Table 2.3 Indicative industrial land release benchmarks 2011-2031, East London boroughs

Outer/ Inner	Borough	Historic release 2001- 2006 (Ha)	Historic release 2006- 2010 (Ha)	2010 Total Industrial Land Baseline (Ha)	Industrial land release benchmark 2011-2031 (Ha)	Annual industrial land release benchmark 2011-31 (Ha)	Integrated 2012 SPG borough grouping
O	Barking & Dagenham*	-36	-60	475	-35	-1.8	Limited
O	Bexley	-7	1	527	-45	-2.3	Managed
I	Greenwich*	-29	-14	238	-50	-2.5	Managed
I	Hackney	-9	-17	74	-10	-0.5	Limited
O	Havering	-37	-43	498	-34	-1.7	Limited
I	Lewisham	-12	-11	137	-34	-1.7	Limited
I	Newham	-93	-43	529	-106	-5.3	Managed
O	Redbridge	-4	-10	69	-11	-0.6	Limited
I	Tower Hamlets	-36	-34	175	-35	-1.8	Limited
O	Waltham Forest	-19	-12	213	-28	-1.4	Limited
	East Sub-region	-282	-243	2,935	-388	-19.4	

Source: Mayor of London, Land for Industry and Transport SPG, Annex 1. Indicative industrial land release benchmarks 2011-2031, 2011

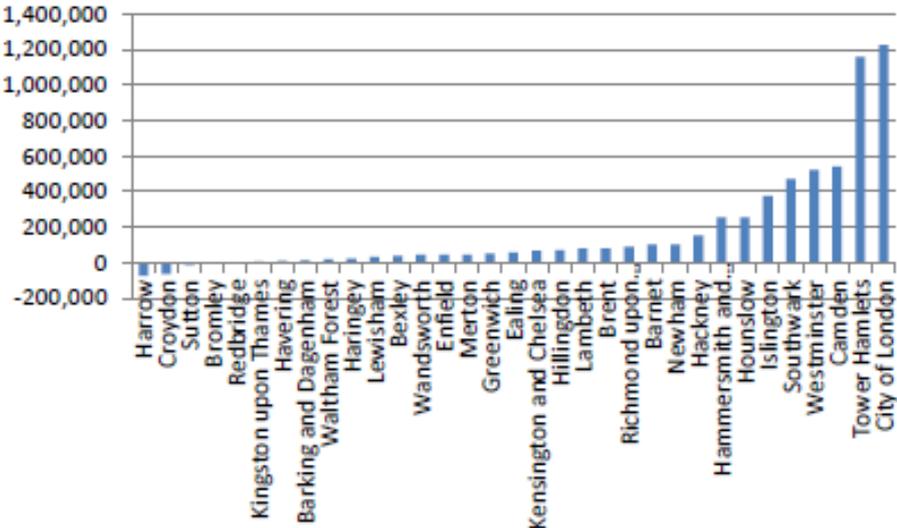
- 2.56 The table shows that Tower Hamlets is identified for 'limited' release, a category where boroughs are encouraged to manage and where possible, reconfigure their portfolios of industrial land, safeguarding the best quality sites and phasing release to reduce vacancy rates for land and premises towards the frictional rates.
- 2.57 Later in this report we review how well the borough has managed industrial land release in the first four years since the SPG was published using data from the recently published GLA London Industrial Land Supply & Economy study prepared by Aecom.

Key London Plan evidence

London Office Policy Review

- 2.58 The London Plan's office policies are informed by the 2012 London Office Policy Review (LOPR), which provides in-depth analysis of offices markets across the capital, including long-term demand forecasts. Employment in the base year (2011) was forecast to be 122,500 rising to 161,000 in 2036 a rise of 38,500, an increase of 31% over the 25-year period, averaging 1.3%pa.
- 2.59 The latest LOPR forecasts were published in 2014, after the Plan was finalised and identifies a revised base year figure of 133,000 office jobs in Tower Hamlets, and this is projected to increase by 26,000 to stand at 159,000 by 2036, an increase of 20% over the 25-year period, averaging <1%pa. Thus, the update arrives at a similar 2036 forecast based on a lower growth rate from a higher base position.
- 2.60 Figure 2.1 shows LOPR's translation of this job growth into net new floorspace. Tower Hamlets is forecast to grow by 1.15 million sq m over the 25-year period, marginally less than the City, and considerably higher demand than all other boroughs.

Figure 2.1 Office floorspace demand; net new floorspace by borough 2011-36, sq m



Source: LOPR 2014, Figure 4-1 Change in Office Floorspace Demand (Sq m) by borough 2011-36

2.61 LOPR 2014 comments that other economic forecasters predict higher employment growth and higher floorspace demand compared to the GLA Economics projections used in the 2014 report.

London Plan SPG – the Central Activities Zone SPG

2.62 In March 2016 the Mayor issued Supplementary Guidance (SPG) for the London Plan policies relating to the CAZ. This document provides a clear and up-to-date steer on how boroughs should interpret London Plan policy, and therefore its guidance should be closely followed by boroughs.

2.63 The SPG aims to sustain and enhance the CAZ’s strategic functions and supports the realisation of the Zone’s development potential. The SPG explains that it provides boroughs with the flexibility to develop their own local policy for specific areas within the CAZ.

2.64 An indicative list of strategic functions is included in the SPG, and this is reproduced below.

Table 2.4 Indicative list of CAZ strategic functions

1) Functions associated with State, Government and Monarchy
2) Diplomatic organisations (such as embassies and High Commissions)
3) Agglomerations of nationally and internationally significant offices and company headquarters connected with finance, business, professional bodies, associations and institutions
4) Uses connected with science, technology, media, communications and cultural sectors of regional, national and international importance
5) Centres of excellence for higher and further education and research
6) Medical and legal establishments of regional, national and international importance
7) Arts, culture, leisure and entertainment uses/clusters of regional, national and international importance
8) Retailing, including specialist outlets, of regional, national and international importance
9) Tourism facilities including hotels and conference centres
10) Specialist creative clusters associated with other central activities including for example clothing, fashion, jewellery, printing, antiques, art and culture
11) Transport facilities, especially for public transport of regional, national and international importance
12) Places of worship and places of assembly of regional, national and international importance
13) Use and enjoyment of the River Thames
14) Heritage, built environment, the Royal Parks and other green and open spaces (public and private).

Source: Mayor of London, Central Activities Zone SPG, Mar 2016, Table 1

- 2.65 The SPG reiterates London Plan policy by making clear that other activities with a more local role such as housing must not compromise the CAZ strategic functions.
- 2.66 In terms of development potential, the SPG states that the CAZ and NIoD will need to accommodate **at least** 177,000 additional office jobs and 2.3m sq m (net) of office floorspace between 2011-31. (our emphasis) Thus it is clear that the figures that are in the London Plan are minimums and the expectation is that the boroughs should work to exceed this figure. Indeed, the SPG refers to more recent research¹ that indicates the capacity for additional jobs/floorspace could be significantly higher.
- 2.67 The SPG provides guidance about how boroughs should strike an appropriate balance between strategic functions and residential in different parts of the CAZ/NIoD to avoid the latter compromising the strategic functions by reducing the office pipeline and undermining business clusters and office agglomerations. Table 1.1 sets out the priority and balance between the strategic uses and residential in different areas of the CAZ. All CAZ locations are included in one of the following three categories:
- A. Residential is not appropriate in the commercial cores of the City of London and NIoD.
 - B. Office and other strategic functions given **greater weight** relative to residential, applies to other parts of the City of London and NIoD
 - C. Office and other strategic functions given **equal weight** relative to residential, which applies to all other parts of the CAZ.
- 2.68 The SPG provides a very clear steer on the approach Boroughs should take in particular types of location, and we review how the Borough should define the commercial core and interpret this policy guidance in later sections of this report.
- 2.69 Guidance is provided on a number of important areas such as the approach to office to residential PDR, appropriate office size thresholds to trigger mixed use schemes (500 sq m) and criteria for viability and marketing evidence. Again we comment and provide recommendations on these important issues later in this report.
- 2.70 The essential role of industrial uses in the CAZ such as logistics, waste management and transport to sustaining the City's metabolism is recognised as a key concern of the London Plan. The issue of the high differentials between industrial land values and values for other uses places pressure for redevelopment for non-industrial uses and has resulted in very limited industrial land capacity in the CAZ. Advice is provided on the type of activities that should be considered essential to the

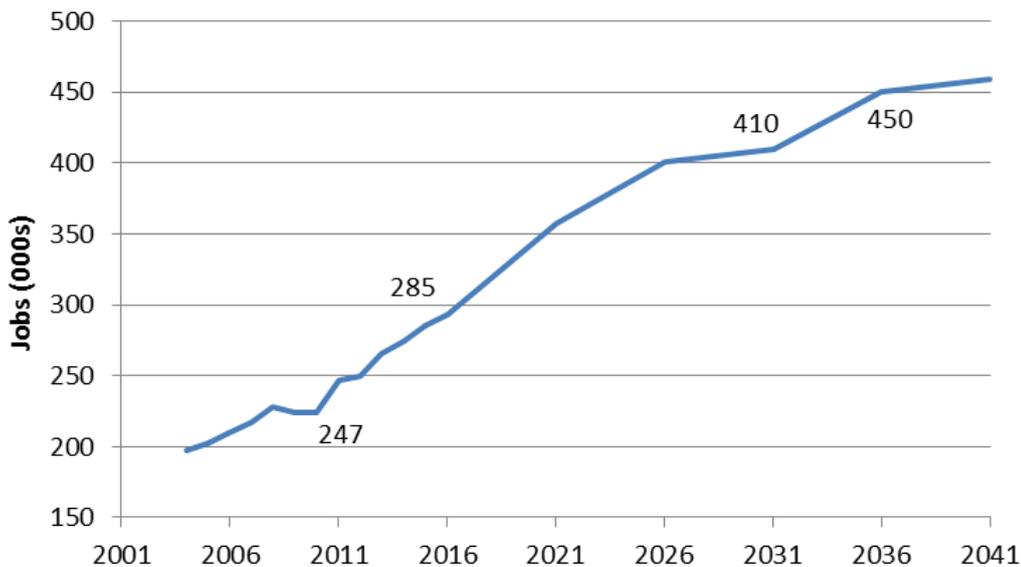
¹ Peter Brett Associates, LOPR, 2014

functioning of the CAZ, and which should be protected through policy. The list is not repeated here, but is discussed generally later in this report.

London Plan Full Review

- 2.71 No formal timetable has been set for the full review of the London Plan, but the FALP Inspector suggested in late 2014 that the Mayor should move on to a full review without delay. The GLA have commenced preparation of evidence base studies in support of the full review, and one of those reports is the London labour market projections 2016 (June 2016), which sets out employment projections at London and borough level for total jobs and by sector. Jobs in London are projected to grow by more than 1.2 million by 2041 with the fastest growing sectors being business services which the report says tend to locate in central London areas, education and health.
- 2.72 The new borough level projections combine labour market trends and a review of borough level capacity, a method referred to as ‘biangulation’, which differs from the previous method, referred to as triangulation where in addition to labour market and capacity the method considered accessibility criteria.

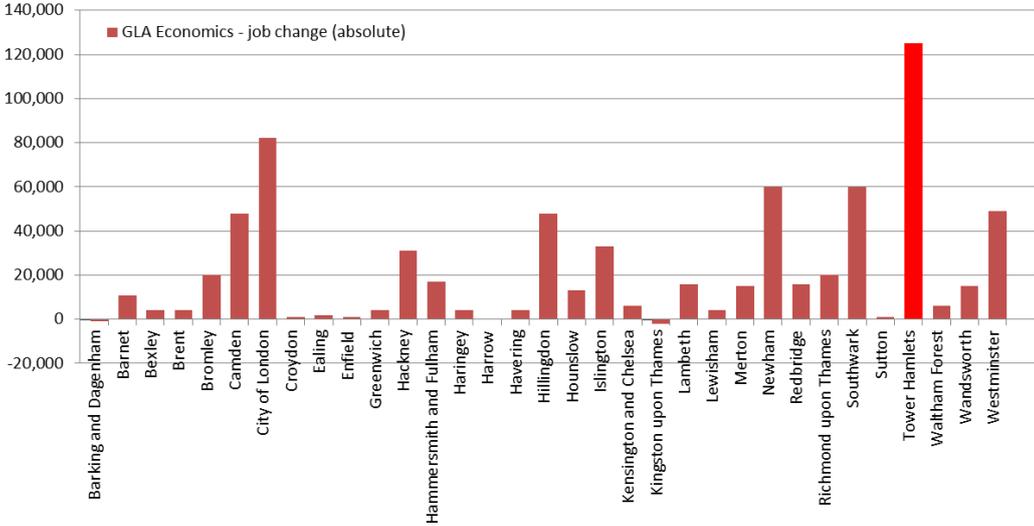
Figure 2.2 GLA projected total employment growth for Tower Hamlets



Source: GLA Economics, London labour market projections 2016

- 2.73 These recent projections differ substantially from those in the current London Plan (growth of 35,000 between 2011 and 2036). The London Plan does caveat the figures stating that other more recent data suggests they may underestimate total jobs growth. The latest GLA forecast job growth over the 2011/36 period for Tower Hamlets is 203,000. For reference the projected growth over the Borough Plan period 2015-30 is approximately 125,000 jobs.

Figure 2.3 Job change 2015-2031



Source: GLA Economics, London labour market projections 2016

2.74 The GLA estimate that jobs growth in Tower Hamlets will out-perform all other boroughs including the City.

The Local Plan

2.75 Tower Hamlet's Core Strategy was adopted in September 2010, and together with the April 2013 Development Management Document is used to guide development to meet the significant growth in new jobs and other land uses that are forecast over the Local Plan period to 2025.

2.76 Preparation of a new Local Plan has started, which will guide development in the Borough to 2030. The Council’s intended approach was set out in the December 2015 consultation document “Our Borough, Our Plan: A new Local Plan first steps”.

2.77 In preparing the new Local Plan the Borough must ensure the policies and proposals that come forward are in general conformity with the London Plan, and with NPPF and Government guidance. This is not always easy and straight forward due to timing issues, and in preparing its new Local Plan the Council should take a very strong steer from recent publications and evidence as this will establish the policy direction for the forthcoming wholesale review of the London Plan.

Core Strategy

2.78 The strategic objectives for employment set out in the Core Strategy are two-fold - i) specifically to support the thriving and accessible global economic centres of Canary Wharf and the City Fringe which benefit the regional and local economies, and more generally to support the growth of existing and future businesses in accessible and appropriate locations for particular uses. For office, workspace and commercial uses accessible and appropriate locations means close to other similar uses, to public

transport and a wider support network of shops and services. No definition is provided for industrial land.

- 2.79 The Spatial Policy points to three key economic anchors - the City of London, Canary Wharf and Stratford as being key to the delivery of job growth in the borough and beyond, the need for sufficient range and mix to meet demand particularly from SMEs and that jobs should be available across the borough.

Designations

- 2.80 The Spatial Policy (SP6) also directs new large offices and intensification to the Preferred Office Locations (POLs), and makes clear that these locations are not considered appropriate for residential:

- Canary Wharf
- Bishopsgate road corridor
- Aldgate
- Tower Gateway

- 2.81 Local Office Locations (LOL) are considered appropriate to meet demand for secondary office development. The LOLs being:

- Whitechapel,
- Mile End and
- Blackwall.
- Tower gateway East

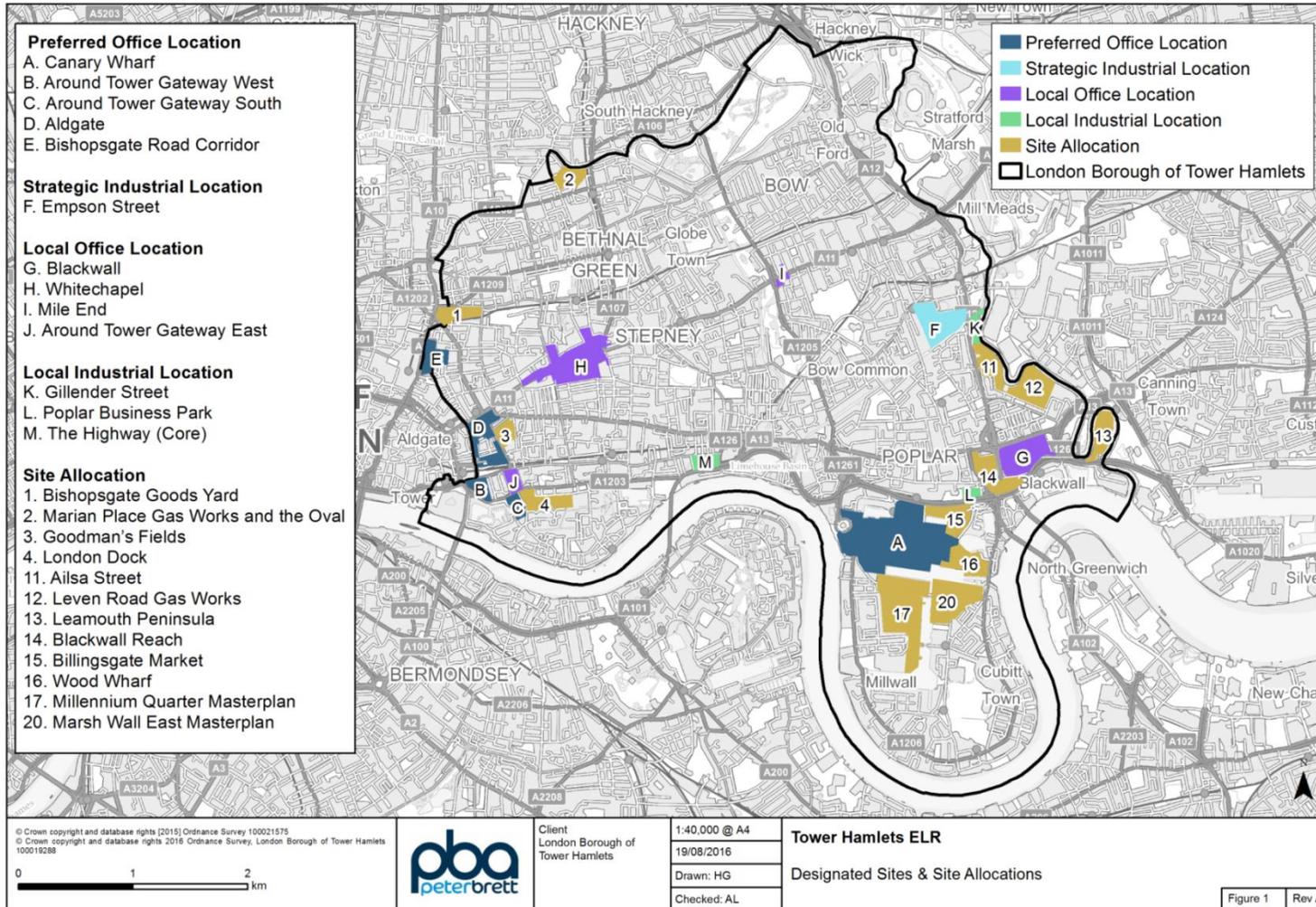
- 2.82 Further objectives are the provision of flexible workspace in town centres and edge of centre locations, and smaller units (<250sq m) for SMEs.

- 2.83 The stock of industrial land will be managed by safeguarding some areas and allowing managed release of others. The areas identified for safeguarding and intensification are:

- Empson Street (SIL)
- Gillender Street (LIL)
- Poplar Business Park (LIL) and
- The Highway (LIL)
- [Fish Island (SIL)]

- 2.84 The Spatial Policy sets criteria to test if intensification via mixed use of LILs will be acceptable.
- 2.85 Other industrial sites are identified for consolidation and managed release. Approximately 130-140 Ha of industrial land had been lost to non-B class uses over the 12 preceding years, averaging 10+ Ha pa, and the Core Strategy plans for the managed release of between 20-50 Ha of industrial land over the ten years to 2025, a considerably slower rate of release. The areas identified for managed release are:
- Poplar Riverside
 - Poplar (Limehouse Cut)
 - Bow Common (Limehouse Cut)
 - Leamouth
 - [Bromley-by-Bow]
- 2.86 Later in this report we review the Core Strategy approach as set out above to promoting office development and to the safeguarding and managed release of the industrial stock.

Figure 2.4 Employment designations and allocations



Development Management Policies

- 2.87 Three Development Management policies, DM15, 16 & 17 are particularly relevant to this study.
- 2.88 DM15 addresses local job creation and investment outside of the spatial policy areas. The borough will support the upgrading and redevelopment of employment sites, but this should not lead to the loss of active and viable employment uses unless the site has been *"actively marketed (for approximately 12 months) or that the site is unsuitable for continued employment use due to its location"*.
- 2.89 Businesses that would be displaced by new development will need to be suitably accommodated elsewhere preferably within the borough. New employment development should include smaller units to meet the needs of SMEs. But live-work units will not be supported.
- 2.90 DM16 manages proposed change in office locations. Development resulting in the net loss of office in the POLs is not supported. In the LOLs mixed use redevelopment including residential will be supported as long as the office floorspace is reprovided on site and has separate access arrangements, does not jeopardise the office space, which should be flexible with some units suitable for SMEs.
- 2.91 Where sites in LOLs are vacant, development resulting in the loss of office floor space require active marketing evidence (at a reasonable value for that area for approximately 12-months), or evidence that the site is unsuitable for office or other employment uses, and its loss will not compromise the rest of the LOL.
- 2.92 LILs are managed through DM17. This policy takes a very similar approach to that for LOLs. It does not support the net loss of industrial land in LILs, will only support redevelopment where the industrial space is reprovided on site, and the same criteria as per the LOLs are met. However, unlike the LOL policy it does not include a marketing test that is used to consider whether sites have a long term future for employment use, and does not allow the replacement of industrial uses.
- 2.93 We will review the performance of these policies later in this report.

Allocations

- 2.94 The Development Management document includes 24 sites allocated for a range of uses. Half of the site allocations include employment uses in part or in totality. The table below identifies the sites allocated for employment uses.

Table 2.5 Site allocations and their potential for employment uses

Ref	Name	Area (ha)	Proposed development
01	Bishopsgate Goods Yard	4.24	Mixed-use development providing strategic housing development, a local park, an Idea Store and a district heating facility (where possible). The development will also include commercial floorspace and other compatible uses.
02	Marian Place Gas Works and the Oval	3.75	Mixed-use development providing strategic housing development, a local park and a district heating facility (where possible) with other compatible uses including employment floorspace.
03	Goodman's Fields	3.65	Mixed use development providing strategic housing development, a health facility and a district heating facility (where possible). The development will also include other compatible uses including publicly accessible open space and commercial floorspace.
04	London Dock	5.78	Mixed-use development required to provide a strategic housing development, a secondary school, publicly accessible open space and other compatible uses including employment floorspace.
05	Southern Grove Lodge	1.05	A Special Education Needs School and a district heating facility (where possible) with other compatible uses.
06	Bow Locks	1.52	A secondary school with a district heating facility (where possible) and other compatible uses.
07	Bromley-by-Bow North East Quadrant	7.35	The Local Planning Authority for this site is the London Legacy Development Corporation (LLDC). This site is not included as part of this ELR.

Ref	Name	Area (ha)	Proposed development
08	Bow Common Gas Works	3.94	Comprehensive development providing strategic housing development including a significant provision of family housing, a primary school, a district heating facility (where possible) and other compatible uses.
09	Chrisp Street Town Centre	3.62	Regeneration of the district town centre to improve Chrisp Street's viability and vitality. The site will be required to provide new homes and a district heating facility (where possible). The development will also include other compatible uses.
10	Poplar Baths	0.29	A leisure facility with a swimming pool and other compatible uses sensitively bringing this locally cherished building back into use.
11	Alisa Street	5.76	Mixed-use scheme providing strategic office development, a primary school and other compatible uses including employment floorspace. The existing waste management site is required to be safeguarded in accordance with policy DM14.
12	Leven Road Gas Works	8.56	Mixed-use strategic housing development, a primary school, district heating facility (where possible) and other compatible uses.
13	Leamouth Peninsula	4.64	Mixed-use riverside development providing strategic housing development, district heating facility (where possible) and other compatible uses.
14	Blackwall Reach	7.2	Mixed-use development providing strategic housing, an expanded Woolmore primary school, a district heating facility (where possible), publicly accessible open space, commercial floorspace and other compatible uses.

Ref	Name	Area (ha)	Proposed development
15	Billingsgate Market	5.74	Mixed-use development providing strategic housing development, district heating and other compatible uses.
16	Wood Wharf	7.26	Mixed use development providing a strategic housing development, an Idea store, health facility and district heating (where possible). The development should also include substantial amount of commercial floorspace and other compatible uses.
17	Millennium Quarter Masterplan	22.29	Mixed-use development opportunity providing a strategic housing development and district heating. The development will also be required to include commercial floorspace, open space and other compatible uses.
18	Westferry Printworks	6.16	Mixed-use redevelopment providing strategic housing development, a secondary school, publicly accessible open space, an expanded leisure facility, district heating (where possible) and other leisure uses.
19	Crossharbour Town Centre	4.89	Sustainable district centre development opportunity centred on a new public square. It will provide strategic housing development, an Idea Store, retail and other town centre compatible uses.
20	Marsh Wall East	12.94	Mixed–use redevelopment providing strategic housing development, a district heating facility (where possible), commercial floorspace for small to medium enterprises, open space and other compatible uses in a new urban quarter.

2.95 The largest sites are those on the Isle of Dogs with those in the City Fringe and on the eastern borough boundary also being of substantial scale. Most were formerly used for industrial activities that are no longer required, or not required in central locations such as print works and goods yards. All the sites that offer scope for either office (City Fringe and NIoD) or industry (east) are towards the perimeter of the borough. Here are no sites suitable for employment uses in more borough central locations.

- 2.96 In the next chapter we review the potential for employment activity of the allocated sites.

Conclusions

- 2.97 Tower Hamlets has its own plan evidence base and its own local plan policies. But as a London borough its policy direction is dictated by the London Plan and the GLA. Legally the Tower Hamlet Plan must conform with the upper tier London Plan.
- 2.98 But this is easier said than done. The London Plan is about to commence a wholesale review which will be following the draft Tower Hamlets Plan. The two plans run the risk of falling out of sync. So the Council needs to try and pre-empt the next round of strategic evidence so that the risk of later unconformity is minimised.
- 2.99 We have tried to do this in two ways. We have first looked at the published London Plan policies and evidence. This sets a direction of travel for the borough, and while the detail will change over time there is no indication (as of yet) that this broad policy framework; only found 'sound' comparably recently when the last London Plan was adopted; is going to shift strategic direction.
- 2.100 We have also sought to pre-empt the London Plan review by referring to the emerging evidence base. In June 2016 the GLA released new 'biangulated' job projections by sector for London with borough level total jobs figures. We understand from consultation with the GLA that these new projections are directly informing the new London Plan, and therefore need to be afforded considerable weight in this review.
- 2.101 Both sets of data that underpin the old and emerging London Plan show Tower Hamlets as a growing borough. While data varies over time the London Plan seeks to encourage and enhance the boroughs strategic role; helping maintain London's position as a world city and international office market. In the London hierarchy the borough has one of the largest and most significant roles to play; accommodating a strategic reservoir of land round the City Fringe and the Isle of Dogs.
- 2.102 To this end the borough has benefited from significant major infrastructure to allow the workforce to access this land including the Jubilee line extension, DLR, Overground and soon Crossrail. These are long term commitments whose benefits are measured across several plan cycles.
- 2.103 For offices the new GLA employment projections show the borough continuing to grow at a rapid pace. While the GLA projections are not sector specific we understand from the GLA that the bulk of the job growth, 125,000 new jobs over period 2015 - 2031, are office sectors. However, this does not automatically mean the traditional FBS sectors because over time new and growing sectors (including Tech media and Telecoms) will require more space.
- 2.104 For industrial the strategic position is much more complex and possibly contradictorily; a conflict which needs to be ironed out in the next London Plan. The London Plan and its evidence (Industrial Land Benchmarks and associated SPG) sought to protect a reservoir of industrial land because this is needed to support and

serve the growing office market and growing population. But London as a whole, and Tower Hamlets have released far too much land and the benchmarks (as drafted) are losing credibility. The new London Plan has a difficult choice to make; the rate of release cannot be sustained while London maintains a strategic reservoir as originally intended. The remaining industrial stock is also under pressure because it is needed (or wanted) to meet the pressing need for new homes. Industrial land, because of its long running protection, is a source of relatively cheap land supply where a change of use is highly viable and can deliver homes (or offices) at a much higher density than the site coverage today.

- 2.105 At the moment the borough is tied to the London Plan policy; which as we detail below means that further releases need to be strongly resisted. Indeed, to be compliant to the benchmark targets more space is required, to balance the much faster rate of release over the first five years. But this may change. Later in this report we consider the case for and against revising this policy stance.

3 SOCIO-ECONOMIC ANALYSIS

3.1 This section analyses the Borough’s socio-economic structure and makes comparison with the position in 2009 when the last ELR was undertaken.

Population

3.2 Borough population increased by 30% between the 2001 and 2011 Censuses, from 196,106 to 254,100. This is almost double the 17.9% growth rate recorded in the Borough over the preceding 10 years (1991 to 2001), and the largest increase in England and Wales. The GLA expects Tower Hamlets to continue to grow fast with an estimated population of 290,632 in 2016².

3.3 Table 3.1 below shows that Tower Hamlet’s age structure is comparatively young. Almost a quarter of the population is aged between 0 and 19 years. Further, the Borough has the largest proportion of 20-34 year olds out of any other Local Authority in England. According to the 2015 mid-year estimates, 38.2% of Tower Hamlet’s population is between the age of 20-34 years compared to 26.2% in London and 20.2% for England. Two-thirds of the population is aged between 20-59 compared to 59.8% and 53.2% for London and England respectively. Conversely, only 8.6% of the Borough’s population is over 60 years, significantly lower than London (15.5%) and England (23%).

Table 3.1 Population age structure

	Tower Hamlets (%)	London (%)	England (%)
0-19	24.4	24.7	23.7
20-34	38.2	26.2	20.2
20-59	67.0	59.8	53.2
60+	8.6	15.5	23.0

Source: 2015 mid-year population estimates, ONS

3.4 These results are very similar to the previous ELR (2009), which based its analysis on the 2006 mid-year population estimates. 25.2% of the Borough’s population was between 0-19 years and 64.8% between 20 and 59 years. Thus, while total population has increased very rapidly the age structure has not changed.

Housing tenure

3.5 Table 3.2 summarises the breakdown of housing tenure in Tower Hamlets, London and England. 44.4% of the Borough population live in social rented housing, higher than the London average at 23.1% and the national average at 16.5%. On the other

² *Population Projections for Tower Hamlets: Analysis of the 2014 round GLA population projections*, LB Tower Hamlets, January 2016

hand, the proportion of the population living in owner-occupied is much lower at just 21.7% compared to 48.8% for London and 64.8% for England.

Table 3.2 Housing tenure

	Tower Hamlets (%)	London (%)	England (%)
Owner occupied	21.7%	48.8%	64.8%
Shared ownership	1.8%	1.1%	0.7%
Social rented	44.4%	23.1%	16.5%
Private rented	30.8%	25.9%	16.9%
Living rent free	1.2%	1.2%	1.1%

Source: ONS, 2011 Census

- 3.6 Since the 2001 Census, the average level of home ownership in London and the South East has fallen due to rising house prices and low housing supply. This has resulted in a large proportion of the Borough's population living in private rented accommodation. At the same time, fewer residents now live in social housing as the relative proportion of Council owned housing stock has been falling in recent years.
- 3.7 For comparison, the 2001 Census estimated that 29% of the dwellings in the Borough were owner occupied (significantly lower than the London and England averages at the time) and only 16% of the population lived in private rented accommodation compared to 52.5% living in social housing. Thus, whilst owner occupation decreased by approximately one third between 2001-11 and social rent also fell by around one fifth, the numbers in private rent almost doubled.

Social grade

- 3.8 Approximately 33% of the Borough's population belongs to social grade AB higher than for London 29.5% and for England 23%, and a big increase compared to 2001 where the Census recorded 21.2% for the Borough, whilst the figures for London and England exhibit much less change.
- 3.9 The proportion in the lowest social grade in the Borough is also comparatively high.

Table 3.3 Approximate social grade

Social Grade	Tower Hamlets	London	England
Social grade AB	33.1%	29.5%	23.0%
Social grade C1	30.4%	33.0%	30.9%
Social grade C2	9.8%	15.1%	20.6%
Social grade DE	26.8%	22.4%	25.5%

Source: ONS, 2011 Census

- 3.10 Overall, the data shows the Borough has much more division between social grades with relatively few in middle grades. The data also suggests that the population of Tower Hamlets was more socially mobile than London and England over the 2001-2011 period.

Workforce

- 3.11 Data from the ONS Annual Population Survey shows that in 2015, 218,300 people were of working age (16-64 years), which is equivalent to 73.9% of the Borough's population compared to 68.1% for London and 63.3% for Great Britain. Of these approximately 168,900 are economically active which is equivalent to 77.5% of the population which is similar to London (77.9%) and Great Britain (77.8%). 86.7% of males are economically active compared to 67.3% of females.
- 3.12 An analysis of the workforce breakdown indicates that 53.8% of the population of Tower Hamlets is employed in managerial, professional and associate professional occupations, which is identical to the rest of London at 53.8% and higher than the national at 44.4% as shown in Table 3.4 below.

Table 3.4 Employment by occupation

	Tower Hamlets (jobs)	Tower Hamlets (%)	London (%)	Great Britain (%)
1: managers, directors and senior officials	16,700	10.7	10.4	10.7
2: professional occupations	40,300	25.7	19.9	25.7
3: associate prof & tech occupations	27,300	17.4	14.1	17.4
4: administrative and secretarial occupations	13,700	8.7	10.6	8.8
5: skilled trades occupations	7,800	5.0	10.5	5.0
6: caring, leisure and other service occupation	9,800	6.3	9.2	6.2
7: sales and customer service occupations	15,600	9.9	7.6	10.0
8: process, plant and machine operatives	8,500	5.4	6.4	5.4
9: elementary occupations	16,500	10.5	10.8	10.5

Source: ONS annual population survey, 2016

- 3.13 There's been an improvement in all workforce performance indicators in Tower Hamlets since the previous ELR (2009) was published. In some cases, the Borough has caught up or exceeded benchmark London-wide and national benchmarks. In the previous ELR, only 66.5% of the population was economically active – far below the London and national average at the time. The economic activity rate for females was particularly low at 54.6% and only 51.7% of the population was employed in managerial and other professional occupations.

Earnings

- 3.14 According to the 2015 Annual Survey of Hours and Earnings, the mean gross weekly earnings by residents in Tower Hamlets was £677 an improvement from the figure of £633 recorded in the previous ELR. The 2015 figure is £43 higher than that for London and £166 higher than the national average.

Table 3.5 Mean gross weekly earnings

Area	Mean weekly earnings
Tower Hamlets	£677
London	£634
Great Britain	£511

Source: 2015 Annual Survey of Hours and Earnings, ONS

Travel to work

- 3.15 Travel to Work data gathered as part of the Census showed that 39% of the Borough's 120,873 workforce travelled by some form of fixed rail, 12.2% by bus or coach and 17.9% on foot.

Table 3.6 Method of travel to work

Method of Travel to Work	No. of people	%
Work mainly at or from home	4,447	3.7
Underground, metro, light rail, tram	47,191	39.0
Train	7,557	6.3
Bus, minibus or coach	14,750	12.2
Taxi	701	0.6
Motorcycle, scooter or moped	910	0.8
Driving a car or van	13,517	11.2
Passenger in a car or van	1,038	0.9
Bicycle	8,112	6.7
On foot	21,598	17.9
Other method of travel to work	1,052	0.9

Source: 2011 Census, ONS

- 3.16 Since the previous ELR was published, there has been a marked shift towards more sustainable travel. The proportion of residents travelling to work by car and van declined from 16.5% to 11.2%, while the proportion of residents walking to work increased from 15.8% to 17.9%.

Unemployment

- 3.17 The 2015-16 Annual Population Survey showed that the unemployment rate in the Borough was 6.8% which was slightly higher than that for London (6.0%) and Great Britain (5.1%). But this compares very favourably with the rate recorded at the time of the previous ELR - an unemployment rate of 11.7% in 2007-8.
- 3.18 In February 2016 there were 4,150 claimants seeking Job Seekers Allowance, which was equivalent to 2% of the working age population. This is slightly higher than the London (1.7%) and Great Britain (1.5%) averages.
- 3.19 In the Borough there are 48,700 people considered to be economically inactive of which 13,500 (27.7%) are looking for work which is slightly higher compared to the London (25.9%) and national average (24.6%).

Local economy and businesses

- 3.20 This section provides an overview of the headline economic and employment conditions in Tower Hamlets, highlighting trends and emerging growth sectors in the Borough.

Employment

- 3.21 The previous ELR (2009) used data from *Annual Business Inquiry Note* published by the ONS. The ONS no longer publishes the *Annual Business Inquiry Note* - the survey is now known as the *Annual Business Survey*.
- 3.22 PBA was unable to find the exact source of the ONS data and as such, direct comparison with the employment breakdown by sector is not possible. We have instead used an approximate data source published by Experian – one of the UK's main economic forecasting houses. The Experian data relates to workforce jobs which identifies the number of jobs (and not workers³) in the Borough. This explains the slight discrepancy between the 2006 jobs figure published in the previous ELR (2009) of 192,578 workers for 2006 and the figure quoted by Experian of 194,700 jobs in the same year. In keeping with previous ELR (2009), retail jobs are not included in the job count. A summary of the changes in each employment sector between 2006 and 2015 is provided in Table 3.7 below.

Table 3.7 Workforce jobs by sector

	2006	2015	% change (2006-2015)
Accommodation, Food Services & Recreation	13,000	18,900	45%
Agriculture, Forestry & Fishing	-	-	0%
Construction	10,400	10,300	-1%
Extraction & Mining	900	200	-78%
Finance & Insurance	57,400	84,100	47%
Information & communication	24,500	30,900	26%
Manufacturing	6,000	3,400	-43%
Professional & Other Private Services	41,900	83,500	99%
Public Services	33,800	48,100	42%
Transport & storage	6,200	5,400	-13%
Utilities	600	800	33%
Total	194,700	285,600	47%

Source: Experian, March 2016

- 3.23 According to Experian, between 2006 and 2015, the number of jobs in the Borough increased by 47%. The biggest increase was seen in the finance and insurance sector from 57,400 jobs to 84,100 jobs – a 47% increase. The biggest decrease was in the extraction and mining sector (78%) and the manufacturing sector (43%), but these sectors account for relatively small numbers of jobs.

Business size

- 3.24 Employment in the Borough continues to be dominated by small business with 12,985 businesses employing <10 employees accounting for 89.9% of the total number of business units.

³ The number of workers will be lower than the number of jobs, as some workers hold more than one job.

Table 3.8 Number of enterprise units by size band, 2014-15

No. of employees	2014		2015	
	Enterprises	% of total	Enterprises	% of total
0 to 9	11,410	89.2%	12,985	89.9%
10 to 49	1,065	8.3%	1,145	7.9%
50 to 99	145	1.1%	145	1.0%
100 to 249	90	0.7%	100	0.7%
250 or more	80	0.6%	75	0.5%
Total	12,790	100.0%	14,450	100.0%

Source: UK Business: Activity, size and location: 2014 and 2015, ONS

- 3.25 The number of small businesses has risen substantially compared with a decade ago. The previous ELR recorded 9,219 enterprises in 2006 employing 0-9 workers.

4 PROPERTY MARKET PROFILE

Introduction

- 4.1 In this chapter we analyse the current property market, considering the demand for floorspace and land from business occupiers, the supply provided by landowners and developers and the balance between the two. This market balance drives the need for additional employment land. Where effective demand exceeds the land currently in employment use, there will be scope for new development and a resulting demand for additional land.
- 4.2 We deal separately with three types of employment space:
- Offices (B1a)
 - Light industrial space, which covers light industry (B1c), general industry (B2), and warehousing (B8) uses.
 - Flexible space - uses fall in both B1(a), (B1c), (B2), and (B8) with sometimes occupiers seeking multiple uses from a single premises.
- 4.3 Our assessment is based on analysis of market transactions and discussions with property agents and stakeholders experienced in the local market. To estimate floorspace take-up and availability we use the property market database EGi. Analysis of this data allows us to identify market trends. Qualitative research involved telephone consultations with a number of local agents. We also conducted a stakeholder workshop, where agents contributed their opinions and knowledge of the market.
- 4.4 As main indicators we use rental values, recent take-up, total stock, floorspace availability (vacancy), and occupier profile. In a property market context, 'take-up' means the occupation of business floorspace. Here, take-up includes the leasing of both new build and second-hand space (second-hand space represents the larger share of the market). Similarly, 'availability' refers to properties currently being marketed. This includes both new and second-hand space immediately available. We provide separate commentary on the development pipeline.
- 4.5 In markets where take-up and rents are high and availability is low, there will likely be demand for more land. Conversely, if take-up is low, there is much floorspace available and rents are too low to support new development, or even the maintenance of existing buildings, then land may be surplus to requirements and should perhaps be released for other uses.
- 4.6 Total stock figures have been derived from analysis Valuation Office Agency (VOA) data on business rate assessments. We have cross-referenced this data with the EGi data to provide an indication of vacancy rates. Cross referencing the EGi and VOA data does have limitations as the sources are different therefore not guaranteeing the description on unit type or size being the same. The reason why

there may be discrepancies with the unit type is that the VOA has 117 description codes which are used to classify the properties listed on their website, whilst EGi has five broad groups. Our analysis has focused on those VOA properties categorised as set out in Appendix A. Agents may list property on EGi for industrial or office purposes that do not fall in the VOA categories that we have used in our analysis. Part of the reason the size data may not correlate is that the EGi may provide a total floor area for a single building whereas the VOA data may list this into various suites and vice versa. Due to the volume of data it has not been possible to iron out these discrepancies.

- 4.7 The town centre boundaries in Tower Hamlets are small and tightly drawn and do not enable meaningful analysis of the office market. We have looked at the Borough as a whole with a focus on sites outside of the CAZ and Isle of Dogs.
- 4.8 This report was written during July/August 2016, at a time just after the UK's referendum vote to leave the European Union (EU) The impact this announcement will have on the commercial property market is unclear. In the initial days after the announcement shares in property companies and banks fell, as did the value of the pound. It is too soon to tell if this is a knee-jerk reaction to the referendum announcement or more of a longer term trend. The potential benefit of the weakening of the pound is that property prices will appear more affordable to overseas buyers which may help underpin the market in the short-term. But ultimately it will be buyer's opinion of job security, availability of credit and interest rates which will be the main factors on how this decision will impact the commercial markets.

Background

- 4.9 In property market terms the London Borough of Tower Hamlets is diverse. There are high rise offices blocks to the South West, fronting the City and high rise offices to the South in Canary Wharf. Contained in the remainder of the Borough is a mix of purpose built and converted properties providing industrial, office and flexible business space. Similar to many fringe of central London locations comparatively lower value employment uses are facing development pressure from higher value residential uses. According to Land Registry, average house prices in Tower Hamlets have risen by 60% over the last five years, which is significant.

Office market

Overview

- 4.10 During the recession in the latter years of the 2000s, speculative office development in the UK came to a standstill. As the national economy began to improve (around 2010), speculative office building restarted. This occurred firstly in London and followed by a number of core regional cities such as Manchester and around the Thames Valley. Office development is only currently viable and financeable - typically with pre-let in place to a blue-chip covenant on a long lease. This structure

gives sufficient security to enable funding to be obtained. Demand for office space is generally coming from professional services such as lawyers and accountancy firms.

- 4.11 In London, the immediate supply of office space has seen a tightening, due to the time-lag effect between the upturn in occupier demand and for new development to be ready. JLL report⁴ that Central London office vacancy in Quarter 1 2016 was 3.4%: vacancy in the City was 3.4% (equal to the record low previously set in Quarter 4 2000), Docklands was 4.6%, and although speculative development occurred in the West End, increasing capacity, vacancy rates was still only 3.2%.

Demand

- 4.12 Demand for offices in Tower Hamlets is very mixed: professional services, consultancy services (recruitment, building services etc.) creative industries and technology, media and telecommunications (TMTs). Many occupiers in these sectors are microbusiness and small and medium enterprise (SMEs). Agents report demand from these occupiers across the Borough varies with demand sometimes not location specific but building specific.
- 4.13 Table 4.1 shows in the last five years' annual office take-up of office space averaged 138,000 across 140 transactions. Take-up in the last couple of years has been particularly strong due to robust economic conditions and new build/pre-let.

Table 4.1 Annual office take-up, Tower Hamlets 2011-15

Year	No. of transactions	Annual take-up sq m
2011	134	105,899
2012	120	92,386
2013	131	95,757
2014	153	182,577
2015	161	211,572
Average (2011 - 2015)	140	137,638

Source: EGi, AVL

⁴ JL (Q1 2016) *Central London Office Market Report*

- 4.14 Table 4.2 highlights that the majority of transactions that have occurred in the Borough over the last five years have been for mid-sized (i.e. 201 - 1,000 sq m) and large units (i.e. over 1,001 sq m) and in comparison, there has been very little activity for smaller units despite agents telling us this is where there is demand.

Table 4.2 Office take-up, Tower Hamlets 2011-15 by unit size

Unit size	No. of units	% of transactions
up to 25 sq m	4	1%
25.1 - 50 sq m	22	3%
50.1 - 75 sq m	25	4%
75.1 - 100 sq m	44	6%
101 - 200 sq m	143	20%
201 - 1,000 sq m	317	45%
1,001 sq m plus	144	21%
Total	699	

Source: EGi, AVL

Professional & consultancy services

- 4.15 Professional and consultancy services in the Borough are large national and international firms, SMEs and companies servicing the local market. These companies include banking, finance, property, insurance, asset management, legal and recruitment seeking traditional office space.
- 4.16 The large nationals and international firms are found to the west of the Borough (Aldgate and up to Spitalfields) and Canary Wharf. The west of the Borough is an attractive location because; proximity to the City, lower rents compared inner London, and availability of new space being developed. To the west of the Borough buildings provide smaller floorplates than found in Canary Wharf. Recent deals including Ashurst law firm taking 25,500 sq m pre-let at London Fruit & Wool Exchange, Brushfield Street. Agents state that larger firms are taking a medium to longer term view in locating to the west of the Borough (around Aldgate) due to potential benefits Crossrail will bring. Canary Wharf is attractive due to the availability and quality of space with large floorplates, transport links, international

renowned address and critical mass of professional services. Agents state that historically, Docklands is a market that relies on large corporate deals to boost performance. Examples of which include Thomson Reuters 32,500 sq m sublease of 5 Canada Square for a new headquarter building and Deutsche Bank AG taking a sublease of 4,645 sq m at 10 Upper Bank Street.

- 4.17 The SMEs in this sector are also found to the west of the Borough (Aldgate, up to Spitalfields and the western parts of Whitechapel and up to Bethnal Green) and Canary Wharf. In the past these SMEs would have taken space in Clerkenwell, Old Street, Victoria and Southbank. But these locations have now become unaffordable due to rents increasing (as we evidence later on this chapter). The Borough has become an attractive affordable location - especially as the west of Borough provides good linkages to larger firms in the City, and Canary Wharf with its occupier and transport links. Agents report SMEs in this sector generally demand space up to 139 sq m (1,500 sq ft), sometimes as follow-on space with more established firms seeking units up 465 sq m (5,000 sq ft). There is only a small amount of demand from within the Borough. Typically, demand from in the Borough is micro-businesses that have linkages to the City or Canary Wharf seeking follow-on space or existing companies servicing the local market. Agents report that they do not see a great deal of churn from longer established business that service the local market due to some of their units being held on a freehold basis.

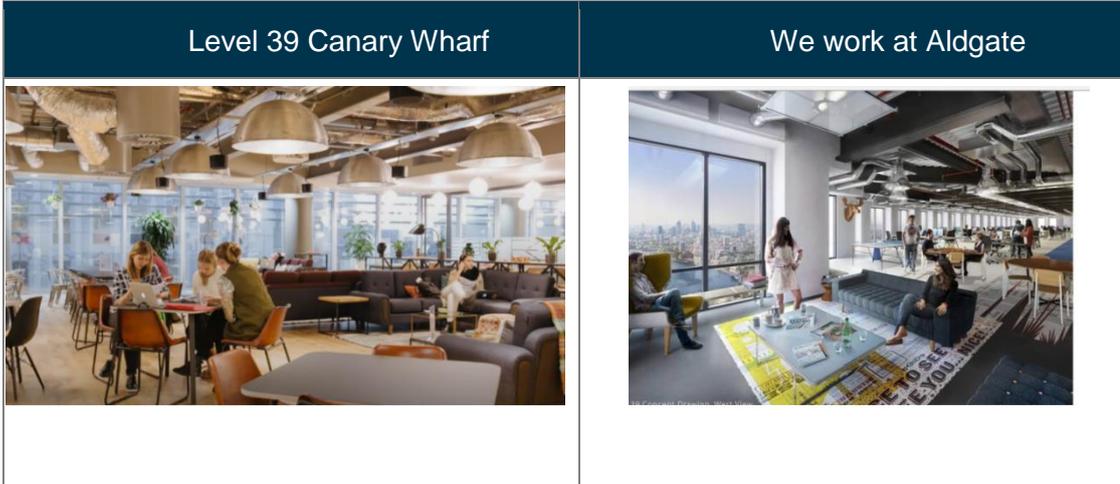
TMTs

- 4.18 The pattern for demand of office space from TMTs is similar to that of professional and consultancy services and the reasons why they want to be located in the Borough is generally the same. In addition, the Borough is attractive to TMTs as many owners and staff live nearby in Hackney, Shoreditch and the Borough itself. The talent pool for staff is finite; therefore companies want to be located as close as possible to the talent pool to be competitive in attracting staff.

How TMTs use the space and the fit out does differ, with greater flexibility sought and more character internally. Start-ups and microbusinesses will take new build space on a serviced office basis such as Level 39 at Canary Wharf and Wework at Aldgate Tower. Level 39 describes itself as a technology accelerator for financial and technical services. Occupiers here are taking desk space in shared areas or individual units, on flexible all-inclusive lease terms. As shown in

- 4.19 Figure 4.1, although this space is offered in traditional offices, the units are 'stripped out' with exposed ceilings and a higher percentage of break-out space. Larger, more established TMTs are also taking space in the Borough but not necessary in Grade A. as evidenced with Engage Production taking 26,000 sq m at Heron Quays West in 2014.

Figure 4.1 Examples of TMT serviced offices space:



Source: We work, Level 39

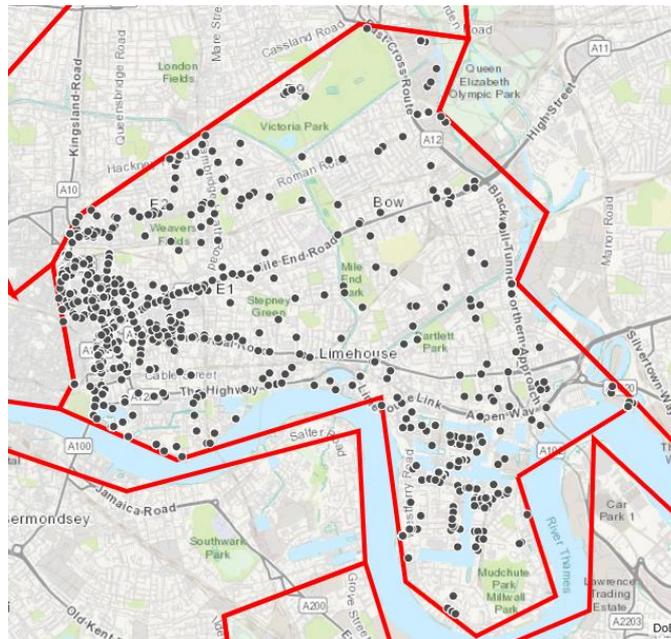
Creative industries

- 4.20 There is overlap between creative industries and TMTs due to the type of sectors they both operate in. Creative industries also need to be located in the Borough due to the same reason as TMTs, but creative industries are more flexible in terms of location if there is space that meets their needs on suitable terms. We do see pockets of creatives such as those linked to film and TV production to the east (near the Newham Borough boundary).
- 4.21 Creative industries like space that has character and can be multi-functional e.g. office space, design/studio space, break-out space, coffee area etc. This space can be more industrial, quasi studio/office space in nature compared to TMT type space which is more based around traditional offices. Due to the flexible nature of the space creative industries require, there is overlap with these users in our analysis of flexible space later on in this chapter.
- 4.22 Agents’ state there is currently good demand from creative industries for units of up to 140 sq m (1,500 sq ft). In the past creative industries have not wanted new build space but focused on secondary space with character. But agents tell us that they will consider new build options, especially, well located space near industries in related sectors.

Supply and market balance

- 4.23 Figure 4.2 Location of offices in the Borough shows the spatial distribution of existing office stock in the Borough. The evidence shows that there is a cluster of offices towards the west (Borough boundary with Hackney and Shoreditch), south (around Canary Wharf), Whitechapel Road and Bethnal Green Road. Elsewhere space is more dispersed. The quality of this office space is mixed, there is purpose built accommodation in employment areas, accommodation above shops, and low and high rise purpose built office blocks.

Figure 4.2 Location of offices in the Borough



Source: VOA

VOA data shows that there is around 2.4 million sq m of existing office stock in Tower Hamlets.

Table 4.3 shows that the office vacancy of this stock is around 4.5%. Vacancy levels of existing stock is low and based on the five-year average take-up there is just around 15 months' supply. We find vacancy rates highest in the larger unit size ranges i.e. over 200 sq m. The low vacancy rate for smaller units is likely to be the reason why there are very few transactions recorded over the last five years in

- 4.24 Table 4.3. This is supported with agents stating that smaller office units which would have historically been slow to let is being taken-up virtually immediately, due to the lack of general availability of space.

Table 4.3 Office stock & availability – Tower Hamlets

Size range	Total No. of units	% of units by size range	No. of units available	Units available as % of all units
up to 25 sq m	1,040	25%	11	1.1%
25.1 - 50 sq m	815	20%	7	0.9%
50.1 - 75 sq m	462	11%	11	2.4%
75.1 - 100 sq m	265	6%	4	1.5%
101 - 200 sq m	485	12%	29	6.0%
201 - 1,000 sq m	683	17%	74	10.8%
1,001 sq m plus	347	8%	48	13.8%
Total	4,097		184	4.5%

Source: EGi, VOA, AVL

Rents

- 4.25 Rents in the Borough are considered more affordable compared to inner London. Rents in the West End are £1,238 psm (£115 psf), the City £753 psm (£70 psf), Shoreditch £700 psm (£65 psf), Clerkenwell £720 psm (£67 psf), and Victoria and Southbank £978 psm (£90 psf).
- 4.26 The areas of Shoreditch and Clerkenwell were once considered affordable locations compared to central London but agent's report that rents here have doubled over the last five to 10 years making them less affordable. As a result, some companies are looking to relocate at the end of their tenancies to find more affordable accommodation.
- 4.27 Although Tower Hamlets is comparably more affordable than locations further into the City rents in the Borough are not as low as Shoreditch and Clerkenwell five to 10 years ago. Rents in Aldgate are £55 psf (£592 psm), Whitechapel £540 psm (£50 psf), Bethnal Green £430 psm (£40 psf), Canary Wharf £538 psm (£50 psf) around South Quay £393 psm (£36.50 psf). Rents in the Borough have increased, especially over the last 18 months, as the rippled effect from inner London continues and vacancy levels fall.

Impact on the local market

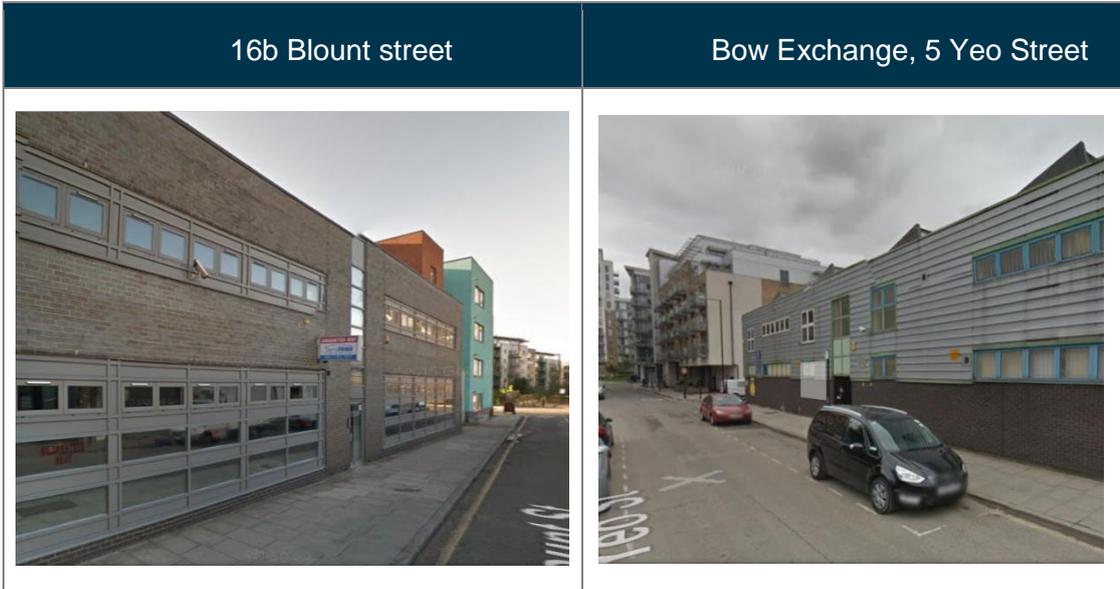
- 4.28 As rents have increased in the Borough, agents state this has resulted in out-pricing some of the existing businesses. Firms who have been long established in the

- Borough, firms accustomed to paying rents which were (in the past) free of competition from Central London occupiers, creative industries or emerging TMT firms, now struggle to find affordable space.
- 4.29 As parts of the Borough regenerate they attract new competition for the very limited space. A picture which is often compounded because 'regeneration' results in net additional new homes but equal or reduced quantities of office or flexible employment space. Regeneration increases demand, makes the borough more attractive, but the stock of employment space does not keep up. Market mechanics means that the local firms are priced out of the market.
- 4.30 A further challenge for 'local firms' is that many of the new firms, those moving east from Clerkenwell, Shoreditch etc. will take non-conventional space. Some of these markets are actively attracted to the boroughs stock of 'quirky' space. This is space which in the past may have been more difficult to let and so rents were set at a level attractive to local firms seeking value driven space. Agents report that these 'local' occupiers will pay up to £323 psm (£30 psf) and are easily outbid for property by other firms.
- 4.31 Few parts of the Borough are immune from this market pressure. The only remaining (small) reservoirs of local space are found in the East of the Borough where accessibility to Central London is poorer and the stock, small offices above shops and some purpose built property, is not yet attractive to the City Fringe markets.
- 4.32 One risk to the market in Tower Hamlets is whether this new market, that spilling over from the City and the City Fringe, is sustainable in the long term. Part of what attracted creatives and TMT firms to the west of the Borough was its comparative value. The first generations of these moves secured their property at close to 'local' rents and some of these companies took space at less than £323 psm (£30 psf). As these leases come up for renewal over the next few years they will experience a rental shock; as noted above rents are now nearly double.
- 4.33 At these rents (£30 psf) new space is unviable across the whole borough. Even at £50-£60 delivering space is highly challenging because of very high competing residential values. This pressure has been made even more problematic because of Permitted Development Rights which leads to a 'bleeding' of office and residential values. So new space simply cannot be provided for this 'value sector'. So we may find that these occupiers are pushed ever further East; further increasing pressure on the 'local market'.
- 4.34 The increasing rents may result in a further rippling out of these occupiers, because space around this rent is not ready available, and the stock which does come to the market is mixed in terms of quality and not always available on appropriate terms (e.g. assignment of fag-end leases).

Space surplus to requirement

4.35 Due to the tightening of supply and increasing of rents there is no space surplus for requirements in areas of most demand (west of the Borough or in the Isle of Dogs). Vacancy rates are likely to reduce further as demand pressures continue. Units located in residential areas, not surrounded by a critical mass of commercial or retail space and of mixed quality are likely to be most at risk for residential development e.g. Blount Street and Bow Exchange (see Figure 4.3 Example offices located in residential areas).

Figure 4.3 Example offices located in residential areas



Source: google.co.uk

Opportunities for development

4.36 Outside of the CAZ and Isle of Dogs there is little opportunity for (market led) new office development in the Borough because developers will seek to build out sites for the higher alternative use of residential.

4.37 New office space could be provided as part of mixed use offer but this would only be suitable in areas where there is a critical mass of commercial/retail uses and not in areas where the units are isolated, surrounded by residential. Suitable areas for development are predominately to the west of the Borough around Aldgate, Spitalfields, along Whitechapel, and along to Bethnal Green. Areas of Stepney Green and further east are more marginal office locations with less critical mass of stock and further away from inner London making it harder to attract occupiers.

4.38 Even when new space is provided in the areas identified, caution needs to be applied to the end users. Creative industries and TMTs will require flexible and 'stripped out' space' whereas professional services would prefer traditional office space. The fit out costs for the former are likely to be lower and rents achievable close to prime office rents - making the costs/value matrix more appealing than delivering traditional office where costs are comparatively higher but rents are not.

- 4.39 In summary the office market in the Borough is at a point where residential values, partly because of flexibility brought on by permitted development rights, has undermined the case for new market-led office stock to be provided. Only in the CAZ and Isle of Dogs; which is so far protected from residential values, is the market able and willing to deliver new space. But this is not space attractive to 'local firms' and cannot deliver the value driven space the first wave of new generation Tower Hamlets firms have secured.

The office market: conclusions

- 4.40 The analysis shows that larger requirements for office space will continue to be satisfied in the CAZ and Isle of Dogs. Some microbusiness and SMEs in the TMT and creative industry sectors will also satisfy their requirements their through taking serviced office space
- 4.41 Other requirements will need to be satisfied through existing office stock and new development. The supply of the existing stock outside of the CAZ and Isle of Dogs remains tight and faces development pressure from higher alternative uses. Rents achieved in Aldgate, Whitechapel and Bethnal Green areas would support viable development, but rents achieved elsewhere mean development is more marginal. Despite office development being viable outside of the CAZ and Isle of Dogs developers would choose to develop residential because of the higher values.
- 4.42 Because of the tightening of supply, the Borough could seek to protect stock in around Aldgate, Spitalfields, along Whitechapel, and along to Bethnal Green as this is best suited to capture office demand and provides critical mass and linkages to inner London. Areas further east around Stepney and beyond are less attractive office locations and is of a more dispersed nature, therefore more difficult to protect for redevelopment. The Council should seek to review the town centre boundaries to protect offices in these areas. If this is not possible then space should be re-provided in suites up to 465 sq m (5,000 sq ft). The fit-out of space will need to be carefully thought-out because requirements differ between professional and consultancy services compared to creative and TMTs. Space for creative and TMTs is likely to be more attractive to deliver for developers as it will achieve good rents with relatively lower fit-out costs compared to traditional offices. If new space is not provided, or areas protected then supply with further diminish and rents will increase further. The increase in rents are likely to affect those business that have recently located from inner London due to finding cheaper rents then inner London, resulting in these companies having to move further east.
- 4.43 Finally; there is evidence that part of the shortage of stock is caused by increased residential 'hope values'. Without policy protection from change of use this will always tip developers towards new housing as opposed to new (or protected) office space. However, the disparity in values points to a market imbalance in favour of housing in the Borough and so retaining, or forcing the provision of new office space carries an opportunity cost in terms of housing.

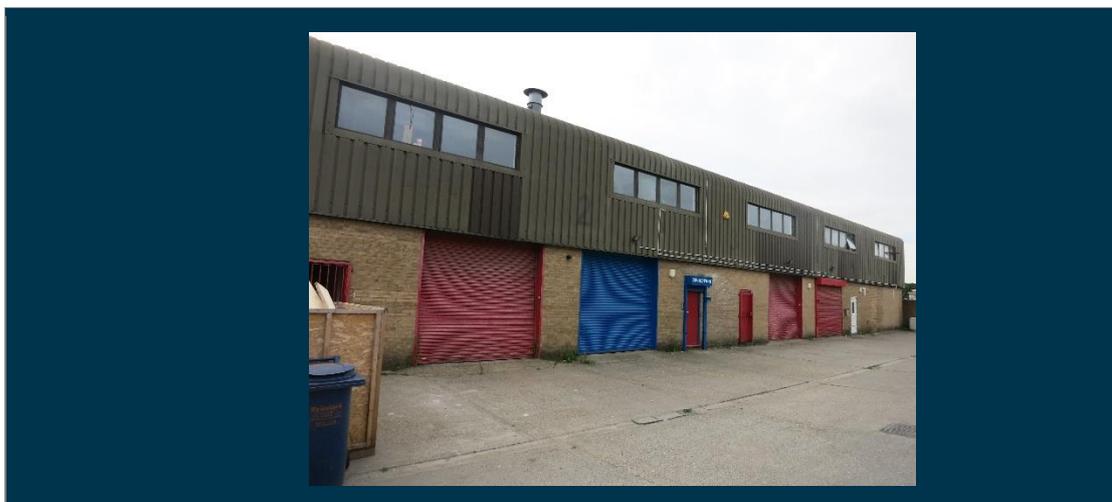
Industrial

Market overview

- 4.44 Nationally the industrial market has been performing well due to strong occupier demand for retailers and third party distribution companies (3PLs) created with the growth in online retailing. These type of occupiers have been seeking storage and distribution units of 9,300 sq m plus. These occupiers have been seeking sites with good motorway access to allow for easy distribution of goods. Due to constraints and lack of availability of suitable sites this pattern of development has not occurred in inner London. Due to redevelopment of sites for residential the inner London market has seen most of its industrial stock disappear, with just the bears bones of accommodation left. This has forced industrial occupiers who are servicing the inner London markets further out, placing demand pressure elsewhere. As residential prices have increased significantly in the fringe Boroughs, we are now seeing industrial areas in these locations also being eroded. In addition, we are also seeing some traditional industrial units being used for quasi office/studio/industrial uses (see later section of flexible space). Typically, what stock is left is well occupied in high demand from a range of users servicing the inner London markets.

Demand

- 4.45 Due to the lack of space in inner London and other fringe locations demand for industrial space in Tower Hamlets is strong and from a mix of companies seeking to service the inner London and Docklands markets. Agents' state demand is from national and local based companies. The type of companies include: suppliers, construction related, last mile storage & distribution, and trade counters. Where occupiers cannot find suitable sized, quality space at a reasonable rent they are taking space further out of London in parts of Newham and Barking and Dagenham where there is a greater choice of space available.
- 4.46 Agents tell us that traditional industrial occupiers are seeking units of up to 1,400 sq m (15,000 sq ft) with secured yard space in established industrial areas. Occupiers for the larger units are seeking medium term leases of five to 10 years. Smaller units are sought on shorter leases. Occupiers for the larger units are reluctant to take space on shorter terms, as evidenced by the relatively long letting void at Thomas Road Industrial Estate. Despite the units meeting occupier requirements; providing modern purpose built space with appropriate eaves height of 5.5 metres, and yard area – see Figure 4.4. But as the space was available on two year leases take-up was slow.

Figure 4.4 Thomas Road Industrial Estate

Source: AVL

- 4.47 Table 4.4 shows that the five-year average annual take-up for industrial premises in Tower Hamlets is only 5,000 sq m. Noticeable deals during this period was City Financial Mailing taking three units, totalling 5,000 sq m at Mastmaker Road and Big Yellow Storage taking 1,800 sq m on Wicks Lane.

Table 4.4 Annual industrial take-up, 2011 – 15

Year	No. of transactions	Total take-up sq m
2011	5	5,433
2012	12	7,306
2013	12	3,972
2014	7	3,994
2015	7	4,207
Average (2011 - 2015)	9	4,982

Source: EGi, AVL

Supply and market balance

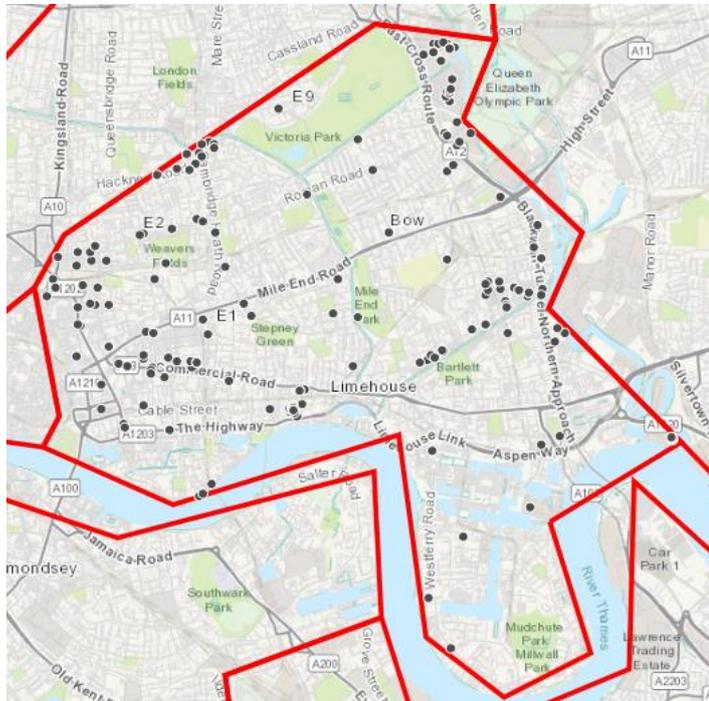
- 4.48 VOA data shows that there is around 236,000 sq m of traditional industrial space in the Borough. Table 4.5 shows that this is across just 241 units. Figure 3 6 shows a varied spatial distribution of the industrial units; with space found in the designated industrial estates and some remaining vestiges scattered in residential areas. Larger units are found in the industrial areas with smaller units more dispersed and sometime mixed with other uses such as office and residential.
- 4.49 Table 4.5 shows that the overall vacancy rate for industrial premises in the Borough is 4%, equating to 10 units. Agents also state that two of the units, listed as vacant are now currently under offer, once these are removed vacancy falls to 3%, less than one year's supply, therefore very tight. Agents indicate that some of the space is not offered on suitable terms for occupiers (i.e. short-term lets) resulting in some units being vacant for longer periods of time than we would expect for such as tight supplied market. The number of units currently available is particularly low when we compare the Borough to neighbouring Newham, approximately 26 units available and Dagenham approximately 69 units.

Table 4.5 Industrial stock and availability

Size range	Total No. of units	% of units by size range	No. of units available	Units available as % of all units
up to 100 sq m	25	10%	0	0%
101 - 250 sq m	71	29%	0	0%
251 - 500 sq m	55	23%	2	4%
501 - 1,000 sq m	45	19%	4	9%
1,001 - 2,000 sq m	19	8%	2	11%
2,001 sq m plus	26	11%	2	8%
Total	241		10	4%

Source: EGi, VOA, AVL

Figure 4.5 Location of industrial space



Source: VOA, AVL

Rents

- 4.50 Agents indicate that industrial rents in the defined industrial estates to the east of the Borough are around £161 psm (£15 psf). Rents increase significantly to around double i.e. £323 psm (£30 psf) for smaller units close to central London. At these rent levels development would be viable with the occupier profile in the industrial areas, without pressure from residential uses. The rents of £161 psm (£15 psf) and £323 psm (£30 psf) is sufficient to maintain existing premises.
- 4.51 However; as with the office market residential hope values undermine viable redevelopment. But Permitted Development Rights have had much less impact on this market. Partly because the type of space is less convertible than many office type properties, but also the remaining stock is found in the Borough's industrial estates which have stronger policy protection and a (very small) industrial critical mass. But as the estates shrink over time; with new mixed use or single use residential development in close proximity this 'value barrier' weakens.

Space surplus to requirement

- 4.52 Due to the tightening of supply and increasing of rents there is no space surplus to requirements. Vacancy rates are likely to reduce further for these units, as demand pressures continue. If further traditional industrial space is lost then many businesses that service the inner London and Borough markets will be forced further

out of London such as to Barking & Dagenham, making it more difficult to service their existing markets.

- 4.53 Boroughs further out of Central London will always be 'second preference' for most firms located in Tower Hamlets. But the industrial market in these boroughs and London as a whole is increasingly tight. There is no large, underused, reservoir of industrial property to act as a safety valve for Tower Hamlets should the release of industrial space in the borough continue.
- 4.54 Industrial units in locations outside designated industrial areas are likely to come under the greatest pressure from residential development, and from our site inspection it is some of this that is in the poorest state of repair, therefore rents are unlikely to be sufficient to maintain the premises.

Opportunities for development

- 4.55 There are limited opportunities for new development in the Borough for industrial uses. Figure 4.6 shows that some units at Empson Road are in need of modernising and parts of the estate could do with reconfiguration to meet modern occupier needs. Some of the units have flipped to creative industries recently with an expansion of photographic studios into the main building shown in Figure 4.6. Due to the heavy industrial nature on part of the estate (We Mix It) the estate road is in poor condition. Comprehensive redevelopment of the estate will only be possible if the estate or parts of the estate are in single ownership.

Figure 4.6 Empson Road industrial area



Source: AVL

- 4.56 Our experience elsewhere shows that re-providing industrial as part of a residential mixed-use scheme is not compatible therefore we would not recommend this approach for industrial units outside defined industrial areas.
- 4.57 A further complication is that where sites in or around the industrial areas are redeveloped the market prefers to replace industrial space with a much 'lighter' and residential compatible form of development. This 'ticks the policy box' in that an equivalent amount of floor space can be re-provided on site. But the replacement space is rarely attractive to the same occupiers as formally accommodated. Open

yardage and open servicing space is a key attractor for industrial firms in the Borough. These firms wish to operate 24 hours and efficiently service the London economy. Many of these firms operate very high flows of goods through their units and so the value of servicing space is almost higher than the physical brick and mortar space. But in many redevelopment schemes open yards and open servicing areas, including areas to temporally store distribution vehicles is one of the elements omitted from the provision. Open space around industrial sites is often (wrongly) viewed as 'wasted' or underused space.

The industrial market: conclusions

- 4.58 Supply of industrial space in the Borough is low which is forcing some occupiers to seek accommodation further east. There are opportunities around Empson Road for intensification of the existing estate which would release more stock in the Borough. At rents of £161 psm (£15 psf), and occupiers wanting five to 10 years this would be viable, assuming no site abnormalities and pressure for residential development. New units should be up to 1,400 sq m (15,000 sq ft) in size with space (site coverage around 40%), suitable eaves height of around 6 metres, offered on leases of five to 10 years. Re-providing industrial as part of a residential mixed-use scheme is not recommended due to incompatible uses.

Flexible space

Market overview

- 4.59 In many employment studies much of the space we define as flexible used would either be incidental and/or absorbed through the industrial analysis, but as we set out below this type of accommodation contributes significantly towards the overall employment floorspace total in Tower Hamlets.
- 4.60 This is space which is neither B1(a) office or B2/B8 space and is used and adopted by the market for occupiers whose needs don't simply fit into the traditional use classes. This includes former industrial property re-purposed in whole or part for offices.
- 4.61 Its defining characteristic is its flexibility which appeals to many firms because the use of the space can change as the firms grow and evolve. Or because the firm's main activity is office based but some manufacturing or development (requiring some industrial characteristic) is undertaken in the space. This type of space is worthy of its own discussion.

Demand

- 4.62 Agents tell us demand for flexible space is from creative industries and some TMTs that require their space to be multi-functional and have character. Some occupiers are prepared to take more industrial type space if it can provide sufficient flexibility; combination of office, workshop, showroom, staff/client amenity space. This space is also being occupied by traditional industrial occupiers, including vehicle repair but

are increasing coming under pressure from 'cleaner uses' creative uses such as breweries, photography studios etc.

4.63 Similar to demand for offices, demand for this space from creative industries and some TMTs occupiers that have been priced out of more central location but still want to be close to the talent pool of staff. Where occupiers are seeking to use the space for workshop/semi-industrial purposes, the attraction of Tower Hamlets is being able to find suitable space of suitable size in relatively central locations. In the past creative industries seeking flexible space would not take new build space, but as rents have increased to around office values but fit-out costs are less than traditional offices developers have now responded as seen in other parts of London, eg, Kentish Town 'The Shed' development – see Figure 4.7 **Error! Reference source not found.**

Figure 4.7 The Shed, Kentish Town



Source: Pilcher Hershman

4.64 Table 4.6 shows that average annual take-up for flexible space is at around 2,200 sq m, over an average of nine transactions per year. This level of activity is considered low given that agents tell us that this type of space is in demand.

Table 4.6 Flexible space annual take-up, 2011-15

Year	No. of transactions	Total take-up sq m
2011	6	3,046
2012	7	1,491
2013	10	1,491
2014	20	4,147
2015	4	1,091
Average (2011 - 2015)	9	2,253

Source: EGi, AVL

4.65 Table 4.7 shows that as to be expected, the majority of take-up for this type of space is smaller units, with nearly two-thirds of all transactions up to 250 sq m size with only one transaction in the larger size category.

Table 4.7 Flexible space take-up 2011-15 by unit size

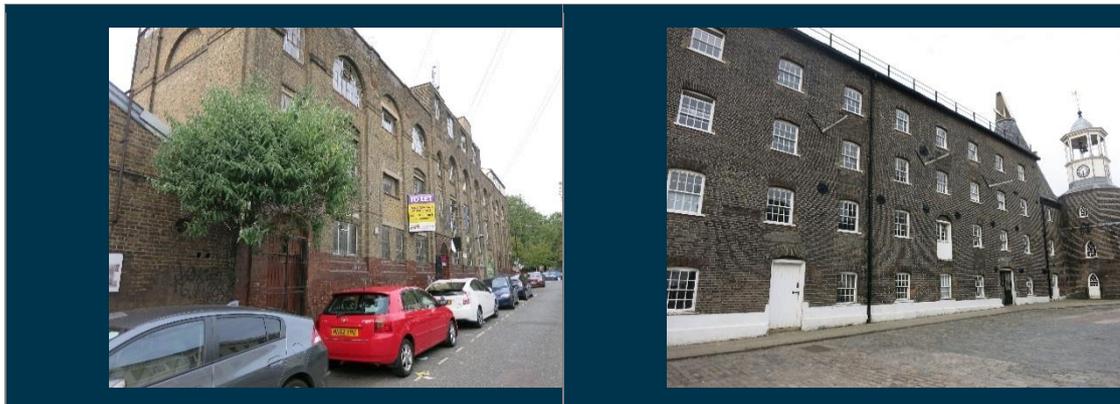
Unit size	No. of units available	Units available as % of all units
up to 100 sq m	11	23%
101 - 250 sq m	19	40%
251 - 500 sq m	11	23%
501 - 1,000 sq m	6	13%
1,001 - 2,000 sq m	1	2%
Total	48	

Source: EGi, AVL

Supply and market balance

4.66 Figure 4.8 shows examples of the type of flexible space found in the Borough. The accommodation tends to be conversion/re-use of older industrial stock. With the better maintained and with good characteristics of greatest appeal to occupiers.

Figure 4.8 Examples of flexible space



Source: AVL

4.67 Our analysis of VOA data shows that there is around 177,000 sq m of space that could be considered for flexible use. Table 4.8 shows that this space is found across 1,800 units. Figure 4.9 shows that this space, although shares some of the spatial distribution of offices and industrial, it is more scattered throughout the Borough. Through our site visit, some of the stock in predominately residential areas is not the best quality, and are unlikely to achieve high rents.

4.68 Table 4.8 shows that vacancy levels for this type of space is very low, which is likely the reason why there has not been much recorded activity (as per Table 4.6 Flexible

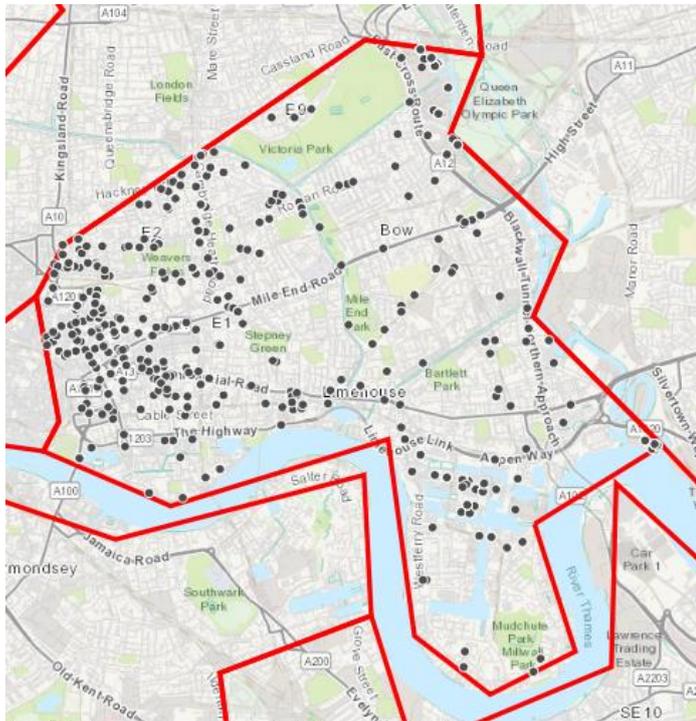
space annual take-up, 2011-15). Based on the last five-year average take-up there is only around 8 months' supply of this type of space in the Borough, therefore the market is very tight.

Table 4.8 Flexible space, stock and availability

Size range	Total No. of units	No. of units available	Units available as % of all units
up to 25 sq m	551	1	0.2%
25.1 - 50 sq m	458	0	0.0%
50.1 - 75 sq m	213	2	0.9%
75.1 - 100 sq m	162	1	0.6%
101 - 200 sq m	263	0	0.0%
201 - 1,000 sq m	193	1	0.5%
1,001 sq m plus	3	1	33.3%
Total	1,843	6	0.3%

Source: EGi, VOA, AVL

Figure 4.9 Location of flexible space



Source: VOA, AVL

Rents

- 4.69 As flexible space bridges the gap between office and industrial accommodation, rents are wide ranging. The more industrial type stock can be around £161 psm (£15 psf) whereas quasi office accommodation can be close to £484 psm (£45 psf). The higher rents are likely to be sufficient to viably maintain existing stock.

Space surplus to requirement

- 4.70 Again, due to the tightening of supply and increasing of rents there is no space surplus to requirements. Vacancy rates are low. Units in scattered locations in the Borough are likely to come under the greatest pressure from residential development, and from our site inspection it is some of this in the poorest state of repair therefore rents are unlikely to be sufficient to maintain the premises.

Opportunities for development

- 4.71 Again, there are no opportunities for new development in the Borough for flexible uses. Although as shown by The Shed development sites on the fringe of industrial/residential areas would be viable, albeit competing with development pressure for residential. Re-providing space as part of a residential mixed-use scheme in good locations where there is a critical mass of similar occupiers is likely to work. As long as the space is planned accordingly to respond to market requirements. We would expect this type of space to achieve closer to office rents making the cost/value matrix attractive to developers.

Flexible space market: conclusions

- 4.72 The analysis shows that flexible space contributes towards a significant amount of the employment stock in the Borough. As office style accommodation becomes more expensive for some TMTs and creative industries they will look towards flexible space as a potential solution if it can be found on appropriate terms. These industries are likely to be able to pay higher rents than more traditional industrial users which could force these out of the Borough. Many of the industrial type uses that occupy the flexible space provide important functions in servicing the local community and inner London such as vehicle repair.
- 4.73 The supply of this type of space is very low and the Council should seek to protect the uses. Similar with offices the spatial distribution of this type of stock is wide ranging therefore drawing a defined boundary is difficult. But as there are clear clusters in the defined industrial areas and areas where we have identified office activity i.e. to the west of the Borough and Isle of Dogs then flexible space protection needs to be considered in conjunction with this analysis.

5 THE FUNCTIONAL ECONOMIC MARKET AREA

- 5.1 While the NPPF requires Councils to define their Functional Economic Market Area (FEMA), in the case of Tower Hamlets there are two distinct market areas in operation.
- 5.2 The largest and most dominant local employment sector in Tower Hamlets is the national and internationally significant FBS sectors (Finance & Business Services). So at the very extreme the Borough competes for its main employment sectors on the international scale. It's FEMA, as defined by dominant market and commuting geography is at least London-wide, more likely wider South East (commuting flows along the Great Eastern Rail corridor) and possibly (from a market perspective) international. Related to this much of the Borough's remaining industrial stock is closely related to this Central London market. Firms choose to locate in the Borough because of its accessibility to the offices and residential markets in Central London (and the Isle of Dogs).
- 5.3 This City related market area is growing. Canary Wharf and the Isle of Dogs was at one point an outpost of this market. It was distinctly separate from the traditional City core and City Fringes. But market evidence shows that the City market is expanding outwards. Locations which in the past could be described as City Fringe are being taken over by core City activities. Areas like Whitechapel, formally 'local markets' distinct from the City are 'regenerating' and activities formally undertaken further west are extending up Whitechapel Road. This includes both offices but also the City supply chain for industrial and flexible space.
- 5.4 At the same time there is evidence of a very local FEMA in operation. This is a separate and entirely unrelated local FEMA with very limited market overlap. It is not dependent on the City, but instead relates to the local market and the servicing the local population. This local FEMA meets the needs of the local population, provides goods and services to local residents and often has a district ethnic mix which does not blur with the City FEMA market. Consultation suggests that this market does not extend far beyond the borough boundary. For local needs space beyond Tower Hamlets is not substitutable for space inside the borough.
- 5.5 While this local market remains in evidence, over time the local market cannot compete with the City FEMA nor the Central London housing market. This local FEMA is slowly being subsumed by the much more dominant and market viable Central London market.
- 5.6 So at the moment, in 2016, Tower Hamlets broadly functions as two FEMAs; East and West. But the market evidence shows that the western (City related) FEMA will continue to grow and market pressure displace or extinguish the more local market in the Borough.

6 DESIGNATED AND ALLOCATED SITES ASSESSMENT

- 6.1 In this section we report on the assessment undertaken of all the designated and allocated employment sites in the borough, reviewing current condition and future potential to provide employment use.
- 6.2 The purpose of the assessment is two-fold:
- to address the NPPF requirement that allocated sites should be regularly reviewed, and should not be safeguarded for employment in the long term if there is no reasonable prospect of being used for that purpose, and,
 - to review if changes are needed to the employment designations identified in the Core Strategy for safeguarding, and those subject to managed limited release.
- 6.3 The objective of the assessment is to establish the following:
- for existing employment sites - if the site continues to be safeguarded for its existing employment uses, is it likely to be well occupied in future?

[The assessment bears in mind that existing occupiers could vacate and buildings and infrastructure are likely to need maintenance or renewal].
 - for allocated/potential sites - is it likely to be developed and occupied for its proposed employment use in future?
- 6.4 It is important to note that this assessment does not balance the competing merits of retaining sites for employment use compared to the potential benefit that redevelopment the site could deliver; for example where sites can be released to deliver much needed affordable housing.
- 6.5 We commence by reporting on the strategic designations, then consider the local employment areas, before finally reviewing those site allocations that have scope for employment uses.

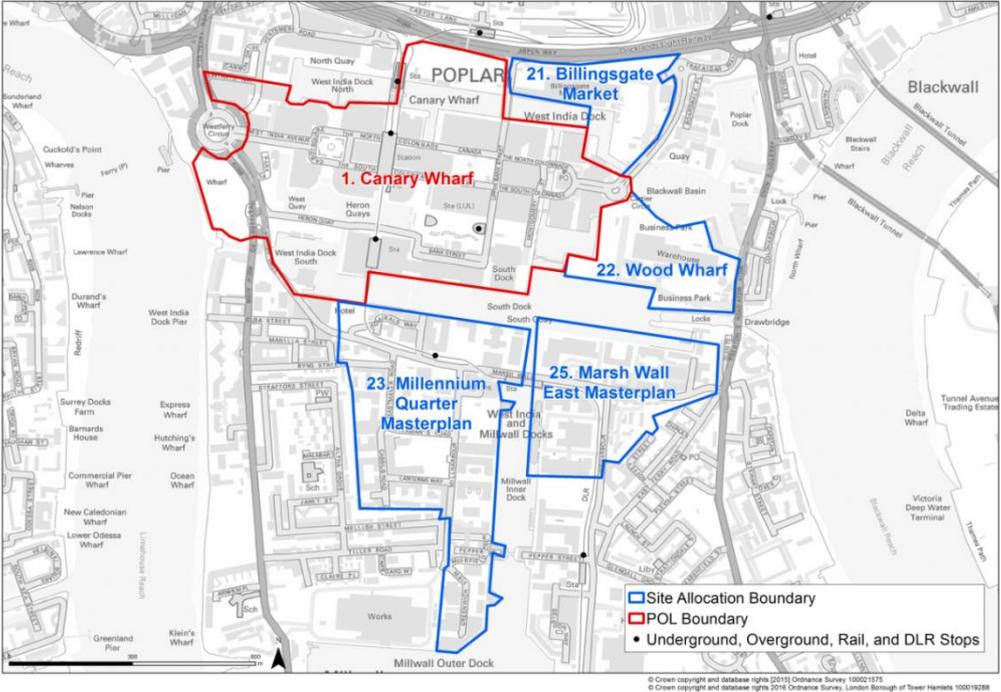
Preferred Office Locations (POL)

Canary Wharf

- 6.6 Canary Wharf plays a critical global role in the provision of financial and business services in London. It is home to many of the biggest global names in banking and other related businesses. It is recognised in the London Plan alongside the City as a strategically important office location in London.
- 6.7 It is by far the largest office location in Tower Hamlets, currently providing in the region of 1.4 million sq m of high quality modern office floorspace, set in an attractive environment offering a range of complementary retail and leisure facilities.

- 6.8 It is important to note the future of this POL is not necessarily a matter of the Tower Hamlets Plan alone. The London Plan has explicit policies guiding the CAZ and North of the Isle of Dogs and a recent SPG providing clarity on the interpretation of policy. It is not a matter for a lower tier plan to change the strategic policy direction from one that promotes office and other strategic functions and specifically states residential is not appropriate.
- 6.9 As would be expected given the significant new infrastructure which has been provided here in recent years, accessibility by public transport is excellent, achieving a PTAL rating of 6a, with five stations, connecting to the rest of London and beyond. Albeit, as with many areas of London there are issues around capacity on the trains, but further improvements will come forward in 2018 when the Crossrail station opens.
- 6.10 The office stock at Canary Wharf is provided in approximately 30 buildings, with One Canada Square providing the most at 115,000 sq m. The office stock continues to expand with the most recent completion being 25/30 Churchill Place that provides approximately 54,000 sq m.
- 6.11 As shown on the map below the POL is bounded to the north by West India Dock (north), the Limehouse Link/DLR and Billingsgate Market, to the east by Trafalgar Way and Wood Wharf, to the south by South Dock with the Millennium Quarter and Marsh Wall immediately beyond and to the east by the River Thames, Westferry Rd and the Cannon Workshops.

Figure 6.1 Canary Wharf POL and surrounding Site Allocations



- 6.12 There are two significant office developments currently under-construction at Canary Wharf: the 27-storey building at 1 Bank Street to provide 65,000 sq m office floorspace; and, the 38-storey building at Riverside South to provide 170, 000 sq m

office floorspace. These schemes will contribute a large proportion of the floorspace growth needed to meet the Borough's employment projections.

- 6.13 We are aware of further office developments planned at two sites: 10 Bank Street and 1 Park Place with both potentially providing up to 65,000 sq m, but significant pre-lets are required before plans can move forward. Opportunities for large schemes such as these are few and far between, and tend to take a long time to progress through the planning pipeline. The most significant areas for future development are at North Quay, a 3Ha site close to the Crossrail station, and at Heron Quay West where there is planning permission for approximately 180,000 sq m of office.
- 6.14 The POL has one of the largest; if not the largest, reservoirs of potential new office space in London. This POL accommodates around 50% of the Borough's current office pipeline (650,000 sq m of a total 1.1m). It is important to protect the reservoir of future office sites at Canary Wharf because the scope for growth in the other POLs is very limited.
- 6.15 Whilst the large reservoir at Canary Wharf could be viewed as an over-supply of space, a review of the past planning pipeline, and older versions of the London Office Policy review shows that this has been a long running trend in this area. Developers have continued to promote additional office space and renew old permissions despite this seeming oversupply. Part of the reason for this is that significant buildings of this scale often need an anchor tenant on pre-let in order to trigger the development. Similar schemes (on paper, with planning permission) are effectively competing with each other for footloose occupiers, and a large pipeline is needed for the market to operate efficiently. The slow release of development that results from the small pool of potential occupiers, combined with the long term nature of the reservoir (that has provided sites since the 1980s) means the small number of sites that remain need to be available in the long term to maintain NIoD's strategically important office function.
- 6.16 In the latest GLA employment projections the GLA have made an assumption that this large pipeline will operate as a market attractor (part of the triangulation method). Effectively their assumption is that this is not an over-supply, but instead a factor which makes the Borough comparably more attractive than other others in the long term; pulling footloose demand from boroughs with a smaller pipeline compared with Tower Hamlets.

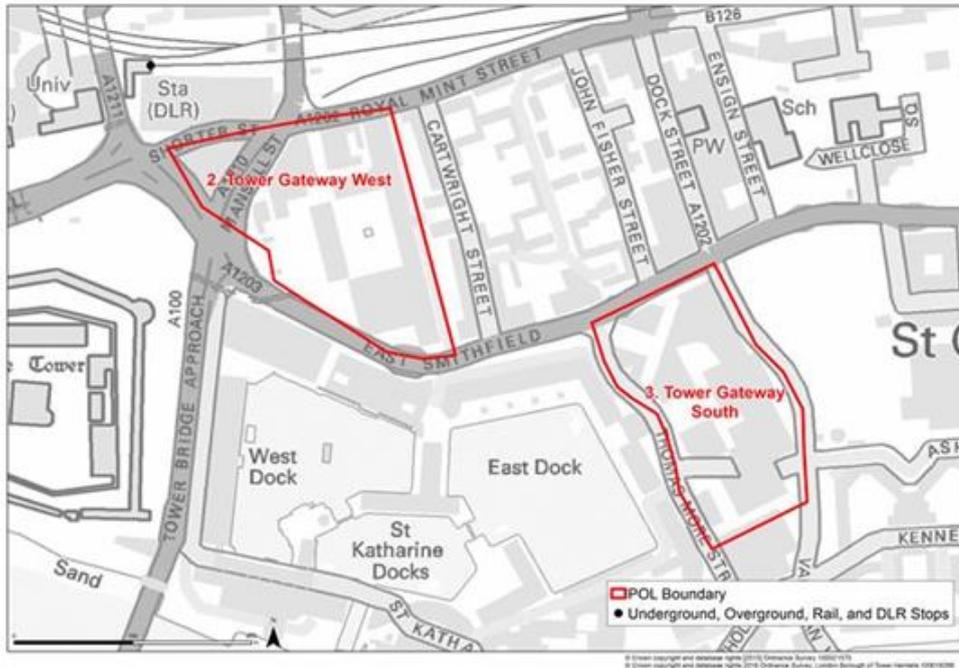
Figure 6.2 Established offices Canary Wharf



Tower Gateway West

- 6.17 Located at the south west of the Borough, the 2.8 Ha Tower Gateway POL is part of the Central Activities Zone (CAZ), and is also within a conservation area that includes a number of listed buildings. The office stock in the POL is a mix of periods with some buildings providing relatively low density use of the site, and much of it currently vacant pending the outcome of a planning application (see below).
- 6.18 The site borders St Katherine Docks to the south, the Tower of London to the west, railway line to the north and residential properties to the east.
- 6.19 Fenchurch Street, Tower Hill, and Tower Gateway stations are located less than 400m away, providing access to Underground, DLR, and National Rail services.
- 6.20 A planning application is currently being considered for the comprehensive redevelopment of the whole site to provide an employment-led mixed use development of up to 75,000 sq m GIA of B1, A1, A3 and D2, some replacement buildings, but also the refurbishment and restoration of the listed buildings. The development will achieve a qualitative improvement compared to the existing stock, but the overall increase in the office provision at between 12,000 – 15,500 sq m is modest, providing a total of 61,500 - 65,000 sq m.

Figure 6.3 Tower Gateway West and South POLs



6.21 In our view intensification of uses is the only means to increase office provision in this location, but this will not contribute significantly to the floorspace growth needed to meet the Borough’s employment projections.

Tower Gateway South

6.22 This 2.5 Ha POL is located in the south west corner of the Borough, within the CAZ, and is also within a designated conservation area. The Thomas More Square office complex that was completed in 1997 anchors the POL providing approximately 60,000 sq m of office floorspace.

6.23 Tower Gateway South is adjacent to residential properties and St Katherine Docks to the west, a large Waitrose store and residential properties to the south, residential dominated mixed use on the northern side of East Smithfield and the former News International site to the east.

6.24 Access to public transport is a little more distant compared to Tower Gateway West, with the nearest stations (Tower Gateway, Tower Hill, and Fenchurch Street) all approximately 700m away.

6.25 The office occupiers are a mixture of business uses, including IT, real estate, financial, and engineering and architecture consultancies. A recent trend has been a number of permissions for the change of use from ground floor offices to retail/leisure uses, which will provide the ancillary facilities and services needed to reinforce this area as an office location.

6.26 Our view of this site is a high quality office location, but has little scope for further significant intensification, and as with Tower Gateway West will not contribute

significantly to the floorspace growth needed to meet the Borough’s employment projections.

Aldgate

- 6.27 The Aldgate POL is located within the CAZ City Fringe, and extends to 7.3 Ha. It is the second largest POL in the Borough and office activity is the principle use.
- 6.28 The site lies between Mansell St and Leman St, and surrounds a primary school and a small residential neighbourhood (not included within the POL), and is bounded by the railway line to the south, residential properties on the east and west, and Whitechapel High Street to the north.
- 6.29 Public transport access is excellent with access from all directions via stations at Aldgate East, Aldgate, Tower Gateway, Tower Hill, and Fenchurch Street.
- 6.30 There has been a lot of redevelopment in recent years, with recent/current schemes coming forward including the mixed-use redevelopment of the land at Aldgate Place, to provide 463 residential units together with 1,800 sq m office, hotel, and retail and leisure floorspace.

Figure 6.4 Aldgate POL

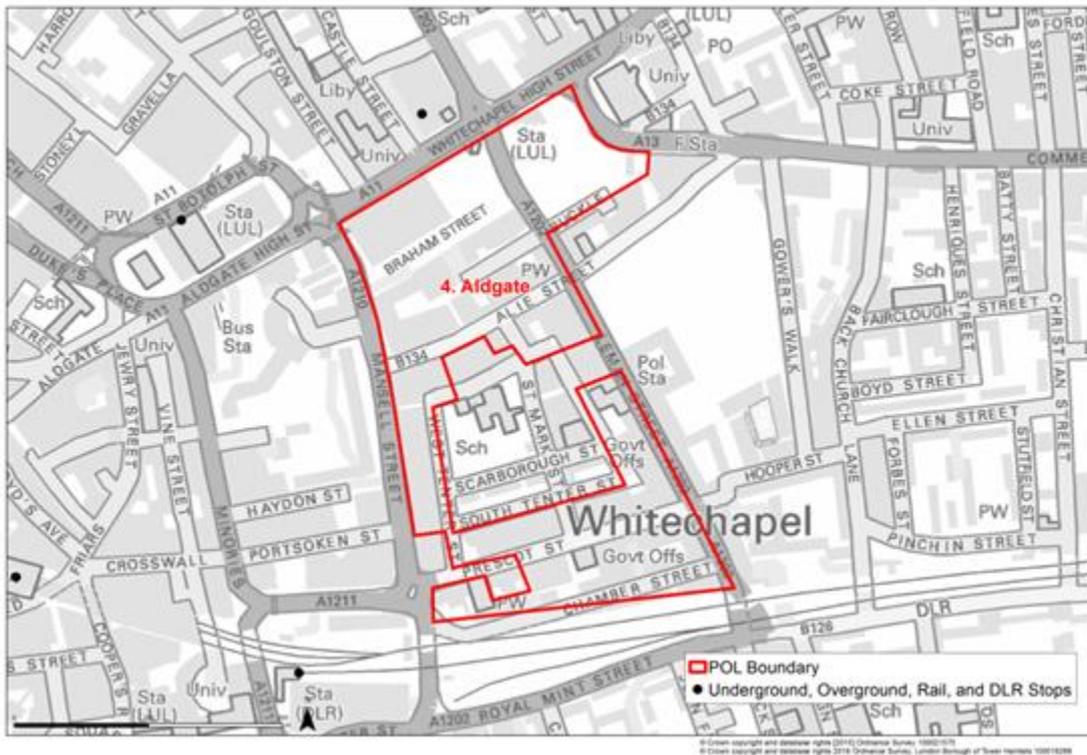


Figure 6.5 Aldgate - office developments



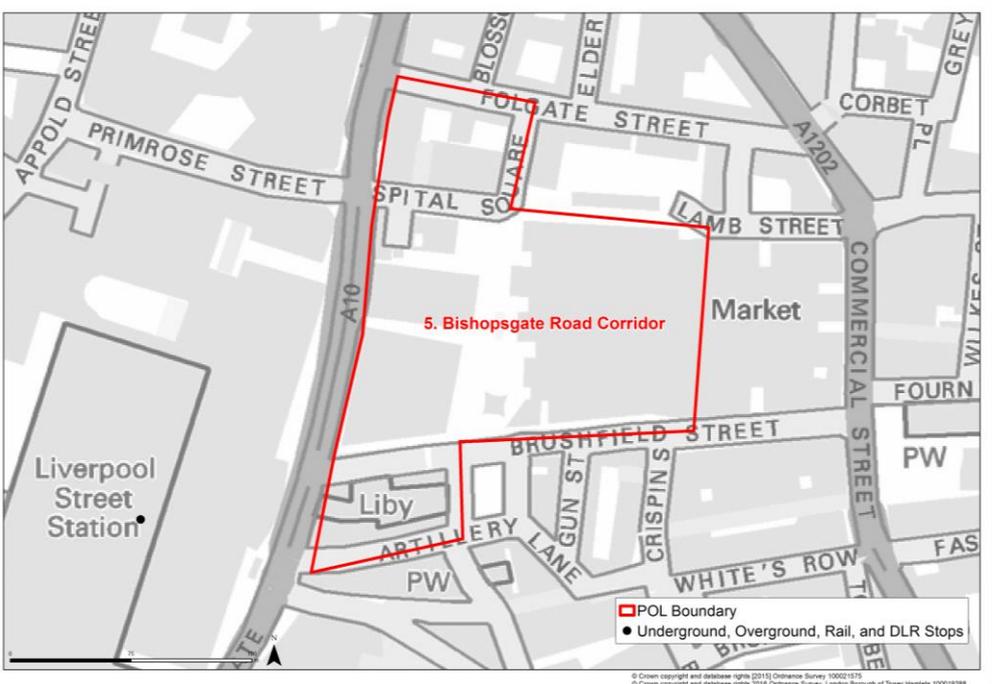
6.31 The opportunity for further redevelopment intensifying the office floorspace are limited because there has been such a large amount of recent redevelopment, and the limiting factor of the Conservation Area and Listed Buildings. Therefore, Aldgate POL will not contribute significantly to the floorspace growth needed to meet the Borough’s employment projections.

Bishopsgate Road Corridor

6.32 Located on the western Borough boundary, with Bishopsgate and Liverpool Street station (located in the City) to the west, and Old Spitalfields Market to the east, this 4.2 ha POL is firmly part of the City Fringe within the CAZ. To the south is the City, but immediately to the north is the mixed use area of the Elder Street Conservation Area with its 3-4 storey Georgian terraces that remains largely in residential use interspersed with ancillary uses.

6.33 The POL has experienced considerable redevelopment in recent years. This includes large scale developments such as the office building at Eden House. Opportunities for further substantial intensification are limited by the Conservation Area designation and the high number of Listed Buildings that border the area.

Figure 6.6 Bishopsgate Road Corridor POL



6.34 The significant amount of redevelopment in recent years and the absence of vacant units demonstrates that the area is a viable office area, and will continue to be so for the foreseeable future, albeit opportunities to intensify the amount of office floorspace are limited, and the Bishopsgate Road Corridor will not contribute significantly to the floorspace growth needed to meet the Borough’s employment projections.

Conclusion - POLs

6.35 The POL designation is working successfully in Tower Hamlets directing office development into the designated areas, and helping to resist the pressure for residential development.

6.36 The POLs in the City Fringe have experienced a lot of redevelopment in recent years, and do not have much scope for further intensification of use. But there remains a huge pipeline for future office development at Canary Wharf. Given that the POL boundaries were only established in 2013 through the Site Allocations DPD, and they are a long term policy, and the substantial availability of supply in Canary Wharf, we do not consider there is a need to expand any of the POL boundaries.

6.37 As with any site in the Borough there is pressure for housing in the POL; in the current market residential is more viable and offers a higher value. New homes in the POL do have advantages; as with retail and other supporting uses it makes for a vibrant and market attractive area.

6.38 But the balance of policy should remain with priority given to offices. New housing in the POL should be considered on a case by case basis. This is because the POL is a long term strategic land resource which may take several plan rounds to come to

full fruition. When considering market evidence submitted in support of planning applications, a very long term view needs to be taken.

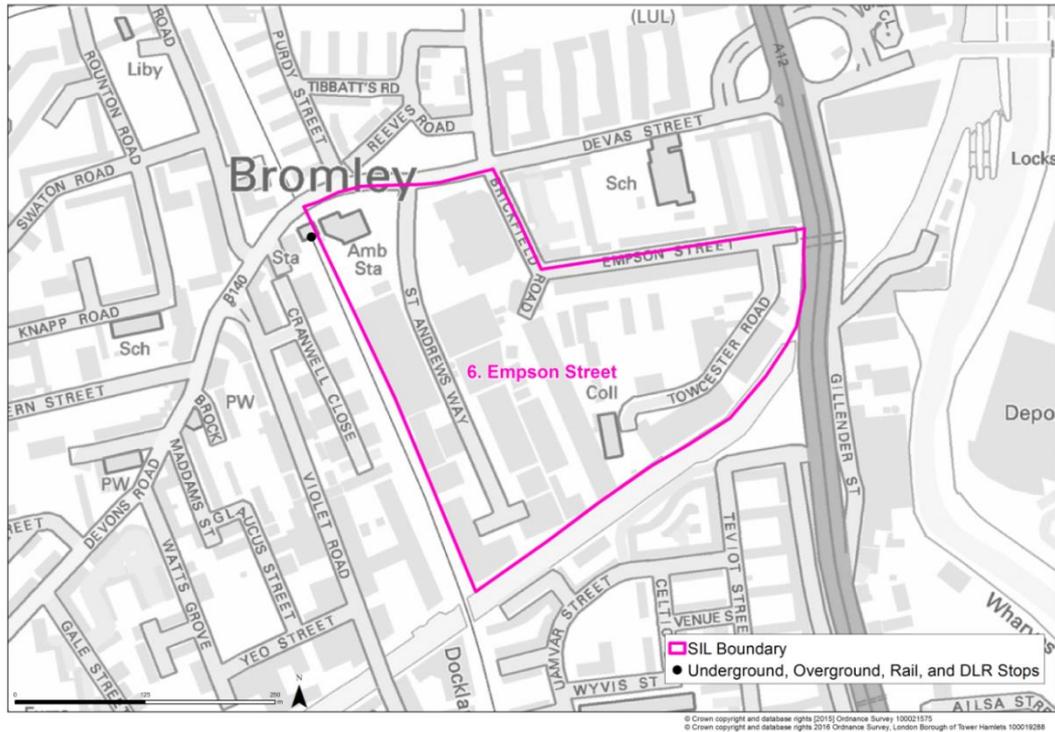
- 6.39 This stance appears to be supported by the new GLA Employment Projections which are very high for the Borough; partly because the GLA (in their triangulated projections) recognises the large pipeline of office space as a very strong market signal. The Tower Hamlets pipeline is possibly the envy of many London boroughs who struggle to receive any market interest and have very small pipelines.

Strategic Industrial Location (SIL)

Empson Street

- 6.40 This site, located in the east of the borough close to Bromley-by-Bow, is the only Strategic Industrial Location (SIL) in Tower Hamlets. The 10 Ha site comprises three quite distinct areas -warehousing/distribution units on St Andrews Way, the much older industrial stock behind Empson Street and smaller storage/distribution units and an arts centre on Towcester Rd.
- 6.41 The site is bounded by the DLR line to the west and Limehouse Cut canal to the south, with residential to the north and east.
- 6.42 The Devons Road DLR station is adjacent to the site and Bromley-by-Bow Underground station is an approximately 500m walk. The site also has access to the A12 via Devas Street to the north of the site.
- 6.43 Vacancy within the whole SIL is low, with only one of the modern warehouse units on St Andrews Way vacant at the time of the site visit. The industrial stock behind Empson Street is relatively historic, not built for industrial purposes and unlikely to meet modern industrial requirements. Nevertheless, all the stock appeared to be fully let. The main occupiers are a cement batching plant and a large area of open storage. The old college building is occupied by Limehouse Arts Foundation, which provides affordable studio space and has attracted a number of SMEs.

Figure 6.7 Empson Street SIL



6.44 There is scope for an upgrade or redevelopment of the older industrial units and in particular the Old College building. However, the building has more scope for the creative industries as evidenced by the art studios rather than for industrial uses. The open concrete batching plant provides a low intensity use that could, subject to alternative suitable premises being available, open up the area for more intensive use providing space for the creative industries.

Conclusion - SIL

- 6.45 Whilst the site has very low vacancy and supports industrial uses and warehousing as intended by the site's SIL designation as a whole site is struggling to confirm to the London Plans vision of Strategic Industrial land.
- 6.46 Some of the key industrial space in the Old College building is not meeting modern industrial requirements, and some space has been converted for use by businesses in the expanding creative industries sector. Erosion of nearby industrial uses, in favour of higher density housing, uses means that the core of the SIL is losing its critical mass.
- 6.47 It is questionable whether of the life of the new plan the area can retain its SIL designation It is also debatable whether retaining a SIL designation makes best use of the site or possibly hinders regeneration.
- 6.48 We consider that there may be advantages to releasing the site from SIL and drafting bespoke local policy to guide the regeneration of the area. For example, there is active demand from the creative and TMT sectors and buildings like the Old College building have attracted creative and TMT tenants.

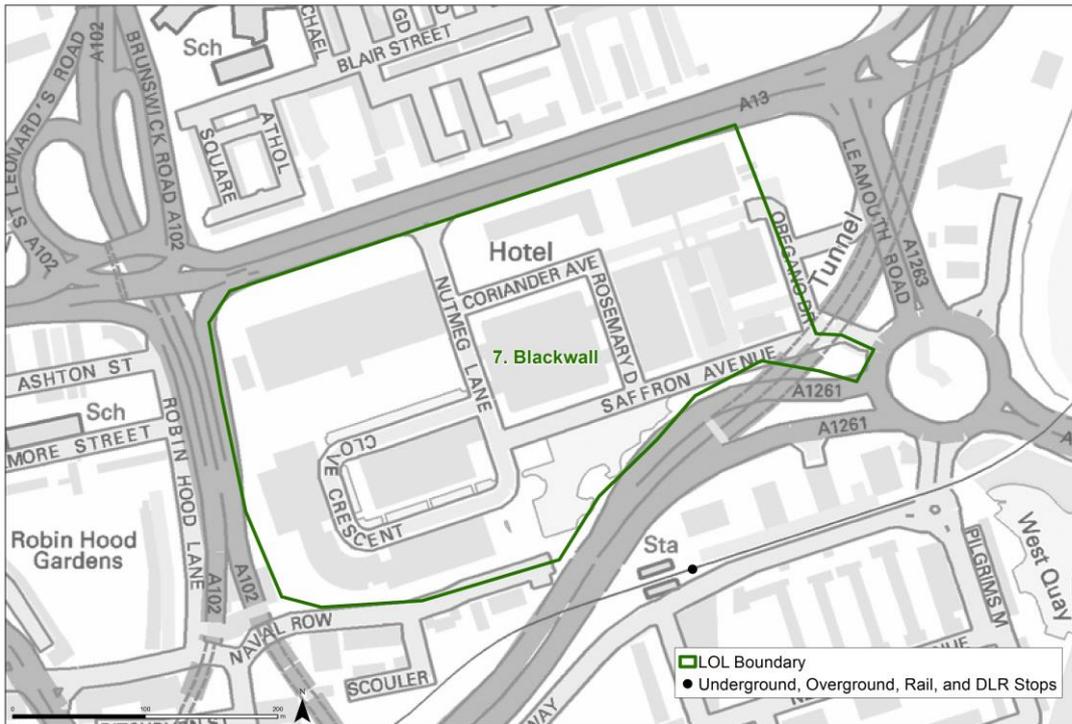
- 6.49 Because of the SIL policy the Council should be able to secure a mix of re-development with a greater bias towards the needs of new light industrial occupiers, including the (in demand) servicing space which is much more difficult to secure outside of protected employment areas. There is a need for space from firms who cannot (or don't want) office space and want some flexibility in their property. Securing this flexibility in most redevelopment schemes outside of designated employment areas is difficult and so the supply of new flexible space very limited.
- 6.50 But such a recommendation is currently contrary to the London Plan. Added to this there is no reservoir of sites available to re-accommodate any displaced 'heavy' industrial firms. Should the Council release the site from SIL, re-designate as a local site (with a bespoke policy to control renewal and regeneration) then many of the existing firms would be lost of the Borough.
- 6.51 The borough is faced with the choice of retaining lower employment density industrial uses or encouraging the higher density expanding sectors that might not provide much opportunity to the local community.

Local Office Locations (LOL)

Blackwall

- 6.52 This is a 10 Ha office site located in the east of the borough. The offices are relatively modern and good quality set in attractive landscaped public realm.
- 6.53 Occupants include Tower Hamlets Council and telecoms companies Telehouse and Global Switch. The office buildings all appear to be in sole occupation, and there is no sign of any vacant premises.
- 6.54 We understand that the area has easy access to the fibre optic cable network hence the cluster of data centres.
- 6.55 The site is served by East India and Blackwall DLR stations, and has immediate access on to the A1261, part of the strategic road network.

Figure 6.8 Blackwall LOL



- 6.56 There is an extant planning permission for the demolition of the Council offices and redevelopment of a 1,300+ residential units, ancillary retail and leisure floorspace with approximately 2,200 sq m of B1 floorspace.
- 6.57 The redevelopment of the Council offices will reduce the office floorspace by 53,800 sq m; the development of Telehouse 2 will provide a slight counter-balance to this.
- 6.58 The area always was difficult to classify because it did not function as POL and the office space was not 'local' having been built as large floorplate corporate space. With the redevelopment the area is ceasing to function as an office centre.
- 6.59 In the next plan there is an opportunity to re-designate the site to better reflect the new mix of uses; including re-casting the boundary to capture all the data centre uses.
- 6.60 A new policy should protect the data cluster and secure the 'flexible' office space being proposed in the regeneration (although we note this will not benefit from Permitted Development Rights).
- 6.61 A new local centre designation may be more appropriate and this policy seeks to retain the remaining employment uses.

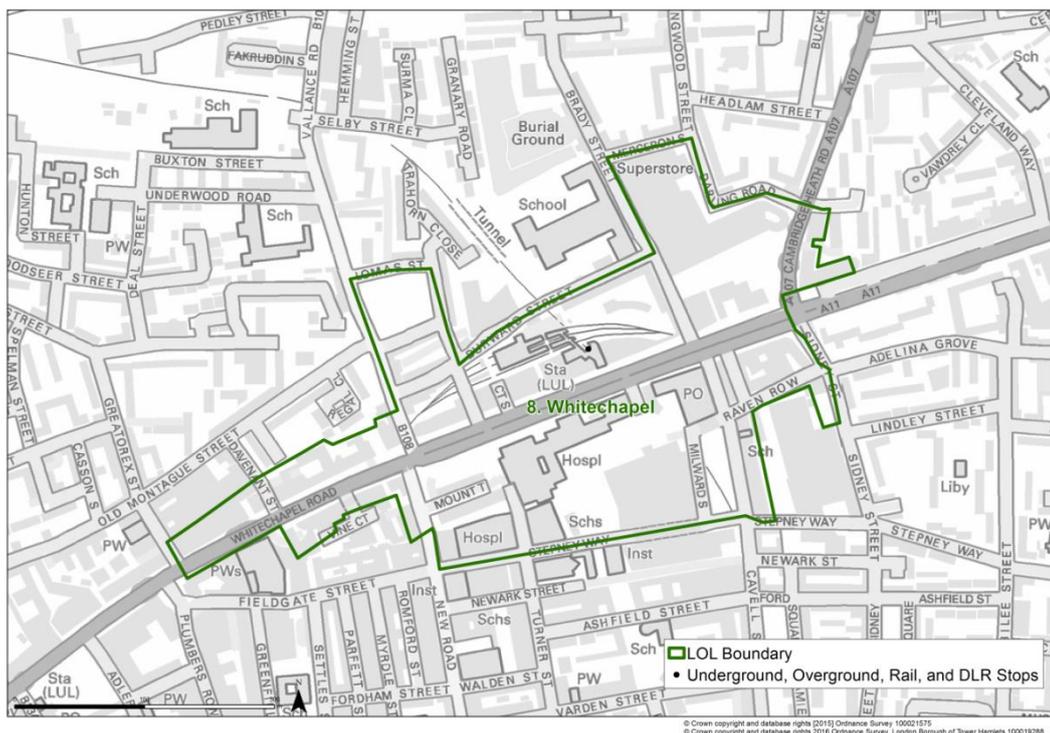
Whitechapel

- 6.62 Whitechapel is designated LOL and a District Centre, and as such it is primarily comprised of town centre retail, service and leisure uses.
- 6.63 Whitechapel Road is the 'spine' of the centre, and is home to a very vibrant street market. The centre is largely bounded by residential, school and sports centre to the

north and the Royal London Hospital to the south. The Hospital is the major occupier/employer in the centre. The Royal Mail site close to the Hospital is the only office building of scale in the centre, but that appears to be under-utilised. The office activity in the centre is small scale professional services serving the local community and located on upper floors above shops. There appeared to be a considerable amount of office space above the shops, and no evidence of vacancy amongst the current provision.

- 6.64 The centre is served by Whitechapel railway station, which will be a Crossrail station when that new line opens in two years' time. This improvement in accessibility east/west should improve Whitechapel's attraction as an office location.
- 6.65 Whitechapel's is located very close to the City Fringe, but developers/occupiers of office space have not as yet been attracted to the centre. The Crossrail station may improve the centre's potential for office, but even so it will lack the benefits of the more established and central locations. However, as more central space becomes harder to find and redevelop, values will rise and demand will ripple out to locations such as Whitechapel.

Figure 6.9 Whitechapel LOL



- 6.66 Our view is that the mid to longer term future will be for office provision in Whitechapel to continue to provide for local professional services sector businesses in the small scale upper floor offices.
- 6.67 As noted earlier the economics of the market will make it very difficult to retain or re-provide 'value' space in this area. However, one exception may be office space above shops. The Conservation area designation makes redevelopment and intensification of property along the Whitechapel Road less likely. These properties

already accommodate a number of local office occupiers and an article 4 direction may be helpful in retaining them in office use. Where other sites come forward for redevelopment developers should be able to re-re provide space built to a standard which can attract new creative and TMT firms seeking cheaper space and central London but paying above 'local' rents.

Mile End

- 6.68 Mile End is a designated LOL and Neighbourhood Centre that provides limited retail and leisure uses, but no observed office employment activity at ground or on upper floors. The centre is characterised as low rise with most buildings even those close to the underground being two or three storeys in height.
- 6.69 The site straddles Mile End Road, and is focused on Mile End Underground Station. Bounded to the west by Mile End Park, but otherwise the centre is surrounded by residential. The centre boundary requires updating to include activity to the west and north.

Figure 6.10 Mile End LOL



- 6.70 Mile End has considerable potential for redevelopment within the centre given the low density of the current stock. The centre could also be attractive for office developers providing for the local occupier market given its proximity to the City, connectivity and the quality of the public realm improvements. However, in the mid to longer term it is only likely to cater for displaced local professional services uses that are likely to be displaced in time from areas closer in towards the City, and in

particular Whitechapel. There is scope to consider extending the LOL to capture smaller sites outside of current boundary.

Tower Gateway East

- 6.71 Tower gateway East is a 2.4 Ha LOL located in the west of the borough, and centres on Dock Street taking in the streets either side. The area supports a mix of uses, with residential becoming increasingly the dominant use, but office uses still evident and very limited storage provision. Recent planning permissions include the redevelopment of the unit formerly in retail use for 65 residential units on the corner of Ensign Street and East Smithfield.
- 6.72 The LOL is bounded by Cable St and the DLR railway to the north and East Smithfield to the south, with residential and a primary school to the east and residential to the west.
- 6.73 The site is within walking distance of Tower Gateway (400m) and Shadwell (700m) DLR stations. Road connectivity is good in and out of the City via the A1203 East Smithfield.
- 6.74 Cable St provides some but very limited retail and leisure facilities, and its relative isolation from shops and services and a critical mass of office activity reduces its attraction to office investors and occupiers.
- 6.75 The on-going redevelopment of the former News International site immediately to the south which includes some 10,000 sq m of office space located on East Smithfield, will help to improve the office critical mass in the area and could provide an office 'hub' and possibly redefine the LOL in this area.

Figure 6.11 Tower Gateway east LOL



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- 6.76 Our view is this LOL has lost the critical mass of office floorspace, and the dominant use is now residential, and the boundary should be redefined to reflect this. Redefining the office area should take into consideration the opportunity to designate an office hub focused on East Smithfield.

Conclusion - LOLs

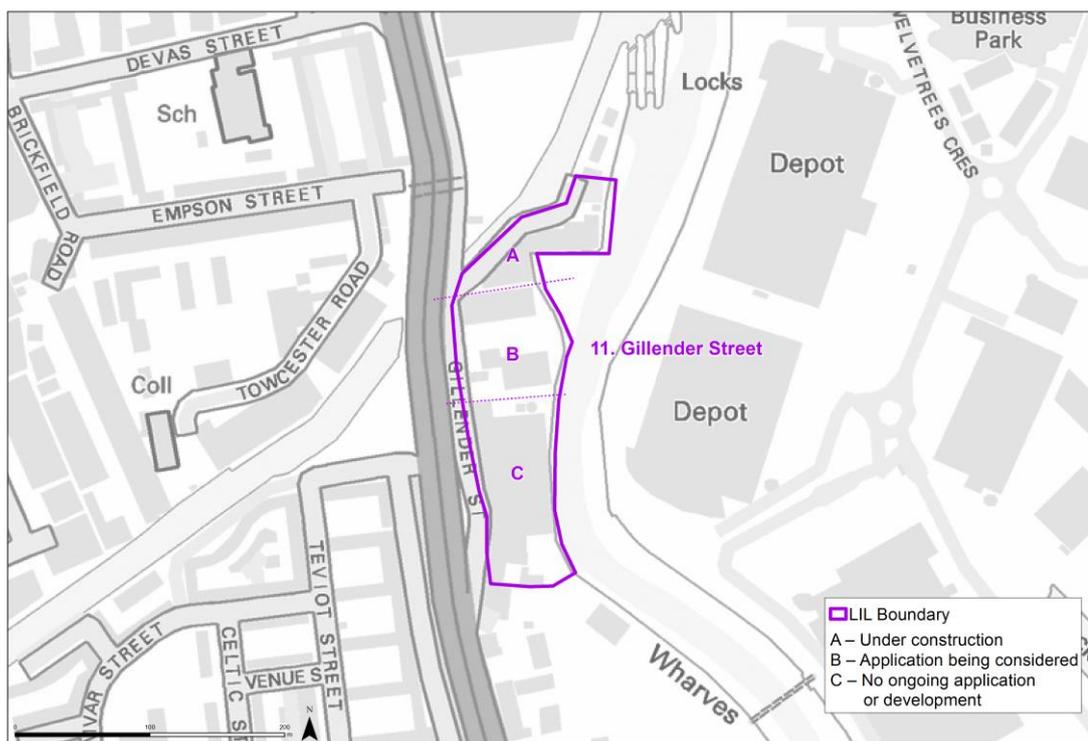
- 6.77 The key policy test for the LOLs is that redevelopment including residential will be supported as long as the office floorspace is re-provided on site. This policy, as a spatial policy has however lost its main implementation tool. With permitted development rights developers are free to change the use of the remaining office stock without detailed policy consideration. Over the last few years two of the LOLs have lost their office focus. Blackwall, with redevelopment as planned, will no longer function as significant office location (strategic or local). But it will retain some office and an important data centre function. Tower Gateway East is also changing; it is less of a local office centre (as currently defined) but with nearby sites (Inc. East Smithfield) may still have a role to play in meeting office provision in the Borough.
- 6.78 Whitechapel will (and is) changing function as Crossrail takes hold and the central office (and flexible space) market looks for the next round of cost efficient space.
- 6.79 The current Mile End designation does not extend to cover office uses away from the very core centre.
- 6.80 This all suggests that the LOL policy needs redrafting and replacing with more area specific policies reflecting the sites and areas new function. A general borough wide LOL policy no longer appears appropriate.
- 6.81 Moving forward the Borough will lack local office areas with critical mass of true local office supply. Instead the needs of local residents will need to be met from retained secondary space spread throughout the borough. At the moment this is highly vulnerable to change of use and this can only be prevented by new Article 4 designations and the operation of the criteria based release policy.
- 6.82 Finally; a further reason to reconsider the LOL policy is that many of the new schemes coming forward on allocated sites (discussed below) have quantities of office space as part of the mix. Sites such as Wood Wharf will, if delivered to plan, have much more space than any of the existing local centres. But they will not function as local centres (as currently defined) nor will they function as CAZ / POL. They will need new policies to guide their implementation and longer term protection but these policies need to be bespoke to reflect the space proposed.
- 6.83 This new space will not benefit from permitted development rights (change of use to residential). So control of these sites in the future may need to be via new area specific policies but more likely through the operation of the criteria based policy. Individual policies for each area of scattered office through the borough is unlikely to be practical.

Local Industrial Locations (LIL)

Gillender Street

- 6.84 This 2 Ha lies between the A12 and the River Lea at the very eastern edge of the borough, opposite the warehousing & distribution park across the River Thames in Newham that houses Amazon and Sainsbury amongst others. To the south lies the Ailsa Street site allocation.
- 6.85 The site divides into three (refer to map below), with A recently redeveloped for circa 200 residential apartments and 1,730 sq m of commercial floorspace (B1), B currently occupied by industrial units in the Barratt Industrial Park, and C occupied by a vacant former warehouse building.
- 6.86 The nearest public transport is some distance away at Bromley-by-Bow, and access on to the A12 is via a circuitous route not ideal for HGVs.
- 6.87 Some of the units in the Barratt Park appear to be vacant, but the reasons for this are unclear, and could relate to the current planning application (see below).

Figure 6.12 Gillender Street (LIL)



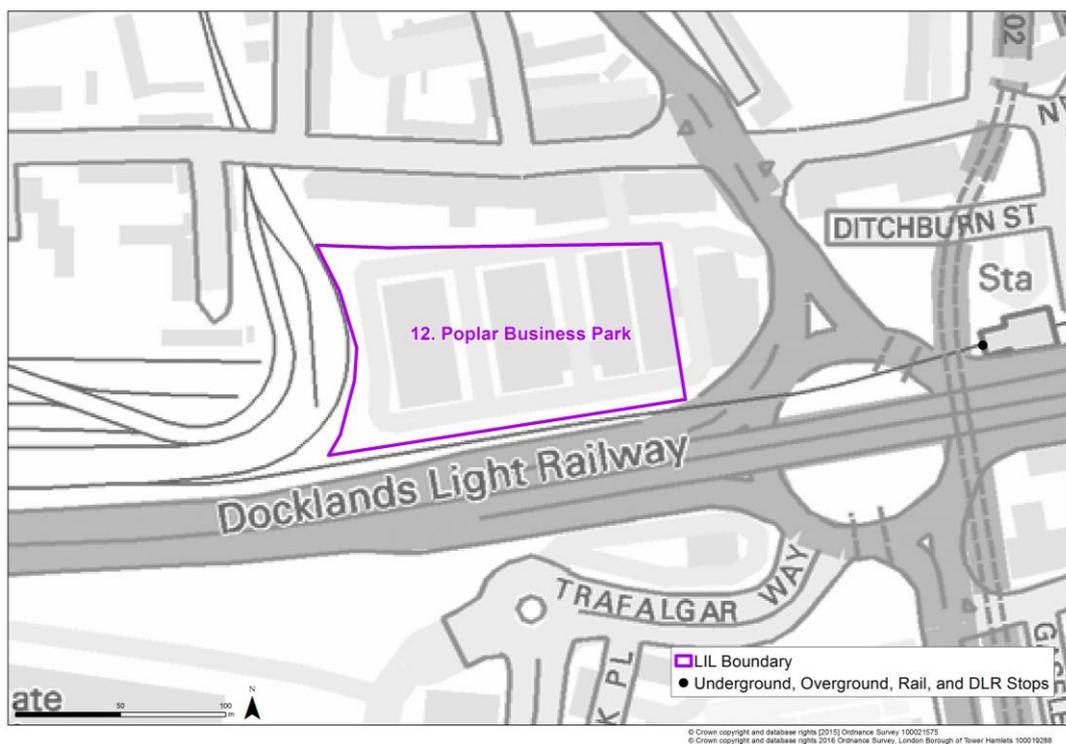
- 6.88 A planning application is currently being considered for the replacement of the Barratt Industrial Park with 1,730 sq m of commercial (B1) and 196 residential units, as well as 100 sq m of retail space.
- 6.89 Our view is that this site lacks prominence, connectivity is poor and the narrow configuration limits the site's potential to continue to provide a critical mass of employment floorspace. There are existing locations in close proximity that through

intensification could reprovide local opportunities for the types of local servicing activities that are currently operating from the Barratt Park site.

Poplar Business Park

- 6.90 Located in the south-east of the borough, the site currently provides employment space in two large modular units. However, the site is currently being redeveloped and the modular units will shortly be demolished and the whole site redeveloped to provide 8,104 sq m of business accommodation (B1) and 392 residential units. The employment floorspace is dispersed throughout the development, utilising ground floor units to create active frontages along the western and southern elevations.
- 6.91 The site is immediately north of Aspen Way (A1261), with Poplar High Street Neighbourhood Centre to the north; a large office block and Cotton St to the east and a railway depot and residential properties to the west.
- 6.92 The site is only 100m walking distance from Blackwall DLR, with a variety of other public transport connections located to the south in Canary Wharf. Road access is excellent on to Aspen Way and connections with the local strategic road network.

Figure 6.13 Poplar Street LIL

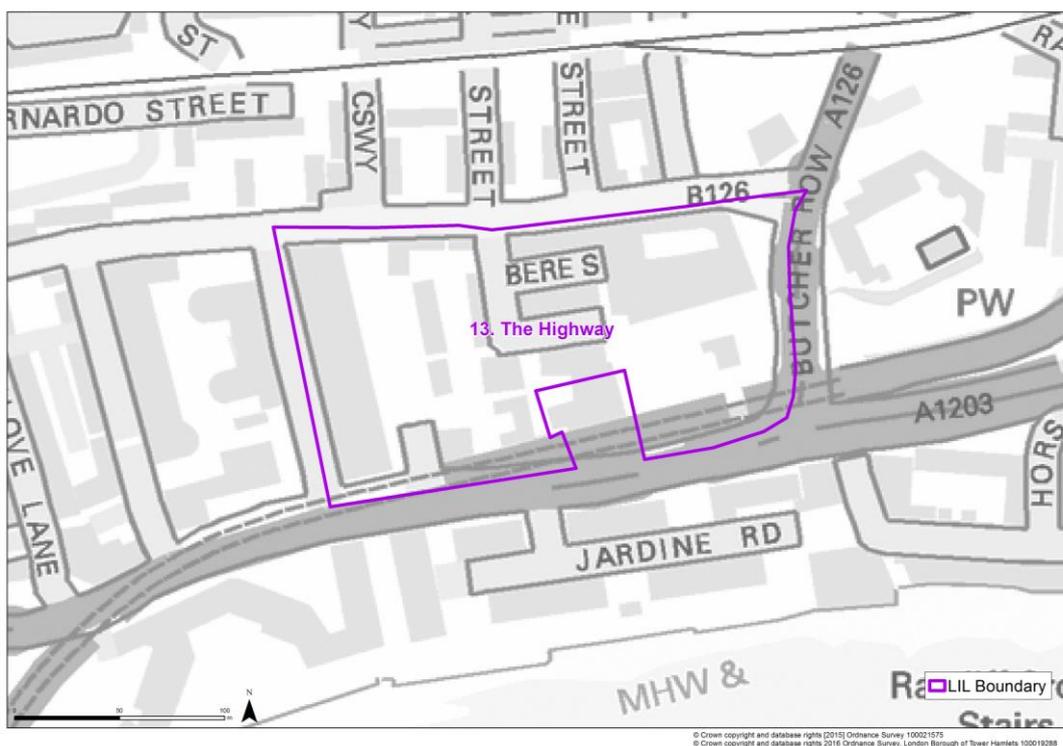


- 6.93 The redevelopment represents an overall increase in employment floorspace of 1,150 sq m. The new business accommodation will be specifically designed for small and medium sized enterprises (SMEs), which require B1a (workspace office) and B1c (light industrial) floorspace.
- 6.94 Our view is that this is an excellent location for industrial uses, providing start up business and local job opportunities, albeit the site is very small. The site should be retained as an employment location, with the same boundary.

The Highway

- 6.95 This 2.8 Ha site is located in the southern part of the borough, between Shadwell and Limehouse. It is a long established site supporting a range of uses most notably a concrete batching plant, but also a number of small warehouse units serving the building trade, with a former warehouse building providing studio space to a number of SMEs with a block of residential units to the rear of the site.
- 6.96 The LIL wraps around a Holiday Inn on the Aspen Way frontage and is bounded by residential to the west and Butchers Row and the St James Gardens to the east.
- 6.97 Limehouse overground and DLR station is approximately 150m to the east.
- 6.98 There is a planning application (PA/16/00417) currently being considered for the demolition of the warehouse uses on the western side of the site, and replacement with a mixed-use development comprising 6,534 sq m office floorspace (B1a) and 262 residential units. The office floorspace will be designed to attract start-ups and creative industries from the local area.
- 6.99 The site is currently home to approximately 5,000 sq m employment uses, and the development proposal would provide an increase in floorspace of 1,600 sq m, albeit in a different use class to that which would be lost.

Figure 6.14 The Highway LIL



- 6.100 Our view is that this is not an established office location, it lacks the services to support office activity, accepting that the adjacent hotel is a complementary use for office, and is much more suited to the type of construction related industrial uses currently found at the site. The Cable St Studios located close to Limehouse station and in an attractive red brick former warehouse building to the rear of the site, and

part occupied by galleries and studios has the potential to be much more intensively used.

Conclusion - LIL

- 6.101 We recommend that the relative remoteness and poor connectivity of the Gillender Rd location, and the potential to reprovide close by, means it is appropriate to designate this site from its LIL status. The Poplar and Highway sites are small, but are much better located relative to the road network than Gillender, and offer scope for the creative industries - Poplar through the forthcoming redevelopment of the existing provision and the Highway through the potential to more fully utilise the Cable Street studios.

Allocated sites - redeveloped or under-construction

Goodman's Fields

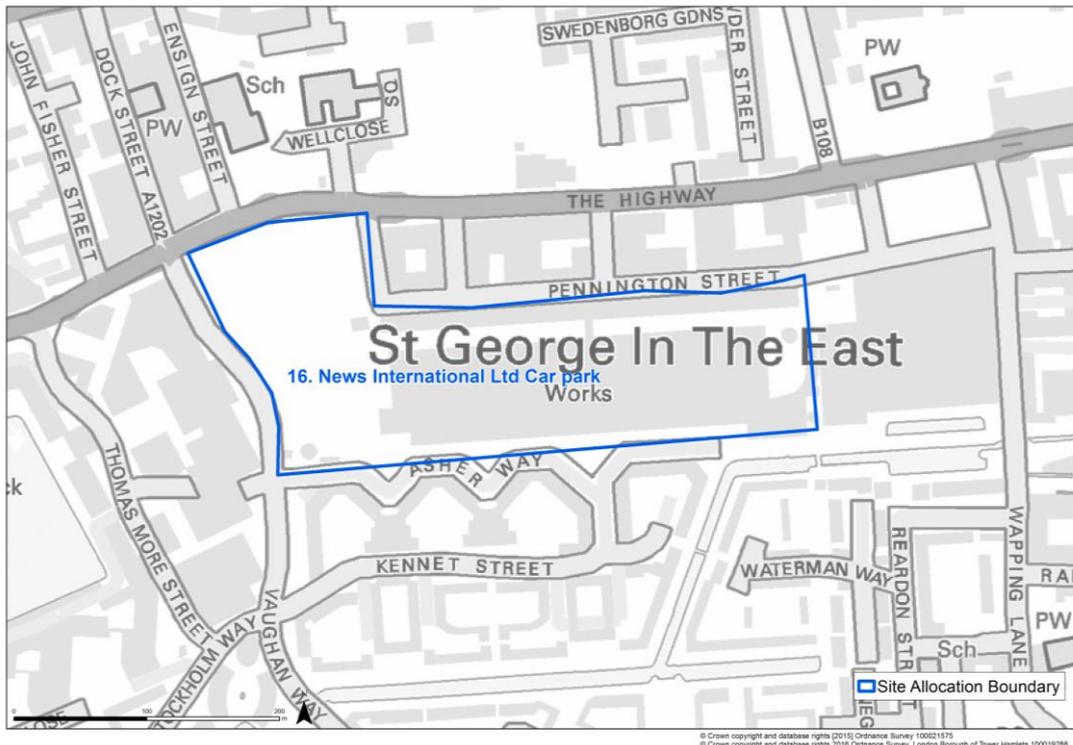
- 6.102 This 3.65 Ha site is located at the east of the borough and it is currently being redeveloped for a residential-led mixed use scheme comprising up to 700 residential units; 7,000 sq m of flexible commercial and leisure floorspace (Use Classes A1-A5, B1a, D1 and D2); a hotel with spa and gym; a health centre; and, associated public garden with landscaping and public realm.
- 6.103 The site is mainly bounded by residential uses, with the office of the Aldgate POL to the west of the site. The site is served by Aldgate East Underground station, and has direct access to the A13.
- 6.104 The employment uses will be incorporated into the ground floor flexible commercial and leisure units, and as such these will contribute to the town centre uses proposed as part of the development.
- 6.105 Our view is that the office floorspace that will come forward as part of this redevelopment will provide a flexible mix of small scale offices for local businesses. The position of the offices amongst the other town centre uses will enhance the functionality of the site and its surroundings.

London Dock

- 6.106 This 5.8 Ha site is located towards the west of the borough and is currently being redeveloped for a comprehensive mixed use scheme comprising residential; offices and flexible workspaces; community and leisure facilities; retail, food and drink uses.
- 6.107 The site is bounded by residential uses to the south, Thomas More Square, a recent office development to the west that is within the Tower Gateway south (SIL), and residential and commercial uses to the north.
- 6.108 The site is served by Tower Gateway and Shadwell Underground, overground and DLR stations, and has direct access to East Smithfield (the A1203).

6.109 The quantity of employment floorspace to be provided as part of the redevelopment is between 5,204 and 10,408 sq m of B1 offices and flexible workspaces. The proposed development will be phased out over 15 years. To allow the development to respond flexibly to the changing market conditions, the exact quantum of employment floorspace and its location within the development have not been specified.

Figure 6.15 News International Ltd Car Park



6.110 Our view is the office floorspace that will come forward as part of this redevelopment will reinforce the commercial uses on the north side of East Smithfield and those in the adjacent SIL (Tower Gateway south), and a comprehensive SIL or LOL boundary revision will be merited.

Leamouth Peninsula

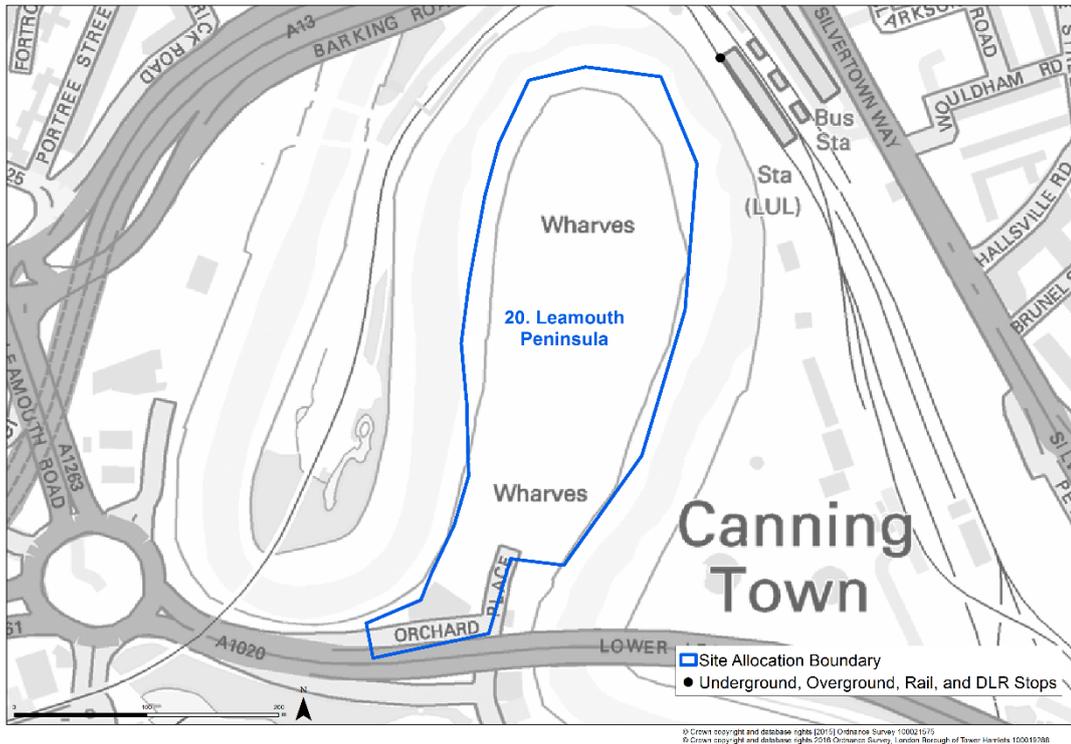
6.111 This 4.6 Ha site is located on the eastern borough boundary, close to Canning Town. The site is bounded by the River Lea, at Bow Creek and the Lower Lea Crossing.

6.112 Road access links into the Lower Lea Crossing, and the nearest DLR station is located within 400m to the north east of the site, at Canning Town.

6.113 The site is allocated for a mix of uses, but principally housing with other compatible uses.

6.114 The site is currently undergoing redevelopment in accordance with the preferred uses providing housing, office and flexible workspaces, retail and professional services, leisure and community uses. A total of 7,848 sq m of offices and flexible business spaces aimed primarily at the creative industries is being provided.

Figure 6.16 Leamouth Peninsula



6.115 Our view is that this site's redevelopment supports the type of employment floorspace that are in demand. We wait to see if the location attracts occupiers.

Blackwall Reach

6.116 This 7.2 Ha site is located towards the east of the borough, adjacent to the Blackwall LOL and bounded by residential units. The site comprises the Robin Hood Gardens housing estate, a primary school, community facilities, car parking and warehousing.

6.117 The site is served by All Saints, Blackwall and East India DLR stations, and it is located on the strategic A1261.

6.118 The site is currently being redeveloped to provide up to 1,575 residential units; retail, office, and community floorspace; and, a replacement school. The office floorspace proposed is up to 900 sq m, and this will be designed to attract local companies and start-ups.

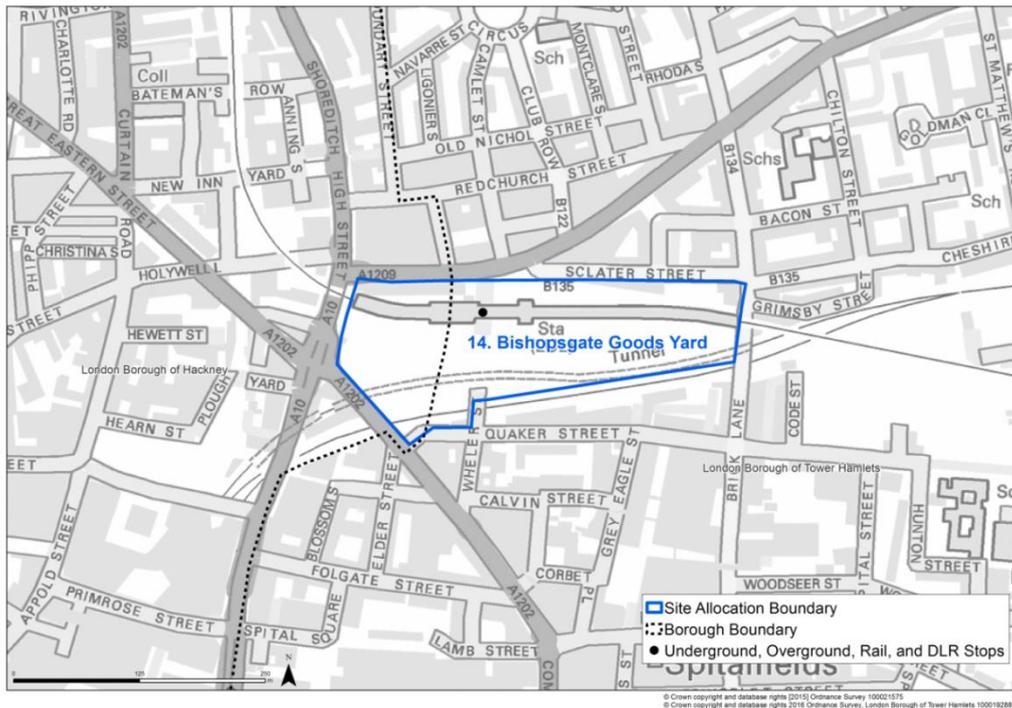
6.119 Our view is that this site's redevelopment will provide much needed additional housing, with complimentary office uses for local businesses.

Allocated sites - with scope for employment use

Bishopsgate Goods Yard

6.120 This site straddles the borough boundary crossing over into Hackney, and is allocated for mixed use development of up to 2,000 residential units; a local park; district heating facility; and 75,000 - 150,000 sq m of employment, retail, and community floorspace.

Figure 6.17 Bishopsgate Goods Yard



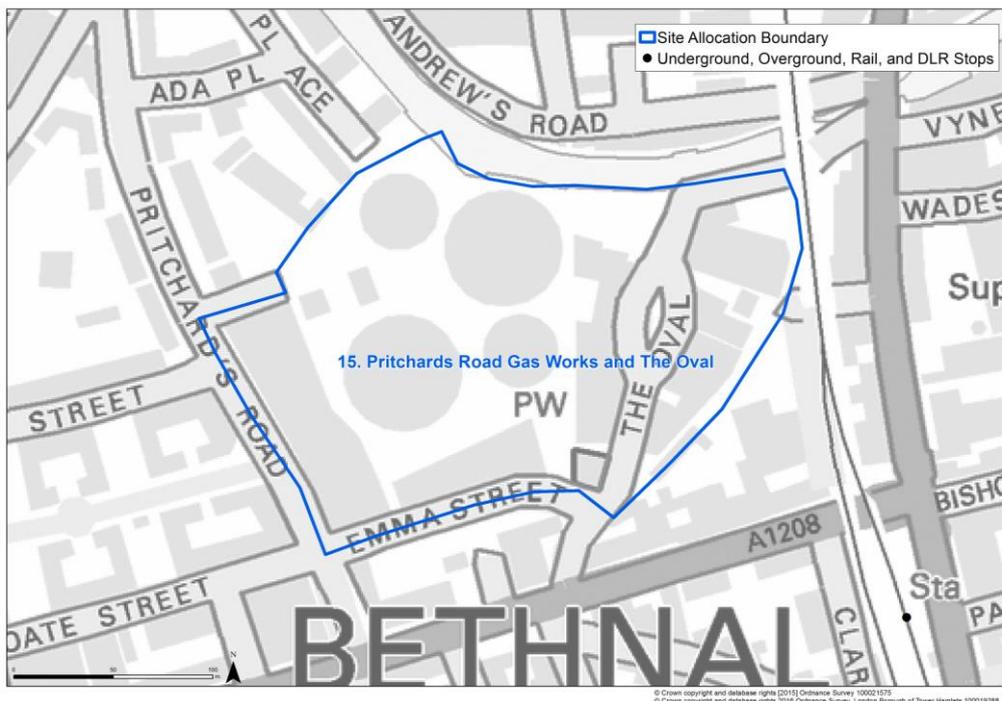
- 6.121 The 4.4 Ha site encompasses Shoreditch High Street Overground station and Box Park shopping centre. The remainder is largely vacant land currently used as a temporary sports venue. The site is surrounded by residential properties to the south and north. To the east is Brick Lane District Centre, and there are also a variety of town centre uses located along Bethnal Green Road to the north.
- 6.122 The site is located within the Central Activities Zone, and is only 500m north of the Bishopsgate POL, which reinforces the potential to provide uses compatible with the CAZ.
- 6.123 A planning application is currently live for a residential-led scheme including up to 65,859 sq m of B1 business floorspace, of which 16,670 sq m is proposed for land in Tower Hamlets. The vision for the development is for a new high quality, vibrant, mixed-use destination for Shoreditch and Spitalfields, combining commercial life alongside high quality living, building upon the creative industries hub in Shoreditch.
- 6.124 Our view is this site should deliver both the conventional office floorspace as proposed and also space suitable for SMEs drawing on the successful example of Containerville (see Marian Place Gas Works and The Oval site) that are very popular with start-ups and small businesses, and the Box Park concept.

Marian Place Gas Works and The Oval

- 6.125 This 3.75 Ha site is located at the north of the borough, and comprises the Marian Place Gas Works; the Containerville flexible workspaces and offices, warehouse/industrial units fronting onto Pritchard's Rd and The Oval offices and art studios.

- 6.126 The site is bounded by residential to the east and west, with Cambridge Heath Neighbourhood Centre to the south, and Regent's Canal to the north.
- 6.127 The site is approximately 300m from Cambridge Heath railway station and is 800m from Bethnal Green Underground Station.
- 6.128 The site has been identified because the major land use, the gas works will no longer be operational at some point in the future, presenting an opportunity for decommissioning the gas works and redevelopment. The site is allocated for residential, a local park, a district heating facility and business floorspace. Local support for this historic industrial structure seeks to retain the physical structure of the gas works with any future development.

Figure 6.18 Marian Place Gas Works and The Oval



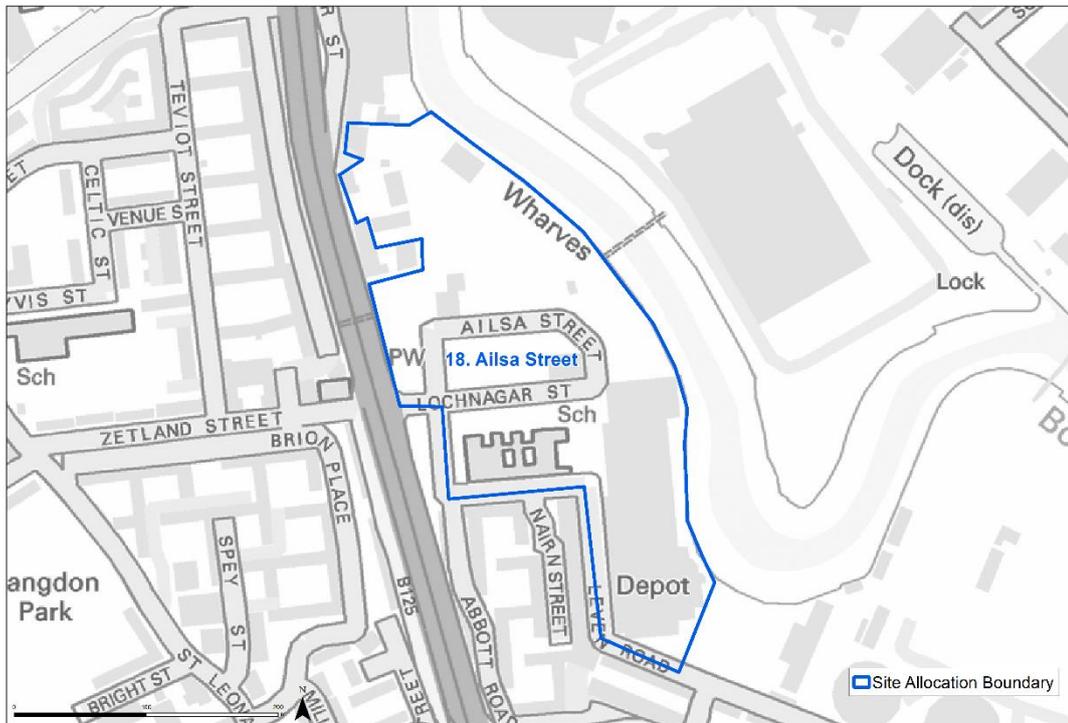
- 6.129 Our view is the site is a suitable location for the mix of local industrial units and SME start up units currently on site, especially as there are no other potential sites for new employment use in the Bethnal Green area.
- 6.130 Future redevelopment of the site should be considered comprehensively through a masterplan for the whole site, and should seek to intensify these uses on the site whilst maximising the potential of the canal side and The Oval for higher value uses and the desired open space, enabling values that deliver employment opportunities.

Ailsa Street

- 6.131 This 5.7 Ha site is located at the very eastern perimeter of the borough and is currently used for a mix of industrial warehouses in the southern part, a former primary school, a building materials yard and land used for scrap metals in the middle of the site and a waste management depot at the very north of the site.

- 6.132 Residential lies to the south, the Gillender Street LIL is immediately to the north, with the River Lea and the A12 immediately to the east and west respectively.
- 6.133 The nearest DLR station is approximately 500m to the west at Langdon Park, and there are several bus stops near the site. There are slip lanes adjacent to the site providing direct access to the A12.
- 6.134 The site is allocated for a comprehensive mixed-use scheme to provide residential dwellings, a primary school and other compatible uses, including employment floorspace and the waste management facility is to be retained.
- 6.135 Currently the only proposal for the site is a live planning application to expand the primary school site to provide a renewed primary school and nursery.

Figure 6.19 Ailsa Street



6.136 Our view is that the site allocation land use proposals are appropriate, with the employment element located to the north of Lochnagar Street transitioning between the school and the waste management facility at the very north of the site. We recommend that a site masterplan should be prepared to establish the distribution of uses and to identify any infrastructure requirements.

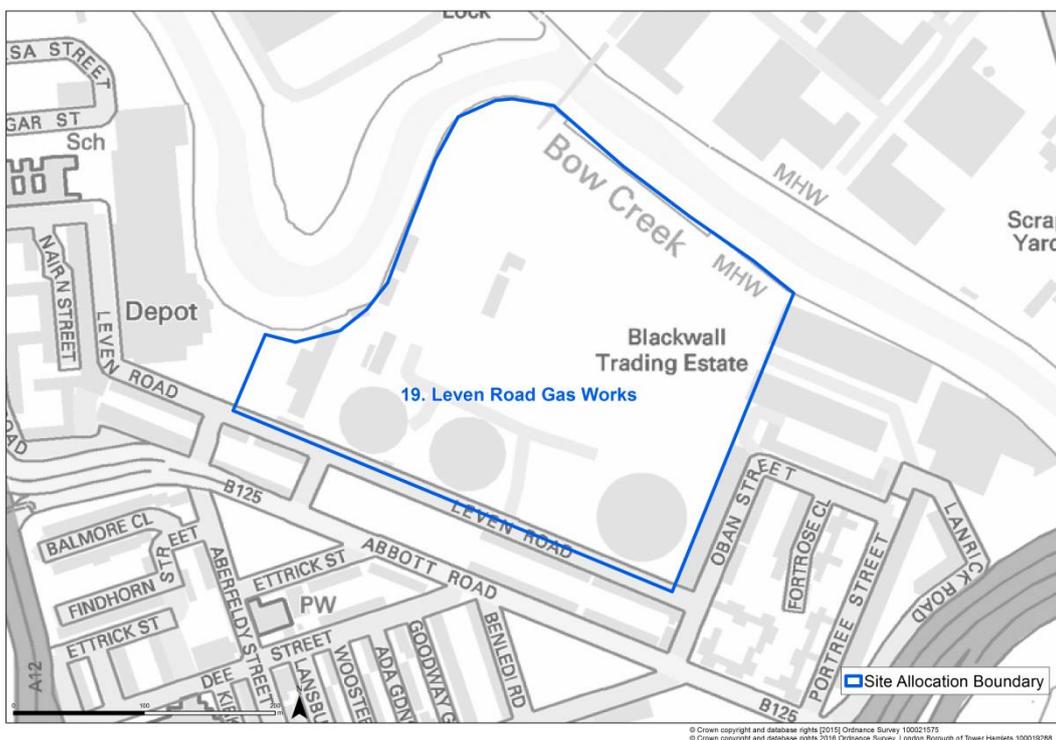
6.137 Site area potentially available for industrial uses - 2 Ha.

Leven Road Gas Works

- 6.138 This 8.5 Ha site is located at the east of the borough, and currently hosts a decommissioned gas works, open storage and car parking.
- 6.139 The site is a regular shape and bounded by the River Lea to the north, Blackwell Trading Estate to the east, and residential on the other sides.

- 6.140 The site is accessed via Abbott Road, and is located close to a junction on the A13. It is also within 800m of three DLR stations, and there are numerous bus stops within easy walking distance.
- 6.141 The site is allocated for a large local park to be integrated as part of the wider Lea River Park, alongside residential redevelopment, a primary school and other compatible uses.
- 6.142 There is a current planning application for the decommissioning of the gas holders on the site, which would remove the restrictions associated with hazardous substances, and open up opportunities for redevelopment of the site and wider area.

Figure 6.20 Leven Road Gas Works



- 6.143 Our view is that a proportion of the site could be used to extend the Blackwall Trading Estate which trades very successfully and lies adjacent to this site, and also critically to address access issues at the trading estate.
- 6.144 Site area potentially available for industrial uses - 2-4 Ha.

Billingsgate Market

- 6.145 This 5.7 Ha site is located to the north east of Canary Wharf and is occupied by the Billingsgate Fish Market. The market is the UK's largest inland fish market, covering an area of 13 acres, it consists of over 100 stands and shops for the sale of seafood products to local producers and caterers.
- 6.146 The site is very accessible by public transport with three DLR stations within walking distance, and also has good road access and connections via the A1261.

- 6.147 The site is allocated in the Core Strategy for mixed-use development to provide homes and compatible uses. However, this site has similar characteristics to North Quay, and critically is very accessible from the Crossrail station, and could therefore potentially provide office floorspace as part of the mix.

Wood Wharf

- 6.148 Located to the east of Canary Wharf is the 7.2 Ha Wood Wharf, now referred to as the new district. Construction of this area is underway, and will eventually provide a mixed use development of 3,610 new homes, community facilities and services, with approximately 200,000 sq m office space.
- 6.149 The site is well connected with direct access to the A1206, and is well served by public transport with Underground and DLR stations at Canary Wharf.
- 6.150 The scale of employment floorspace proposed is much less than equivalent sites in Canary Wharf.

Millennium Quarter

- 6.151 This 22.3 Ha site to the south of Canary Wharf is primarily comprised of office and residential buildings.
- 6.152 Development is ongoing throughout the site providing a mixed of residential, primary school, retail, leisure with limited commercial floorspace. There are three significant developments under construction which will provide a total of 1,789 residential units and up to 2,000 sq m of commercial floorspace, including provision for office.

Marsh Wall East

- 6.153 Located to the south east of Canary Wharf, Marsh Wall has largely been developed for office, residential and leisure uses. The most significant office block in the area is Harbour Exchange Square, the remaining office stock is located in smaller and older blocks at the south of Marsh Wall.
- 6.154 The remaining undeveloped site at the north of Marsh Wall is 0.38 Ha, which now has planning permission for 423 residential units and 415 sq m office at Meridian Gate.

Allocated sites - without scope for employment use

Bow Common Gas Works

- 6.155 The 4 Ha gas works site is located on the eastern side of Tower Hamlets. An application to revoke the Planning Hazardous Substance Consent has been submitted, suggesting that the gas works will be decommissioned in due course. The rest of the site is currently used for outdoor storage of building materials and car parking.

- 6.156 The site is bounded by the railway line to the north, Bow Common Lane to the south and west, and residential properties to the east.
- 6.157 Access to the site is via Bow Common Lane, providing a connection to the A1205 Burdett Rd, but a road likely to be unsuitable for large vehicles. The nearest DLR station is Devons Rd approximately 500m to the east, and there are several bus stops in the vicinity of the site.
- 6.158 The site is allocated for housing and a primary school and other compatible uses.
- 6.159 Our view is the site's location in a predominantly residential area with relatively poor local road access and a lack of nearby public transport and shops and facilities means that this site is not suitable for employment use.

Chrisp Street Town Centre

- 6.160 This 3.62 Ha site is located towards the east of the borough and is a designate district town centre. The site is comprised of residential and town centre uses, with a focus on providing facilities for local retail stalls and markets. It is bounded by all residential uses.
- 6.161 The site is served by All saints and Langdon Park DLR stations, and it has direct access to East India Dock Road (A13).
- 6.162 The site is allocated for the regeneration of the district town centre to improve the vitality and viability of the retail offer. The site is also required to provide new residential homes alongside other compatible uses, including commercial floorspace. There are no planning applications on this site to suggest that this type of regeneration will come forward in the near future.
- 6.163 Our view is that this site should be regenerated following the recommendation of the allocation. Due to the residential location of the site and its role as a district centre we believe that the commercial floorspace to come forward would be small scale and it would be offices of use class A2.

Southern Grove Lodge

- 6.164 This 1.05 Ha site is located near the centre of the borough, approximately 200m from Mile End Road underground station. The site is surrounded by residential uses and a park. It has recently been redeveloped to provide a special education needs school, the Beatrice Tate School.

Bow Locks

- 6.165 This 1.52 Ha site is located at the west of the borough, adjacent to the River Lea and the A12, 200m from Bromley-by-Bow Underground station. The site has recently been redeveloped to provide a secondary school, in the form of Bow School and theatre facilities.

Poplar Baths

- 6.166 This 0.29 Ha site is located towards the east of the borough, adjacent to the Chrisp Street district centre. The site is positioned next to the All Saints DLR station, and has direct access to the East India Dock Road (A13). The site is currently being redeveloped to provide residential units as well as the refurbishment of the Poplar Swimming Baths.

Westferry Print Works

- 6.167 The 6.1 Ha print works site is located south on the Isle of Dogs on the Millwall Outer Dock. The site currently remains occupied by the Westferry Printworks, which provides 12,000 sq m of floorspace. The global finance and business centre of Canary Wharf lies about 2 kms to the north.
- 6.168 The site is bounded by residential to the north, a primary school to the west and by the Millwall Outer Dock on the other sides.
- 6.169 The nearest DLR station is approximately 1km to the east at Crossharbour, and road access is via the A1206 Westferry Rd.
- 6.170 The site allocation is for a comprehensive mixed-use development incorporating housing, a secondary school, open space and expanded leisure facilities.
- 6.171 Planning permission was granted in August 2016 for site clearance and development of a secondary school; 722 residential units, retail and leisure facilities, community uses and flexible office and professional uses. The permitted employment floorspace is 2,340 sq m of flexible Use Class B1/A2.
- 6.172 Our view is that the combination of surrounding predominantly residential and leisure uses and the site's separation from the main commercial areas on the Isle of Dogs means it is appropriate not to reprovide the floorspace lost from the print works.
- 6.173 The implementation of the planning permission will reduce the employment floorspace by 10,000 sq m.

Crossharbour Town Centre

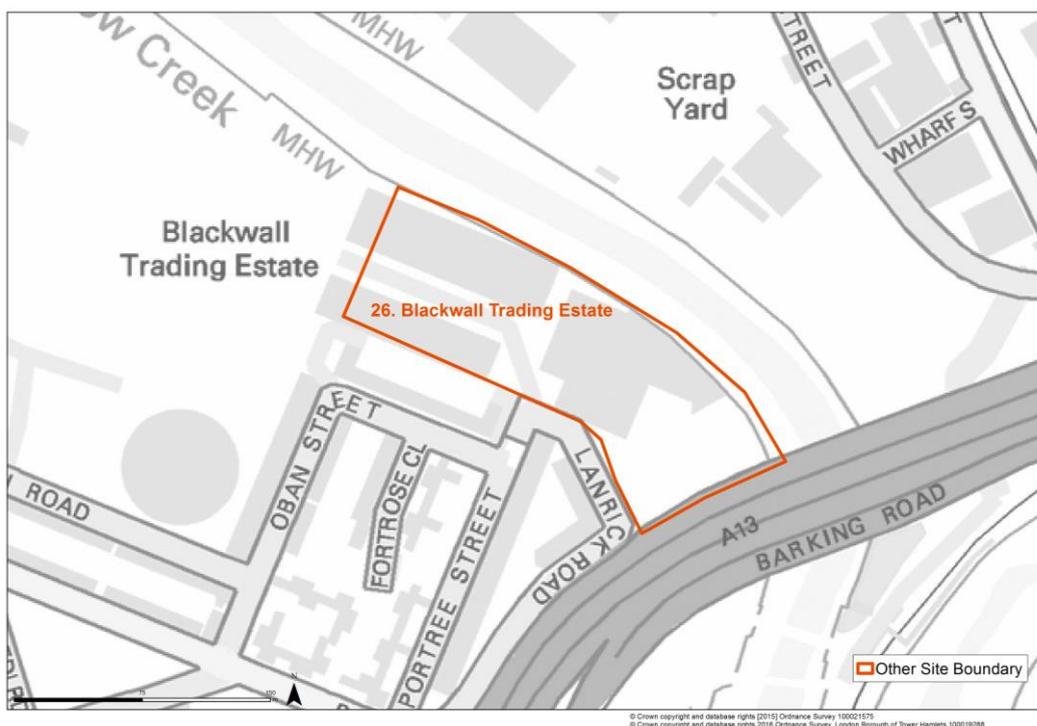
- 6.174 This 4.89 Ha site is located towards the east of the borough within the Isle of Dogs. The site is comprised of a supermarket, car park, offices, and a health facility. It is surrounded by residential uses, with a park to the south and some local offices to the west. The site is served by the Crossharbour DLR station.
- 6.175 The site is allocated for a comprehensive sustainable district centre development consisting of a new public square, housing, an Idea Store, as well as retail and other town centre compatible uses. There are no planning applications on this site to suggest that this type of development will come forward in the near future.
- 6.176 Our view is that this site should be redeveloped in accordance with the allocation. It's location in a residential area is suited to the town centre retail and housing uses proposed. The site does not have scope for any significant employment floorspace.

Other Sites

Blackwall Trading Estate

- 6.177 Blackwall Trading Estate is an undesignated employment asset in the east of the borough occupying a 2.2 Ha site. Currently it provides well maintained small to medium scale industrial units that are occupied in the main by light industrial/manufacturing and small scale distribution.
- 6.178 The site is bounded by the A13 to the east, the River Lea to the north, residential properties to the south, and the Leven Road Gas Works site to the west.
- 6.179 The nearest DLR station is approximately 1km to the east at Canning Town, and there are several bus stops within 400m of the site. Road access is through a residential area, but an A13 junction is in close proximity.

Figure 6.21 Blackwall Trading Estate



- 6.180 Our view is that this site provides the size and type of good quality medium sized well maintained industrial units that are in short supply in the borough. Whilst the access is not ideal through residential streets, never-the-less the site should be safeguarded for employment use.

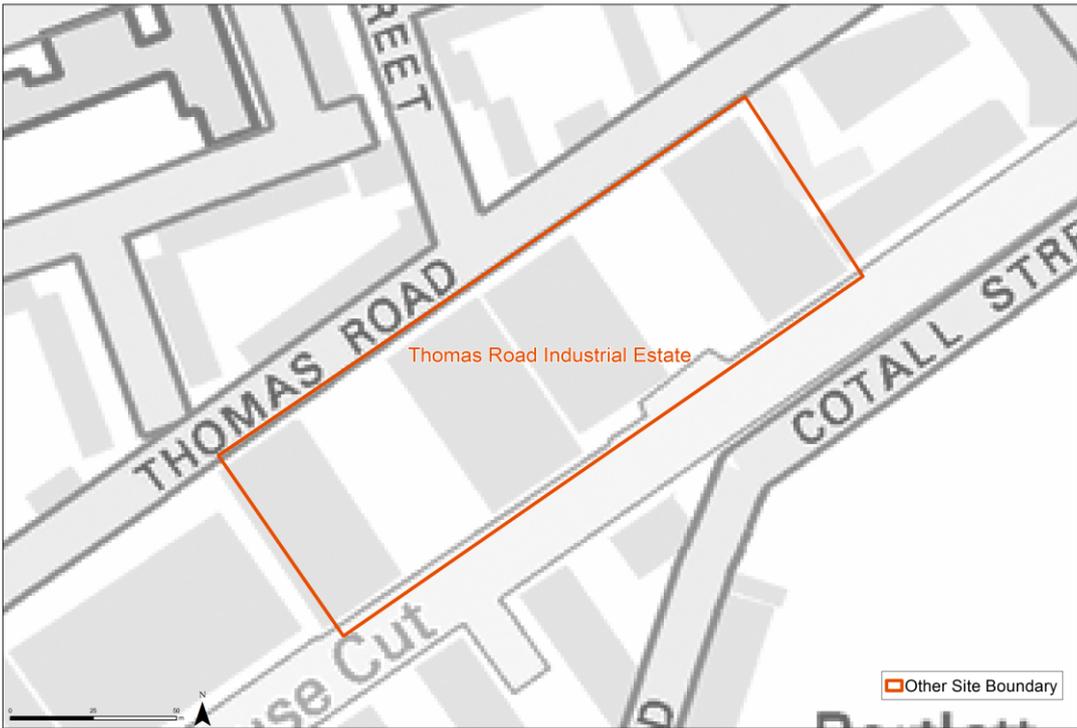
Thomas Road Industrial Estate

- 6.181 This long established industrial estate backs on to the Limehouse Cut, and is surrounded on other sides by residential. The market analysis work identified that because space in this estate is only available on short term lets, units take time to let. However, the fifteen warehousing units contained in four large sheds appear to be fully let currently, predominantly to construction trade counter businesses and

local small scale distribution companies. Indicating that there is no shortage of businesses prepared to take on such space even if it is only available on a two-year lease.

- 6.182 Access to the estate is reasonable albeit the northern side of Thomas Road is residential, and the location is not immediately accessible from the strategic road network. However, the estate is very close to Canary Wharf (approximately 1.5 kms) and the City Fringe (3 kms).

Figure 6.22 Blackwall Trading Estate



- 6.183 As with Blackwall Trading Estate discussed above, our view is that this site provides the size and type of good quality medium sized well maintained space that is in short supply in the Borough. This site should be safeguarded for employment use.

Conclusions

Table 6.1 Allocated sites that propose/could accommodate employment floorspace

Ref	Name	Area (Ha)	Allocated, permitted (or proposed) employment floorspace
01	Bishopsgate Goods Yard	4.24	(16,000 sq m) office
02	Pritchard's Road Gas Works and the Oval	3.75	Estimate reprovide 1.5 Ha industrial
03	Goodman's Fields	3.65	7,000 sq m office
04	London Dock	5.78	Up to 10,500 sq m office
11	Alisa Street	5.76	Estimate 2 Ha industrial
12	Leven Road Gas Works	8.56	Estimate 2.5 Ha industrial
13	Leamouth Peninsula	4.64	7,848 sq m flexible
15	Billingsgate Market	5.74	4 Ha flexible
16	Wood Wharf	7.26	200,000 sq m office
17	Millennium Quarter Masterplan	22.29	2,000 sq m office

7 DEMAND AND SUPPLY

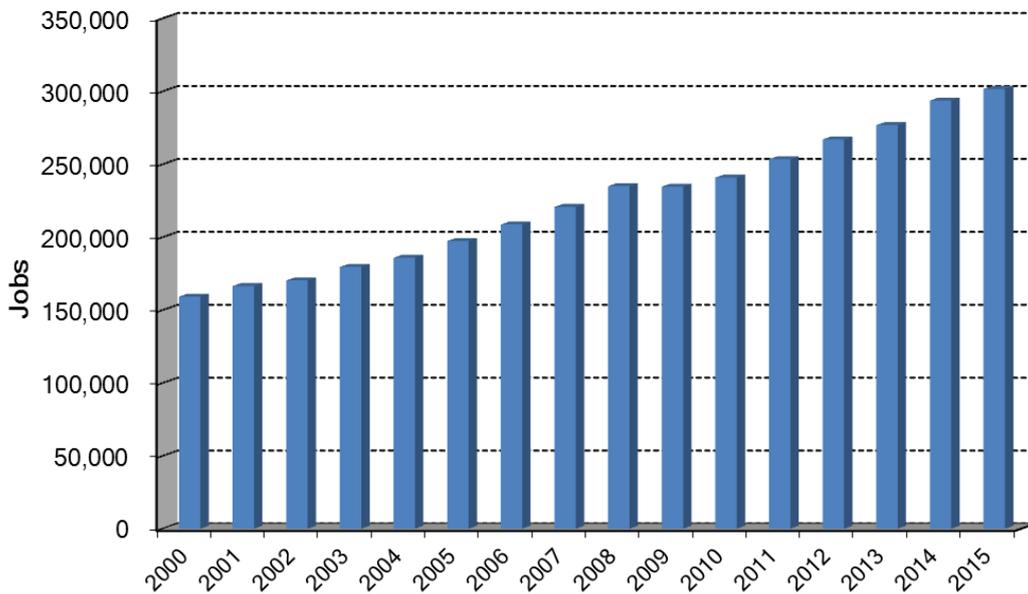
Introduction

- 7.1 In this chapter, we provide a quantitative assessment of the demand and supply of employment land over the plan period 2015-30, and draw the implications for planning policy.
- 7.2 On the demand side, the assessment is based on a view of future growth in the local economy - which will drive the demand for employment space. We draw on published projections from the GLA and published forecasts from economists Experian Economics.
- 7.3 To estimate land and property supply we use data from the Valuation Office Agency and from the London Development Database (LDD) supplied by the Council, covering activity in years 2010 -2015. We also use data in the GLA's London Industrial Land Supply & Economy Study, 2015 and the London Office Policy Review, 2012 and 2014. Our analysis of the Plan allocations, reported in an earlier section of this report, has also been fed into this assessment.
- 7.4 All floorspace data is measured in gross internal area (GIA) to be consistent with development management calculations.
- 7.5 We look first at past trends and then compare the GLA and Experian views on future demand and supply. We look to the past so that we can identify when, where and by how much the jobs change occurred in the borough, and also so that we can test the future jobs growth scenarios presented by the GLA and Experian.
- 7.6 In each section we look at the office and industrial markets separately although they are obviously interlinked with former industrial land being recycled for other uses including offices.

Past Trends

- 7.7 At the start of this millennium total jobs in the borough totalled 160,000, but by 2015 the total had risen sharply to 302,000, growth of approximately 142,000, a 90% increase in just 15 years. This was substantial growth compared to that for London as a whole (an increase of 20%), and compared to the national average - an increase of 13% over the same period.

Figure 7.1 Total jobs – Tower Hamlets

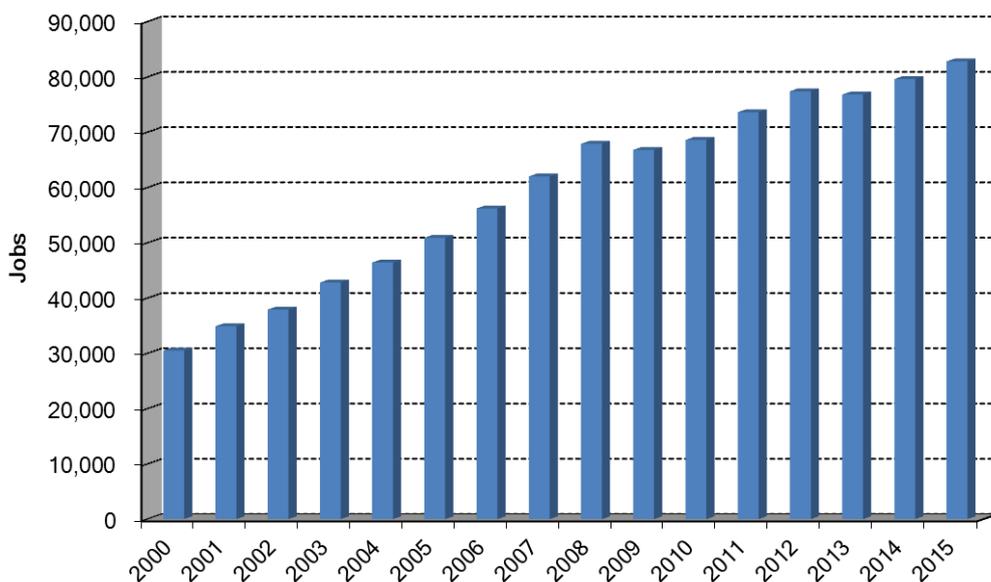


Source: Experian, March 2016

Past Trends Office Jobs and floorspace

7.8 The main driver of growth during this period was the financial sector, which accounted for approaching half the total increase. The other main growth sectors were professional services and administrative & supportive service activities, which all together account for three quarters of the growth.

Figure 7.2 Jobs in financial services - Tower Hamlets

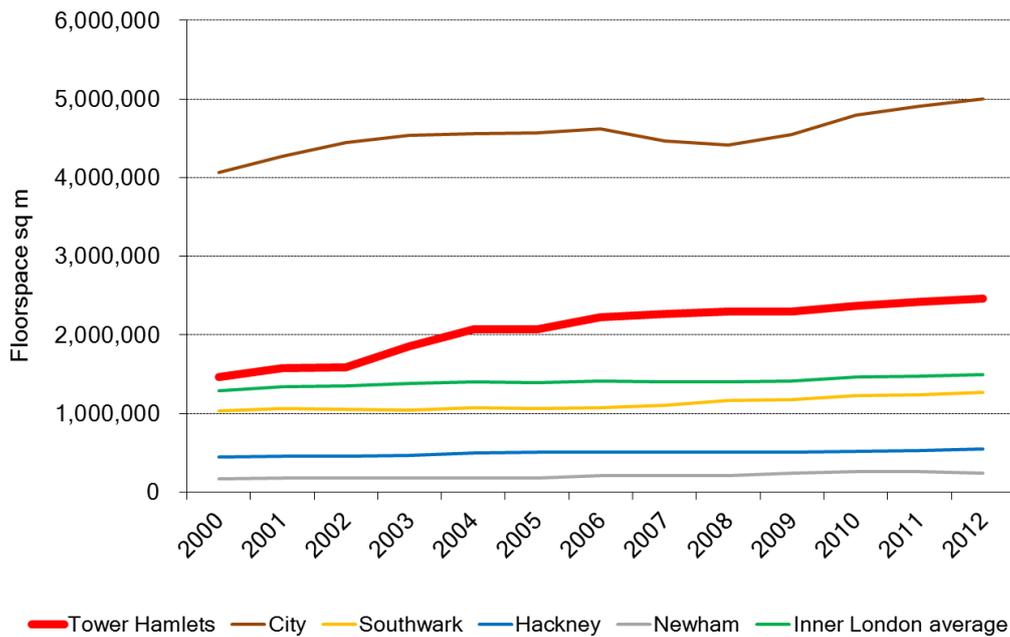


Source: Experian, March 2016

7.9 We now turn to look at floorspace. Unfortunately, the VOA floorspace data set runs from 2000, but stops in 2012. However, it is the best source of data available that can be used to monitor change over time and between different areas.

7.10 Over the 2000 / 2012 period total office floorspace in Tower Hamlets increased from 1.5m sq m to 2.5m sq m. A two-thirds increase in floorspace in just 12 years. The ratio of growth in office jobs to office floorspace is 1:10 over the first few years of the millennium, which is broadly in line with floorspace ratios in the most efficient modern space (1:8- 1:11 sq m).

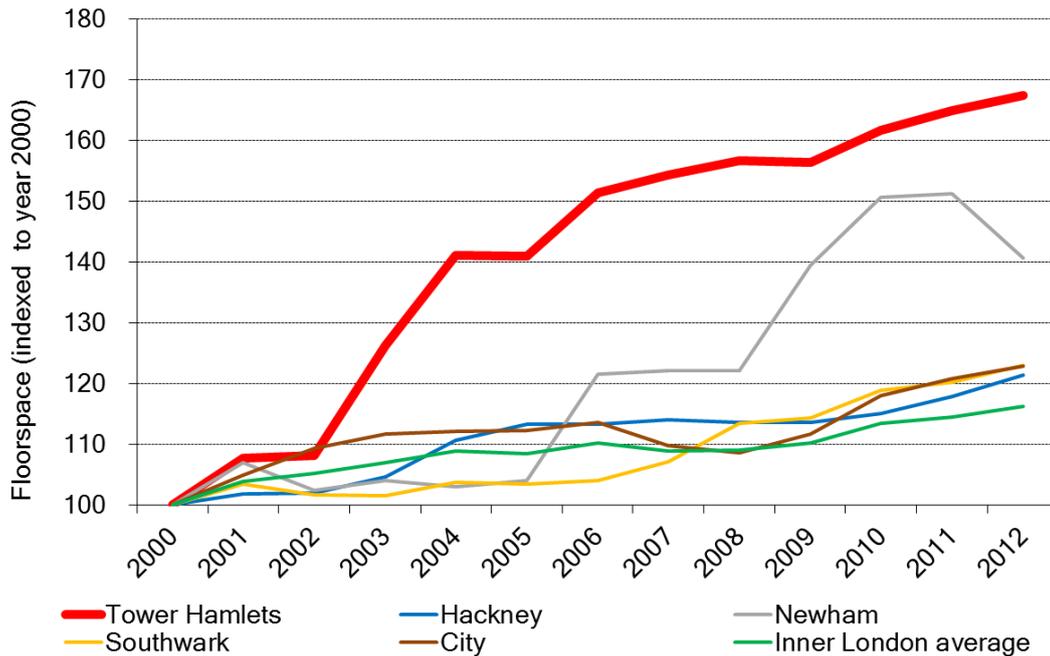
Figure 7.3 Office floorspace change – 2000 – 2012 – sq m



Source: VOA, Business Floorspace (Experimental Statistics) Table 3.3: Offices, Administrative Areas in England and Wales, Floorspace, 2012

7.11 The rate of growth in office jobs and floorspace in Tower Hamlets over this period was far higher than any other borough, and equal in terms of floorspace growth to the City. No other London borough comes close to this level of growth. Southwark for example grew over the same period by the comparatively modest 250,000 sq m.

Figure 7.4 Office floorspace change 2000 – 2012 - indexed



Source: VOA, Business Floorspace (Experimental Statistics) Table 3.3: Offices, Administrative Areas in England and Wales, Floorspace, 2012

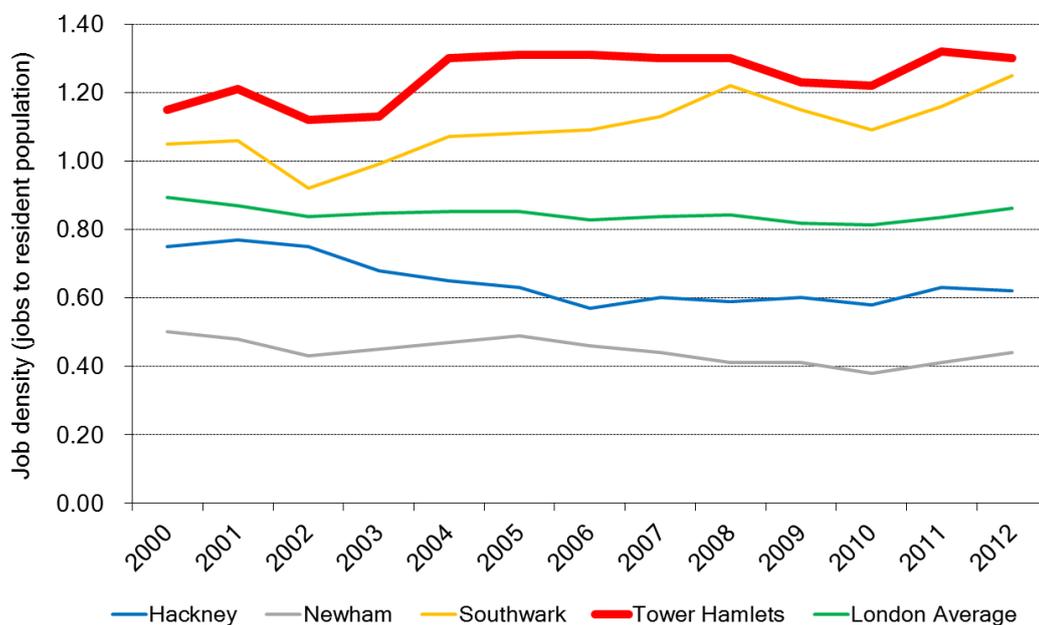
- 7.12 Across the Borough the vast majority of this office floorspace growth has taken place in the Isle of Dogs, and specifically at Canary Wharf, which accounts for some 880,000 sq m of the one million square meters added between 2000 and 2012.
- 7.13 The City Fringe has also seen an expansion of office floorspace, but nothing on the scale of Canary Wharf.

Can the rate of past trend office growth continue?

- 7.14 The PPG suggests that past take-up can be one indicator of future employment land needs.
- 7.15 In Tower Hamlets the growth of the office market in the Borough has been exceptional when viewed in both a national and London context. But before considering whether past take-up should be applied as a guide to future demand in the Borough it is worth noting what drove this success, and so what else may need to be repeated in the future for this growth to continue.
- 7.16 There is undeniably a pipeline of new sites in the Borough, particularly office sites, to continue this fast rate of growth. As discussed elsewhere the Borough office pipeline is exceptionally large and this has been a re-occurring pattern observed through various rounds of the GLA Office Policy Review series. But our analysis suggests that the main barrier to continuing this rapid rate of job growth in the Borough relates to the labour supply; or potential lack of labour acting as a barrier to growth.
- 7.17 The Borough has more jobs than workers and relies on inward commuted labour to fill its jobs and this dependency has been growing over time.

- 7.18 This can be seen looking at the ratio of jobs in the borough to the resident workforce. This is referred to as the job density ratio and is an official statistic published by the ONS.
- 7.19 Across London there are around 0.85 jobs per working age resident (16-64). This is less than 1:1 because not all residents are in employment; many are still at school or university for example. But in Tower Hamlets the ratio is 1.3 and has been increasing over time. In 2000 (the start of the data set) the ratio was around 1.15.
- 7.20 What this shows is that the Borough economy is reliant on labour commuted in from elsewhere. Much of this fast rate of jobs growth discussed earlier has been fuelled by increased inward commuting flows.

Figure 7.5 Job densities



Source: 2011 Census, NOMIS

Nb the London average excludes the City of London, as the City resident worker balance would skew the analysis.

- 7.21 At 1.3 jobs per working resident this this is now one of the highest job densities in London, on a par with Camden and Kensington & Chelsea, but much higher than the neighbouring boroughs, most of whom have more jobs than workers (ie a ratio of <1.0). Elsewhere Westminster and the City have exceptionally high densities due to low residential population and high number of jobs, 4.0 in the case of the former and over 75 in the case of the latter.
- 7.22 Looking at where these workers come from we can see from the Census that the Borough secures its workforce from a very wide area. Commuting distances into the Borough are some of the longest in London.
- 7.23 The proportion of workers travelling longer distances (in excess of 20km) is higher for Tower Hamlets compared to neighbouring boroughs, with far lower proportions travelling very short distances. The travel to work patterns for those working in

Tower Hamlets are far more like Camden, Westminster and the City than the neighbouring boroughs.

Table 7.1 Travel to work data

Borough	<2km	2-<10km	10-<20km	20-<40km	>40km
Tower Hamlets	10%	34%	29%	13%	13%
Hackney	19%	44%	21%	8%	8%
Newham	19%	47%	18%	9%	7%
Southwark	10%	41%	26%	10%	12%
Camden	7%	43%	28%	10%	13%
Westminster	4%	42%	29%	11%	14%
City of London	3%	36%	26%	16%	19%

Source: 2011 Census, WP702EW - Distance travelled to work (Workplace population) NOMIS

7.24 This shows that Tower Hamlets draws in labour from well beyond the Borough, with over a quarter travelling in more than 20kms.

Conclusion

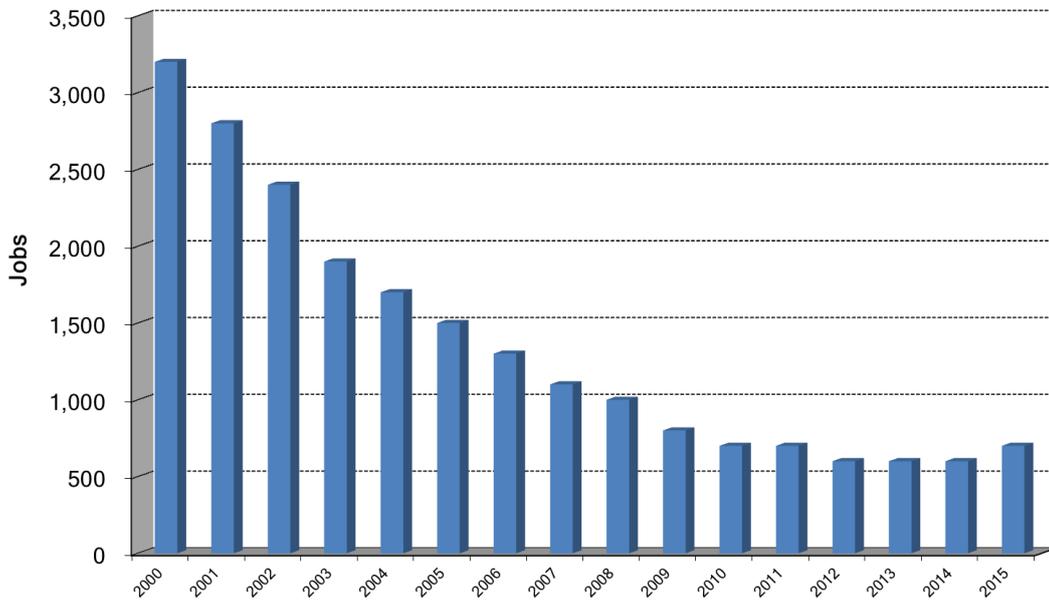
7.25 Past trends can be used to help inform future employment land needs. In this area we know there is a large pipeline of sites to be developed for new office uses. So this is not a barrier to growth.

7.26 But our analysis shows that the main barrier is whether the Borough can continue to grow its office sector faster than its local resident workforce. Over the past 10-15 years we can see that the past job growth has been fuelled by inward commuting, and a reduction in local unemployment (halving from the last ELR). Reducing unemployment further may help increase the labour supply but for any growth over and above that supported by the new resident population the Borough will need to resort to additional commuting. Already we can see that much of this commuting is long distance with one quarter of workers commuting in excess of 20km to work in the Borough. So identifying sustainable ways of commuting this long distance labour supply into the Borough is vital should the Borough wish to continue to provide new office jobs in line with past trends.

Past Trends – Industrial Jobs

7.27 Job numbers in the industrial sector has fallen dramatically over the past 15 years. Key sectors in Tower Hamlets such as textiles and clothing and printing and recorded media have fallen dramatically, albeit in absolute terms, compared to office, from a much lower starting point. Jobs in the textile & clothing sector reduced by 2,500 since 2000.

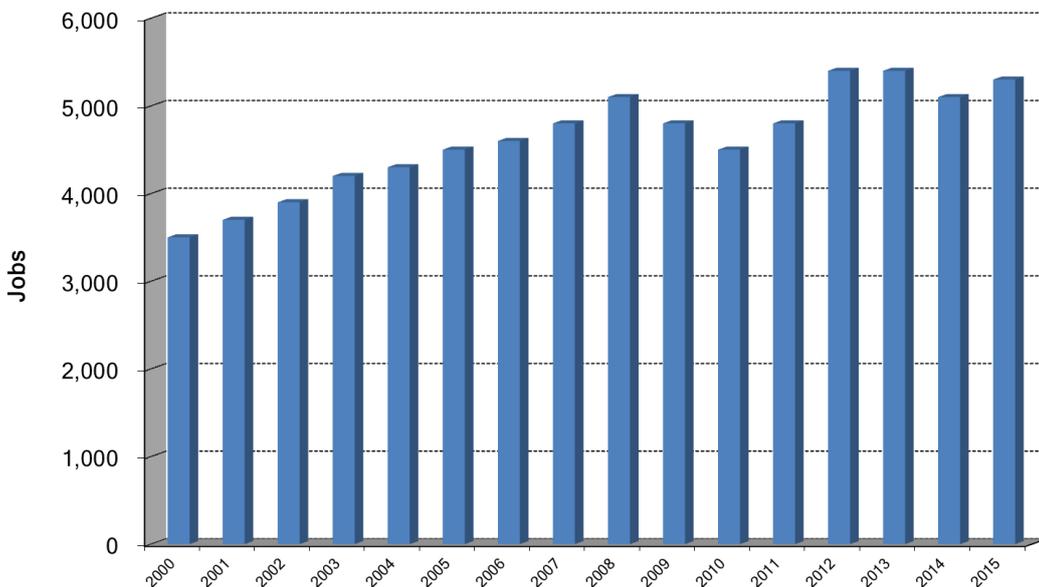
Figure 7.6 Jobs in textiles & clothing - Tower Hamlets



Source: Experian Mar 2016

7.28 The losses in some of the manufacturing sector categories like textiles & clothing have been counter-balanced to an extent by growth in specialist construction - activities such as specialist carpentry, plastics and glass works, which have grown steady throughout the period to stand nearly 2,000 jobs higher in 2015 compared to 2000.

Figure 7.7 Jobs in specialist construction activities - Tower Hamlets

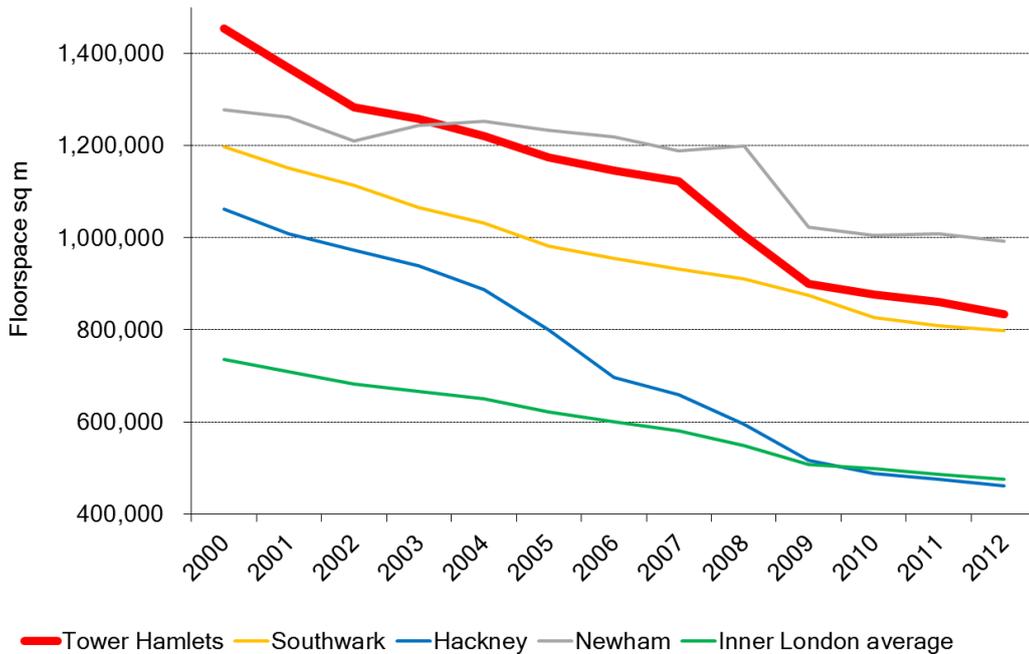


Source: Experian Mar 2016

7.29 We haven't got the data to identify the number of industrial jobs in 2000, but the sector currently provides 14,000 jobs.

7.30 Industrial floorspace in the borough stood at almost 1.5m sq m in 2000, but by 2012 it had declined by 43% to just over 800,000 sq m. This rate of loss is a little above the 35% Inner London average for the same period.

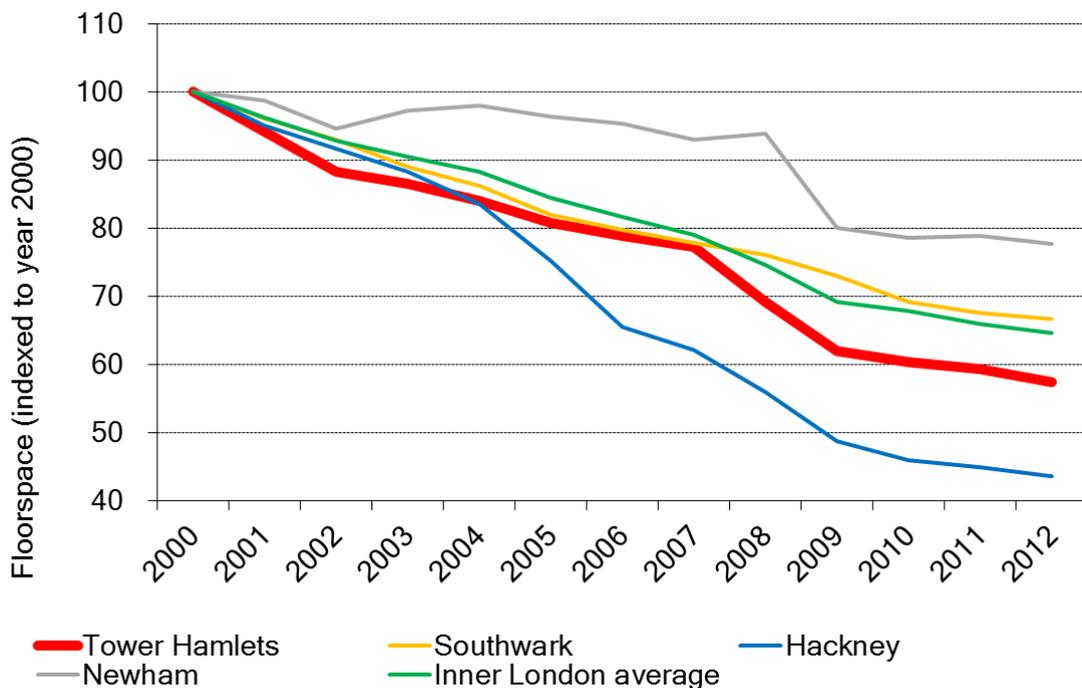
Figure 7.8 Industrial floorspace change – 2000 – 2012 – sq m



Source: VOA, Business Floorspace (Experimental Statistics) Table 3.3: Offices, Administrative Areas in England and Wales, Floorspace, 2012

7.31 Of the neighbouring boroughs only Hackney had a faster rate of industrial floorspace loss.

Figure 7.9 Industrial floorspace change 2000 – 2012 - indexed



Source: VOA, Business Floorspace (Experimental Statistics) Table 3.3: Offices, Administrative Areas in England and Wales, Floorspace, 2012

Past Trends Industrial land

- 7.32 Since 2006 60 Ha of industrial land has been released for other uses in Tower Hamlets, more than a quarter of the total stock⁵. Release was extremely fast between 2006-10 with almost 40 Ha released. The pace of release slowed in the five years to 2015 with just over 20 Ha released, but this rate of release still equates to 4Ha/pa, more than double the indicative industrial land benchmark release figure (1.8Ha/pa), set in the Mayor of London's 2012 Land for Industry and Transport SPG.
- 7.33 The SPG set an indicative release figure of 35Ha for the 20 years - 2011-31 with Tower Hamlets being categorised a 'limited' release borough. The report shows that since 2011 21 Ha had already been released, equivalent to 60% of the 20-year target. Clearly at the present rate of release the borough is likely to meet the 35Ha target well before 2031.

Table 7.2 Industrial land release – 2006-2015

	Total Industrial Land (Ha)	Change over 5 year tranches absolute (Ha) & percent		Change over whole period absolute (Ha) & percent	
2006	213.6				
2010	175.2	38.4	-18%		
2015	153.8	21.4	-12%	59.8	-28%

Source: GLA, London Industrial Land Supply & Economy Study, 2015

- 7.34 Whilst the release of industrial land in Tower Hamlets has been well above the benchmark target this is not unusual in London, and most boroughs have released land faster than was intended through the SPG. So much so that the conclusions of the GLA, London Industrial Land Supply & Economy Study are that we will be moving from a policy approach of release to one of retention.

Can the rate of past trend industrial decline continue?

- 7.35 It is very obvious that the Borough cannot simply plan for a continued rate of industrial decline. There is simply not enough land remaining in the stock of land, industrial floor space or industrial jobs, to allow this past cycle to be repeated.
- 7.36 There remains a reservoir of industrial activity in the Borough but should past trends continue all this activity would be extinguished in the next 10-15 years. This would be both contrary to the GLA SPG but also highly implausible. Some industrial sectors; including construction, have been resilient to the general pattern of industrial decline.

⁵ Source: GLA – the London Industrial Land Supply & Economy Study, 2015 report

- 7.37 For the Borough this has a two-fold implication. Firstly, in terms of labour, which we know is a barrier to continued office growth. Further sectoral restructuring in the Borough will not release the same number of former industrial workers into the labour market as before.
- 7.38 But also the rate of land release, from industrial sectors into housing and offices must decline over time. The Borough's reservoir of former industrial sites to turn to other uses is diminishing.

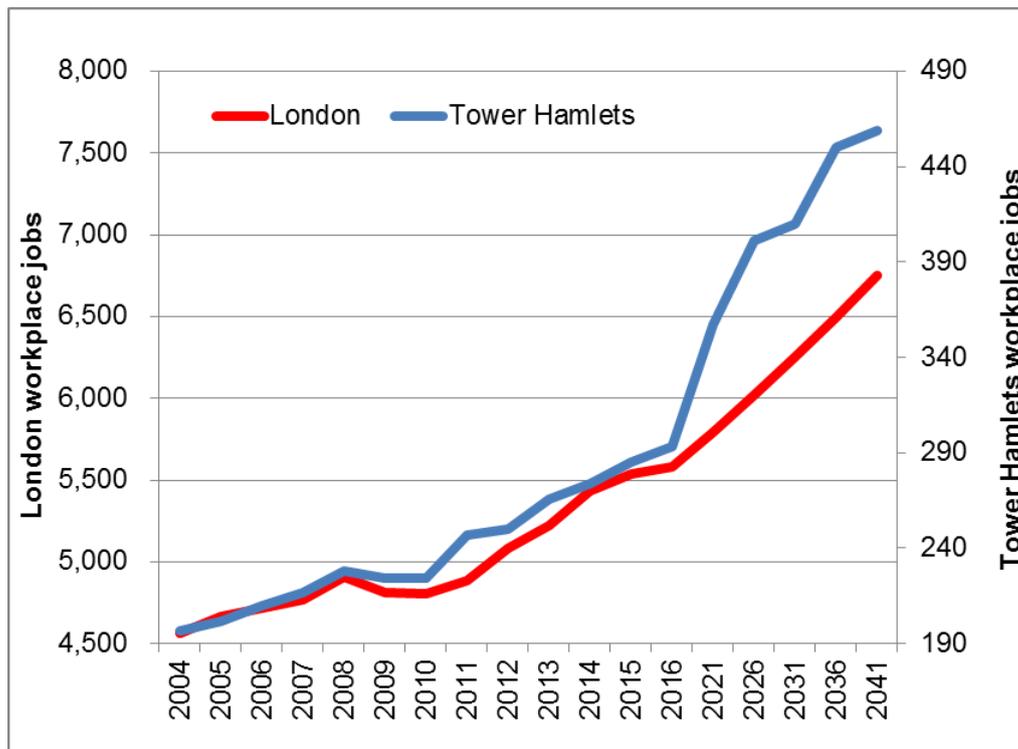
Past Trends – conclusions

- 7.39 The huge growth in office employment has been achieved through structural change, with the industrial dock related activity making way for office floorspace, facilitated by transport improvements that widened the pool of available labour. The level of office jobs and floorspace growth in the early years of the millennium have been unprecedented amongst the London boroughs, and indeed nationally.
- 7.40 The loss of industrial land over the past decade has been dramatic (some 600,000 sq m), but while this rate of loss is a little more rapid compared to the London average, it is not out of the ordinary. Accelerated release of industrial land over the past decade has been a London-wide phenomenon. There remains approximately 150 Ha of industrial land that currently supports around 800,000 sq m of floorspace.
- 7.41 It is clear that the Borough cannot simply look to repeat its past cycle of growth over the future plan period; setting the labour supply issue aside (which could be remedied by commuted labour, infrastructure and local population growth), the industrial side of the equation which has in the past released land and labour for other uses simply cannot be repeated. There is not enough land remaining in the reservoir to repeat the last cycle.
- 7.42 Below we look at two alternative views of the future. That from the GLA, using its new GLA employment projections and also an independent view from Experian.

GLA Employment Projections (2016)

- 7.43 The GLA Economics report London Labour Market Projections (June 2016) presents the GLA view of future employment. As such they are a relevant material consideration to inform borough level planning. However, they have limitations; the new 2016 numbers are not sector specific at the Borough level.

Figure 7.10 Tower Hamlets and London workplace jobs



Source: GLA Economics, London labour market projections, June 2016

- 7.44 The GLA estimate 2015 total employment in Tower Hamlets was 285,000. The projections are in five year tranches, and the estimate for total jobs in 2031 is 410,000, growth of 125,000 approaching a 50% increase in over just 15 years. A considerably faster rate of growth than for London as a whole.
- 7.45 The GLA projection continues the rate of jobs growth experienced in the first 15 years of the millennium when 142,000 additional jobs were created in the borough. That was a period of extremely high office growth, particularly at Canary Wharf spurred on by the Jubilee line extension.
- 7.46 Part of the reason for this rapid growth in Tower Hamlets, compared to London as a whole, can be found looking at the method the GLA adopts in preparing its projections. The main GLA projections are largely trend based; projecting forward the past, but when preparing borough level projections, the GLA first identifies job growth across London, but then moves demand between boroughs giving weight to each borough's respective planning pipeline for new employment floor space.
- 7.47 This pipeline is taken as a reasonable proxy for market demand. Where developer interest is high, and the planning pipeline is high, this is a reasonable assumption that demand will be high in the future. So where the pipeline is large, as is the case here, the Borough attracts a greater share of London's employment growth moving forward. Hence why Tower Hamlets, in the GLA view outperforms London as a whole.
- 7.48 As noted the GLA does not produce borough level sector projections; but discussions with the GLA suggest that in Tower Hamlets case it is reasonable to

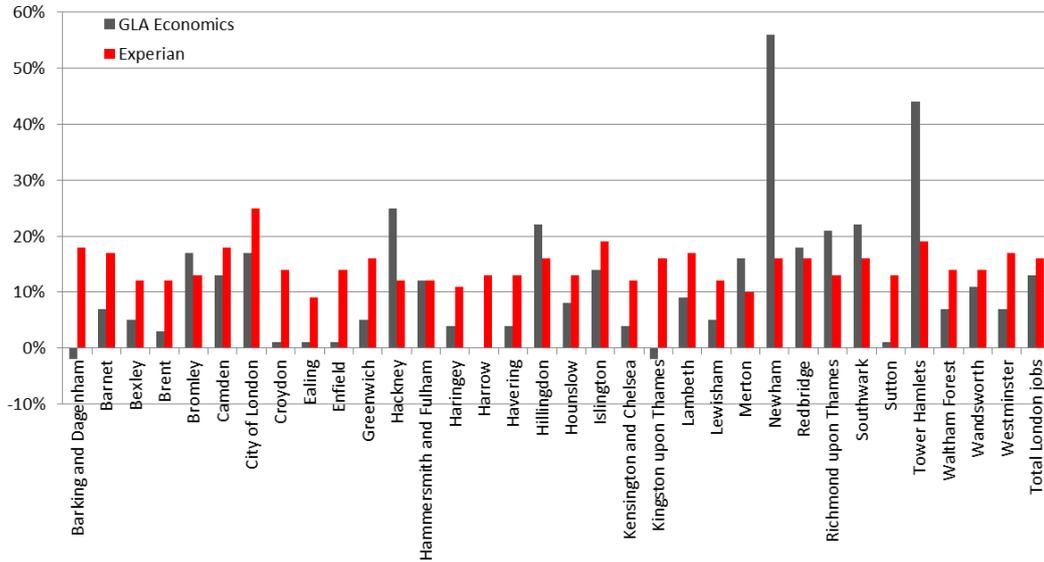
assume that the predominant growth sectors in Tower Hamlets are office sectors; growth is fuelled by the large office floorspace pipeline in the Borough and the expectation that Canary Wharf, the Isle of Dogs in general and the City fringe will outperform the wider London office market.

- 7.49 As with a simple projection of past trends discussed above the same labour supply reservations apply. For the Borough to meet its GLA projected job growth the Borough needs to secure an ever larger supply of labour; while at the same time the amount of former industrial land which can be used to house people is reducing. Repeating the past growth cycle will be ever more challenging.
- 7.50 This concern should not be taken to dismiss the GLA view; but only to highlight the need for substantial infrastructure and housing investment in the Borough to allow this pipeline to be developed out and the Borough to flourish.

An alternative view - Experian

- 7.51 The GLA method is largely trend based – a projection as opposed to a forecast. They are also not available at the sector level by borough. For Tower Hamlets they show continued strong employment growth; partly fuelled by the large planning pipeline in Tower Hamlets with an expectation that the office sector will continue to outperform London as a whole.
- 7.52 As an alternative view we look at Experian; one of the UK's main economic forecasting houses. Unlike the GLA Experian does not move job demand in line with the planning pipeline. But makes independent assumptions about the relative strengths of the national and local (borough economy), and the ability of each local area to secure additional labour through reducing unemployment, increasing economic activity and adjusting commuting.
- 7.53 The Experian view shows a much slower rate of job growth moving forwards in Tower Hamlets, partly because Experian does not redistribute growth (and so commuted labour) between Boroughs to the same extent as the GLA. Instead London's job growth is spread much more widely across the boroughs.
- 7.54 For London as a whole both Experian and the GLA show similar job growth. Around 15% over the period 2015 – 31. But by Borough the differences are dramatic and especially for Tower Hamlets (and Newham)
- 7.55 The chart below compares total job change between the two forecasts at borough level.

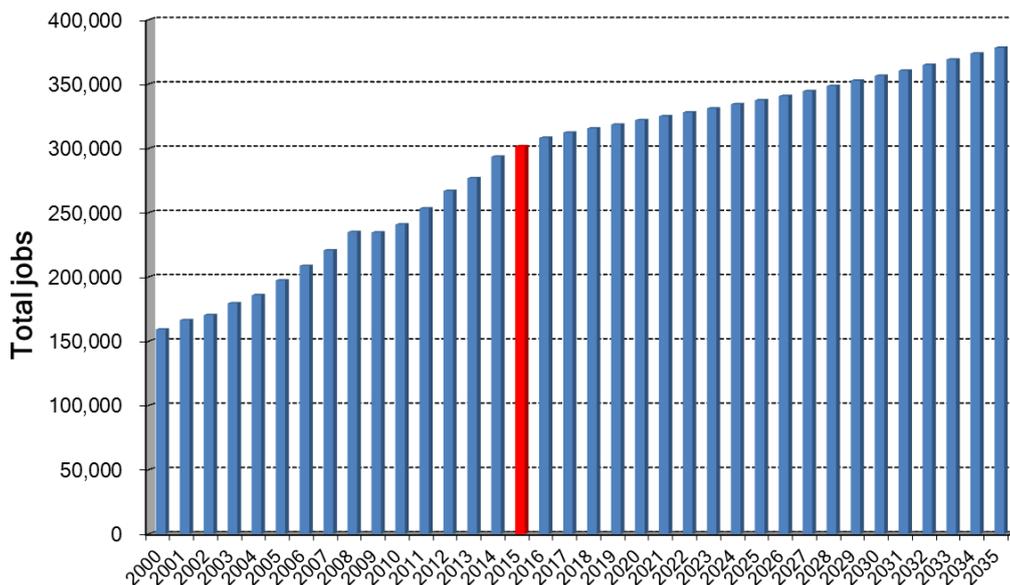
Figure 7.11 Total job change – 2015-31 Experian and GLA estimates



Source: GLA Economics, London labour market projections 2016 and Experian March 2016

7.56 For Tower Hamlets Experian estimate employment in the borough totalled 302,000 in 2015. This is 17,000 more than GLA Economics projection, but the two estimates are broadly similar and within tolerance levels. Total employment is forecast to grow to 356,000 by 2030, an increase of 54,000. This is a substantially lower rate of growth compared to GLA Economics’ projection (an increase of approximately 120,000 jobs).

Figure 7.12 Total jobs – Tower Hamlets – Experian Economics forecast



Source: Experian Mar 2016

7.57 Experian’s total jobs growth forecast to 2030 (54,000) equates to approximately 3,700 additional jobs per annum.

- 7.58 In common with all economic forecasters Experian’s job forecasts are provided at job activity sector level (eg ‘Administrative & Supportive Service Activities’), rather than at planning land use level (ie office or industrial). We have applied our jobs sector to land use mapping method to apportion these jobs between the various use classes, as not all jobs in Administrative & Supportive Services take place in offices, some will be ancillary to an industrial based activity.
- 7.59 A significant number of jobs are in use classes A and D, but these do not tend to result directly in a need for new floorspace. However, B class activity generates a direct need for more floorspace to accommodate new and expanding businesses. As a rule of thumb non-B class activity normally accounts for around half of all jobs. In Tower Hamlets B class activity accounts for two-thirds of all the employment growth, a comparatively high proportion. As we set out below just about all the growth is forecast to be office rather than industrial related.
- 7.60 This study groups the B class jobs into two classes – ‘offices’ and ‘all other B class activity, referred to as ‘industrial’.

Office Jobs

- 7.61 The results of our jobs sectors to land use category mapping is set out in the table below.

Table 7.3 Office jobs growth by category – 2015-30

Office jobs by category	Per annum	Total - 2015/2030
Accommodation & Food Services		
Administrative & Supportive Service Activities	236	3,547
Agriculture Forestry & Fishing		
Air & Water Transport		
Chemicals		
Civil Engineering		
Computer & Electronic Products		
Computing & Information Services	240	3,600
Construction of Buildings		
Education		
Extraction & Mining		
Finance	1,227	18,400
Food, Drink & Tobacco		
Fuel Refining		
Health		
Insurance & Pensions	13	200
Land Transport, Storage & Post		
Machinery & Equipment		
Media Activities	63	942
Metal products		
Other Manufacturing		
Other Private Services	8	114
Pharmaceuticals		
Printing and Reproduction of Recorded Media		
Professional services	513	7,694
Public Administration & Defence	-19	-282
Real Estate	100	1,500
Recreation		
Residential Care & Social Work		
Retail		
Rubber, Plastic and Other Non-Metallic Mineral Products		
Specialised Construction Activities		
Telecoms		
Textiles & Clothing		
Utilities		
Wholesale		
Wood & Paper		
TOTAL	2,381	35,716

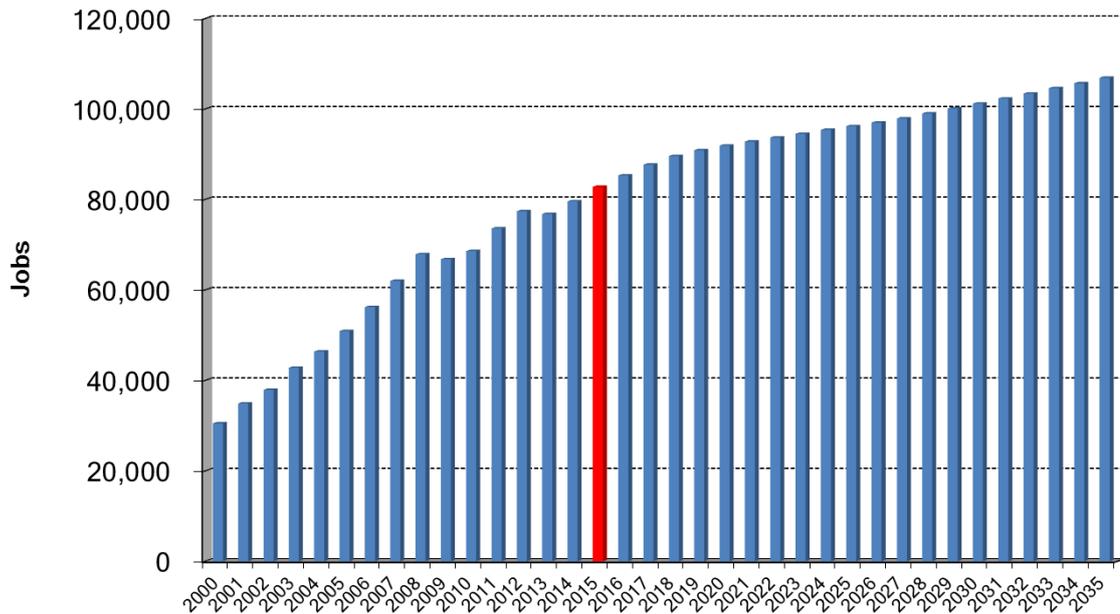
Source: Experian Mar 2016

- 7.62 The growth in office jobs is forecast to be approximately 2,400 per annum, which equates to 36,000 over the 15-year period to 2030. Three quarters of these office jobs are forecast to be in finance and professional services.

The office Sectors

7.63 Finance is far and away the biggest office sector and is forecast to account for around 30% of the growth in all jobs. Experian forecast a slower rate of growth in the future compared to the past, but steady growth, sustained over the medium term - 20,000 new jobs in finance generated by 2030.

Figure 7.13 Job change in financial services – Tower Hamlets

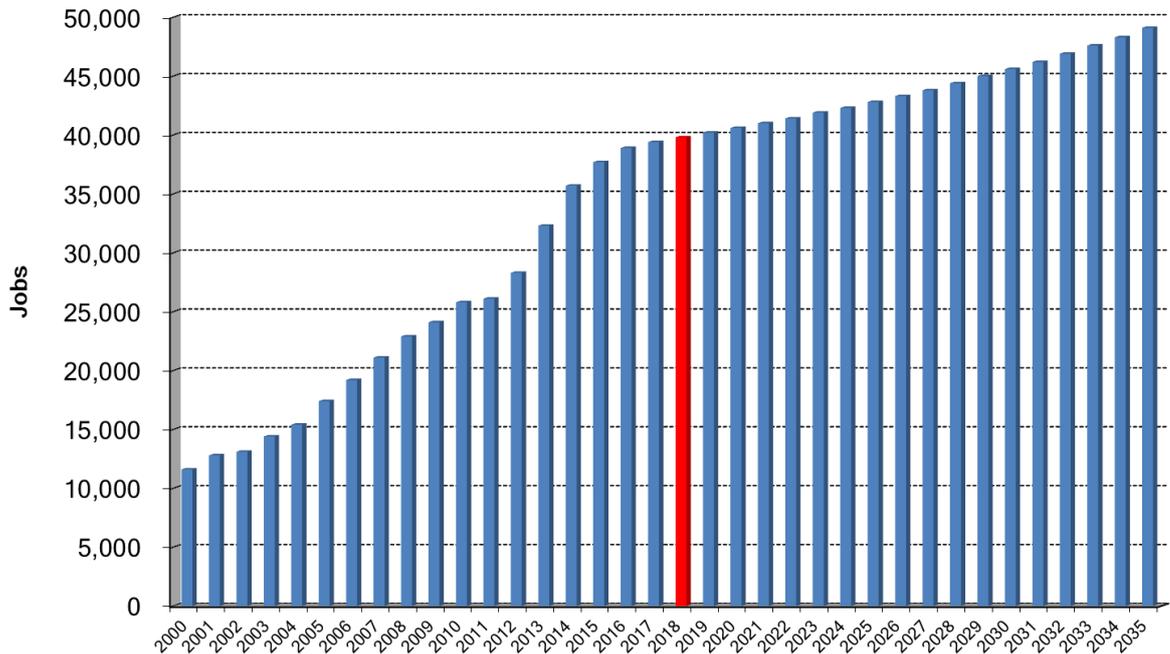


Source: Experian Mar 2016

Nb these graphs show all jobs in the respective sector (finance in this case), and do not show just the office land use category.

7.64 The Professional services and Administrative & Supportive Service Activities sectors are similar to finance in terms of growth profile, but at half the level in terms of overall job numbers and forecast growth.

Figure 7.14 Job change in professional services– Tower Hamlets



Source: Experian Mar 2016

7.65 As previously mentioned, other sectors are relatively minor in comparison.

Converting change in job numbers to a floorspace requirement

7.66 Because Experian provide a full sector breakdown we can estimate how much land and floorspace is needed to accommodate these new office jobs.

7.67 To calculate the floorspace required to meet the forecast growth in jobs we apply an average worker to floorspace density factor to the job forecasts, and we do this separately for office and industrial activities as they have very different average worker floorspace densities. As set out in the table below we calculate this annually and over the whole term of the Plan period.

Table 7.4 Jobs to floorspace

Change per annum	
Jobs ¹	2,381
Sq m per job ²	11.3
Annual floorspace need (GIA), sq m³	29,059
Total change 2015-2030	
Jobs ¹	35,716
Sq m per job (GIA) ²	11.3
Floorspace need 2015-2030, sq m³	435,879

footnote: 1 source: Experian

footnote: 2 source: LOPR 2014

footnote: 3 product of jobs * sq m, includes 8% addition for vacancy

- 7.68 The annual net floorspace need figure is approximately one third of the average amount delivered over the 2000/12 period, when on average approximately 100,000 sq m was delivered each year. Thus, the floorspace demand projection to accommodate anticipated growth in office demand in the future, before any committed losses / gains are considered is substantial, but well down on rates of delivery in the preceding decade and a half. It is also down on the net demand figure from the previous ELR (2009) that identified demand over a 15-year period of between 685,000 sq m and 905,000 sq m to 2026.

Supply and market balance

- 7.69 In addition to the net change in demand resulting from population growth and employment change, we must also factor in sites that are in the planning pipeline and site allocations that have potential for employment use. The table below addresses the demand and supply of office space accounting for the gains and losses from planning applications and site allocations.



Table 7.5 Office demand and supply – Tower Hamlets – to 2030

DEMAND		Sqm GIA
Demand (net change)		435,879
Committed losses (sites started and with extant permissions for other uses)		320,345
Gross demand		756,224
SUPPLY		
Outstanding permissions		1,157,335
Outstanding allocations (no net increase anticipated from allocations without PP)		
Committed gross supply		1,157,335
FORECAST MARKET BALANCE - 2015-2030		
Over (or under) supply		401,111

Source: PBA

- 7.70 Committed supply through the planning system remains very high with over a million sq m in the borough with planning permission for offices. The committed gains far exceed the committed losses and indicate a supply headroom of 400,000 sq m.
- 7.71 Thus, the areas currently designated for office use and the site allocations that include office as a potential use, are sufficient to deliver the necessary development pipeline for office activity over the next Plan period.

Conclusion

- 7.72 Office growth in Tower Hamlets has for some time been reliant on drawing in labour from beyond the borough. The gross floorspace demand assessment indicates that the level of growth in floorspace over the 15 years to 2030 will be approximately one third of the amount in the first 15 years of the millennium.
- 7.73 Job density data indicates that even with relatively high rates of unemployment it will remain difficult to find suitable local labour for these new jobs, and labour will continue to need to be sucked in from beyond the borough. Crossrail will help in this respect, but it doesn't greatly extend the areas accessible to/from Tower Hamlets.
- 7.74 For this report we have two views of the future. That provided by Experian and an alternative view from the GLA. The most recent being that found in their June 2016 projections. Of the two only Experian is broken down by sector and so only using Experian can we provide a robust sector specific view. That shows a market in broad balance; the pipeline of supply exceeds the Experian demand by 400,000 sq m.

- 7.75 But given the scale of the office market and the need for choice, market friction and churn this figure is not excessive. Add to this is our view that the reservoir of office land in the Borough is a long term strategic asset which may even last beyond a single plan period.
- 7.76 The GLA view, although not backed up with sector specific projections, is much more aspirational for Tower Hamlets. Of the 125,000 new jobs the GLA project for the Borough most are offices. We know this because the GLA method ('biangulation') moves London wide demand between boroughs with a matching pipeline supply. Tower Hamlets, with its very large pipeline 'attracts' demand from other boroughs. In the Experian view demand is spread much more equally between Boroughs as shown in the chart below.
- 7.77 These new GLA projections are informing the new London Plan and they need to be afforded some weight here. Further data will be released by the GLA (including sector specific data) but at this stage the message is clear; that the Borough should not use Experian (or other forecasts) to justify cutting its office pipeline or hinder new space coming forward in the Boroughs main office areas in the future.
- 7.78 The already adopted, office space first local policies in the main office areas are entirely in line with the GLA aspirational. Although they cannot be fully qualified yet it is clear that emerging GLA policy supports the established policy framework for office.
- 7.79 What the difference between Experian and the GLA does highlight is the critical importance that new infrastructure needs to play to secure the higher GLA (aspirational) job growth in the Borough. Both Experian and the GLA show similar job growth across London and the main difference is its spatial distribution between boroughs and how labour supply needs to commute in the future.
- 7.80 For the GLA view to be delivered the Borough needs to secure its labour supply, both by promoting a growing resident workforce, but also allowing workers from boroughs where the GLA project low job growth (e.g. Barking & Dagenham, Croydon, Sutton and Enfield) to access the office pipeline in Tower Hamlets. If the connections are not put in place the GLA view will remain only aspirational and the much more modest, and dispersed Experian view, will arise.
- 7.81 What is less clear from either source is the quantitative future for local offices in the Borough. Neither the GLA nor Experian can give a quantitative view as to how much local office needs protecting. But our market led opinion is very clear; over the plan period market economics will lead to the release of local offices (£30 psq ft) and while policy can try to stem this loss (including Article 4 directions) further losses are inevitable. This is all space which is occupied at the moment and demand may increase as the Borough's population increases. Much of the local office space effectively services the population or provides space for local workers who lack the skills to work in the central London office market. There is enough empirical evidence to continue to protect local space for as long as it is viable – regardless of the main office market balance.

Industrial Uses

- 7.82 Because Experian provide a sector specific view we can use this data to look at the future demand for the industrial uses. The method for calculating change in industrial jobs and floorspace is the same as that used for office. There are differences in the jobs to floorspace density ratios, but otherwise the process is the same. There are no GLA projections or forecasts for jobs change in the industrial sectors nor other readily available data. However, the Mayor of London's 2012 Land for Industry and Transport SPG does identify how much industrial land is expected to be released, and Experian Economics data can be used through PBA's sector to land use mapping to forecast change in industrial job numbers.
- 7.83 The GLA projection is for the release of 35 Ha over the 20 years to 2031, averaging 1.8Ha/pa⁶. As we refer to above, losses in the first five years (to 2015) already total 21 Ha, more than double the anticipated rate of release, equivalent to 60% of the 20 year total.

Industrial jobs

- 7.84 The table below is produced from PBA's sector to land use mapping.
- 7.85 Experian forecast industrial jobs change in Tower Hamlets will be a very modest increase over the period, averaging an additional 50 jobs pa, which is a 2% share of the total jobs growth in the borough to 2030. Future employment losses in key sectors such as textiles and food and printing are forecast to be counter-balanced to some extent by growth in specialist construction.
- 7.86 We do not have comprehensive data for industrial job numbers in the past, but the substantial losses in industrial floorspace in recent years suggests industrial jobs will have been declining in the past by significant numbers. Some industrial activities such as textiles and clothing manufacture have contracted considerably in the past, and now employ comparatively low numbers. In the case of textiles and clothing the forecast suggests that job numbers have reached an equilibrium point, and will not contact much in the future. Other activities may not have a future in the borough.

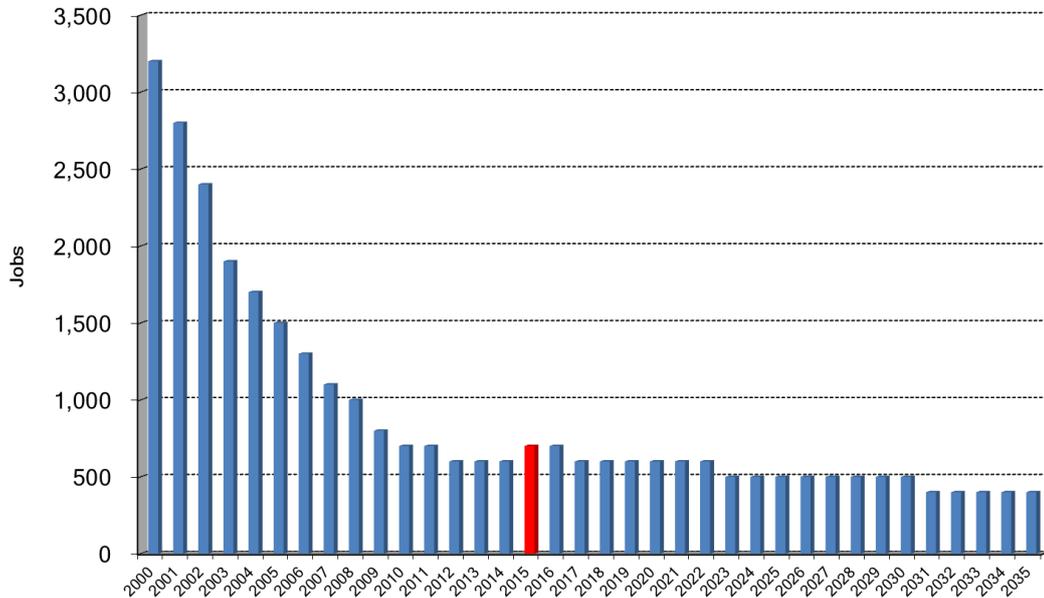
⁶ Mayor of London's 2012 Land for Industry and Transport SPG.

Table 7.6 Industrial jobs growth by category – 2015-30

Industrial jobs by category	Per annum	Total - 2015/2030
Accommodation & Food Services		
Administrative & Supportive Service Activities	2	25
Agriculture Forestry & Fishing		
Air & Water Transport		
Chemicals		
Civil Engineering		
Computer & Electronic Products		
Computing & Information Services		
Construction of Buildings		
Education		
Extraction & Mining		
Finance		
Food, Drink & Tobacco	-7	-100
Fuel Refining		
Health		
Insurance & Pensions		
Land Transport, Storage & Post	4	57
Machinery & Equipment		
Media Activities		
Metal products		
Other Manufacturing	-7	-100
Other Private Services	2	32
Pharmaceuticals		
Printing and Reproduction of Recorded Media	-7	-100
Professional services		
Public Administration & Defence		
Real Estate		
Recreation		
Residential Care & Social Work		
Retail		
Rubber, Plastic and Other Non-Metallic Mineral Products		
Specialised Construction Activities	73	1,094
Telecoms		
Textiles & Clothing	-13	-200
Utilities	4	57
Wholesale		
Wood & Paper		
TOTAL	51	765

Source: Experian March 2016

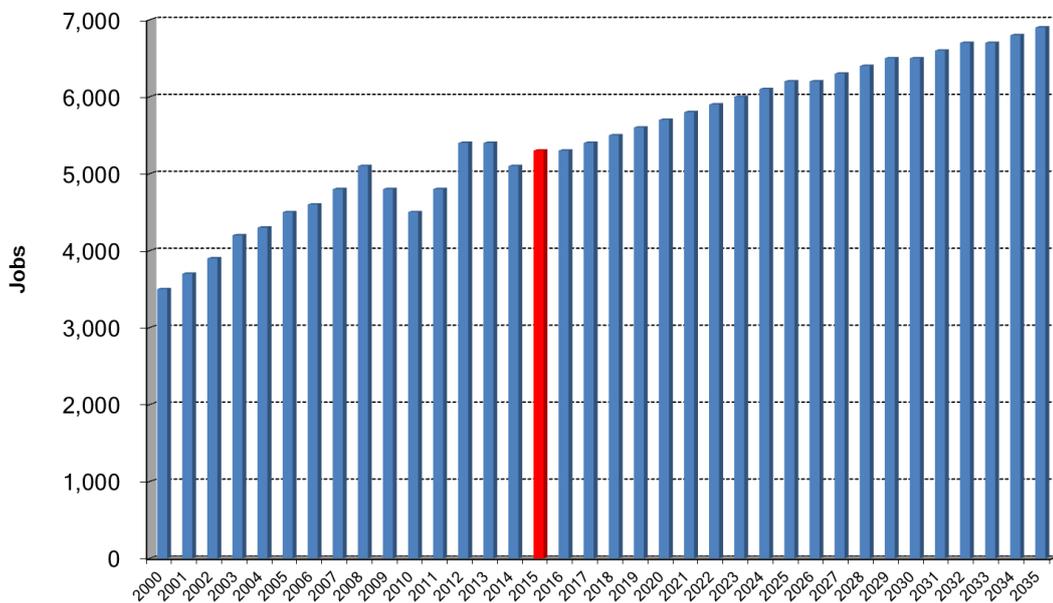
Figure 7.15 Job change in textiles & clothing – Tower Hamlets



Source: Experian Mar 2016

7.87 Specialist construction activity is forecast to experience steady growth throughout the period, rising from 5,300 in 2015 to 6,500 in 2030, counter-balancing the further relatively marginal losses in manufacturing activity.

Figure 7.16 Job change in specialist construction – Tower Hamlets



Source: Experian Mar 2016

Converting change in job numbers to a floorspace requirement

7.88 To calculate the floorspace required to meet the forecast growth in jobs we apply an average job density figure (worker to floorspace ratio) to the forecast change in job numbers. We present this both annually and over the whole Plan period.

Table 7.7 Jobs to floorspace

Change per annum	
Jobs ¹	51
Sq m per job (GIA) ²	44.0
Annual floorspace need, sq m³	2,424
Total change 2015-2030	
Jobs ¹	765
Sq m per job (GIA) ²	44.0
Floorspace need 2015-2030, sq m³	36,366

footnote: 1 source: Experian

footnote: 2 source: Greater London Authority, Industrial Land Demand and Release Benchmarks in London, Dec 2011, Table 4.10 pg51

footnote: 3 product of jobs * sq m, includes 8% addition for vacancy

- 7.89 The gross floorspace change is very modest in terms of space requirement. The evidence from the market appraisal and site assessment work indicates that the existing stock is well used and vacancy levels are low, demand is high, but opportunities to provide new industrial land or even intensify existing land are very limited.
- 7.90 This situation suggests that for the borough to maintain an industrial base to continue to serve local businesses and residents, including those in NIoD and also Tower Hamlet’s share of servicing the needs of the City there is a need to depart from the huge releases of industrial land in the past, and indicates the need for a policy shift from an emphasis on release to one of restraint.

Supply and market balance

- 7.91 Above we have shown that the GLA Benchmarks suggest some small additional loss can be allowed but at much lower rate than in the past. Applying Experian, no additional loss of industrial land can be supported (and a small increase is needed).
- 7.92 However, these sums ignore the committed pipeline of industrial losses (and gains).
- 7.93 The table below addresses Experian:

Table 7.8 Industrial demand and supply – Tower Hamlets – to 2030

DEMAND		Sqm GIA
Demand (net change)		36,366
Committed losses (sites started and with extant permissions for other uses)		237,546
Gross demand		273,912
SUPPLY		
Outstanding permissions		64,776
Outstanding allocations		17,600
Committed gross supply		82,376
FORECAST MARKET BALANCE - 2015-2030		
Over (or under) supply		-191,536

Source: PBA & Experian Mar 2016

- 7.94 Committed losses in the planning pipeline remain very high with approximately quarter of a million sq m of industrial floorspace with planning permission for change/redevelopment to other uses, mostly residential.
- 7.95 There are some committed gains from planning permissions (list to follow), and the two site allocations (Ailsa Street and we recommend some industrial use in the Leven Rd Gas Works site). But these gains are less than the committed losses and indicate a supply under-provision of 192,000 sq m.
- 7.96 What is very obvious from looking at the Experian analysis is that the Borough is well beyond ‘the point of no return’. The Experian forecasts show some small positive demand for new space, but the pipeline is largely negative.
- 7.97 The same conclusion is obvious from the GLA benchmarks. Applying these the Borough should be looking at releasing only 15ha of industrial land to 2031. But the pipeline losses already exceed 200,000 square metres. Even allowing for an exceptionally high plot ratio of 100% the benchmarks are already ‘broken’ before any additional sites are lost in the next plan round (or through windfall losses).
- 7.98 It is not realistic to assume that the market can be brought back into balance – there is no readily supply of land to replace the pipeline losses.

Conclusions

- 7.99 Industrial land release has run substantially ahead of London Plan targets. The current stock is mostly occupied, and providing functions that are needed to service a growing local population and business community both in the Borough and in the City.

- 7.100 But with a large negative pipeline the Borough has no real prospect of making good this shortfall and balancing its industrial market. The benchmarks outlined in the GLA Industrial Land SPG have been exceeded well in advance of schedule. There is no reservoir of land which can be used to make good this shortfall. As noted in the market review the types of sites / property in the highest demand with the greatest shortage of property are lower density industrial sites which cannot be reprovided as part of higher density mixed use. Nor is there much prospect of neighbours making good this shortage because they also have their own challenges and London wide shortage of property.
- 7.101 So the Borough has a difficult choice; either it continues to try and protect what little traditional industrial space remains or it finds a new market balance where the Boroughs industrial needs are met from sites elsewhere. The market evidence shows an imbalance in the supply and demand for property in that office and residential values far outstrip industrial values. But industrial values don't fully capture the true value of industrial space because they don't capture the social and economic benefit of having industrial uses close to where people live; for example, the time cost involved in taking cars to their MOT in outer London boroughs compared to a site in Tower Hamlets. Nor the time saving in having a short supply chain for goods close to where people live or work (allowing deliveries to be made at short notice).

8 CONCLUSIONS & RECOMMENDATIONS

8.1 Turning to the objectives of the study here we directly address the reports main objectives and look at

- The supply of employment sites and premises
- The local economy, including future demand for premises based on sector analysis land and property market (for offices and industrial).
- The demand for employment floorspace over 5, 10 & 15 years
- The supply and demand balance (for offices and industrial)
- Provide policy recommendations and explore monitoring & targets

The supply of, and demand for, employment sites and premises

8.2 This study has addressed the first two bullet points by assessing the demand for floorspace in the office and industrial sectors from a property market perspective – what type of employment space is in demand and in what type of location, and by assessing the existing provision and the allocated land to review if the stock is fit for purpose. These reviews have underpinned our analysis of land supply into the future, indicating how much of the existing provision is fit for purpose and what scope it provides for redevelopment to meet future demand.

8.3 The assessments show that the property market in the Borough, and the corresponding supply of property, is highly fragmented. In our market review we have identified two distinct markets in conflict.

8.4 Firstly, the local market. The Borough has a stock of businesses and property that is primary aimed at servicing the Borough's population. This includes secondary office space and some (limited) remaining 'local quality' industrial space including garages, trade-counters, and some local employers where their property is tied to their local workforce. Or their offer is targeted at the Borough's ethnically diverse population. These firms cannot (and do not want) to move far from the Borough.

8.5 But a second market also operates and is growing in significance. This market is a product of the highly successful Central London market.

8.6 For Tower Hamlets this is typified by new office space in and around the Isle of Dogs and the City Fringe. This market is still very much in evidence and now being complimented by new space outside the core clusters on the City Fringe and Canary Wharf. New employment space is being provided as part of the allocated sites on the Isle of Dogs achieving rents over and above the traditional 'local market'.

- 8.7 In recent years the City has also been displacing smaller, creative industries and TMT firms. These firms' previous preference was to cluster closer into the City. However, increased market pressure in these areas; most noticeably dramatically increasing rents, means that these firms are looking for cheaper space further afield. Tower Hamlets is an obvious choice because of the mix of property available, including non-conventional 'flexible' space (including convertible industrial space), but also the comparably low rents previously on offer.
- 8.8 Local firms have been paying less than £50 psf for their space with many at £30 psf. But the new generation of firms moving from Central London are able and willing to pay more; effectively outbidding the local market for existing stock. This new market is extending into most of the Borough's employment areas; including the Borough's only Strategic Industrial Site. But pressure is greatest in the west and will only increase due to the new Crossrail station at Whitechapel. Looking ahead we expect a further eastwards push as the first generations of movers (those who benefited from low rents and may face a rental 'shock' when leases are renewed) are in turn outpriced as the west of the Borough becomes more attractive. Newer tenants are paying more than double that of the first generation of movers.
- 8.9 So while demand is buoyant, the property stock is effectively 'pincered' by local demand which is unable and unwilling to operate outside the Borough boundary (neighbouring boroughs are also short of stock; especially industrial stock) and the growing City market.
- 8.10 The market has responded with a supply of new office and 'flexible' space. The Borough's office pipeline is one of the largest in London. However, in order to be viable, the rents are beyond the true 'local' market. For occupiers who need traditional industrial space, including yardage and separation from residential uses, there is almost no new traditional industrial space being provided anywhere in the Borough; despite a chronic market shortage and evidence of a (free from residential hope value) viable market.
- 8.11 Meanwhile, the affordable space; including true secondary stock and smaller units are being lost through uncontrolled change of use (office) and 'regeneration' (industrial). Overall, headline vacancy rates are exceptionally low and increases in rents clearly demonstrate a market shortage.

The demand for employment floorspace over 5, 10 & 15 years

- 8.12 Estimating future demand is always challenging; even more so given the current Brexit uncertainty. In this report we have considered the impact of Brexit on the demand for space in the Borough. Shortly after the referendum most forecasting houses cut their growth expectations but some confidence appears to be returning. To plan on the basis of a Brexit downturn forecast would in our view not reflect Government policy to plan positively for growth.

- 8.13 This is a topic the Council needs to keep under review. In our mind clear parallels can be drawn with the Credit Crunch and the Recession. Throughout that period of economic uncertainty, the message from Government, the Chief Planner and the Inspectorate was to plan for growth. There is evidence that the post-recession bounce back absorbed some of the capacity that remained unimplemented in the recession.
- 8.14 In addition; common sense would suggest the planning for Brexit recession or slow down, if implemented in development plans, runs the risk of cementing in slow growth and leaving the economy unable to respond should the market exceed the current (short term and pessimistic) view.
- 8.15 With this in mind, we have looked at a number of alternative sources of demand. The two main sources are the recent (pre-Brexit) Experian economic forecasts and the very recent GLA economic projections.
- 8.16 Experian is one of the main UK forecasting houses and provide an independent view of demand. The Experian forecast is also available by year (so can address the 5 – 10 – 15 year periods) and also by detailed sector.
- 8.17 The GLA view is not as detailed, it is not available by sector for example, but carries significant weight here because this data will inform the new round of the London Plan. We have also been asked to actively consider it as part of this work by the GLA.
- 8.18 Added to this, we have also considered the GLA Industrial Land Release Benchmarks which provide a quantitative view of how much land should be protected for industrial uses. Also the 2014 London Office Policy Review; published by the GLA in 2014.
- 8.19 **For Industrial land** there is no disagreement between any of the sources we have considered. The rate of Industrial land release in Tower Hamlets has been far too high in recent years; the GLA benchmarks will be exceeded and too little land remains to support the number of Industrial jobs forecast by Experian.
- 8.20 There is no magic reservoir of land in Tower Hamlets to repair the deficiently; partly because the market evidence shows that the type of land and property in highest demand is lower density, traditional industrial space which is rarely forthcoming in redevelopment and regeneration schemes. This market view corresponds with Experian's view, where the growing sectors are construction, utilities and servicing activities. Activities related to the growing population and the need to service these people and build the new homes and offices. Instead, what is often provided as part of mixed use development is lighter and more flexible space which meets the needs of some growing sectors, but not the needs of traditional industrial users.
- 8.21 Using Experian as a guide the Borough cannot afford to permit any further losses. Ideally, those already permitted would not be implemented. As a short term measure any further releases need to be strongly resisted.

- 8.22 As a longer and medium term measure the Borough needs to work with the GLA to better consider the role the remaining stock plays in supporting the London economy, providing local jobs and serving the CAZ. At the moment the neighbouring boroughs, and districts outside of London, have no policy requirement to 'make good' the Tower Hamlets industrial deficit. They each assume that Tower Hamlets is doing its share and no one is offsetting the local market imbalance.
- 8.23 This is not a matter the Borough can tackle on its own; the stock is viable to retain, hence why a short term moratorium on releases can be justified. However, London may soon need to reevaluate the competing merits of protecting industrial space close to the CAZ with the huge market pressure for new housing.
- 8.24 In our opinion, the most important industrial space to retain in the Borough is that which directly services the population - the office population and the residential population. This is likely to be more retail orientated industrial; most noticeably trade counters, building supplies and car sales & repair garages together with associated local waste, recycling and transport uses. For warehousing and general industrial, a critical view would see these displaced out of the Borough which would increase the length of supply chains to the detriment of firms in and around Tower Hamlets and the CAZ. Workers may need to commute further to reach 'industrial' employment opportunities in other boroughs. But for Tower Hamlets prioritising the little remaining land for industrial type service activities may be less detrimental to the day to day life of the resident population including the growing office population.
- 8.25 Industrial space which meets the definition of 'flexible' space and appeals to creative and TMT firms should also be retained. There is buoyant and largely viable demand to retain these uses. These activities occupy 'industrial space' but not for industrial type activities. They can, and do, make viable use of otherwise secondary industrial space which is not fit for more traditional uses. Because for example property may lack adequate servicing or access. To an extent the TMT market relies on these sites to be protected from redevelopment for higher value uses to secure their property at viable rents. What this shows is that should the Borough wish to continue to support this TMT market then the 'bar' to release industrial property from the stock needs to be set very high and sites not simply released because the property may not appear fit for traditional industrial or warehousing use.
- 8.26 **For offices**, Experian and the GLA have differing views. The GLA view, as found in the latest GLA 'biangulated' projections is for continued centralisation of London's office market which is attracted to the Borough by the very large office supply pipeline. The exact quantum cannot be determined because the GLA data is not sector specific but we understand from the GLA that this growth (approximately 125,000 new jobs 2015/30) is fuelled by the office pipeline.
- 8.27 The Experian view is much more modest in total and for the office sectors. Under an Experian scenario the office pipeline in the Borough broadly balances with demand over the 15-year period; allowing for some oversupply for choice and market friction.
- 8.28 Across the 15-year period, looking at Experian, there is an oversupply. But in our view this is not excessive. Obviously applying this pipeline to the short term, 5 year

periods which can be done from the Experian data, show a large oversupply in the first few years. But the profile of the pipeline is such that large amounts are held in a few major schemes and limited geographic areas which limits market choice and competition.

- 8.29 Also as noted by the GLA LOPR series this oversupply is a long term feature of the market in this area.
- 8.30 Further the pipeline is focused in areas of the Borough where the very recent GLA CAZ SPG is explicit that offices should remain the primary use and additional residential resisted. This SPG was drafted with full knowledge of the large pipeline of stock in the Borough. The GLA view is that these areas, where the Borough pipeline is clustered, is very much a long term reservoir of office land which should be viewed as capacity for the long term, possibly beyond a single plan period.
- 8.31 This is reflected in the very high GLA view of job growth in the Borough; which is to some extent self-fulfilling in that it assumes demand is attracted to areas with large pipeline supplies such as Tower Hamlets.
- 8.32 For Tower Hamlets the best approach is to view Experian as a minimum demand number. While it fails to capture the full pipeline potential of the Borough, under the Experian scenario unemployment is low and residents employed. Some of the pipeline already permitted will not be developed in the plan period and becomes part of a long term reservoir protected from alternative use by the very strong guidance in the recent CAZ SPG.
- 8.33 In our opinion the much higher (for Tower Hamlets) GLA view is an aspirational view. It captures the pipeline potential but for the workforce, the largest beneficiaries are those outside of Tower Hamlets. The rate of growth envisaged in the GLA projection cannot be sustained from the local workforce. We have already highlighted a major shift in commuting into the Borough in recent years; needed to sustain and supply past office growth. This pattern needs to be repeated (with associated transport infrastructure) for this to continue, which will have London-wide implications for other boroughs and strategic spending priorities. In our opinion development of this scale, as envisaged in the GLA projection, will require additional workers from outside London and beyond the Green Belt. The GLA view should be used to justify additional infrastructure provision in the Borough, particularly transport, to facilitate the sustainable flow of workers into the Borough who will be needed to fill the new office jobs the GLA envisages.
- 8.34 Finally; neither forecast nor projection picks up the local market dynamics. The Borough's remaining stock of 'value space' is under pressure from continued regeneration and permitted development. Securing a new pipeline of 'value stock' the 'flexible' floorspace, is difficult because it cannot be viably provided at the rents that local firms have become accustomed to paying. They face a hard choice of paying more, competing with the Central London fringe markets or moving elsewhere. For the Borough, the only realistic option to secure some space, is to remove permitted development rights, and so 'stem the flow'. The rationale for this is

a social one, supporting the resident economy in the face of displaced Central London demand.

- 8.35 Where local sites are redeveloped, because there is a chronic shortage of industrial space, including space to service the population (industrial retail, construction, transport and 'flexible space' which may appeal to TMTs) replacement office space, even that offered at 'local' rents should not be viewed as an automatic replacement offer for industrial space.
- 8.36 Both markets, local office and local industrial, are chronically undersupplied with industrial type space, needed to service the population, but much more difficult to reprovide. Simple comparisons, where redevelopment schemes replace the number of jobs (but in very different market sectors) should not be made. Instead much more careful consideration should be given to the market sector and type of activity being lost, the need and value of that specific type of activity to the Tower Hamlets market and whether that market can be re-provided on site. As a simple example, small office units are not substitutable for a locally important MOT garage despite the fact that small offices could reprovide the same number of jobs as part of a redevelopment scheme. Both types of space meet very different local needs. It may be preferable to accept lower employment counts on redevelopment schemes in return for higher value (to the local population) activities.

Policy recommendations

- 8.37 The Borough's employment land portfolio is found in a network of local designated sites including Local Office Locations, Preferred Office Locations, Local Industrial sites and a single Strategic Industrial Location.
- 8.38 A critical review of these designations shows that they are struggling to meet the changing market dynamics in the Borough.

Preferred Office Locations

- 8.39 A London Plan strategic priority for the CAZ is to enhance and promote the unique role of the CAZ, and to ensure that in appropriate parts of the CAZ office provision is not strategically constrained, and that provision is made for a range of occupiers especially the strategically important financial and business services.
- 8.40 The Plan also supports mixed use development in the CAZ where this does not conflict with other London Plan policies.
- 8.41 The London Plan is neither explicit in respect of what constitutes a strategic function nor geographically specific on the operation of these policies. Clarity on functions and geography is provided by Mayor of London's CAZ SPG (Mar 2016), where Table 1 (reproduced in the introduction to this study) identifies a list of indicative strategic functions for the CAZ.
- 8.42 Guidance on the balancing of priorities between housing, office and the other strategic functions. Three policy priorities identified (Table 1.1 A-C):

- A. Residential is not appropriate in the commercial cores of the City of London and NIoD.
 - B. Office and other strategic functions given **greater weight** relative to residential, applies to other parts of the City of London and NIoD
 - C. Office and other strategic functions given **equal weight** relative to residential, which applies to all other parts of the CAZ.
- 8.43 This matrix is guidance as support London Plan Policy. So, given the need and justification the Council could choose to depart from this guidance and draft the local policies with more scope for residential; especially given the large pipeline of office space in the Borough, which would quantitatively suggest scope to release some of the pipeline in favour of alternative uses.
- 8.44 But the SPG is up to date, and written in the full knowledge that this large pipeline exists. So as material consideration, back up by the London Plan itself, the SPG ought to carry significant weight when drafting local policies. The SPG explicitly states that its purpose is to inform the local policies; such as the new Tower Hamlets Plan.
- 8.45 However, what the SPG does not do is define the extent of the areas to which the A-C groupings should apply, leaving geography to be defined locally. Enough guidance is provided to allow us to apply the policies to the Tower Hamlets policy areas. In the case of the Canary Wharf POL the SPG is drafted so that there can be little doubt as to the extent of the policy area.
- 8.46 While owners and developers would clearly like to see increased flexibility, the priority remains the protection of a long term reservoir of international quality office supply; in highly accessible locations where the labour supply can be commuted into the Borough. This may take more than one plan cycle to be fully taken up. In this context, the 'reasonable prospect test' (NPPF paragraph 22) may be taken to mean the whole plan period and possibly beyond. Thus in implementing the London Plan in accordance with the SPG we suggest the following Tower Hamlets policy areas:
- CAZ SPG "A" priorities apply to:
 - Canary Wharf POL which functions as the commercial core of NIoD; and
 - Bishopsgate Road and Tower Gateway West that function as part the City's commercial core.
 - CAZ SPG "B" applies to:
 - Aldgate and Tower Gateway South that are part of the City Fringe;
 - The site allocations to the east and south of Canary Wharf are NIoD CAZ; and
 - Blackwall LOL is also NIoD CAZ.

POL Policy implications

- 8.47 **Bishopsgate Road and Tower Gateway West** – this study demonstrates that these areas function as POL, and as part of the CAZ’s commercial core. These locations will continue to support office and strategic functions, but there is no need to alter the boundaries as there is sufficient office pipeline supply collectively within the POLs to more than meet demand over the Plan period.
- 8.48 **Canary Wharf POL** – London Plan policy is clear that the commercial core of NloD should provide an unconstrained reservoir of land to support the NloD strategically important globally orientated role as a financial and business services centre.
- 8.49 Our assessment of the Canary Wharf POL clearly shows that it functions as the NloD commercial core.
- 8.50 The Canary Wharf POL has maintained a substantial pipeline of office supply for many years, and does so currently. This supply pipeline currently exceeds the demand for new office space in the whole Borough over the Plan period. However, Canary Wharf continues to be the Borough’s key supply reservoir for office sites, and the current pipeline supply is tied up in just a handful of sites/ large schemes awaiting pre-let deals. A ‘paper’ oversupply of office space is a long running feature of the local market and can be observed across the GLA London Office Policy review series. The current London Plan takes a long term view, seeking to maintain an unconstrained strategic supply of sites for office development to 2036.
- 8.51 Thus, whilst the demand supply balance indicates there is no need to enlarge the POL boundaries to identify additional supply, there is also no policy justification for releasing sites for non-strategic uses (ie residential) in the CAZ commercial core in either the new Local Plan period or in the longer term.
- 8.52 While SPG is only guidance for the Borough, in this case the SPG is explicit in advising how the GLA expects the London Plan to be implemented in this area. With the SPG so recent it would be difficult to justify a local policy for the area which is contradictory in allowing other uses into the POL.
- 8.53 **Aldgate and Tower Gateway South** – the evidence suggests these are more mixed areas, but in the long term these areas will accommodate the continued eastward expansion of the City, and therefore the longer term priority should be office and other strategic functions and less weight for residential use.
- 8.54 **The remainder of the NloD CAZ area** – mixed use schemes are coming forward on the allocations in this part of the CAZ, but not primarily office and strategic functions. The policy approach should therefore be in accordance with priority “B” of the SPG, as this area does border the Canary Wharf POL, and should there be an upturn in demand for office space this area provides a suitable location for office development or expansion of the POL.

Local Office Locations

- 8.55 As summarised below, the Local Office Locations are changing form and have very different potential challenges. Added to which the current national policy of permitted

development, allowing the loss of office space to residential without planning permission, has removed the main development control tool to stem losses of stock from these policy areas, beyond areas located within the CAZ, albeit even here by 2019 even this control will fall away. While the LOLs are losing their significance as office locations, a new network of office space is emerging from the allocated development sites – these are located outside the LOL network as currently defined.

A single ‘catch all’ LOL designation is no longer appropriate. We recommend replacing the LOL designation with a network of new locally specific designations with specific policies bespoke to each area. As part of this it will be necessary to actively consider removing permitted development rights, with the most important objective being to protect secondary ‘value space’ including space above shops.

Summary assessments

- 8.56 **Blackwall** – LOL located within the CAZ, but remote from main commercial core. Currently supplying large amount of large floorplate traditional office, and expanding amount of more recent space used for data centre activity.
- 8.57 The area is not providing for local office as intended, and the large floorplates are not letting at sufficient rents or attracting sufficient occupiers to be a sustainable local office location in the long run. There is some evidence that the location is of interest to SMEs and some of the buildings may be subdivided to meet less strategic office demand. But it is debatable whether this is a short term response, a way to use the space while the office buildings remain viable, as opposed to a sign that (should buildings be redeveloped) the quantum of floorspace can be viably re-provided.
- 8.58 Blackwall’s location within the NIoD CAZ means strict interpretation of the SPG identifies this as a “B” priority location, but demand for strategic office is not evidenced now or forecast in the future, nor is there evidence of substantial SME demand sufficient to fill all the available space should the existing large floorplates be redeveloped.
- 8.59 This area needs a more flexible policy framework to allow for a more mixed use redevelopment including uses beyond the strategic functions that could deliver a location that does achieve the local office aspiration, albeit of a more viable scale. We consider there are special circumstances that justify deviation from strict adherence of the SPG, and define Blackwall as CAZ SPG “C” category, which provides the necessary flexibility.
- 8.60 **Whitechapel** – is outside the CAZ, but firmly in the City Fringe, and soon to be more accessible as a consequence of the Crossrail station. Strong interest in developing a medical sciences hub, badged as Med City, focused on The Royal London Hospital. There is evidence that the area is beginning to change, as a result of the eastward expansion of the City activities and the Shoreditch hub of creative industries.
- 8.61 Therefore, quite different to the other LOLs, and should be the subject of an area specific policy based on the Whitechapel town centre boundary.



- 8.62 Whitechapel supports a lot of small scale office, commonly located above shops that are in danger of being redeveloped for other higher value uses. It is also the case that the letting market will see an influx of City type activities able to pay the higher rents that are beginning to filter through as City activities continue to expand eastwards.
- 8.63 The existing stock is needed for local and CAZ related activity and should be protected, the only means of doing so is to introduce an Article 4 Direction (A4D) covering the town centre, and indeed introducing A4D for all the town centres and the City Fringe is justified as these areas have a very limited stock of office space for which there will be continued and long term demand.
- 8.64 **Mile End** – There is very little office use in this centre, but what little there is should be protected through an A4D because the changes in Whitechapel will lead to future displacement of local and CAZ related businesses that Mile End could absorb, and the centre’s low density character but excellent connectivity provides scope for some higher density redevelopment.
- 8.65 **Tower Gateway East** – located just inside the CAZ this LOL has largely lost the critical mass of office floorspace as residential use has become increasingly dominant. This area can no longer justify a local office location designation, as we can no longer distinguish between this area and other areas within (and beyond) the CAZ which exhibit a much more mixed profile of uses. In such areas the balance for future change should see office and strategic uses afforded equal weight with residential, as recommended by the CAZ SPG Table 1 “C” categorisation.

Policy Recommendations

- 8.66 To reflect the very different growth opportunities of all the existing LOLs we recommend each area has its own specific policy based on DM16, but tailored to the particular opportunities and characteristics of each.

Blackwall Policy

1. *Redevelopment to include residential uses will be supported if the mix and quantum of replacement B class floor space uses are maximised, and where it:*
 - a. *provides separate access and servicing for commercial uses and residential uses;*
 - b. *ensures the provision of residential uses does not jeopardise the function and viability of the B class uses;*
 - c. *provides high quality flexible working space, including where possible ground floor units capable of accommodating B8 uses such as data storage and ‘industrial retail’, and*
 - d. *provides a range of flexible units including units less than 250 square metres and less than 100 square metres to meet the needs of Small and Medium Enterprise (SMEs).*
2. *Development resulting in the loss of office floor space will only be considered where there is evidence that:*
 - a. *active marketing (see guidance below on appropriate marketing evidence) has been carried out for approximately 12-months, or as agreed with the promoter, and that this demonstrates;*
 - i) *the building is unsuitable (in terms of size and condition) for ongoing office use; and*

ii) that the site/location is unviable for redevelopment/reprovision of office space; b other employment uses have been considered for the site; and c. the loss of office floorspace does not compromise the operation and viability of the wider designated area.

8.67 The Council recognises that this area is already densely developed, but the ELR indicates that future demand for large floorplate office use in this location is unlikely to be sufficient to occupy all the space. The type and amount of B class floorspace to be provided will depend on market viability. The ELR identifies a demand for trade counter industrial retail type units and also for smaller SME units for local services and City servicing activity such as TMT. The demand for office floorspace is insufficient to occupy all the existing provision, and therefore a more flexible approach encouraging a broad range of B class uses is justified.

Whitechapel Policy

- 1. Development resulting in the net loss of office floor space will not be supported.*
- 2. Redevelopment to include residential uses will be supported if the existing office floor space is re-provided on-site and where it:

 - a. provides separate access and servicing for commercial uses and residential uses;*
 - b. ensures the provision of residential uses does not jeopardise the function and viability of the office uses;*
 - c. provides high quality flexible workspace designed to meet the needs of the growing biotech cluster. This may include new R&D space and flexible workshop space; and*
 - d. provides a range of flexible units including units less than 250 square metres and less than 100 square metres to meet the needs of Small and Medium Enterprise (SMEs).**
- 3. Redevelopment of sites not currently in office use should provide new R&D space and flexible workshop space;*
- 4. Development resulting in the loss of office floor space will only be considered where there is evidence that:

 - a. active marketing (see guidance below on appropriate marketing evidence) has been carried out for approximately 24-months, or as agreed with the promoter, and that this demonstrates;

 - i) the building is unsuitable (in terms of size and condition) for ongoing office use; and*
 - ii) that the site/location is unviable for redevelopment/reprovision of office space;**
 - b other employment uses have been considered for the site; and*
 - c. the loss of office floorspace does not compromise the operation and viability of the town centre.**

8.68 Rationale: there is identified demand for office and flexible workspace in Whitechapel because the centre has very modest existing reserves, it currently largely provides for local services that will continue to be needed and there is demand from emerging technology sectors (chiefly life sciences and biotech), the creative industries including the TMT sector and the eastwards expansion of City activity.

8.69 We recommend a longer period for the active marketing test. Current policy (DM15 & 16) seeks a 12 months marketing period. This limits the amount of time available to market properties for alternative, policy acceptable forms of occupancy should the

first market offer fail to attract interest. For example, a first preference may be to let a building to a single large occupier, possibly the owner would prefer a short lease or as ‘shell and core’. So the property is marketed accordingly. But should this fail there is limited time (within the 12 months) to remarket the property on different terms; for example, sub-dividing the property for SME uses or offering longer leases.

- 8.70 So a longer ‘default’ marketing period is needed, but with scope for this to be varied in discussion with the Council. The proposed caveat will allow flexibility for situations where owners are considering redevelopment as opposed to re-letting their property the policy should emphasise the need to engage with the Council as early as possible; there may be cases where redevelopment (without marketing) and an offer of new replacement space, even if less in quantity is policy preferable than trying to let unviable stock for 12 or 24 months.

Mile End

- 8.71 This neighbourhood centre does not require its own policy because it is not likely to experience change on the scale anticipated for Blackwall and Whitechapel. However, its vitality and viability is threatened through the loss of office activity via PDR and redevelopment for other uses, principally residential.

- 8.72 Our recommendation is two-fold:

- A. Expanding Policy DM1.3 (Development within the town centre hierarchy) to protect B1a in addition to A1 uses. The policy should include the same ‘active marketing’ test as that proposed for Blackwall and Whitechapel.

Policy DM1 (expanded)

3. The vitality and viability of the Borough’s major, district and neighbourhood centres will be promoted by:

b. protecting B1a uses as a priority. Development resulting in the loss of office floor space will only be considered where there is evidence that:

i) active marketing (see guidance below on appropriate marketing evidence) has been carried out for approximately 24-months, or as agreed with the promoter, and this demonstrates;

i) the building is unsuitable (in terms of size and condition) for ongoing office use; and

ii) that the site/location is unviable for redevelopment/reprovision of office space;

ii) other employment uses have been considered for the site; and

iii) the loss of office floorspace does not compromise the operation and viability of the town centre.

- B. The introduction of a targeted A4D to include the Mile End neighbourhood centre as part of a package of centres and other designated areas facing similar threats from unplanned change of use.

- 8.73 Rationale: office is a key town centre use, and the ELR evidence shows that there is demand for office space in the Borough’s town centres, and the existing space should have policy protection, which in Mile End’s case it does currently have through DM16, but in our view this would be better provided through an expanded town centre policy and introduction of A4D. The 24-month marketing period is required for the same reasons as those expressed above in respect of Whitechapel.

Tower Gateway East

- 8.74 This area, and indeed all CAZ areas within the Borough that are not referred to by the above mentioned policies should be subject to the following new policy to protect employment uses (this policy applies to all CAZ areas in the Borough other than the whole of the NLoD area, and the POLs):

‘Other’ CAZ areas Policy

In parts of the CAZ beyond the commercial cores and the NLoD redevelopment a balance should be maintained between the provision of employment uses and residential.

To ensure that the CAZ’s employment potential is realised, when considering the redevelopment of employment sites consideration must be given to the amount of employment floor space that can be reprovided as part of a balanced mix of uses.

It will not be acceptable for sites currently in employment use to be promoted for schemes that do not strike an appropriate balance between employment uses and residential. What is deemed to be appropriate will depend on the site characteristics, the demand for employment space relative to that for residential, and will need to be justified by marketing and viability assessments.

Redevelopment involving a mix of residential and employment uses will need to:

- a. provide separate access and servicing arrangements;*
- b. ensure the provision of residential uses does not jeopardise the function and viability of the B class uses;*
- c. provide high quality flexible working space, including where possible ground floor units capable of accommodating B8 uses such as data storage and ‘industrial retail’, and*
- d. provide a range of flexible units including where possible units less than 250 square metres and less than 100 square metres to meet the needs of Small and Medium Enterprise (SMEs).*

Guidance on market testing

- 8.75 Evidence of the marketing of the building for continued office use having regard to the use, condition, quality and location of the building. Information should be provided setting out:

- 1) the length of time the property/site has been marketed;
- 2) the number and details of enquiries received, such as the number of viewings, the proposed uses and comments from prospective purchasers or tenants (including as to the suitability of continued office use).

3) A valuation of the building on an existing use plus basis

4) Sensitivity testing

8.76 This approach is consistent with that advised in the Mayor of London's 2016 CAZ SPG.

Strategic Industrial Location

8.77 The London Plan seeks to limit uses in SILs to industrial activities, and generally the Borough's only SIL Empson St continues to support industrial uses. The London Plan distinguishes between two types of SIL – Preferred Industrial Locations (PIL) which should accommodate general industrial uses, and Industrial Business Parks (IBP) that provide better quality surroundings for the lighter industrial uses, but could also provide office accommodation as long as this does not jeopardise provision of light industrial.

8.78 Empson Street is categorised as an IBP and is small scale by SIL standards. It comprises three parts – the warehouse distribution on St Andrews Way, traditional industrial uses in the core and warehousing and workshop/studio space on Towcester Rd and eastern periphery. There has been a lot of high density residential redevelopment in the surrounding area, and creative industries have increasingly occupied the workshop/studio space in the former College building and more recently spreading into the traditional industrial space on Empson St.

8.79 These trends, plus the continued outward migration from Inner London of traditional industrial activities that require large land take and are not servicing the local business and residential population, suggest the shift from more traditional industrial activities to lighter creative industries is likely to continue. Indeed, this study has identified a need and demand for creative industries accommodation and workspace for SMEs more generally.

8.80 Future change at Empson St should continue to be controlled through application of key London Plan policy 2.17B. The IBP is one of Tower Hamlet's very few industrial sites, and should be redeveloped for industrial type uses which service the local residential and business population and the CAZ. The type of uses that should be encouraged are - garages, light industrial depots, warehousing and industrial retail. These uses need ground floor access, high eave heights and yardage space, and the ground floors should be protected for such uses. However, upper floors could accommodate 'lighter' space including that for SME office and workshops. The strategic nature of the SIL means that residential uses should continue to be resisted.

Local Industrial Locations

8.81 Policy DM 17 is the main criteria based policy controlling development in the Industrial Areas. The policy seeks to retain a supply of 'industrial' space in the borough. It permits redevelopment of sites for mixed use providing that the existing employment floor space is re-provided on site.



8.82 The policy is generally working, albeit residential hope values are hindering sites coming forward and influencing the scale of employment floorspace proposed. But whilst applications on LIL sites are re-providing employment space, the re-provided space is not necessarily what the industrial market desires. There is market demand for service and construction activities such as trade counters that require ground floor double height units operating from B8 or B2 units. Thus trade counters currently compete with industrial distribution uses for hard to find B8 space.

8.83 Trade counters, and other small B8 units which operate as a base for local firms to service the population (e.g. trade units for plumbers and other services) form a vital cog in serving the CAZ and growing residential market; they tend to attract rents higher than traditional industrial occupiers and are more viable to provide where development costs are greater. So where they are viable to provide the Council may consider them in place of smaller offices or flexible space.

8.84 Policy would need to put this type of development as ‘first priority’ over smaller flexible units because the number of possible sites with the market prominence and accessibility to accommodate such units is likely to be uncommon; whereas smaller flexible units don’t need such restrictive site criteria.

8.85 Suitably controlled by planning condition there is no reason why such uses cannot be provided outside of LIL (and SIL) and make use of more difficult to design ground floor areas of buildings. Operating hours are generally ‘sociable’ and delivery restrictions can control late night activity.

8.86 The policy should be amended to allow this flexibility in re-provision of use.

8.87 Proposed revision to DM17:

- 1. *Development resulting in the net loss of industrial B Use Class floor space in Local Industrial Designated Locations (LILs) will not be supported.*
- 2. *The redevelopment of sites with industrial B Use Class floor space in LILs, to include residential uses, will only be supported if ~~the existing~~ industrial B Use Class floor space is re-provided onsite in the same or larger quantity and where it:*
 - a. *provides separate access and servicing for commercial uses and residential uses;*
 - b. *ensures the provision of residential uses does not jeopardise the function and viability of the industrial B Use Class on the site and within the wider LIL-designated area;*
 - c. *provides high quality flexible working space, ~~which is usable~~ meets an identified need; and*
 - d. *provides a range of flexible units including units less than ~~250~~500 square metres on upper floors as well as ground, and less than ~~100 square metres~~ to meet the needs of Small and Medium Enterprise (SMEs).*

8.88 Amending the criteria to seek provision of larger units (>500 sq m) reflects the difficulties in providing medium sized industrial space in Inner London, and developers should be asked to give first preference to replacement medium sized units on the ground floor of new schemes before consideration of smaller units.

- 8.89 We would also suggest, given the borough-wide shortage of space, that the policy could be amended to seek a net addition of employment floor space and encourage lighter (office type or B1(c)) space on upper floors to meet the needs to SMEs and creative firms. So freeing up ground floor space for users who need that access and servicing while still trying to provide new space for SME firms.

Policy support for employment uses beyond designated areas:

- 8.90 Policy DM15 supports the upgrade and redevelopment of all employment space outside of the designated areas to promote job creation, and requires a marketing test in much the same way as required in LOLs (DM16), albeit it is presented in abbreviated terms.
- 8.91 We recommend that the proposed new DM16(3) marketing test should also apply to DM15. Indeed, the only difference between the two policies should be that DM15 does not have a criterion that refers to assessment of potential impact on the viability of the designated area, otherwise they should include the same test.

A4D

- 8.92 All office, all light industrial and all warehousing in the Borough are vulnerable to change of use to residential via PDR because of the higher values associated with residential. But as evidenced in this report office and industrial uses are needed locally for sound social, environmental as well as economic reasons to service residents and businesses in the Borough and the CAZ.
- 8.93 There is evidence of current demand in the Borough for local offices as well as the insatiable demand for offices to serve the City markets and expanding markets such as the TMT sector. There is a clear need to protect and indeed increase the amount of office floorspace in the Borough to cater for these expanding markets. All the designated office areas, POLs and LOLs plus the town centres need to be protected from change of use to residential.
- 8.94 The haemorrhaging of industrial space in the Borough that is well above the Mayor of London's benchmark target provides the evidence to identify the Borough's SIL and LILs for protection from loss of light industrial / warehousing.
- 8.95 Active consideration should also be given to protecting 'flexible space', alternatively referred to as 'hybrid' space throughout the Borough where the case could be made that permitted development rights should be set aside. This is regardless of where it is found because evidence suggests this space is dispersed throughout the Borough, and often outside designated policy areas. This type of space is viable to retain but under pressure from higher value uses and so at risk in the medium term.
- 8.96 In the absence of planning control the office, light industrial and warehousing activity in these areas would be subject to substantial loss because of the much higher residential land values. The Council should pursue a targeted A4D covering the Borough town centres, the City Fringe consistent with the area defined in the OAPF, Blackwall, Tower Gateway East and the Borough's SIL and LILs.

- 8.97 The A4D should be taken forward at least 12 months before the exemption for areas within the CAZ falls away so that the effective date for the A4D and the removal of the exemption coincide.



APPENDIX A - VOA PROPERTY CATEGORIES

VOA property categories

- Art studio - category code 203
- Art studio & premises - category code 96
- Art studio and premises - category code 203
- Artist studios- category code 96
- Artist workshop/studio- category code 96
- Artist studio and premises - category code 203
- Business and premises - category code 203
- Business premises - category code 96
- Business unit - category code 203
- Business unit and premises - category code 408
- Music studio - category code 203
- Music studio - category code 96
- Music studios - category code 96
- Photographic studio & premises - category code 96
- Photo studio - category code 96
- Photographic studio and prems - category code 203
- Photographic studio & prems - category code 203
- Photography studio - category code 96
- Recording studio and prems - category code 203
- Recording studio and prems - category code 96
- Recording studios- category code 203
- Recording studios and prems - category code 96
- Studio - category code 96
- Studio & premises - category code 96
- Studio & premises (part) - category code 96
- Studio office and prems - category code 203
- Studio workshop and premises - category code 96

- Studio workshop and prems - category code 96
- Warehouse and music studio - category code 96
- Workshop - category code 96
- Workshop - category code 203
- Workshop & premises - category code 96
- Workshop and premises - category code 96
- Workshop and premises (DABW) - category code 96
- Workshop, office and premises - category code 96
- Workshop and store- category code 96
- Workshop, office and premises- category code 96
- Workshop/photo studio and premises - category code 96
- Workshop and premises - category code 96
- Workshop galleries and premises - category code 96
- Offices and premises (under reconstruction) - category code 203
- Offices and premises - category code 203
- Offices and premises - category code 203
- Office - category code 203
- Warehouse and premises - category code 96
- Warehouse and premises - category code 153
- Warehouse and premises - category code 151
- Warehouse, retail unit and premises - category code 96