Employment Land Review

For **London Borough of Newham**

July 2022

Stantec UK Limited
Registered Office: Buckingham Court, Kingsmead Business Park, London Road, High Wycombe, HP11 1JU
Office Address: The Stills, 1st Floor, 80 Turnmill Street London EC1M 5QU

Document control sheet

Project ref: 870013

Report title: Employment Land Study

Date: 1st July 2022

	Name	Position	Signature	Date
Prepared by:	SS/SC/AL	PP/Assoc	SS	24th June
Reviewed by:	AL	Assoc	AL	24th June
Approved by:	RJP	DIR	RJP	1st July

For and on behalf of Stantec UK Limited

Revision	Date	Description	Prepared	Reviewed	Approved
V1	7th Feb	1st Draft	SC/SS/AL	AL	RJP
V2	24th Mar 22	1st draft	SC/SS/AL	AL	RJP
V3	27th Apr 22	2nd draft	SC/SS/AL	AL	RJP
V4	1st June 22	Draft final	SC/SS/AL	AL	RJP
Final	1st July 22	Final	SC/SS/AL	AL	RJP

This document is formatted for double-sided printing.

Contents

Figures

Tables

Appendices

EXECUTIVE SUMMARY

Introduction

1. Newham Council have recently commenced a review of the 2018 Local Plan, publishing an Issues and Options consultation in Autumn 2021. The adopted Plan was underpinned by a 2017/18 Employment Land Review (ELR) study, and to support the new Plan a refresh of the ELR is needed. This is particularly so because of the recent impact of Brexit and Covid related macro-economic ‘shocks’, but also due to other changes - to national planning policy such as the introduction of Use Class E, the adoption of a new London Plan in 2021 and also because planning responsibilities for the LLDC area will shortly return to the Borough Council.

2. The new emerging Local Plan aligns with the Council’s Community Wealth Building strategy including embedding the 15-minute neighbourhood concept, aiming to ensure that all parts of the community have access to employment opportunities in the post-pandemic ‘new economy’ to build robust and sustainable neighbourhoods. This is being sought in policy by addressing spatial gaps in the network as well as maximising economic opportunities from development to delivery both floorspace and jobs for local residents.

3. Thus, an updated ELR evidence base is needed to reflect these changes and help develop policy that will build a strong, inclusive, fairer and greener Borough economy.

4. This ELR considers:

   - the future demand for employment land over the new Plan period 2021-38. It does this separately for the two principal employment land sectors - office and industrial uses, the latter being the collective for light industrial, general industrial and warehousing. As required by national guidance the assessment compares projections and forecasts of future need based on a number of sources - past trends in delivery of employment land, economic forecasts, a GLA projection and a qualitative review of the property market.
   - how Newham can deliver more jobs through contributing to the service needs of the City, the wider central London area referred to as the Central Activity Zone and by also meeting the needs of boroughs in the same market area that do not have sufficient land for employment uses.
   - the available supply of land, to determine if there is sufficient land of the right quality and in the right places to meet the need.
   - the ‘balance’ between the demand for land and the available supply - the need for additional land/floorspace.
   - how the identified need can be met through a combination of tighter policy controls, any new land and through the intensification of use of existing employment land and other land where mixed use redevelopment could include employment uses.

Socio-economic context

5. Job numbers in the Borough have risen substantially in recent years to stand at 119,000 in 2020, over 50% higher than in 2010. This growth has largely driven by new jobs in the LLDC area. Public sector jobs are still a large proportion of the overall total (around 30%), and the dramatic job increase has generally been in sectors such as retail and business support, that are generally lower waged jobs, and wages remain below the London average.

6. The strong entrepreneurial spirit in the Borough is evident with higher than London average business formations, with closure rates running well below formations. Providing business space opportunities for businesses to start-up and expand will be key to helping deliver the Council's strategy and policy aspirations. However, as important as providing new spaces, is ensuring that the existing stock and distribution of employment land and premises is protected from losses.

Property market analysis

The Industrial market

7. Newham is one of the few remaining London boroughs that still has a good supply of industrial units/land, much of it meeting modern occupier requirements and playing an important strategic role servicing the central London market. However, there is very little space currently available with vacancy rates 4.4%, and this position will only become more acute as a consequence of social and economic changes and the lack of land availability, which is why approaches such as intensification are necessary.

8. Demand for space is strong from a broad range of sectors, but particularly logistics/distribution. Corporate occupiers responding to investors' requirements are demanding higher ESG building standards, and this is likely to help make redevelopment of older stock more attractive. While occupiers that are price sensitive will forego quality just so they can secure space, which is close to central London, and hence demand is also high for the lower quality stock. The total amount of industrial floor space that is currently being marketed as available is 45,000 sq m , which equates to an availability of 5.5% (with vacancy 4.4%), equating to a supply of around 2-years indicating that the market is tight and that more space is needed to ensure there is sufficient supply over the plan period. Rents as high as £323 psm (in Canning Town), and market yields of around 4% have been reported. Achievable rents/yields at these levels means industrial development is viable.

The office market

9. Newham is not a major office location but, in recent years, has seen a major policy push to increase the quantity of floorspace building on the regeneration of Stratford and Crossrail opening up new opportunities at the Royal Albert Docks. Unlike the Industrial market – where demand is strong and property is in short supply – the office market has a large supply of stock that outstrips Newham demand. But this is as expected because Newham attracts demand from elsewhere, and previous strategies were built on a London-wide evidence. So, the future of Newham's office market is

partly related to its ongoing (or not) function as a strategic London office market and its role in the London Plan.

10. Stratford Metropolitan Centre along with the LLDC area forms the Borough's prime office location and is identified in the London Plan as CAZ reserve. The LLDC area has seen considerable new build in recent years, typically large floorplates found in standalone blocks or located on the ground floor of residential mixed-use development that has been mostly public supply-side driven. The Metropolitan Centre lies adjacent to the LLDC and comprises a mix of new build grade A offices created as part of the Olympic regeneration area that has attracted similar types of occupiers as found in the LLDC. The Centre also supports older traditional stock attractive to companies servicing the local area - therefore providing a different, but still important offer, to ensure a balanced market.

11. The Royal Docks has Enterprise Zone status and the recently opened Elizabeth Line provides a step change in public transport access that will make the area, and the already considerable amount of new existing office more attractive to office occupiers/developers.

12. Total office floorspace availability is currently at 30% and equates to a supply of around 5-years 10-months, with around 40% of this in ABP within the Royal Docks and one third in the LLDC area; this rate of is high. Current rents are generally quoted at £409 psm (higher in the LLDC area £511 psm) and market yields of 4.74%. These rents and yields are sufficient to maintain the existing space, and the highest rents / lowest yield combination are sufficient to support viable development.

Future Need

13. Over the Plan period based on an uptodate economic forecast (Experian, December 2021) total job numbers in the Borough are expected to rise from 141,200 jobs (2021) to 167,800 by 2038, an increase of 26,600 jobs across all sectors. Of these, 4,800 are forecast to be office based and 2,500 industrial/ warehousing based, with the remainder in sectors not requiring to be planned for in the same way as office and industrial related jobs. This compares to the current GLA's labour/employment projections[1] that are more optimistic at circa 186,000 by 2038, a rise of 45,000, but caution is advised in regard to the GLA projections because they date from 2017, a time of stronger economic growth, and also because the projections are capacity driven and there is now major uncertainty that there will be sufficient office demand in a post-Covid economy to deliver many of the office-led regeneration projects identified in the London Plan.

Industrial need

14. Our study follows the approach set out in the PPG which generates a range of industrial floorspace need over the Plan period calculated from the different assessment approaches:

[1] Borough projections, 1971-2050 - London labour market projections 2017, GLA

- Based on past trends in new floorspace - 127,000 sq m that in land terms would require 20 ha
- 197,000 sq m requiring 30 ha based on the economic forecast
- 335,000 sq m that in land terms requires 51 ha based on past trends in job delivery (as opposed to floorspace).

15. To avoid constraining economic growth, to provide opportunity for employment for Borough residents, to contribute to meeting the industrial needs of the wider Property Market Areas including the needs of the CAZ, we recommend the Council sets the more ambitious target – <u>the target based on the past trends in jobs approach - 335,000 sq m</u>.

Office need

16. The assessment of past trends in office jobs and floorspace shows that the growth has been confined to the LLDC area and more recently (in terms of floorspace) the Royal Docks, but in the rest of the Borough change has seen more space lost than gained, and thus this cannot be relied upon to identify future need for office floorspace.

17. On the basis of the economic forecast and the GLA projection approach the range of need is for:

- 70,000 sq m based on the economic forecast ,and
- 152,000 sq m based on the GLA projection.

18. Given past performance has been heavily influenced by delivery in the LLDC area, and the future forecast is double that in the 2017 ELR, <u>we recommend planning to meet at least the minimum end of the range (i.e. 70,000 sq m)</u> on the basis that the GLA job projection will have been heavily influenced by available capacity in the Opportunity Areas, and there is currently great uncertainty as to the strength of future office demand.

19. Given the available supply in Stratford Metropolitan Centre, which is currently double this minimum need, it is appropriate to continue to direct office development here, and also to the other town and district centres. This provision within the centres would ideally be of a range of scales and formats to provide maximum opportunity for local businesses and local residents. This could be through providing space in existing buildings that would provide low-cost option or new development, but with much smaller floorplates than seen in the LLDC area i.e. less than 1,000 sq m floorplate, to capture local demand.

Meeting the need

Industrial

20. The assessment of demand identified a quantitative need for 335,000 sq m over the Plan period, and this aligned with the property market evidence of low availability and strong demand. Our recommended strategy to meet this need involves i) avoiding future losses, ii) allocating new land and iii) identifying sites where intensification may be possible.

21. There is no new land available now to meet the need for industrial uses. Land at Beckton Riverside may become available should the scope for regeneration in that area change and the DLR line extension not come forward, and this study shows there is also scope to broaden out the potential employment uses in the Royal Docks Opportunity Area to deliver some of the industrial need.

22. There is scope for sites in other uses such as retail and leisure parks to come forward for redevelopment that could include employment uses in whole or in part of a mixed use format for example with retail. This is because the changes in shopping and leisure habits, accelerated by Covid have in some cases moved the market on.

23. Intensification in existing SIL/LIL industrial areas, in the form of multi-deck units is being piloted - G Park and Albert Island – but while there remains good quality single storey stock available with inherent value it may be difficult to find enough value to redevelop for multi-deck units. Intensification is, as set out in the London, the main route to meeting economic needs but remains largely untested and at a 'pilot stage'. It is vital that the plan continues to support intensification and promote the multi-deck format as a starting point for intensification because it is sensible planning strategy that makes the best use of limited land. The Boroughs large SIL sites needs strong current and future protection to ensure that, when the market is able, that sites are available that are free of constraints and can accommodate intensive formats. But the evidence is not available today to rely on intensive formats to meet todays need for space. The market is already undersupplied and cannot wait for new formats.

Office

24. The assessment of demand identified a quantitative need for a minimum of 70,000 sq m over the Plan period. The approach should be to meet the need in Stratford Metropolitan Centre followed by the other town and district centres. This was the approach in 2017 and remains the most appropriate approach because Stratford alone currently has double the quantum of pipeline office supply needed to accommodate this level of need. This provision within all centres would ideally be of a range of scales and formats to provide maximum opportunity for local businesses and local residents. This could be through providing space in existing buildings that would provide low cost option or new development, but with much smaller floorplates than seen in the LLDC area i.e. less than 1,000 sq m floorplate, to capture local demand.

25. The district centres and particularly the MBOAs that are located on the edge of a number of the centres, are important in providing a market affordable & low cost options, servicing local need, which in the future could include the expanding area of e-tailer micro-fulfilment centres providing same-day deliveries. The employment spaces in the centres and MBOAs need to be protected so that they can continue to create local jobs and business opportunities (especially start-ups and fledgling businesses) supporting local economies in line with 15-minute neighbourhoods and Community Wealth Building.

Conclusions and Recommendations

26. The study assesses the floorspace needs of the office sector and also the industrial sector. For each sector we look at both quantitative and then qualitative need. This is important because there is a quantitative surplus for some formats of space, particularly larger office space previously promoted via London Plan Opportunity Areas and the LLDC. However, this could mask the important role the local network of offices plays, and particularly in supporting the Community Wealth Building agenda by supporting smaller firms find office space in all areas of the Borough.

27. For industrial uses London is acutely undersupplied, but there is also a more complex qualitative needs to be addressed to deliver a well-rounded strategy that meets a wide range of qualitative needs.

Community Wealth Building

28. There is a need to secure and maintain a network of local employment opportunities, close to where people live and that qualitatively meets the needs of Borough residents. This is important because Newham's commercial property market, is dominated by the very large and regionally significant pipeline of employment (largely office) stock in both the LLDC and Royal Docks areas. There is a risk that this strategic focus could miss the vital role the local employment centres play in maintaining a vibrant supply of space and choice in the market. It is therefore important to balance both the strategic and local economic opportunities the recommended strategy offers particularly in relation to the location of employment sites and the outputs and opportunities each site provides to support opportunities for all.

29. The work undertaken by Macreanor Lavington shows the 15-minute neighbourhoods provide generally good access to employment opportunities. Indeed, there are only two gaps in the Borough coverage - around East Ham/Manor Park and the East Beckton area. Our analysis supports this and illustrates the shortage of space, and particularly cost-efficient space for local firms across the Borough close to the neighbourhoods where they live. Low cost, or cost-efficient space is vital to the working of the local market where firms do not need (and cannot pay) for new 'Grade A' space. Protecting low cost workspace will be important across the Borough as a whole given how tight the market is, but particularly in the two 'gap' areas because local work opportunities are less frequent there. The Community Wealth Building agenda also supports a push to explore 'affordable workspace', secured via policy, because it meets a different economic objective and economic function to the main market.

30. In summary, care is needed to protect viable to occupy local stock, even in the face of a seemingly large supply in a small number of strategic locations in Newham.

Covid

31. The economy is very uncertain and continues to rebound from Covid with little clear evidence as to how this new, post-Covid economy will translate into a demand for land and floorspace, meaning there is an unusual degree of risk and uncertainty in the data.

32. Our advice is that the office recommendations (and especially the need figure) are considered to be at the very top end of a reasonable post-Covid scenario[2].

33. Our analysis largely assumes a return to pre-Covid ‘normality’. While this may be aspirational this approach dovetails with the strategic role of Newham in the London Plan, and particularly the policy thrust to seek to grow the office market via the Opportunity Areas. It is also the case, as we discuss below, that there is already a large pipeline of space, and so no new allocations are required to address this need. Our analysis may question whether all this supply is needed or justified post-Covid, but we note that the scale of office growth planned for in the Opportunity Areas always exceeded that derived from local (Newham) evidence.

34. For industrial uses, and particularly driven by logistics, all quantitative and qualitative evidence shows a shortfall in supply. This was well established pre-Covid, and reflected in the strong push in the London Plan to intensify and maximise industrial capacity. Covid has changed consumer behaviour and accelerated the strengthening of this trend as goods move from high streets into the home delivery market. But, while Covid clearly strengthens the case for additional industrial supply, in reality it provides further support for the strong policy approach set out in the London Plan.

Policy recommendations

Offices

i Protection of existing undesignated office sites – include in managed release requirements.

ii Ensure the re-provision of low-cost workspace.

iii ABP (Royal Docks) - move away from the office focus towards promoting a more mixed employment use approach, allowing for the delivery of new industrial space and logistics.

iv Micro-Business Opportunity Areas – consider a protection clause in addition to the existing scale threshold clause.

v Defining Stratford Metropolitan Centre’s role as CAZ reserve - the CAZ reserve boundary should be consistent with the boundary for the two sides of the Metropolitan Centre.

Industrial

vi Support delivery of the industrial demand through focusing intensification on SILs and LILs requiring increased employment floorspace capacity. The default position for intensification should be multi-deck redevelopment. Only where it is clearly demonstrated that a site cannot come forward in this format would other formats be considered.

vii Maximising industrial intensification may be a medium to longer term goal requiring master-planning or similar in the short term.

[2] Note – we still refer to numbers as a ‘minimum’ in line with the evidence and data sources. Also, in line with best practice when establishing targets for local plans. An alternative ‘minimum’ number would not have the support of the approaches outlined in the PPG (and London Plan). However, the reader should understand that this ‘minimum’ has a larger margin of error and uncertainly than normal.

viii Intensification should prioritise industrial space and particularly space scoped to meet logistics needs.

ix The LILs - all except Canning Road East should be retained, protected and where possible intensified.

x In LMUAs redevelopment should be employment-led with uses within Use Class E(g) prioritised, protected and promoted.

xi On Strategic Sites that are not designated for employment use, uses within the B class and/or E(gi-iii) use classes should be encouraged.

xii Address medium to longer term industrial need by encouraging the redevelopment of retail, leisure and other suitable sites to include employment uses. Over the Plan period it would be sensible for the Plan and its policies to set out an expectation that these 'windfall' sites (if) redeveloped should prioritise new commercial (B class) uses where possible.

Other policy issues and recommendations

xiii Targeting gaps in the employment provision network - two gaps identified to date - around East Ham/Manor Park and the East Beckton area.

xiv The delivery of low-cost / affordable workspace – further investigation required to establish specific type of occupier / sector in need, and the amount of space and rent discount that would be appropriate.

xv Policy (SC1) should be revised to seek carbon negative development and BREEAM "outstanding".

xvi Supporting the green & circular economies through providing space close to where people live, in a range of flexible formats for a range of industries / businesses that are able to sustain neighbourhoods.

35. These are the study's main recommendations. Additionally, the study identifies and sets out a number of site-specific recommendations.

1 Introduction

1.1 This report provides an update to London Borough of Newham's 2017 employment land review (ELR) evidence base. That ELR provided the evidence base for the adopted 2018 Local Plan and comprised two parts – i) a land audit and ii) a review of supply and demand for employment land (for the Plan period 2015-2032).

1.2 The Borough Council have recently commenced a review of the 2018 Local Plan, publishing an Issues and Options consultation in Autumn 2021 and this update study is needed to ensure the employment land evidence base is up to date and able to respond to the emerging policy objectives set out in the consultation document, and help develop policy that will build a strong, responsive and competitive Borough economy.

1.3 In the intervening period since the 2017 ELR we have experienced Brexit and the Covid pandemic, both of which will have significant and potentially long-standing impacts on macro and local economic performance. The way space is used may change post-pandemic, and consideration is needed as to how the planning authorities should manage this new risk. This 'second guessing' is hard, at the moment our view is longer-term office demand will be broadly in line with pre-pandemic levels. We think this because while homeworking may increase, conversely the remaining office stock may be used less efficiently as offices are de-densified. We think industrial demand will continue to remain higher than pre-Pandemic and pre-Brexit because activity is higher and businesses are seeking to reinforce their supply networks. In this report we are reminded that planning should not constrain growth – a positive estimate of need should be identified for the longer-term i.e. Plan period), and the uncertainties in the short-term pandemic period should not result in land/floorspace being cut from the supply that may come to be needed as the recovery takes shape. The war in Ukraine is having macro-economic consequences negatively affecting the socio-economic outlook and is likely to accentuate the need for supply chain resilience. Further economic 'shocks' cannot be ruled out over the Plan period.

1.4 Since 2017 the Government have introduced a number of changes to the planning system that also affect how employment land/buildings are used. An important change has been the explicit requirement in Guidance to take account of the needs of the storage and distribution sector. More planning reforms are heralded by the Levelling Up White Paper published earlier this year, which are likely to include measures to address inequalities and reduce the employment, wages and productivity gap between the top performing and other areas (Mission 1 of the White Paper).

1.5 A new London Plan was adopted in 2021 and this introduced a new approach to managing London's industrial needs by delivering employment floorspace principally through intensification of existing sites. The strategy also seeks to deliver homes and jobs through Co-Location. It also identifies the number of jobs that could potentially be delivered in the Borough's two Opportunity Areas Olympic Legacy (the LLDC area and Royal Docks/Beckton Riverside). However, it is important to note that the London Plan makes describes these numbers as 'indicative'.

1.6 An important change for this study is the inclusion of the LLDC area, in respect of which planning responsibilities will shortly return to the Borough. This will have implications for overall need and the pipeline of availability in the Borough now and in the future. The LLDC area has seen high levels of employment growth over the past decade enabled through the mechanisms available to the Corporation, but this is now coming to an end. In the same regard the Royal Docks Opportunity Area, that benefits from Enterprise Zone status has huge potential for employment growth, principally to attract in firms and jobs from beyond Newham's local market, to deliver a new hub of employment activity.

1.7 A key issue for this study is to what extent the success of the LLDC opportunity area can be projected forward. The LLDC model was largely dependent on strong office sector take-up – including the relocation of jobs from the core Central London Office market. Pre-Covid the Royal Docks was continuing this trend with a strong office sector focus. However, the office market was already showing signs of stress pre-Covid and the demand for office space had become disconnected from office sector job growth. The London Plan, and many others, assumed that that office sector job growth would be translated into floorspace growth, but this is not happening.

1.8 Also, in contrast to the London Plan background evidence, industrial demand is strengthening - largely powered by logistics. Logistics was growing pre-Covid as high streets struggled. Covid has further fuelled the move away from high streets into warehouses. Many of these warehouses need to be close to centres of population because consumers demand ever shortening delivery 'windows' with many operators moving to same day or even same hour delivery slots. This means that demand is 'bottled' within the M25 with even stronger demand broadly within the North Circular where operators can easily access the CAZ (Central Activity Zone).

1.9 It is also the case that manufacturing is no longer declining in London, and so the recycling of former industrial land for other uses is slowing or moving into reverse, and we see this in Newham where there are now examples of industrial land proposed for intensified industrial/logistics uses.

1.10 The Local Plan review pushes the plan period forward to 2021-2038, and this requires a fresh economic forecast that takes into account, as best it can, all these economic factors in estimating what future economic change will look like. Then with an understanding of the scale of potential economic growth, the supply of land can be assessed to see if there is sufficient land of the right quality and in the right places to ensure future economic growth is not constrained by a lack of suitable and available land.

1.11 The 2017 ELR identified an office floorspace need for between 38-90,000 sq m, but because there was already a healthy pipeline of supply the ELR did not recommend allocating any more land for office uses. For industrial the ELR recommended seeking an additional 26 ha to meet the needs of the industrial and warehousing sectors. This study will undertake a refresh of the need assessment.

1.12 The study will review how land and jobs have been delivered in the early years of the current Plan period, before looking at alternative assessments of future requirements for jobs and land over the new Plan period 2021-38 (based on an economic forecast and GLA projection) and recommend which approach to follow. The study also undertakes an update review of the available supply involving detailed discussion and debate with property market professionals involved in the Newham market. Thus, the report sets out an assessment of the future need for employment land and a review of available supply culminating in the 'balance' that compares the former with the latter.

Report Structure

1.13 The report firstly looks at the policy context summarising national policy and practice, the strategy and policy approach in the London Plan and neighbouring borough approaches to employment planning policies before outlining the current and future policy direction of the Newham Local Plan. This is important as it identifies the themes that the study needs to review. Then chapter 3 sets out the Borough's economic context, looking at the indicators of resident, workforce and business performance. Chapter 4 provides a property market commentary on the office and industrial markets. Chapter 5 considers economic need, quantifying this and comparing with the available supply to identify the future need for land referred to as the 'balance'. Finally, policy issues and responses are made in the concluding chapter 6.

2 Policy context

Introduction

2.1 This section provides an update on policy and guidance changes at national, regional (GLA), and Local Planning Authority level (neighbouring and Newham Borough) since Newham's 2017 Employment Land Review (ELR).

2.2 Since the 2017 ELR there has been significant change to key policies including the National Planning Policy Framework (NPPF), several major amendments to the General Permitted Development Order and the Use Class Order, a New London Plan, new Local Plans and evidence bases and in Newham's case plan adoption and a Plan refresh commenced.

2.3 The relevant changes to policies are considered below.

National Planning Policy and Legislation

National Planning Policy Framework (2021)

2.4 In July 2018, a revised National Planning Policy Framework (NPPF) was published. Two further updates were made on 19th February 2019 and 20th July 2021. The revised NPPF sets out the overarching policy and objectives for the planning system in England.

2.5 The overarching economic objective has not changed with the revised NPPF continuing to emphasise the need to support economic growth and productivity. The revised NPPF states that the Government's overarching economic objective for the planning system is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure (paragraph 8).

2.6 The presumption in favour of sustainable development is carried forward from the original NPPF with local plans expected to apply a presumption in favour of sustainable development, which means they should: meet the development needs of the area and align growth and infrastructure, and making effective use of land in urban areas (paragraph 11).

2.7 Paragraph 20 of the NPPF expects strategic policies to set out an overall strategy for the pattern, scale and design quality of places and make sufficient provision for employment and other commercial development.

2.8 In respect of economic development, the guiding principle is that local plans and decisions should apply significant weight on the need to support economic growth and productivity. This should take account of local business needs and wider opportunities for development (paragraph 81).

2.9 Little has changed since the previous NPPF with regards to the expectations of local authorities on economic strategy. Paragraph 82 states that planning policies should:

a. set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b. set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c. seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d. be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

2.10 One significant change to the original NPPF is the introduction of paragraph 83 which supports storage and distribution operations, and high technology industries. In paragraph 83, planning policies are expected to recognise and address the specific locational requirements of the different sectors. The recognition of storage and distribution operations is considered to be long overdue and is testament to the growing role that logistics plays in the wider economy.

Planning Practice Guidance (PPG) (2019)

2.11 Revised planning practice guidance (PPG) for planning for economic needs was published in February 2019. A further update on planning for logistics, storage and specialised sectors was issued in July 2019. The guidance is detailed below.

2.12 The PPG acknowledges that national economic trends will not apply universally, and business needs will vary according to local circumstances and market conditions. Functional Economic Market Areas (FEMA) may extend over more than one Local Authority area, and the assessment of employment land need should reflect this.

2.13 The guidance states that evidence on economic need should cover the following:

2.14 Best fit FEMA:

- The existing stock of employment land;
- Recent patterns of gains and losses of employment land;
- Market demand and business requirements (including requirements for particular types of business);
- Wider market signals; and
- Oversupply and market failure (preventing the land being used effectively for employment).

2.15 Paragraph 27 of the PPG goes on to state that future need should be based on a range of data such as:

- Sectoral and employment forecasts and projections;
- Demographically derived assessments of current and future local labour supply;
- Analysis 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 understanding of innovative and changing business models.

2.16 The guidance states that existing stock can be identified through a simple typology of employment land by market segment and sub-areas and supplemented by information on permissions for other uses on sites formerly in employment use.

2.17 Current market demand according to the guidance can be analysed by comparing the available stock of land with the particular requirements of the area. It is also important to consider recent employment land take-up, projections and forecasts.

2.18 Paragraph 30 of the guidance states that when translating employment and output forecasts into land requirements there are four key relationships which need to be qualified. The following can be used to inform the assessment of land requirements:

- Standard Industrial Classification sectors to use classes;
- Standard Industrial Classification sectors to type of property;
- Employment to floorspace (employment density); and
- Floorspace to site area (plot ratios based on industry proxies).

2.19 Finally, the July 2019 amendment expands the guidance as it relates to logistics and warehousing. The amendment recognises the critical role of logistics and the substantial expansion there continues to be in logistics and distribution that requires warehouse space.

2.20 The guidance advises that strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. The need can be informed by:

- Engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of type, size and location including impact of new technologies;
- Analysis of market signals, including trends in take up and availability of logistics land;
- Analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities; and
- Engagement with LEP.

2.21 Authorities will also need to assess the extent to which land and policy support is required for other forms of logistics requirements, including the needs of SMEs and of ‘last mile’ facilities serving local markets.

2.22 Overall, the PPG has broadly remained the same albeit a number of the wider themes have been moved into different sections. One key difference is the addition of a logistics paragraph which highlights the crucial role that logistics and associated services provide, and the continued expansion of the industry. Employment evidence will need to be particularly focused on the rising expansion of logistics.

General Permitted Development Order (GPDO)

2.23 In 2020, major changes were made to the General Permitted Development Order including the introduction of Class ZA which allows for the demolition of a single detached building in existence on 12 March 2020 that was used for office, research and development or light industrial processes (i.e. the previous Use Class B1), or a free-standing purpose-built block of flats, and its replacement by an individual detached block of flats or a single detached house within the footprint of the old building, with up to two additional storeys.

2.24 The new Permitted Development Rights are subject to a number of limitations and conditions, including only applying to buildings that have been vacant for six months and were built before 31st December 1989. Like most boroughs it is very likely that Newham will have a large amount of pre-1989 stock. This older stock is important to local businesses because it is likely to be offered at affordable rents, and therefore the new PDR that supports the redevelopment of such stock for other uses, could undermine strategies to meet local needs.

2.25 There is also a requirement for prior approval from the local planning authority in relation to certain matters including transport & highways and the impact on business and new residential of the development introduction or increase in residential use in the area. No consideration with regards the loss of employment space is required when considering prior approval.

2.26 An additional change was made to the GPDO with the introduction of Class AA which allows for the construction of up to two new storeys of flats in the airspace above detached buildings in commercial (former A1, A2, A3 or B1a) or mixed use, including where there is an element of residential use. This is unlikely to have as much an impact on employment land as Class ZA, but potentially could disrupt wholescale redevelopment, such as for out of town retail parks if elements of residential are introduced

2.27 In addition to the above, the Government announced in April 2021 that they would introduce a new permitted development right, known as Class MA, to allow the newly introduced Use Class E (‘Commercial, business and service uses), which includes office and light industrial to convert to residential use. The proposed Permitted Development Right became law on 1st August 2021 and applies to buildings which have been vacant for at least 3 continuous months prior to submission of the prior approval. This builds on the flexibility created by the introduction of the new Use Class E in September 2020. Further information on the changes to the use class are detailed in the section below.

Use Class Order

2.28 Since the 2017 employment study, the Government revised the Use Class Order (September 2020) including the merging of Use Classes A1 (shops), A2, A3, B1, D1 (excluding education) and D2 (indoor sport & recreation) into Use Class E ‘commercial, business and service’. This now means that effectively buildings can change uses within the same use class without requiring planning permission including office (previously Use Class B1a), and light industrial (previously Use Class B1c), to any of the use classes detailed above, or the reverse.

2.29 Use Classes B2 (general industrial) and B8 (storage and distribution) remain unaffected by the amendments to the Use Class Order. The NPPF and PPG also remain unchanged and planning authorities are still required to understand and plan for their business needs regardless of the Use Class Order amendments.

2.30 Nonetheless, the new amendments to the Use Class are likely to have some impact on the supply of office and light industrial space given the flexibility now given to change between uses within Use Class E.

Article 4 Directions

2.31 An Article 4 Direction (A4D) under the General Permitted Development Order enables the local planning authority (LPA) to withdraw specified permitted development rights across a defined geographical area. An A4D cannot be used to restrict changes between uses in the same use class of the Use Classes Order (i.e. Use Class E – office to retail).

2.32 To apply for an A4D, its purpose and extent must be justified. The amendments in the July 2021 NPPF indicates in paragraph 53 that the use of A4Ds to remove national permitted development rights should (where they relate to change from non-residential to residential use) be limited to situations where an A4D is necessary to avoid wholly unacceptable adverse impacts. In all cases, A4Ds must be based on robust evidence and apply to the smallest geographical area possible.

2.33 As detailed in the section above, on the 1st August 2021 the new permitted development right (PDR) for the change of use from uses falling under Class E to residential. Offices and light industrial fall under the new Class E and therefore would be subject to this PDR.

2.34 For the new Class E to residential PDR, where there is an A4D in place on the 31st July 2021 relating to the previous PDR for change of use from office to residential, that direction will continue to have an effect on office to residential change of use until 31st July 2022 allowing the LPA an extended time 'window' to implement replacement A4Ds.

2.35 In July 2021, the Mayor of London published the Strategic Evidence to Support Article 4 Directions related to commercial (Class E) to residential PDR[3]. The evidence supports a co-ordinated approach to A4Ds to help safeguard the important contributions that town centres and high streets make as well as safeguarding industrial areas. The document notes that office locations provide an important source of employment and economic activity and contribute to the vibrancy and weekday spend in the town centres and high streets. The Mayor supports A4Ds to remove Class E to residential PDR to safeguard the strategic office functions associated with these locations. These should be targeted accordingly, drawing on more detailed local evidence.

[3] GLA, Strategic evidence to support London borough Article 4 Directions, July 2021

2.36 The document also advises that London's industrial capacity can be impacted by Class E to residential PDR both directly, through the loss of light industrial and creative production uses that fall within Class E, and indirectly, through the introduction of residential uses in industrial areas which can compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis. The evidence provides the following circumstances on where an A4D might be appropriate:

- Where local authorities may find it difficult to rely on clause MA.2(2)(g) in the PDR legislation, which allows LPAs to measure the impact of the intended occupiers on an area the LPA considers important for general or heavy industry or storage and distribution;
- Where it is necessary to mitigate against the negative impacts of commercial to residential PDR on plan-led approaches to industrial intensification and co-location; and
- Where it is necessary to ensure that sufficient capacity for industry and logistics providing essential services to the CAZ and NIOD is not reduced by PDR.

2.37 The evidence also makes it clear that where a borough has indicated that an LSIS is suitable for industrial intensification with residential co-location, there is a risk that such locations could be particularly vulnerable to permitted development as it may be more difficult in such circumstances to rely on clause MA.2(2)(g) in the legislation, which allows LPAs to assess the impact of the intended occupiers. Permitted development in these locations could undermine the industrial activities in an LSIS and fail to optimise the industrial and housing development capacity that could otherwise have been delivered through Local Plan-led and masterplan processes. A4Ds would therefore be appropriate to mitigate against negative impacts on industrial occupiers and to fully allow for opportunities for industrial intensification and co-location. For Newham PDR to residential has not been a particular issue, but this should be kept under review to monitor if A4D would support protecting the integrity of the Borough's SILs, LILs and LMUAs.

Regional Planning Policy

The London Plan

2.38 A new London Plan adopted in March 2021 guiding development throughout London up to 2041.

2.39 The London Plan is guided by the Good Growth objectives which include policy GG5 that seeks to conserve and enhance London's global economic competitiveness and ensure that economic success is shared amongst all Londoners. Those involved in planning and development are expected to plan for sufficient employment and industrial space in the right locations to support economic development and regeneration.

2.40 Policy SD1 ensures Opportunity Areas fully realise their growth and regeneration potential by supporting and sustaining Strategic Industrial Locations (SIL) and other industrial capacity by considering opportunities to intensify and make more efficient use of land in SIL, in accordance with Policy E4 Land for industry, logistics and services to support London’s economic function, Policy E5 Strategic Industrial Locations (SIL), Policy E6 Locally Significant Industrial Sites and Policy E7 Industrial intensification, co-location and substitution. The development of Opportunity Area Planning Frameworks will be a key means of achieving balance between provision of housing and employment land within boroughs. The Royal Docks/Beckton Riverside opportunity area, the Olympic Legacy opportunity area and also part of the Poplar Riverside opportunity area (boundary to be defined) are located within LB Newham.

2.41 In these Opportunity Areas significant housing-led mixed-use developments have already been completed or are underway, such as Royal Wharf, Barrier Park East, Gallions Quarter and Great Eastern Quays, which will contribute to the transformation of the area. A Royal Docks Delivery Team were established to guide development of the Enterprise Zone and surrounding Opportunity Area, which are cognisant of the continuing need to retain safeguarded wharf capacity and the continuing demand for SIL in the area. The Opportunity Area Planning Framework (OAPF) that is in draft form and was recently consulted upon, should ensure industrial capacity is managed in ways that reduce overall vacancy rates and support the intensification of industrial, logistics and commercial uses so that they continue to form part of the overall mix of uses in the area. One of the key objectives for the OAPF relates to growing a good economy by maintaining and optimising provision of high-quality contemporary industrial workspace.

2.42 Economy Policy E1 of the London Plan states that increases in the current stock of offices should be supported in locations such as town centres, existing urban business parks, and locally orientated town centre office provision to meet local needs. On the basis of the 2017 evidence that underpins the London Plan, demand could exceed capacity, and the Plan therefore identifies future potential reserve locations for CAZ-type office functions that include Stratford. The policy goes on to state that existing viable office floorspace capacity in locations outside the areas above should be retained, supported by A4Ds to remove permitted development rights where appropriate, facilitating the redevelopment, renewal and re-provision of office space where viable and releasing surplus office capacity to other uses.

2.43 Policy E2 of the London Plan expects borough plans to support the provision and where appropriate, protection of a range of B Use Class business space, in terms of type, use size and price point, specifically referring to supporting provision of low cost accommodation. Policy E3 of the London Plan also asks boroughs to consider detailed affordable workspace policies in light of local evidence of need and viability.

2.44 Policy E4 aims to provide and maintain a sufficient supply of land and premises to meet current and future demands for industrial and related functions, taking account of strategic and local employment land reviews and the potential for intensification, co-location and substitution. The policy states that retention, enhancement and provision of additional industrial capacity should be prioritised in locations that are accessible to the Strategic Road Network and/or potential for transport by rail/water, provide capacity for logistics, waste management and emerging sectors that support London’s economy and population, and provide capacity for micro, small and medium sized enterprises.

2.45 The draft London Plan had a 'no net loss' stance to industrial land, and broadly categorised each borough based on whether there was scope for transfer of industrial land to other uses. Newham was categorised as a borough for 'limited' release of industrial land, one of just three so classified, and based on an incorrect GLA assessment of vacant industrial land. However, the Secretary of State directed the Mayor to take a more proportionate stance by removing the 'no net loss' and the categorisation. Thus, London Plan Policy E4, instead encourages boroughs to meet identified demand through the provision of new land and/or intensification of existing industrial floorspace as supported by appropriate evidence. Any release of industrial capacity should be focused in locations that are (or are planned to be) well-connected by public transport, walking and cycling and contribute to other planning priorities including housing (and particularly affordable housing), schools and other infrastructure.

2.46 Policy E5 of the London Plan is focused on the Strategic industrial Locations (SIL), advising that boroughs in their development plans should define the boundary of SILs in policies maps, and develop local policies to protect and intensify their function and enhance their attractiveness and competitiveness. Boroughs should also explore opportunities to intensify and make more efficient use of land in SILs. Where suitable, boroughs should strategically coordinate development plans to identify opportunities to substitute industrial capacity and function of SILs where evidence suggests that alternative and more suitable locations exist.

2.47 Policy E6 advises on locally significant industrial locations (LSIS). Boroughs are expected to designate and define detailed boundaries and policies for LSIS, justified by evidence in local employment land reviews. Boroughs should also make it clear in policy that a range of industrial and related uses are acceptable in LSIS.

2.48 Policy E7 of the London Plan states that Development Plans should be proactive and encourage the intensification of business uses in Use Classes B1c, B2 and B8 occupying all categories of industrial land. In LSIS opportunities for co-locating industrial with residential and other uses should be explored. The policy goes on to state that mixed-use or residential development proposals on non-designated industrial sites should only be supported where there is no reasonable prospect of the site being used for industrial and related purposes, or where it has been allocated in the Development Plan or where industrial, storage or distribution floorspace is provided as part of the mixed-use intensification. Development Plans should also consider in collaboration with the GLA and neighbouring authorities the scope to facilitate the substitution of some of London's industrial capacity to related property markets.

Employment Evidence – London Plan

2.49 The current GLA Borough labour/employment projections were published in 2017[4], and estimated 141,000 total jobs in 2021 rising to 188,000 total jobs in 2041, which on a pro-rata basis equates to around 186,000 by 2038. This job forecast evidence did not equate to land use classes, and that information is held in other publications.

[4] Borough projections, 1971-2050 - London labour market projections 2017, GLA

2.50 Newham's office requirement is identified in the GLA's 2017 London Office Policy Review (LOPR) as approximately 15,000 jobs over the 2016-41 period, an average of 600 per annum.

2.51 GLA's Industrial Land Supply and Economy Study (2015) showed that LB Newham had 202.2 ha of industrial land, of which 92.9 ha is industry and 109.4 ha for warehouses/storage, with a further 206.9 ha for wider industrial uses (i.e. utilities and wholesale markets). An additional 104.5 ha or 20.3% was considered vacant industrial land.

2.52 The 2017 London Industrial Land Demand Study indicates that the East sub-region's stock of industrial land continues to diminish due to release of vacant industrial land. The report states the Newham sits within the East sub-region and the industrial property market area[5] of the Thames Gateway and Lea Valley. Although there is a decline in industrial land in the East sub-region, it remains London's largest industrial land sub-region, having a stock of 3,000 ha (Industrial Land Supply 2015). The East sub-region has an industrial pipeline planned release of 412.4 ha of which 83.5 ha is to be released in the Newham largely (63.8 ha) within the London Plan Opportunity Area of Royal Docks/Beckton Riverside.

2.53 LB Newham has had a marginal increase of less than 10,000 sq m in warehouse floorspace over the 2008-2015 period and is forecast to have an increase in land demand for general and light industry between 2016-41 of 12.9 ha. The largest industrial land release figures are to be found in East London where there are still large quantities of vacant industrial land, notably in Newham, Tower Hamlets, Havering and Barking and Dagenham. LB Newham is expected in total to release 112.5 ha of industrial land over the 2016-41 London Plan period. This release figure comprises a positive need for industrial land that is counter-balanced by a comparable level of need for warehousing, plus the potential to release 17.7 ha from waste sites with the bulk (94.7 ha) from surplus vacant land that the 2017 ELR pointed out this had largely already been identified for release and therefore should not have been considered part of the existing supply.

2.54 The evidence detailed above underpinned the recently published London Plan with no further evidence expected to be published until the London Plan is next under review. The fact that all the economic and job projection data was published in 2017 and is capacity driven, does run the significant risk that because of the macro-economic 'shocks' that have been experienced in the past few years, it is now out of date.

2.55 The estimate of potential release from waste sites (the 17.7 ha figure) was based on a waste apportionment of 403,000 tons pa by 2036, and although the new London Plan identifies a very similar apportionment figure, the 2017 LILD release estimate needs to be treated with caution because the East London boroughs are working to prepare a new Joint Waste Plan which will clarify the position in respect of the five safeguarded existing waste management facilities and the safeguarded site at Beckton Riverside. The Partner Authorities consider that the legislative position on

[5] Property Market Areas – defined by strategic transport hubs and routes which products and services move, Industrial Land Supply and Economy Study 2015

waste management is likely to place more onerous requirements on local authorities. Thus, until the Waste Plan evidence progresses it is unclear whether waste management requires more or less land.

Local Planning Policy – Newham

Newham Local Plan 2018

2.56 The Local Plan, adopted in December 2018, combines and updates the Borough's previous Core Strategy (2012) and Detailed Sites & Policies DPD (2016). The policies addressing jobs and employment are underpinned by the Borough's current employment evidence - the 2017 ELR, which this study will update.

2.57 The Plan sets out the strategic policies and long term vision for how Newham should develop by 2033, including the strategic principle set out in policy S1 to deliver at least 43,000 homes 39,000-60,000 jobs primarily within the 'Arc of Opportunity'. Newham is a strategically important industrial location for London, with a balance of infrastructure to enable businesses to adequately service the CAZ with staff able to easily travel by public transport (soon to be enhanced through the delivery of the Elizabeth Line).

Spatial Strategy

2.58 The Spatial Strategy is based on the vision of delivery of successful mixed use areas, notably in town centres, Local Mixed Use Areas (LMUAs) and on Strategic Sites, with a major, but managed shift from traditional industrial activity achieved on Strategic Sites and LMUAs and more broadly along the Lower Lea Valley and in the Royal Docks Enterprise Zone towards employment uses in emerging growth sectors such as high technology and creative industries, night-time, visitor, retail, leisure and cultural economy, business and financial services.

2.59 Heavier industrial uses, warehouses and utilities will continue to be concentrated, but will evolve and intensify in the Strategic Industrial Locations (SIL) in Beckton, Thameside East and West and British Gas/Cody Road and smaller, locally significant industrial areas (LILs) elsewhere, supported by appropriate environmental enhancements, buffering, and active but consolidated wharves.

2.60 The policies related to the economy are found in the Jobs chapter – policies J1-J3.

Policy J1 – Growth Sectors

2.61 Policy J1 of the Strategic Policies promotes employment, industry and logistics as important components of sustainable, mixed use places, whilst recognising the need for this to be strategically managed to ensure premises and places balance the needs of business, visitors, the economy, the environment and Newham's communities, meet evidenced demand, benefit from Agent of Change principles and as per Policy J2 ensure efficient use of land. Major office development will be directed to Stratford, in accordance with Policy S2. The policy seeks to promote and continue to develop designated employment hubs as high quality business environments with a diversity of flexible, future-proofed premises. Smaller-scale office development will be encouraged in the other Town Centres, LMUAs and Micro Businesses Opportunity

Areas (MBOA) and on appropriate mixed use Strategic Sites. Small-scale office is also supported on industrial land whereby it is ancillary in scale and function.

2.62 The policy goes on to mention that major industrial development will be directed to, and where appropriate intensified, (including support for displaced businesses) at Strategic Industrial Locations and Local Industrial Locations. Small-scale start-up and/or cultural and creative workspace will be directed to town centres, (notably Stratford Metropolitan, East Ham, Forest Gate and Green Street). They are also supported on allocated employment-led LMUAs designations and promoted in Micro Business Opportunity Areas (MBOAs).

2.63 Policy J2 – Managing Employment Land SIL and LILs are designated for protection, Managed Intensification, (as per criteria in J2.3b) and suitable in principle for Use Classes B1(b) B1(c) B2, B8 and appropriate Sui Generis employment uses including waste, utilities and transport depots, with other supporting facilities including B1a uses, where ancillary in scale and function. Sites with notable development capacities are identified in the spatial policies and Strategic Site Allocations at Central Thameside West, North Woolwich Gateway and Silvertown Landing. Policy J2 specifies sites to be released from SIL protection are subject to Managed Release criteria. This involves a careful exercise for dealing with relocation requirements, marketing and design detail to protect the existing economic platform and new uses proposed. There is also scope for some limited further release through intensification of SIL uses over a smaller land area or with reduced spatial impact on the sites at Canning Town Riverside, Beckton Riverside and Silvertown Landing, where compliant with Managed Intensification criteria (of Policy J2:3b) and spatial policies including the relevant site allocation.

2.64 Proposals for Managed Intensification are required to demonstrate genuine intensification that maintains or increases capacity of the relevant SIL or LIL land use and achieves a reduced spatial footprint or spatial impacts that meets evidenced local and appropriate strategic industrial and warehousing qualitative and quantitative demand.

2.65 B1 (now E(g)) and other residential compatible employment uses are identified for promotion and protection in the LMUAs. The scale of employment uses in MBOAs is limited to a maximum of 10 employees. Outside of the designated areas employment development is restricted to less than 100 sq m and where greater than 0.1 ha/1,000 sq m B class/employment uses the consolidation of these activities into the designated areas is supported.

Policy J3 – Skills and Access to Employment

2.66 This policy assists in the implementation of the Council's key objective to build personal and economic capacity and improve the economic resilience of all Newham's residents as a key component of economic growth, sustainable communities and successful places, helping to improve health and other outcomes including the Convergence objective of creating wealth and reducing poverty.

Evidence Base

2.67 The 2017 ELR identifies that the Borough has a demand for at least 26 ha of industrial and warehousing land, (16 ha for warehousing / logistics including depot uses; up to 9 ha for industry including waste; and an additional 5% land allowance for frictional vacancy taking the demand figure to 26ha) with further requirements derived from displacement from its Strategic Sites and those elsewhere in inner London (notably Tower Hamlets) and that it has a reservoir of 42.52 ha to meet such need over the plan period, allowing for limited, Managed Release and consolidation of wharves, notably on some Strategic Sites, which are crucial to delivering the Council's Spatial Vision. With such transitional pressure on Newham's industrial land, new development will be expected to demonstrate that employment-generating capacity consistent with the designation/spatial strategy has been maximised, not least through the provision of market relevant space, and that changes do not result in loss of functionality.

London Legacy Development Corporation Local Plan 2020 – 2036

2.68 The London Legacy Development Corporation (LLDC) adopted the LLDC Local Plan 2020-2036 in July 2020. A key objective of the Local Plan is to increase the prosperity of east London through growth in business and quality jobs with an emphasis on cultural and creative sectors with an internationally focused office and business quarter established around the Metropolitan Centre at Stratford (further supported by Policy 3.1), an established centre for business uses at Stratford, East Village and Pudding Mill, diversity of employment provision within business clusters, focused around Sugar House Lane (Site Allocation SA4.2: Sugar House Lane), and expansion in research and development activity focused at Pudding Mill (Site Allocation SA4.3: Pudding Mill and Pudding Mill Supplementary Planning Document (Adopted March 2017)).

2.69 Strategic Policy SP.1 seeks to develop a strong local economy, driving the transformation of east London through expansion of opportunities for local, national and international business, including support of flourishing business sectors and providing additional floorspace in a range of sizes, types and forms. The employment clusters (Strategic Industrial Locations, Locally Significant Industrial Sites and Other Industrial Locations) currently foster a diverse range of employment opportunities and are key to the character and vibrancy of the area. Opportunities for enhancing the employment offer and mix throughout the area will be utilised, including promoting the creative, productive and cultural industries and social enterprise.

2.70 Policy B.1 sets employment functions for employment clusters and how clusters should be protected and developed. The policy seeks to direct large-scale office uses towards Stratford Metropolitan Centre to support the potential Central Activities Zone reserve while locating smaller scale office uses within the other centres. The industrial floorspace capacity and job densities of Strategic Industrial Locations (SIL) Locally Significant Industrial Sites (LSIS) and Other Industrial Locations (OILs) will be protected and intensified, where appropriate.

2.71 Policy 3.1 promoted Stratford as a potential future International Centre through supporting growth in office floorspace, with the Metropolitan Centre boundary also forming the location for the potential Central Activities Zone reserve. Allocations at Stratford Town Centre West, Sugar House Lane provide employment uses including offices, with localised retail functions on the ground floors.

2.72 Local evidence within the Combined Economy Study (2018) has identified a diverse range of employment opportunities available, with a wide mix of office, industrial businesses, makers, manufacturers, artists and other creative businesses present within the area, but a slight shift in focus towards more established businesses, many of which operate within the industrial use classes. The study confirms that if employment space can continue to be included as part of mixed-use development and there is no net loss across the Employment Clusters, then the demand for industrial land is likely to be met over the plan period. This would mean that capacity could remain for further release of land from large-format industrial uses that are incompatible with mixed-use development and re-provision in a different employment format on those sites through specific development proposals. This may include intensification, consolidation and co-location where the benefits of shared materials and resources can also be achieved.

2.73 The LLDC supports the provision of employment floorspace to protect and develop the creative, productive and cultural industries, night-time economy uses as well as new innovative technology sectors. Many of these activities can be accommodated in workshops as well as larger flexible spaces, so proposals incorporating these formats of floorspace are supported. Thus, attracting and retaining the types of industry seen at Hackney Wick and Fish Island has been achieved by retaining and developing a wide range of space in terms of form, price point and flexibility.

Royal Docks and Beckton Opportunity Planning Area Framework

2.74 The Royal Docks and Beckton Riverside Opportunity Area Planning Framework (OAPF) is being prepared jointly by the Mayor of London (Greater London Authority and Royal Docks Team), Transport for London (TfL) and the Borough. The draft document was consulted on in early 2022 with adoption anticipated later in 2022.

2.75 The job growth potential stemming from transport improvements is estimated in the OAPF at 55,600, higher than the 41,500 in the London Plan[6]. This figure should be viewed as potential (and not as part of the overall objective need figure) due to the reliance on infrastructure projects and that these figures fall outside of the forecasted/trend based projections. The OAPF sets a baseline scenario of 37,400 jobs reflective of LESD and permissions/completions up to 2020. The higher growth figure is reflective of the LESD, permissions/completions up to March 2020) alongside design-led capacity testing on Strategic Sites. Improved connectivity is the key driver of this growth with Canning Town better connected acting as the western gateway, and a DLR extension south of the River Thames via Beckton Riverside delivering transformational connectivity and a new major town centre at Gallions Reach.

2.76 The OAPF's principle for economic growth is to make more efficient use of the existing employment land and through protecting industrial capacity, and in particular developing green tech and the creative and cultural sectors. The OA's relatively

[6] London Plan (2021) Table 2.1 – Opportunity Area Indicative capacity for new homes and jobs and Figure 2.7

modest land values, Enterprise Zone status and available space means as well as attracting occupiers such as City Hall, it is well placed to provide opportunity for Newham's 'normal' market that seeks affordable flexible space, but also in the SIL/LIL areas manufacturing industrial activity associated with the creative / cultural sectors. Another area highlighted as having potential due to available space and proximity to the City/CAZ is the data and digital sector, which emphasises Newham's role contributing to London's economy. The OAPF highlights the increasing need for logistics space, the attraction of the area for such uses and the potential for this to be provided in stacked formats, citing the Albert Island scheme as a good example of what the future may hold. The area's EZ status is seen as a mechanism to deliver truly affordable workspaces for sectors that can deliver the ambitions of the Council's Community Wealth Building programme.

Local Plan Refresh

2.77 The Council have recently commenced preparation of a new Local Plan. The first round of engagement – consultation on the Local Plan Issues and Options document took place at the end of 2021.

2.78 The Issues and Options document highlights a number of socio-economic challenges that include low rates of employment in certain groups, lower than average earnings, a lack of high quality job and the uneven distribution of growth opportunities. On the positive, Borough residents are becoming more qualified. It also identifies the Royal Docks and Beckton, one of the biggest opportunity areas in London, and London's only Enterprise Zone as a key opportunity, building on recent work as an incubator for innovation and green tech. This links to another Borough positive - the strong business growth in recent years, with businesses in the knowledge economy being a key growth sector.

2.79 The new Local Plan 'overlaps' with the Council's Covid-19 Recovery and Reorientation Strategy. The Strategy seeks to create a fairer, more equal and sustainable Borough through a Community Wealth Building approach. As part of this it seeks to improve the range and affordability of employment space and provide better quality employment opportunities to residents, including delivering London's greenest local economy, but also other growth sectors - cultural, knowledge intensive and high tech/digital companies. By providing the right range of workspaces in the right locations to enable businesses to grow and expand as well as provide opportunity or new entrants. It also seeks to build a more inclusive, fair and greener economy.

2.80 The Community Wealth Building approach will ensure that all parts of the community have access to employment opportunities in the post-pandemic 'new economy', that will need to reflect the longer-term post-pandemic changes in working practices. The current Local Plan identifies five neighbourhoods, but the Issues and Options document suggests that these five neighbourhoods may not be addressing the needs of all residents, and an alternative approach should be considered. The alternative is the 15-minute neighbourhood concept, where residents will be able to access their needs, including access to jobs within 15-minute journeys by sustainable modes of travel. Greater access to employment opportunities closer to home will be an important contribution to developing robust and sustainable 15-minute neighbourhoods. Developing policies in the Local Plan that support and grow local employment opportunities based on the 15-minute neighbourhood concept will help those less able to access job opportunities further afield, and in this way support the Council's over-riding objective of developing a fairer, more balanced and more equal community. Where possible these jobs will be in the Green Economy and the data-driven/digital economy, with the Royal Docks identified as a particular opportunity.

2.81 In addition to the socio-economic issues referred to above the document also identifies that areas that already have economic strengths have continued to prosper, industrial and storage and distribution floorspace has continued to increase and demand remains positive, but office development has largely been confined to the Royal Docks. Despite policy support, no affordable workspace has been provided as part of any major mixed-use schemes in recent year, and partly in response to this, (but also the enduring low wage economy and lack of transmission of opportunity for existing communities from growth) the Council has launched the Community Wealth Building strategy that promotes an inclusive economy that seeks to deliver opportunities for all through measures such as delivering affordable workspace, and this focuses on utilising Council assets.

2.82 As part of the Issues and Options scoping the proposed policy changes seek to:

- identify sufficient employment land in the right locations to support growth sectors and safeguard sufficient land for economic growth and allow any surplus land to be considered for other uses such as housing
- Include employment space as an important contributor to inclusive, 15-minute neighbourhoods, potentially through employment land designations, exploring opportunities to increase the provision of flexible or co-working workspaces and local employment opportunities/training through development proposals.
- Require major proposals to demonstrate how they deliver our Community Wealth Building Objectives, and especially good quality local job creation, and opportunities for the young.
- Become more prescriptive on affordable workspace provision to support local businesses to grow and new businesses to start up. This could include requiring a percentage of new floorspace within major mixed-use schemes, and/or by focusing on certain locations.
- Encouraging a greener economy – possibly through 'green zones' where environmental standards apply and/or environmental products / services provided and skills and training.
- Support for the data driven and digital economy – where this generates local good quality jobs.

2.83 Proposed policy changes also seek to manage the impacts of growth in online shopping through investigation of the option for developing high street consolidation centres, or micro-fulfilment centres in order to take advantage of economies of scale and a growing trend for multi-stakeholder coordination and management of town centres.

2.84 The new Plan will also include the part of Newham that is currently within the LLDC planning authority area, as this will revert to the Borough by 2024.

Covid -19 Recovery Strategy

2.85 This is a ‘people focused’ strategy with which the Local Plan update very much accords. There is objective alignment - enabling residents to access opportunities in the new economy, supporting a fairer economy for Newham, accessible neighbourhoods offering job opportunities and the greenest London economy.

2.86 This new economy will place the health and wellbeing of residents and race equality at the centre of aspirations for inclusive growth, quality jobs and fairness in Newham. It seeks to tackle the issues of historic low incomes, low quality jobs and geographical and racial imbalances. It sees the Borough’s high streets as the ‘beating heart’ of the neighbourhoods, and refers to 19 centres (with high streets) in total, and these will be the hubs for 15 minute neighbourhoods. This study will draw on evidence from other work to identify gaps in that network of employment opportunities. The Strategy seeks to upskill the workforce to support green economy enterprises that will create a green ‘ecosystem’ in the Borough. Green businesses are those involved in the circular economy, using less raw materials, recycling and designing out waste across a wide range of business sectors – including manufacturing, construction, services, energy and transport.

Neighbouring Local Planning Authorities

2.87 Since the 2017 Study, a number of neighbouring authorities have updated their Local Plans and employment evidence base. Below, the neighbouring authorities’ position is set out.

London Borough of Barking & Dagenham

2.88 LBBD are preparing a new Local Plan and currently consulting on the Regulation 19 draft Local Plan. LBBD has around 446.3 hectares of Strategic Industrial Land accommodating slightly more than 1.5 million square metres of commercial floor-space, with 70% of this floorspace being located within the Strategic Industrial Locations and 22% within the Locally Significant Industrial Sites. LBBD seek to transform these floorspaces into modern commercial stock capable of attracting modern businesses, and creating diverse new jobs at all levels, along with supply opportunities for our residents and businesses.

2.89 Strategic Policy SPDG 1 of the draft Local Plan seeks to deliver 20,000 new jobs across the borough by concentrating the existing industrial floor space capacity and jobs to the south of the borough as employment land and floor space; focusing on intensifying existing sites south of the A13 and Dagenham Dock (including the Thames Freeport in Dagenham) plus other locations such as Dagenham East and Chadwell Heath; releasing some industrial sites for homes, balanced by re-provision and intensification of the borough’s industrial floor space capacity elsewhere; and where appropriate, co-location of industrial activities with other uses, including residential and other commercial activities.

2.90 Strategic Policy SP5 and Policy DME 1 seeks to protect, strengthen and intensify land within the designated Strategic Industrial Location (SIL) and Locally Significant Industrial Sites (LSIS) boundaries through managed renewal and intensification of industrial sites, alongside plan-led managed release, and co-location of existing industrial land with other sympathetic and appropriate uses. The Council will encourage the provision of 1,000 sqm affordable workspace within developments for new employment in accordance with Policy DME 2.

2.91 The LBBD Industrial Strategy 2021 estimates that employment growth in industrial activities could generate a requirement for 18.41 ha of manufacturing land (B1b/c, B2) and 31.15 ha of warehousing land (B8) by 2040 (a total of 49.56 ha). In total, 172.3 ha of land are earmarked for potential release, currently accommodating 679,383 sq. m of employment space. To release the land identified for alternative use, it will be necessary to demonstrate that floorspace can be accommodated elsewhere in the Borough. The strategy identifies that the retained industrial land could accommodate a sufficient uplift in capacity to accommodate both displaced capacity (c.1.7mn sq.m) from industrial release and projected future need (c.200,000sqm).

London Borough of Redbridge

2.92 The Redbridge Local Plan 2015-2030 was formally adopted in March 2018. Policies in the plan seek to deliver new employment floorspace - 21,206 sq m (net) of purpose built modern flexible office and business accommodation (24,948 sq m gross), in Investment and Growth Areas of Ilford, the Elizabeth Line Corridor, Gants Hill and South Woodford.

2.93 Policy LP14 protects and directs industrial activity to the borough’s Strategic Industrial Locations (SILs) at Hainault Business Park and Southend Road Business Park as the prime locations for Class B1 (business), Class B2 (general industry) and Class B8 (storage and distribution) development. Policy LP15 seeks to promote economic diversity, support existing and new Small and Medium sized Enterprises (SMEs) in the borough by providing affordable, flexible and well managed workspace.

2.94 The 2015 Employment Land Review estimates the total employment land required according to calculations based on GLA projections is 20.32 hectares of land to the year 2031, and 23.55 hectares to the year 2036. A forward projection of average annual change of floorspace according to VOA data suggests a loss of 14.45 hectares over plan period will take place to the year 2031, and a loss of 18.1 hectares will take place to the year 2036. This is projected to consist of a small decline in office space, and a significant decline in industrial space.

2.95 LBR are currently reviewing their Local Plan, with a Reg 18 consultation planned for Summer 2022.

London Borough of Waltham Forest

2.96 LBWF are in the process of preparing a new Local Plan with Waltham Forest Local Plan Part 1 (LP1 Strategic Policies) submitted to the Planning Inspectorate for examination on 30 April 2021. The Local Plan Part 2 Draft Site Allocations document (Regulation 19) is currently being prepared after Regulation 18 consultation.

2.97 Policy 2 and 4 of LP1 seeks a net increase of 52,000 sq m employment floorspace focused in Strategic Locations and other Site Opportunity Locations. Policy 25 focuses the delivery of new Class E Part G iii, B2 and B8 floorspace in SIL, LSIS, BEA, and non-designated employment sites, with delivery of Class E Part G i, ii floorspace focused in BEA and town centres. Light industrial (Class E, Part G iii) and the production and distribution of goods (B2) will be delivered in smaller or sub-divided space within the borough's designated employment sites, with high density office space (Class E Part G i and ii) ranging from small studio space, flexible co-working spaces to large offices in the designated centres or other locations with access to supporting amenities and services. Policy 26, 27 and 28 further safeguards and manages SIL, LSIS and BEA allowing future flexibility in acceptable uses with scope for a master-planned approach to intensification.

2.98 Policy 31 supports co-location of industrial and non-industrial uses with Policy 32 supporting a range of workspaces, with Policy 33 requiring the delivery of affordable workspaces as part of major mixed-use developments in town centres, in Strategic Locations or as part of regeneration schemes, or as part of new employment floorspace of 1000m^2 or greater in SIL, LSIS, BEA and in town centres, where viable.

2.99 The LBWF Employment Land Audit 2021 identifies a future built floorspace industrial intensification uplift of 371,600 sqm across SIL and BEA, and future built floorspace employment intensification uplift of 73,469 sqm in BEAs.

London Borough of Hackney

2.100 The Hackney Local Plan 2033 was adopted in July 2020, known as LP33, the Council plan to deliver a minimum of 118,000 sq m of new office floorspace by 2033. New employment floorspace (B class) in the Borough will be permitted in Locally Significant Industrial Sites (LSISs), Priority Office Areas (POAs), Priority Industrial Areas (PIAs), Central Activities Zone (CAZ), and designated town centres, of which the employment floorspace is protected by Policy LP27 and LP28.

2.101 Policy LP29 seeks to provide affordable or low cost workspace, equating to a minimum of 10% of gross new employment floorspace, in the Borough's designated employment areas, the CAZ and town centres.

2.102 The 2017 Hackney Employment Land Study found a future need requirement of 146,333 sq. m to 163,285 sq. m of office floorspace (B1a/b) and a loss of between 65,000 and 149,000 sq. m of industrial floorspace (B1c, B2 and B8). The intensification of sites would deliver a net uplift of 321,000 sq m of potential employment floorspace, however there is not sufficient planning pipeline development to meet employment need to 2033.

London Borough of Tower Hamlets

2.103 The Tower Hamlets Local Plan 2031: Managing Growth and Sharing Benefits was adopted in January 2020. Tower Hamlets continues to play a major role in supporting both the London and national economy, contributing significantly to the growth of London as a financial and business centre. The total number of jobs in the borough is projected to rise from 285,600 in 2015 to 410,600 in 2031, an increase of 44% (125,000 jobs), by some way the highest growth figure in London.

2.104 The Jobs and floorspace (sq.m) forecasts for 2015-2030 identify a sufficient supply of sites identified for future office floorspace. As identified in the LBTH Employment Land Review (2017) there is however a shortfall of industrial floorspace compared to demand as a result of significant losses of industrial land in the borough in recent years and the displacement of businesses into the borough (and other well located boroughs such as Newham) from the City of London and other inner London boroughs where they have been forced out by higher rents and land values.

2.105 While the industrial projections cannot be met from identified sites in the development pipeline, potential additional capacity exists within designated employment locations through the intensification of existing provision. There are also numerous opportunities for new employment floorspace to be delivered through 'windfall' sites, generally through mixed-use developments across the borough and in site allocations.

2.106 Policy S.EMP1 supports, protects and enhances the role and function of the borough's designated employment locations and maximises the provision of employment floorspace to contribute towards the borough's target of creating 125,000 new jobs over the period to 2031. Policy D.EMP2 supports new or intensified employment floorspace within designated employment locations, the Tower Hamlets Activity Areas and identified site allocations. Within major commercial and mixed-use development schemes, at least 10% of new employment floorspace should be provided as affordable workspace.

2.107 Policy D.EMP3 supports no net loss of employment floorspace within Preferred Office Locations, Local Industrial Locations and Strategic Industrial Locations. Development should not result in the net loss of viable employment floorspace outside of the designated employment locations or Local Employment Locations (LELs). Policy D.EMP4 sets out redevelopment options within designated employment locations. Within the Primary Preferred Office Location (POL), redevelopment should result in an improvement and/or increase of office floorspace. Redevelopment within the Secondary POL must be employment-led and deliver the maximum viable level of office floorspace, or other non-residential strategic functions within the Central Activities Zone (CAZ). The redevelopment of Local Employment Locations (LELs) and Local Industrial Locations (LILs) to include non-employment uses will only be supported if the existing level of employment floorspace is re-provided on-site.

Royal Borough of Greenwich

2.108 The RBG Local Development Framework consists of the Core Strategy (2014), saved UDP policies of the Development Plan, and various SPDs. The Site Allocations Proposed Submission DPD is currently undergoing Regulation 19 Consultation until 20th December 2021. The spatial strategy is based on accommodating significant levels of growth in six Strategic Development Locations (SDLs), areas of brownfield land that reflect the Opportunity Areas set out in the London Plan. RBG highlighted in the Local Development Scheme 2019 that in light of changes to national policy, a new London Plan, and performance of policies against the indicators set out in Authority Monitoring Reports, there is a need to review the Core Strategy and evidence base regarding employment land.

London Borough of Enfield

2.109 The Draft Enfield Regulation 18 Local Plan underwent consultation in September 2021. The Main Issues and Preferred Approaches document identifies in Draft Strategic Policy SP E1 a minimum provision of 251,500 sq.m of net additional industrial and logistics floorspace; and 37,000 sq.m of net additional office floorspace to meet the Borough's economic needs. To ensure the provision of additional floorspace the Council will encourage intensified development of industrial, logistics and related functions in existing employment areas, the provision of new sites in appropriate locations, and an uplift in office floorspace in Enfield's major and district centres and Meridian Water.

2.110 Draft Strategic Policy SP E3 safeguards SIL and LSIS with proposals resulting in a net loss of light and general industrial, storage and distribution, research and development and related sui generis floorspace to be refused. Where sites are redeveloped scope for intensified industrial floorspace should be prioritised over other forms of development in line with Draft Strategic Policy SP E5.

2.111 The LBE Employment Land Review 2018 identifies a total of 451.5 ha of land currently in industrial use in Enfield, of which 326.2 ha of land is occupied by core industrial and warehousing uses or is vacant, with the remainder being occupied by wider industrial use such as utilities, waste management and land for transport functions. There is approximately 217,500 sq m of office floorspace in LB Enfield, accommodating local level provision servicing local market, with some limited sub-regional reach. A net additional requirement for industrial land of 48.6 ha has been identified from 2016-2036, with a net additional requirement for office floorspace up to 2036 of 32,200 sq m.

Conclusions

2.112 Newham sits firmly within the London-wide Functional Economic Market Area, while also serving a much more local economy. The 2017 London Industrial Land Demand Study (LILDS) classifies the western part of the Borough as part of the Lea Valley Property Market Area (PMA) along with parts of other local authorities such as Enfield, Haringey and Waltham Forest. The remaining part of the borough is classified within the Thames Gateway PMA, a market area which includes the neighbouring boroughs of Tower Hamlets and Barking and Dagenham. Newham forms part of a sub-regional FEMA along both PMAs.

2.113 The Lea Valley is a major industrial and warehousing location with excellent road transport links via the A12 and A13. The area is strategically important for these industries and therefore contains a significant amount of industrial land, much of which is designated as Strategic Industrial Locations (SIL) as well as Locally Significant Industrial Sites (LSIS). The Thames Gateway is a significant location for large-scale warehouses and logistics facilities, notably along the A13 corridor.

2.114 There is some concern in nearby Inner London boroughs such as Hackney (and we know that Camden is similarly constrained) that they lack sufficient supply to meet their own needs responding to some very challenging London Plan targets. The potential scale of this challenge suggests a pressing need for a sub-regional approach to meeting employment needs with Newham straddling the Lea Valley and

Thames Gateway PMAs, and also contributing to serving the Central Services PMA. Newham has strategic locational advantages given the North Circular bisects the Borough and it has the largest reservoir of industrial land in the sub-region, and could therefore assist other boroughs to meet some of the sub-regional need.

Conclusion - key issues for this study to consider

2.115 To support the Local Plan Refresh this study will explore:

- How are jobs and employment distributed Borough-wide, how does Borough-wide performance compare with other areas, and what socio-economic issues arise for residents / businesses.
- How are jobs and employment distributed across the Borough, and how does this relate to the 15-minute neighbourhoods. Are there areas under-served by employment opportunities?
- The future need for employment floorspace – in terms of the overall quantum, the type of space and its distribution.
- How the growing requirements of the storage and distribution sector can be satisfied to ensure warehousing and logistics operations are not constrained by a lack of opportunity.
- How a proactive approach can be taken to the intensification of business uses and the delivery of additionally on industrial land.
- Do the existing employment designations and boundaries remain fit for purpose (including those in the LLDC area). The Sites Audit will assess and recommend any changes, and we also consider the Stratford CAZ reserve boundary.
- How should the Borough plan for the Royal Docks Enterprise Zone
- Is there justification to provide greater protection of employment uses beyond the designated areas.
- What is the impact across the Borough of changes to the GPDO – specifically changes to permitted development and the Use Class Order, and specifically has this affected how town centres and areas beyond perform as employment locations.
- Affordable workspace – is there demand and if so where and for what type of space.
- Are there opportunities emerging within the business community to expand specific sectors – creatives, cultural the data driven economy and the green economy.

3 Newham Background & Context

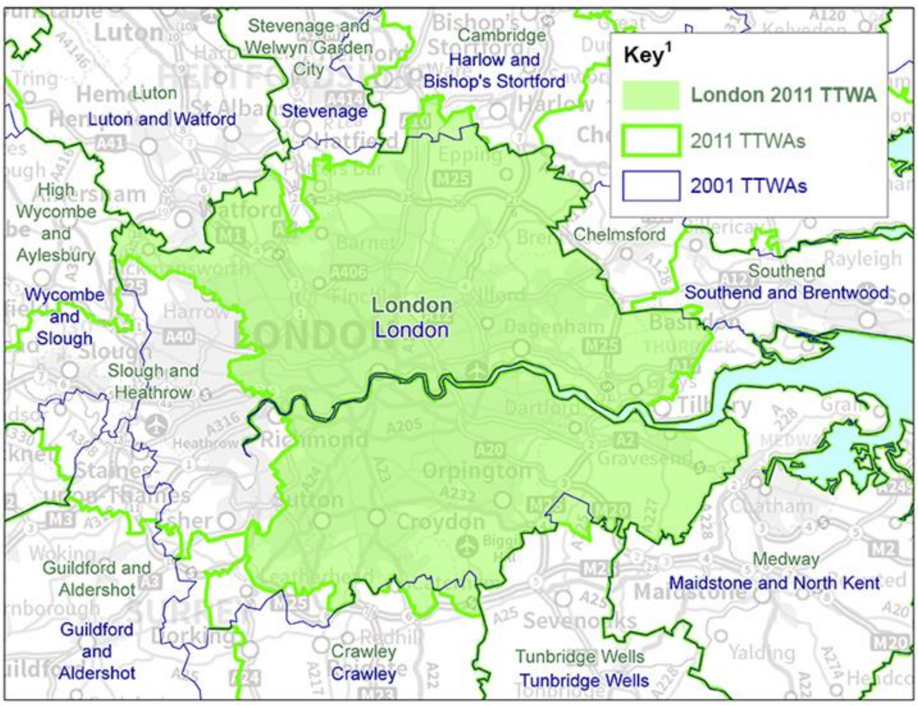
3.1 The 2017 ELR Part 2 provided a comprehensive baseline of the Borough's economic geography and socio-economic characteristics, with much of that data based on census 2011 and other data that remain the most up to date available. To avoid the need to refer to more than one document, in this chapter we set out the context, repeating the 2017 data and analysis where this remains current, but where new data is available updating the baseline and analysis. Census 2021 data releases will commence in summer 2022, but many datasets including TTWA will not be in the initial releases.

Economic geography

3.2 The Planning Policy Guidance refers to a number of factors that can help identify Functional Economic Market Areas (FEMAs), but when it comes to 'hard' data it is generally accepted that the best source for defining FEMAs is the ONS Travel-to-Work Areas (TTWAs).

3.3 The figure below[7] was prepared in 2016 by ONS and based on census 2011 data. It remains the most current data. The map shows Newham within the London TTWA, which extends well beyond the Greater London administrative boundary.

Figure 3.1 London - Travel to Work Area



1 Travel to Work Area (TTWA).
Contains OS data © Crown copyright and database right 2015

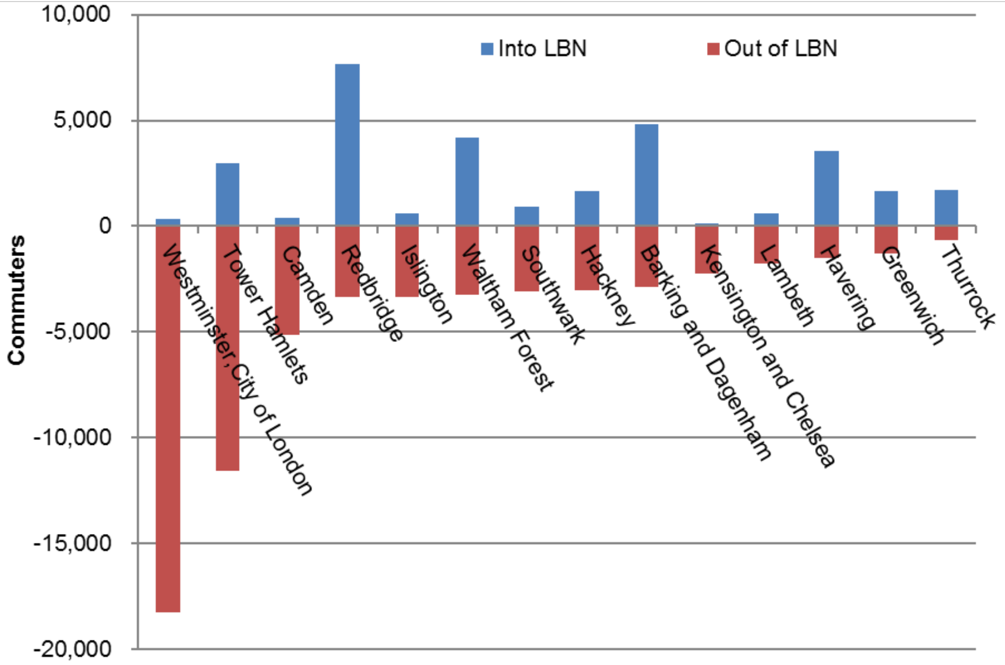
3.4 Commuting in London is complex because the City and CAZ sitting at the centre of the FEMA draw in such large labour flows from all boroughs and a large hinterland in the greater Southeast. So, the boroughs do not function independently or in groups,

[7] Figure from the 2017 Newham ELR

but are part of a London-wide FEMA. However, this largely relates to office based employment. As referred to in the previous chapter industrial activity has a different and more localised geography – the PMAs, and most boroughs, including Newham have at least two PMAs in the Lee Valley and Thames Gateway, that relate to serving a much more local economy.

3.5 The table below shows the strongest commuting links in and out of Newham based on 2011 Census data[8]. The negative commuting numbers are the flows out of the Borough. By far the largest flows are into the City and Tower Hamlets, which together account for 40% of all Newham's commuting out flows.

Figure 3.2 Newham – Commuting flows (in and out of the Borough)



Source: ONS, 2011 Census WU01UK - Location of usual residence and place of work (2011)

3.6 Flows out of Newham (totalling 77,000) exceed in-flows (49,000) by almost 60%. This is a comparatively high ratio for an inner London borough. Neighbouring Tower Hamlets has the reverse of this ratio, 60% higher in-flows, which will be due to the high number of jobs available in the Isle of Dogs CAZ. These flows, albeit data from 2011, do underline the importance of the CAZ as a focus for economic activity for Borough of Newham residents. It is to be expected that the major office development that has taken place in Stratford and in particular in the LLDC area and the quality jobs contained therein will have reduced commuting outflows, and the future occupation of office development at the Royal Docks will have the same effect.

[8] This remains the latest available

Table 3.1 Commuting self-containment - 2011 Newham

Origin (trips from)	Destination (trips to)			
	Newham	Elsewhere	Total trips from Newham	**Origin containment**
Newham	24,781	77,346	102,127	**24%**
Elsewhere	49,269			
Total trips to Newham	74,050			
Destination containment	**33%**			

Source: ONS, 2011 Census WU01UK - Location of usual residence and place of work (2011)

3.7 Newham's self-containment rates are well below the two-thirds rule of thumb applied to commuting containment, and demonstrates that Newham like most of the London boroughs is firmly within the London FEMA. Commuting has a closer association with office based activity rather than industrial based activity. In respect of the latter the GLA's evidence identifies Property Market Areas.

Property Market Areas

3.8 As reported in the 2017 ELR the GLA's industrial land evidence report the 2017 London Industrial Land Demand study[9] (LILD) identified five broad property market areas defined by strategic transport hubs and routes where London's industrial products and services activity is concentrated. Newham is in two PMAs. The LLDC area and the British Gas/Cody Road area on the west side of the Borough are in the Lea Valley PMA, which is characterised as a major industrial and warehouse location, notably between the North Circular Road and the M25 and focused on Enfield. The remaining two-thirds of the Borough is in the Thames Gateway PMA, which has developed as a significant location for large-scale warehouses and logistics facilities, notably along the A13 corridor, where a number of major new developments have been constructed over recent years.

3.9 Clearly Newham has important locational advantages, particularly road connectivity that are important for the storage and distribution sector where access to the North Circular is key, but also the A13 corridor is important in servicing the Central Activity Zone. The 2017 LILD reported that land for industrial and logistics uses in London was "immense"[10] due to competition from housebuilders, and this was expected to continue driven by increasing e-commerce and last mile fulfilment requirements. As we noted earlier this need has been "super-charged" by the needs of logistics firms to reinforce their distribution networks to build in resilience for the post-Brexit world and the increase in requirements post-Covid. In this respect access to the A12 (close to, but outside the Borough) for sites on the western side of the Borough, such as Bow Goods Yard is important, as such sites also have potential for CAZ servicing activity. We discuss the potential for the Bow Goods Yard site, but also for sites such as

[9] London Industrial Land Demand Study, 2017

[10] Ibid section 5.8

Beckton Riverside for warehousing and logistics in the Market Review section of this report.

Socio economic characteristics

Population and jobs

3.10 This assessment is based on the latest available ONS[11] population and job data, which is 2020 for both, and where relevant compares to the 2016 data analysed in the 2017 ELR.

3.11 The resident population estimate for the Borough (2020) was 355,000, a fifth higher than a decade before, and much higher growth than for Great Britain (7%), and London as a whole (12%). The ONS estimates closely align with the GLA's published trend-based population projections.

3.12 As shown on Figure 3.3 over the decade the number of economically active residents[12] has risen from around 140,000 to 206,300 in 2020, an increase of 53%. This is a huge increase, and greater than the population increase from 300,000 to 350,000. Of equal significance is the economically active within the 16-64 age group, are now 79%, up from just 62% in 2010, which brings the Borough up to parity with London and national rates for the first time.

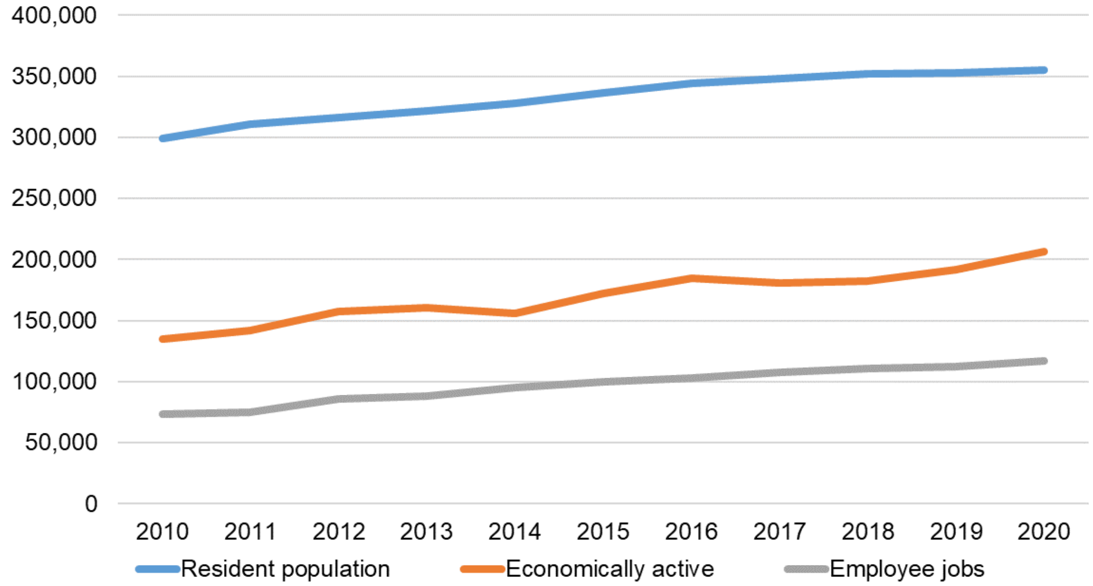
3.13 The number of employee jobs[13] in the Borough has risen at the same pace as the number of economically active residents, and employee jobs stand at 117,000 in 2020, 60% higher than a decade before and 20,000 more than 2015 (the last data point in the 2017 ELR).

[11] 2020 Mid-year estimates

[12] economically active residents – residents available for work (includes employed and unemployed).

[13] Employee jobs – jobs in the Borough excluding self-employed, government-supported trainees and HM Forces.

Figure 3.3 Population, economically active and employee jobs in Newham - 2010-2020



Source: all data NOMIS: ONS 2020 mid-year population estimates, annual population survey (2020) and Business Register and Employment Survey (2020),

Nb employee jobs exclude self-employed, government-supported trainees and HM Forces.

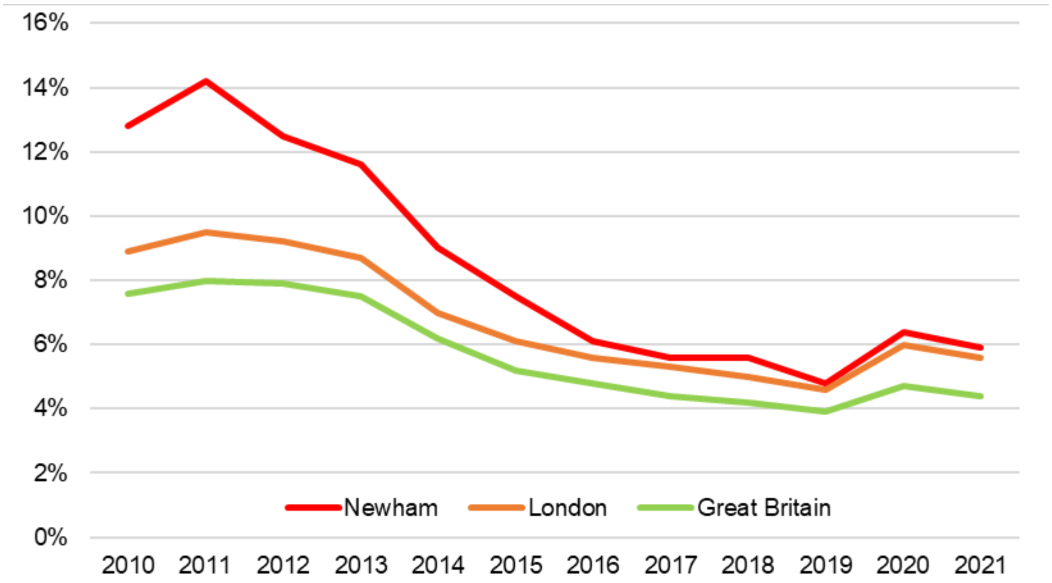
3.14 The 2011 Census provides the most up to date data on place of work of Borough residents. In 2011 Newham's resident workforce[14] was 102,000, of which just a quarter worked in the Borough, and three quarters commute out of the Borough to work elsewhere, as we saw earlier this is largely in the Central and IoD CAZ. This is a high level of out commuting, reflecting the availability of jobs in Central London, which as we see below generally offer higher earnings.

Labour market

3.15 As referred to earlier the economic activity rate in the Borough has improved substantially in recent years, no doubt an improvement linked to the additional jobs provided in the LLDC area. This has been mirrored by a dramatic reduction in unemployment rates in the Borough, to a point (2016 - as shown in the graph below - Figure 3.4) where rates matched the London average and were only marginally above national average. The overall unemployment in the Borough averaged 6.5% in 2020 down from a high of 15.6% in 2011. The chart shows the start of the pandemic related uptick in unemployment locally, regionally and nationally in 2020, and also how unemployment in Newham has mirrored the London trend.

[14] Resident workforce – residents in employment. This differs from economically active because it excludes those unemployed but available for work.

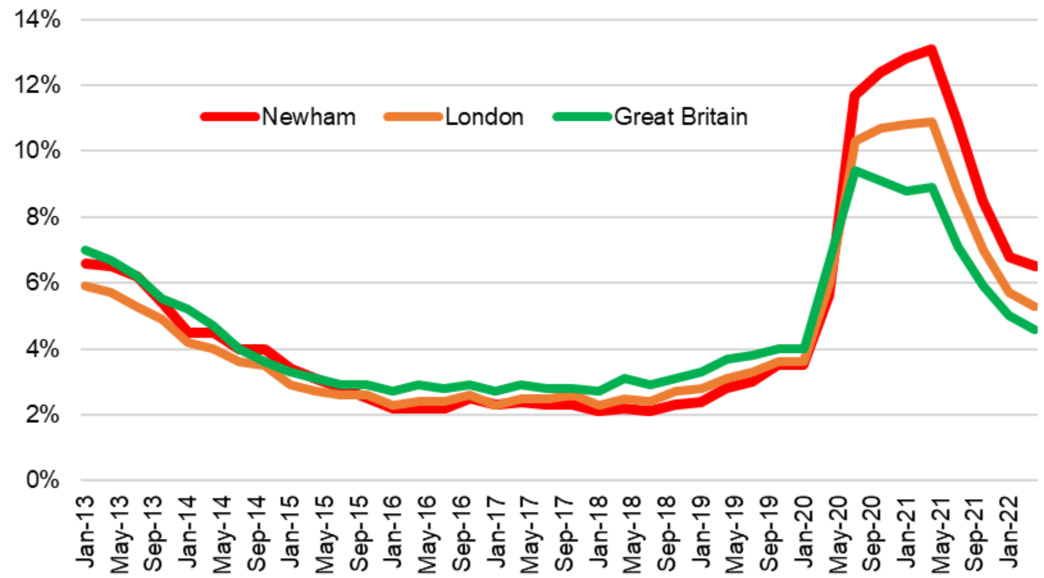
Figure 3.4 Unemployment



Source: ONS Annual Population Survey, which is a continuous household survey. The data in the chart is the latest for calendar year – last available being to Dec 2021. Percentages are unemployed as a proportion of economically active.

3.16 The 2017 study reviewed unemployment rates for the 16-24 years old group, but changes in how that data is published mean it is not available at borough level. Below we compare the latest published data for the 18-24 age group, and this matched London and national rates until in 2020 when during the pandemic the number of 18-24 year old claimants increased much faster than London or nationally. It has dropped faster than the benchmarks, but still runs ahead and the pandemic shows that this group in Newham have less job security than the same cohort elsewhere.

Figure 3.5 Unemployment claimant counts – 18-24 years old



Source: ONS claimant count aged 18 to 24. % is number of claimants as a proportion of resident population of the same age

3.17 Newham's workforce has become more highly qualified in recent years. In 2016 Newham workers trailed London and GB in the qualification's benchmarks, but by 2020 things were very different, the proportion of the Borough's economically active holding degrees (NVQ 4 equivalent and above) is above the London average albeit by only 1%, but this represents a significant turnaround. The proportion holding no qualifications that had been 9% in 2016 was half that by 2020, and had dropped below the London average of 5.2%.

3.18 Table 3.2 below shows that since 2016 there has been a marked shift in the occupational profile of Newham's workforce, with big increases in the most highly skilled categories (SOC 1-3), and particularly professional occupations mirrored by reductions in the lesser skilled occupations (SOC 6-9). This is presumably linked to the more qualified status of the resident population. Newham's profile is becoming more similar to that for London as a whole, but still lower levels in the higher skilled (SOC 2 and 3) and more in the lower skilled. This profile raises concerns given the comments above about the potential for the lower skilled groups to be left behind through the Covid recovery period which is being driven by the highly skilled occupations.

Table 3.2 Resident workers' occupation profile

Standard Occupation Category	2016 Newham percent	2020 Newham percent	London percent	Great Britain percent
SOC 1: managers, directors and senior officials	10.2	13.7	13.5	11.5
SOC 2: professional occupations	16.3	24.8	29.2	22.3
SOC 3: associate prof & tech occupations	11.8	12.9	18.4	15.2
SOC 4: administrative and secretarial occupations	8.0	6.7	9.2	9.8
SOC 5: skilled trades occupations	11.2	11.6	6.3	9.5
SOC 6: caring, leisure and other service occupations	7.0	4.3	6.8	9.1
SOC 7: sales and customer service occupations	11.4	7.6	5.4	6.9
SOC 8: process, plant and machine operatives	7.4	7.2	3.6	5.7
SOC 9: elementary occupations	16.8	10.2	7.1	9.7

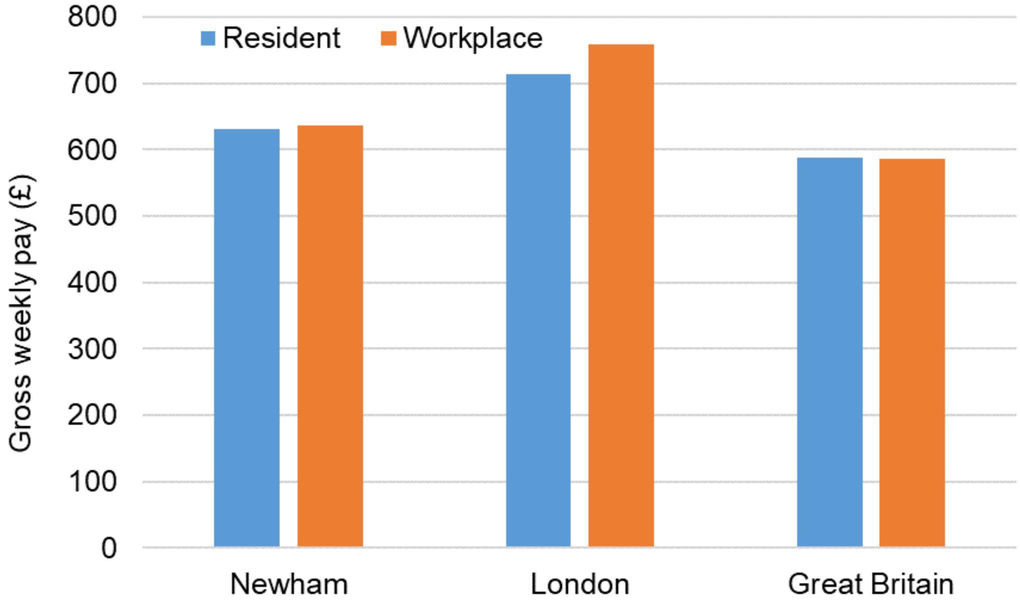
Source: ONS, Annual Population Survey, 12 months to Sept 2016 and to Sept 2020

3.19 Newham residents' average gross weekly earnings (blue bars in chart below) are lower than the London average, but since 2016 the pay gap has narrowed from 20% to 13%, and resident wages in Newham are now higher than the national average. It is a similar pattern when resident wages are compared to the London Living Wage (LLW), where the data shows that whereas in 2019 31.5% of Newham jobs were below the LLW by 2021 the proportion was down to a quarter[15], and the Borough's relative position had improved from second highest proportion below to sixth highest.

[15] https://www.trustforlondon.org.uk/data/low-pay-in-London-boroughs/

3.20 It is a similar pattern for workplace wages (brown bars) where the average for Newham is above national average, but remains below the London average, and the proportion is unaltered from 2016 at 20% below GB average.

Figure 3.6 Mean gross weekly earnings - 2020



Source: 2020 Annual Survey of Hours and Earnings ONS

3.21 The message in terms of occupation and wages is that improvements have been made, but there remains a way to go to achieve a higher waged economy. We have mentioned earlier the growth sectors – green tech and creative / cultural in earlier sections, and it is these types of jobs delivered where residents can access them that should be the focus to deliver a higher waged resident work force.

3.22 This profile signals a post-Covid recovery risk that has been highlighted in a recent report by Volterra[16]. There is a concern that the post-Covid economic recovery is being led by high skilled people the Home Counties who are working from home and not supporting economies such as Newham's because they are not commuting in to their high paid jobs in the CAZ or Stratford, and thus failing to deliver the 'ripple' effect supporting jobs in service industries in the local Newham economy.

3.23 Figure 3.7 below shows employee jobs in Newham by industrial sector. The BRES data is survey based and outlying data tends not to be smoothed between years, and therefore the data can be 'lumpy', and jobs can be recoded between groups as we see in N and O in the two most recent years. Thus, we focus on longer term trends and the overall sector mix.

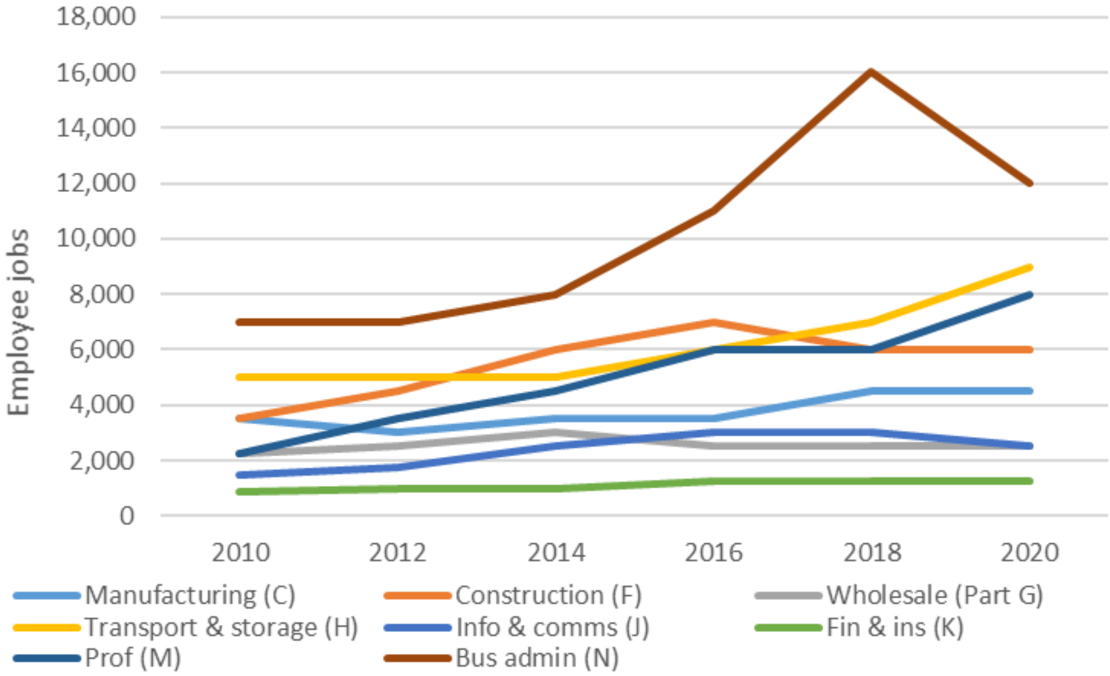
3.24 The data shows that overall job numbers in the Borough have risen rapidly over the decade averaging around 10,000 additional jobs each two-year period, achieving a 55% increase in those ten years. The growth to 2020 was a little slower than in

[16] A detailed study of unemployment in London, Volterra Partners LLP for London Councils, March 2021

previous years and may show a Covid effect as the annual BRES survey is conducted in September.

3.25 Retail in which the job generated land requirements are calculated in a different way to the employment activities considered by this study[17] was a major growth sector in the first half of the decade, and will relate to the opening of Westfield. It is notable that the other main non-employment land generating activities - education and health have not seen significant job growth, albeit they maintain significant share of the overall jobs total. The expansion in professional services and business support has been significant, and will also in large part relate to development in Stratford, with the expansion of back office activities. Turning to sectors with a requirement for industrial space, jobs in manufacturing and construction related activity have increased, reversing decades of decline, and transport and storage activity requiring logistics and distribution space has also seen a significant rise in jobs. This diversification away from a focus on public sector employment (reduced to a 30% share down from 35% in 2010) is strengthening the Borough's employment base. It is the case though that the back-office jobs and retail in particular have not driven the resident wages higher.

Figure 3.7 Employee jobs by industry sectors - Newham 2010-2020



Source: NOMIS Business Register and Employment Survey: open access. Survey undertaken annually in September. Data includes employees plus the number of working owners. BRES therefore includes self-employed workers as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people not registered for these, along with HM Forces and Government Supported trainees are excluded.

Nb the totals do not sum the sectors due to rounding.

[17] Office, industrial and warehousing.

Productivity

3.26 We have used the latest Experian data to update the assessment of Gross Value Added, comparing 2010 with 2016 and 2020. The 2016 data for some boroughs including Newham are different to the figures in the 2017 ELR, but this is to be expected as it reflects subsequent revisions of the ONS base data and the move from data that was in the forecast period to data that now includes actual survey data, and is therefore firmly in the documented past.

3.27 The GVA data benchmarking shown below indicates Newham's productivity, like that of the other East London boroughs with the exception of Tower Hamlets is behind the UK, and substantially behind the London average. This is likely to reflect the historic position for the Borough in terms of GVA, but also the emphasis in recent times of lots of new jobs, but jobs that are relatively low waged retail and business support focused. The table shows that Newham has more similarity with Barking and Dagenham's GVA profile compared to Hackney. The table also demonstrates the impact of Covid, as with the exception of Hackney where the quality of the job offer has improved in recent years with one tenth of all jobs now in the creative industries, GVA everywhere has fallen from its 2016 level.

Table 3.3 Gross Value Added per resident worker – 2010-20

	2010 GVA per residence based employment (£)	Relative to the UK (UK=100)	2016 GVA per residence based employment (£)	Relative to the UK (UK=100)	2020 GVA per residence based employment (£)	Relative to the UK (UK=100)
Tower Hamlets	254,405	452	213,731	366	173,834	324
London	90,292	160	96,403	165	88,427	165
United Kingdom	56,311	100	58,362	100	53,734	100
Hackney	48,158	86	52,449	90	52,516	98
Newham	**45,803**	**81**	**40,251**	**69**	**33,254**	**62**
Barking & Dagenham	51,001	91	41,193	71	33,075	62
Redbridge	35,906	64	35,280	60	30,413	57

Source: Experian (Dec 2021)

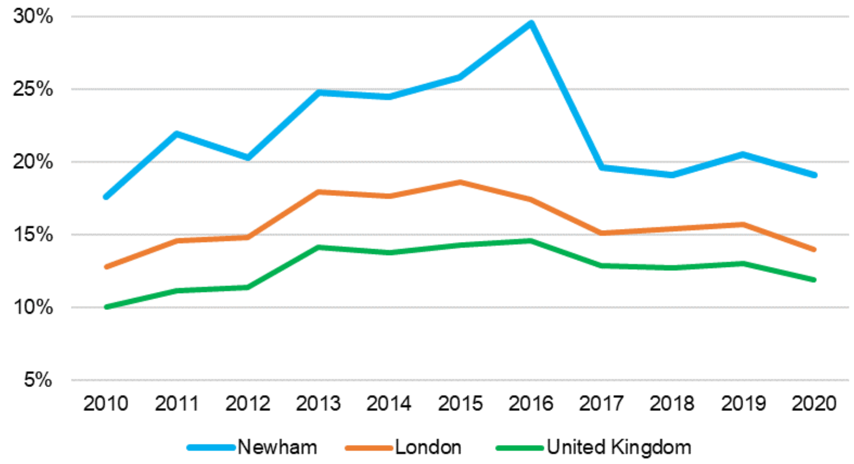
Business demography

3.28 ONS publish a periodic review of business births, deaths and record the number of active businesses[18], the charts that follow present births and deaths as a proportion of active businesses. Unfortunately, the data does not identify the number of jobs generated.

3.29 The rate of business formation in the Borough since 2010 was at a consistently much higher rate compared to London and UK averages until 2016 (peaking at almost 30%), at which point activity fell dramatically, but still remains at a higher rate (around 20%) compared with London and the UK.

[18] The data are business enterprises.

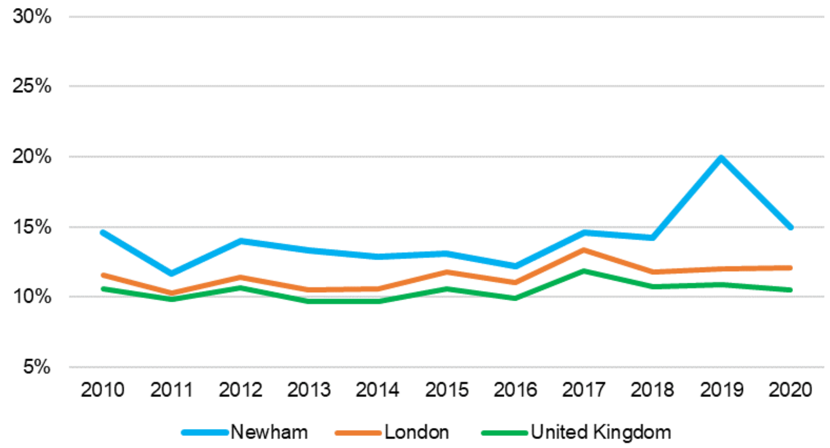
Figure 3.8 Business formation rates - 2010-20



Source: ONS Business demography Dec 2021, produced from an extract taken from the Inter-Departmental Business Register (IDBR)

3.30 Business closures in Newham also run at above benchmark rates, unsurprising given the high start-up rates. Encouragingly the rate of Newham business closures is generally well below (sub15%) that for start-ups, with the exception of 2019.

Figure 3.9 Business closure rates - 2010-20



Source: ONS Business demography Dec 2021, produced from an extract taken from the Inter-Departmental Business Register (IDBR)

3.31 2016 was a high point for new business start-up and survival in Newham with twice as many businesses opening than closing, and well above London and GB in that respect. The picture has changed since then, however since 2017 almost a quarter more businesses have opened than closed over the most recent four year period, in line with London, but still outstripping the UK (15%).

3.32 It is likely, albeit there is no data to substantiate this, that the vast majority of businesses will be sole operators. The data does not identify the residence of these entrepreneurs, but does show that Newham is a place where new businesses continue to thrive, many of which will be micro and small businesses. Whether these start-ups begin life working from home or are in workspace, premises will be needed to allow them to flourish. It is relevant to note that the challenge of new business survival is recognised by the Council and the Mayor of London, and something for planning policy to support through the provision of as wide a distribution of low-cost workspace as possible – wide geographically and in terms of affordability in open market terms i.e. low-cost business space[19] or, (if the case is made) for sub-market affordability, to promote opportunity for SME firms. This is to ensure there is low-cost options available to support new entrants and SMEs, by enabling the market to provide low-cost space. In this respect the Borough's MBOAs are particularly important given that they provide low-cost space for businesses, particularly start-up and incubator space for new businesses, and provide local employment opportunities. This reinforces the need to protect and promote MBOAs.

Conclusion

3.33 The new Local Plan's approach of planning to create a more local and equal economy with opportunity for residents to find job opportunities within or close to their neighbourhoods is in response to the socio-economic background outlined in this chapter. In this respect the challenges are high rates of resident out-commuting, historic low rates of resident economic activity, high rates of youth unemployment and a generally low waged economy linked to comparatively low skill levels. There have been improvements in some of these indicators in the most recent data, but these issues need addressing over the longer term through policy approaches to consolidate recent improvements. The approach includes supporting opportunities for green tech and the arts and cultural sector, as these sectors will deliver higher waged jobs. The arts and cultural activities are more likely to establish in existing stock as well as purpose built new flexible stock, and retaining the existing stock where it remains fit for purpose and provides localised employment opportunities will support CWB.

3.34 Job numbers in the Borough have risen substantially to stand at 119,000 in 2020, over 50% higher than a decade previous, largely driven by job growth in the LLDC area. Public sector jobs are still a large proportion of the overall total (around 30%), and the dramatic job increase has generally been in sectors such as retail and business support, so generally lower waged jobs, and this will have contributed to resident wages remaining below London average. Newham remains a low waged economy and is further evidenced in the productivity section above where GVA remains substantially behind the London average.

3.35 Creating a healthy business environment in the Borough where opportunities for businesses to start-up and expand will be key to helping deliver the Council's Strategy and policy aspirations. The strong entrepreneurial nature of the Borough is a positive, with business start-ups continue to outpace losses, with the 'balance' running at the same rate as London following the first half of the decade when new businesses comfortably out-scored the London average. This indicates Newham remains a place where new businesses, particularly micro and small can continue to thrive as long as the opportunity spaces are not constrained by lack of space availability. The need for start-up, incubator, co-worker and accelerator space is best met in the MBOAs, but as referred to earlier has been delivered in the LLDC area and

[19] As defined by London Plan Policy E2 and paragraph 6.2.4

is planned to be delivered in the Royal Docks Enterprise Zone. In line with CWB low-cost space could equally be encouraged in the Borough’s town centres and LMUAs.

3.36 Equally as important as promoting new opportunities for employment through identifying sufficient requirement for new employment floorspace, is ensuring that the existing stock and distribution of employment land and premises is protected from losses. In this regard we are keen to review site designations, bearing in mind that there is more potential for non-employment uses as part of redevelopment proposals in LMUAs than there is in LILs.

4 Property market analysis

Overview

4.1 This chapter reviews the property market for employment space in the Borough covering office and general industrial/logistics space. For office and general industrial/logistics space we consider in turn demand, supply and the balance of the market. The main purpose of the analysis is to identify where there is potential demand for new floorspace, and hence a need for development land to be identified in the emerging plan.

4.2 In relation to demand, we identify the types of business that are taking space in the Borough or may consider doing so, and what property they are looking for in terms of size and quality. In relation to supply and market balance, we analyse the stock which is currently available, recently developed and in the pipeline, and the rental values and yields that properties in the area are achieving. The purpose of our analysis is to determine:

- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
- Hence, how far there is likely to be demand for more or different space, now or in the future and this demand aligns with the Council's policy aspirations;
- Conversely, if property and land are oversupplied, overall or in particular sections of the market.

4.3 These findings help assess the potential demand for new employment floorspace, and hence the quantity and qualitative mix of development sites that the emerging plan should identify for employment uses.

4.4 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and yields) realised in such transactions, and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength[20] to support financially viable development.

Sources and definitions

4.5 The main market indicators we have considered are rental values, yields, recent take-up and floorspace availability and vacancy. In a property market context, 'take-up' means businesses taking occupation of business floorspace.[21] Take-up covers both new-build and second-hand space (second-hand being the larger share of the market).

4.6 Our property market research has drawn primarily on the following information:

[20] A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

[21] By contrast, in a planning context 'take-up' means the development of new floorspace.

- We have relied on the property market database CoStar and commercial property research reports for evidence of take-up, availability and values, both for the market overall and individual properties. For the supply side analysis in the report we have relied on availability[22] and vacancy[23] figures as described by CoStar.
- Total stock figures across the Borough have been derived from analysis of VOA Non-Domestic Rating statistics. This data provides a round figure of total business floorspace in square metres and total number of properties. We have cross-referenced this data with the CoStar data to provide an indication of availability and vacancy rates. Cross-referencing the CoStar and VOA data does have limitations, as there is no guarantee that the two sources are consistent regarding unit sizes and descriptions. The reason why there may be discrepancies is that the VOA data has 999 description codes which do not always correspond with the definition of employment premises as classified by CoStar. By contrast, properties listed on CoStar are divided in just three categories - industrial, light industrial and office – and some of them may fall outside the VOA definition of industrial, warehouse or office units. Due to the VOA figures being provided as a lump sum, it has not been possible to "iron out" these discrepancies.
- Site audit, the purpose of which is to review the suitability of the existing employment allocations for their continued use and scope for intensification.
- For greater qualitative understanding of the market, we held a virtual stakeholder workshop via MS Teams on 14 December 2021. A mix of local active agents and developers attended the workshop, with the views presented helping to inform our understanding of the local market.

Understanding business needs

4.7 The property market analysis helps address the requirements of Paragraph 81 of the NPPF, through understanding local business needs and wider opportunities for development. The feedback at the stakeholder event has been an important element in shaping our understanding of the local business needs, and we have reflected this in our analysis. At the stakeholder event agents and developers provided details on occupier property requirements, rents, challenges with viability, the suitability of existing industrial sites for intensification and/or their continued use for employment, how the market has changed/evolved over recent years in the Borough, the suitability

[22] Availability refers to *'The total amount of space that is currently being marketed as available for lease or sale in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. CoStar includes only existing, under construction, and under renovation buildings in its statistical calculations of available space.'* Source: CoStar

[23] '*Vacant space refers to all space not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done would also be considered vacant space. Vacant space could also be quoted in one of three ways, as new, relet or sublet. New space, sometimes called first generation space, refers to space that has never been occupied by a tenant before. Relet space, sometimes called second generation space, refers to space that has previously been occupied by another tenant. Sublet space refers to space that has been leased by another tenant, is still under a lease obligation by that tenant, but is being offered for lease back to the market by the tenant with the lease obligation.'* Source: CoStar

of some existing non-employment sites to be redeveloped for employment, and the delivery of offices in the LLDC area. Key points raised at the event were:

- Demand for industrial/warehouse use exceeds demand for offices. With demand for offices considered relatively finite compared to industrial/warehouse which is growing exponentially.
- The delays to the Elizabeth Line have not helped the take-up of the office space on the ABP's Royal Albert Docks scheme. But given the finite level of demand for offices in the Borough, demand for office space here is not considered a huge driver of demand for new space – therefore the approach here should be more flexible.
- It is 'challenging' to attract office users outside of the LLDC area.
- Industrial occupiers are resistant to typology change and prefer other more conventional arrangements than multi-deck.
- Multi-deck will work in some locations where rents are sufficient and there's no conventional supply or choice e.g. Gazeley. "sweet spot" for a multi-deck site is 2 – 3.2 hectares.
- Build cost at the heavier end of multi-deck industrial are £250 per sq ft.
- Occupiers Environmental, Social, and Governance (ESG) requirements are helping grown demand for new industrial space.
- Need to protect the existing stock where this provides competitive rents and meets local needs, against redevelopment for more attractive modern warehousing that would charge much higher rents, pricing local businesses out of the market.
- Policy needs to recognise the importance of second-hand stock with yard space, parking to get in/out of London and not just intensified premises.
- Redevelopment of existing smaller industrial estates risks displacement through increased rents – affordable workspace may assist with this to avoid 'leakage' of the Borough's businesses and jobs.
- Canning Town is seeing increased industrial rents – need to review if 'knee jerk' during Covid or reflecting longer term issues around affordability.
- There is a need for continued recognition and importance of open storage.
- Beckton retail parks present opportunities for employment growth particularly to support B8 demand.

Analysis areas

4.8 Our market analysis of the industrial market is focused on the Strategic Industrial Locations (SILs), Local Industrial Locations (LILs), Local Mixed Use Areas (LMUAs) and some sites currently allocated in the LLDC area. We have included LMUAs in our analysis of the industrial market, as we have found they are predominantly this use, but by their very nature we acknowledge they contain a mix of uses including offices.

4.9 A number of the sites have single occupiers or are Council depot sites, and as such there is no value in analysing these as it is assumed these will remain in this use during the plan period - we set these out in Table 4.1. If these sites do become vacant during the plan period, it is assumed that they will be re-used for employment uses. In addition, we have not analysed the East Ham Industrial Estate LMUA because this has been developed by Bellway into 391 apartments and 557 sq m of commercial space. Bellway are using the redeveloped commercial space a residents' "work hub" and gym. The work hub provides flexible office space for residents.

Table 4.1 Sites not forming part of the detailed property market analysis

SILs	LILs
Jenkins Lane SIL - Depot site	East Ham Depot
Beckton Sewage Works	Stephenson Street - West Ham Bus Garage
Olympic Relocation South at Beckton Riverside	Jubilee Line Depot
DLR Depot site	
Power Utilities	

Source: Urbà, January 2022

4.10 The office market analysis is focused on the town centres and LLDC area, further details are provided below in the office section.

The industrial/warehouse market

4.11 For our market analysis, we consider manufacturing, industrial and warehouse uses (use classes E(giii), B2 and B8) as one property market sector rather than separate. Although manufacturing, industrial and warehouses uses exist throughout the Borough, the tight nature of the market combined with the flexible nature of how occupiers use premises, means it is not possible to disaggregate the data to formulate meaningful analysis. We, therefore, consider the market as a whole (referred to as the industrial market) and make references to the different sectors throughout.

4.12 A key requirement of the market analysis is to consider opportunities for site intensification e.g. multi-deck units and more efficient use of existing sites that could include co-location of other uses. The assessment also includes opportunities beyond the existing industrial stock. The reason why we need to consider site intensification is because this is promoted by the GLA as a viable solution in meeting future industrial / warehouse need in London. Especially for those boroughs within the North Circular, where population densities are higher, and the CAZ is within easy reach.

4.13 But there are still very few examples of multi-deck industrial / warehouse units in London to base our assessment upon as to whether sites in Newham could be suitable. To date the two most commonly cited examples are X2 Warehouse Hatton Cross, near Heathrow and Travis Perkins, King Cross. Both examples are very different in nature, X2 is a 22,000 sq m two storey distribution unit built in 2008, which has a vehicle ramp access to the upper floor. Whereas the Travis Perkins site is a builders' merchant of 3,900 sq m on the ground floor with 563 student beds above –

the development was completed in 2014. The builders' merchant was granted as a sui generis use therefore not defined industrial or warehouse use.

4.14 The reason why there has been a lack of multi-deck development is that in many markets there is a disconnect between the type of space that can be delivered via decked development and market demand. As mentioned above, during the workshop it was stated that occupiers are resistant to the shift from conventional single storey to multi-deck, and as long as there is a conventional alternative, multi-deck will struggle. Furthermore, upper floor space is significantly more costly to deliver, and especially if designed for larger and heavier industrial end users. As set out in the GLA's 2018 Industrial Intensification and Co-location study[24], delivering floorspace to a heavy industrial floor loading (50kN/m2) is 83% more expensive than a light format of space (7.5kN/m2). So, intensification struggles to be a viable option for larger occupiers and those where floor loading is critical.

Emerging multi-deck examples

4.15 We understand that there are two GLA projects in Newham. The first example is the GLP (formerly Gazeley) proposed 40,000 sq m G Park (on a 3.3 hectares site, 42 metre high over three floors) development on North Woolwich Road, Silvertown. GLP bought the site from Cain International and Galliard Homes who had proposed to develop the site for circa. 1,000 flats. During the 2018 Local Plan Review the development industry had come to expect this site to be released but demand evidence indicated it was required to meet industrial and warehouse need. The Wharf at the time was in the process of being reactivated to handle aggregates, with anticipated further wharf consolidation on the site to the east (Royal Primrose Wharf). Given the demand for industrial and warehouse need in this area the site was protected for employment use and as we go on to demonstrate in our analysis is still needed to support demand.

4.16 This scheme is advertised as a 'last mile' delivery hub aimed at major retailers with marketing material noting that tenants similar to Tesco or Amazon are likely tenants. The majority of the movements on / off site (96%) are expected to be light vehicles making last mile deliveries (i.e. vans / cars as opposed to HGVs).

4.17 However, despite this mix of lighter vehicles, we understand that air quality concerns have been raised and these may undermine confidence in the final product, its deliverability and market attractiveness. There are suggestions that the scheme will not proceed.

4.18 This is unfortunate, but we recognise that this is a 'pilot project' and as such we would expect new technical issues to emerge. But we also hope, that in time, new technical solutions may be found.

4.19 The fact that progress on this pilot project has been delayed does not mean that the intensification of the Borough's industrial portfolio should cease to be a policy objective. The Borough needs to do all it can to make the most efficient use of land.

[24] We Made That, et al, 05/10/2018, Industrial Intensification and Co-Location Study: Design and Delivery Testing

But, instead this demonstrates the challenge in relying on this format as a route to meet quantified economic needs.

4.20 Also, as regards this pilot project agents expressed concern that the scheme would struggle to be replicable given the very special site circumstances. The site is highly constrained, but in a way that does not prevent the bulk and mass of an intensive format. Such sites are rare. So again, this does not suggest there is a role for intensive stock over the plan period. But, because they need unconstrained sites, the opportunity to deliver intensive formats is not common.

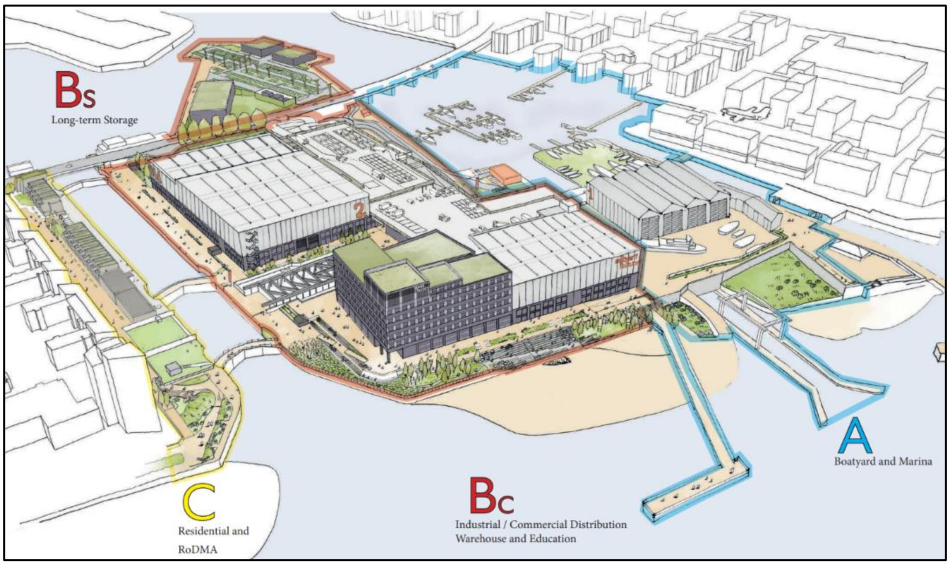
Figure 4.1 G Park Newham

Source: G Park Docklands

4.21 The second example is the 9.58 hectares at Zone B, Albert Dock (Albert Island LIL), which is being bought forward by GLA (as landowner) and their developer partner Regional Properties. A hybrid planning application has been submitted that includes industrial, employment and education use – see Figure 4.2. The proposals include 55,489 sq m of floorspace, of which 20,000 sq m forms the Ideas Factory (start-up and education uses) with the balance of the site a mix of distribution and light industrial split roughly two thirds / one third. The first floors provide larger scale industrial and distribution spaces of 3,000 -10,000 sq m, aimed at last mile / e-commerce operators.[25] The first floors are connected by way of a vehicle deck which provides service yard space. The ground floor below the service deck provides the smaller industrial and light industrial units. Also on this element of the site is the Spithead, which will provide car parking for 238 spaces and storage units.

[25] WYG, December 2019, Albert Island – Environmental Statement, Volume 1 Chapter 3 – Description of Development, Pages 3 - 4

Figure 4.2 Albert Island



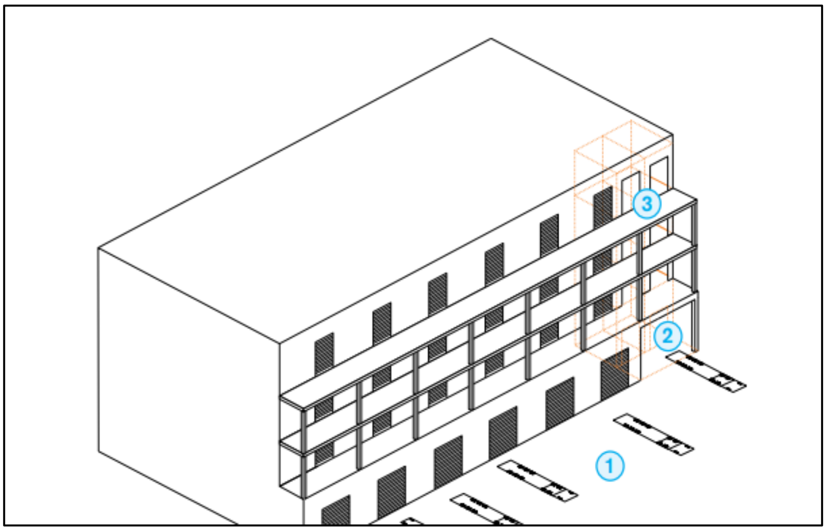
Source: Haworth Tompkins

4.22 A third example, but at concept stage in the London context, is a multi-deck unit with a goods lift – see example in Figure 4.3. This is not a traditional industrial format and, in our experience, and reflecting agents views, somewhat of a compromise with occupiers noting that the less efficient layouts (for an industrial user) places an added operational cost on the end user compared to more traditional units. Upper floor industrial space, with lift access only, is not considered to be in strong demand and is largely untested in the market.

4.23 It is also the case that there is scope within the office market (now E class) to meet the needs of some very light industrial users – for example creative workshops where the more compromised (via lift) access is less of a burden compared to a distribution activity or a light manufacturing activity. The distinction between office space, workshops and very light industrial is often blurred and even more so with the new E use class. So, reflecting evidence today, there is a strong message that this format of space should not be accepted as a substitute for traditional format space – there is strong market evidence that ground floor industrial units meet a different market demand compared to upper floor space.

4.24 But we have to recognise that there is an acute shortage of any industrial space and this format represents a opportunity to increase the net stock of floorspace in the Borough. The *industrial market* spans a wide multitude of occupier profiles and every effort should be made to increase the Boroughs net stock of space. Occupiers will need to continue compromising and not everyone can be accommodated in an ‘ideal’ format. There is also a role for this format to help strengthen the Boroughs networks of industrial space where site layouts or other constraints would prevent an alternative industrial format. This may include growing the network of SME / Starter units in the local centres and local industrial sites by making use of upper floor space that would otherwise not be useable for any industrial type firm. For the local, small, estates a format similar to Figure 4.3 may be the only route to intensify the use of the land and help relieve pressure on the stock elsewhere.

Figure 4.3 Small industrial units, stacked on small units



Source: GLA, Industrial Intensification Primer

4.25 For this study we explored with agents to what extent we could or should rely on intensified industrial formats to meet economic needs. Two themes emerged. Firstly, a concern that the GLA pilots are not replicable due to the specific site constraints (G Park) or because they are GLA owned sites (landowner driven on how the site should be developed). Secondly, at the moment, the economics means that where sites are redeveloped, for example where units have come to the end of their economic life, a more traditional (i.e. single storey) redevelopment format is more profitable to deliver (we see this through the Showcase Cinema redevelopment proposals below) and preferred by the market. So even where it may be possible to develop more intensive formats there is currently no commercial logic to do so. To encourage the market to deliver multi-deck units the Council could look to bring forward a policy whereby the starting position for redevelopment is multi-deck development. The developer would need to demonstrate the reason why the site cannot come forward in this format e.g. site constraints, no market demand and/or not viable (although the local plan viability testing should test such a format to supplement this evidence base).

4.26 But, more concerning, was the finding that co-location results in the de-intensification of traditional B class employment space (manufacturing and logistics) and any uplift is secured via ‘E’ class space. This does not align with market demand and would support agents concern that co-location does not, generally, result in meaningful industrial intensification. However, we need to recognise that the market will evolve over the plan period and the strength of the market is driving both developers and occupiers to manage future expectations.

4.27 As we go on to review later in this chapter there are a number of LMUAs that are currently solely in industrial use, and that activity could under current policy be diluted by redevelopment involving non-employment activity, and we shall explore the option of re-designating these areas as LILs.

4.28 As we demonstrate later in this chapter, the rent/yield dynamic in the Borough is likely to be sufficient to enable viable development of the additional costs involved in building a multi-deck unit for lighter uses – including last mile delivery.

4.29 But viability is just one consideration. Even if development is viable further considerations are site configuration and type of neighbouring uses (commercial or residential and low or high rise). As can be seen from Figure 4.3 the massing needed to secure this amount of space on 3.3 hectares of land results in a very bulky unit that may be difficult to accommodate on some of the sites in the Borough. This is perhaps the main barrier which will prevent or hinder large scale intensification. Later in this section (Table 4.5) we consider which sites we consider could have potential for the type of multi-deck intensification coming forward in the GLA pilots.

Regional overview

General Profile – Greater London

4.30 London's industrial land[26] is primarily concentrated around the east (39.5%) and west (29.5%) sub-regions. With London's single largest employment area, Park Royal, located in the west. The north accounts for around 10.4% of London's industrial land supply, the second smallest total after central London. London's industrial land supply has been under pressure for many years from higher alternative uses such as residential which has led to a diminishing supply of space. Due to the competing land pressures in London, the GLA has been placing pressure on industrial developers to be more innovative in providing higher density solutions for example multi-storey units and / mixed-use industrial collocated with residential. But due to a combination of development economics (higher build costs) and occupier requirements (such as eaves height, floor loading, yard space and vehicle access) the market is being slow to respond to these solutions. How the general market has responded in some areas, is to take advantage of the weakening retail and leisure sectors and acquire retail/leisure parks to be repurposed e.g. Prologis bought Ravenside Retail, Edmonton for a small logistic hub[27]. Retail and leisure parks typically fit the location criteria set out in the London Plan[28] as being suitable to provide additional industrial capacity i.e. accessible to strategic road network and suitable for last mile distribution. The Borough has a number of such sites that could present opportunity for employment uses - Gallions Reach, Alpine Way and the Showcase Cinema site (these are discussed in the Development opportunities section below.

4.31 Demand for clean industrial/warehouse space across London is strong, this is driven by a range of industries such as: light manufacturing, industries servicing central locations, dark kitchens (Deliveroo etc.), retailers (such as Amazon and supermarkets), third party logistics (3PLs) and q-commerce (quick commerce i.e. those companies offering same day delivery). In addition, there are some Technology, Media and Telecommunications (TMTs) using industrial space (e.g. Telent Technology Services and Lycatel) which align with Community Wealth Building to support tech jobs as part of the future economy.

4.32 We also see some small units being used by creative industries who use the units in flexible ways e.g. part manufacturing, part office space, and warehousing.

[26] CAG, October 2017, London Industrial Land Demand, Page 27

[27] Property Week, 06 January 2020, Prologis swoops for Ravenside Retail Park in £51m deal with M&G

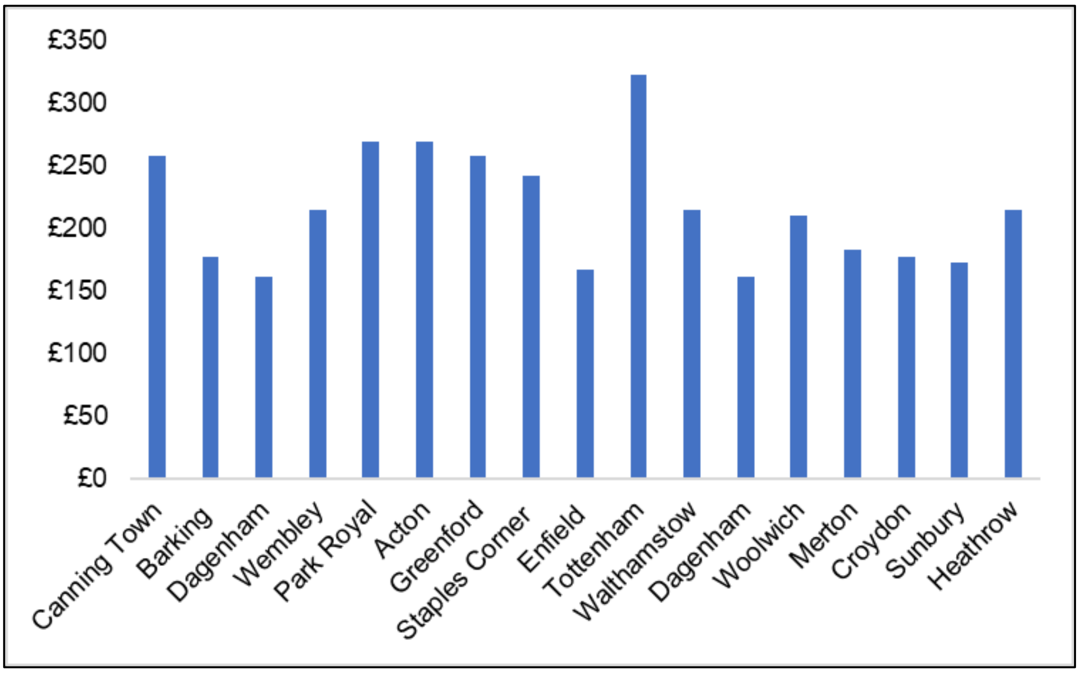
[28] Mayor of London, March 2021, Local Plan, Policy E, Paragraph D

4.33 Developers, investors, and occupiers are increasingly seeking industrial units that provide high levels of sustainability to meet their Environmental, Social and Governance (ESG) requirements. Furthermore, RICS has recently updated their valuation guidance note on ‘Sustainability and ESG in commercial property valuation and strategic advice’ which places an onus on the valuer to consider the various ways that sustainability and ESG can impact value. Developers’/investors are responding with SEGRO Park Newham having one unit with an EPC rating of A and the other A+, whereas the minimum standard to let a unit is band E. Out-with the Borough, SEGRO’s more recent (quarter 2 2022) scheme in Tottenham has been developed as carbon negative, BREEAM “outstanding” and EPC A+.

4.34 Therefore, over time, the existing stock that does not meet ESG requirements of occupiers and lenders may become redundant at a quicker rate. The current Local Plan Policy SC1 states that all major application that is not solely residential must be built to at least BREEAM “Excellent” – the market indicates that higher standards are now sought/being delivered and this should be reflected in any revised policy through seeking carbon negative development and BREEAM “outstanding”. Such an approach will not deter investment, because the market is already prepared to deliver this standard, and help the Council achieve its aim in the new Local Plan as being London’s greenest local economy.

4.35 Collier’s report (see Figure 4.4) that prime industrial rents for units between 929 - 2,787 sq m are highest in Tottenham at £323 psm. Park Royal and the surrounding areas of Greenford and Acton have rents between £258 - £269 psm. In the east, Collier’s report that prime rents in Canning Town are £258 psm, and then the further east you go (Barking and Dagenham) they fall to between £161 - £178 psm.

Figure 4.4 London prime industrial rents



Source: Colliers, Prime rents - small sheds map 2021 H2

General Profile – Newham Borough

4.36 The Borough has a strong industrial market due to the strategic road links and the availability of modern purpose-built accommodation compared to other boroughs.

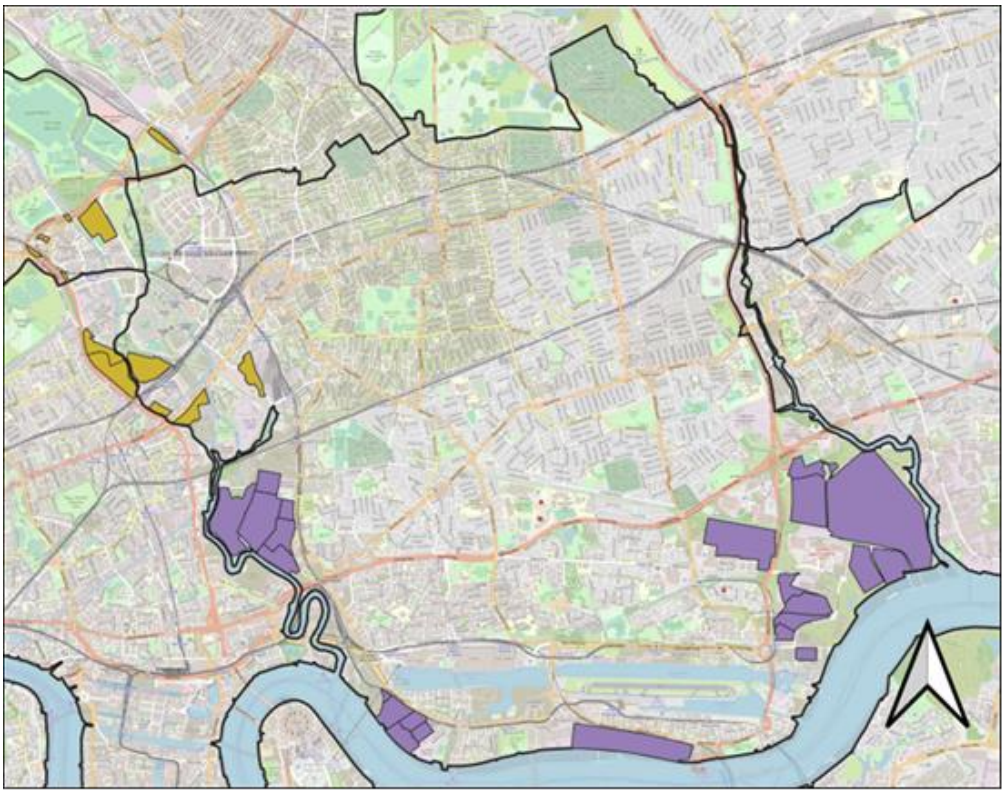
4.37 With regards to the road network, the A13 runs west to east through the Borough, and this provides a link to the port at Tilbury and central London. The A406 North Circular runs south to north near the eastern Borough boundary, the A406 provides a direct link to the A12 and M1 motorway. The A12 provides a north easterly link outwards to the ports of Harwich and Felixstowe.

4.38 As we go on to demonstrate, the Borough attracts a wide variety of sectors. There is evidence of a significant number of third party logistic (3PLs) companies along with trade counter operators and retailers – all of which are clean industries servicing the London market. There is also evidence of more traditional industrial, such as waste recycling, manufacturing, scrap metal, printing, vehicle repair and the Tate & Lyle facility. As we go onto demonstrate, these traditional industrial uses are predominantly found in the SILs and LMUAs.

Strategic Industrial Locations (SILs)

4.39 The Borough has 22 defined SILs (compromising of 5 core locations), as shown in Figure 4.5, which total 254 hectares, excluding the LLDC area. These SILs are located towards the west, south and east of the Borough boundary at British Gas/Cody Rd, Thameside West, Thameside East, London Industrial Park, Beckton and Bow Goods Yard (LLDC). These SILs are an important reservoir of industrial supply for London.

Figure 4.5 Location of LB Newham SILs



Source: ONS, QGIS, Urbà, London Borough of Newham, January 2022

London Industrial Park SIL

4.40 The London Industrial Park is located towards the east of the Borough. The park is accessed from the A117 Woolwich Manor Way, this in turn provides access to the A13 Newham Way.

4.41 At the entrance to the London Industrial Park is Beckton Retail Park (sits outside the SIL and part of Site Allocation S02 Alpine Way), which has occupiers such as Matalan, Home Bargains, Selco Building Merchants and Tops Tiles. Next after the retail park, is the well occupied London Industrial Park. The units here are purpose built with secure dedicated yard space, car parking, integrated offices and roller shutter doors – see Figure 4.6. The units at the park are more dated when compared to those found elsewhere in the Borough (see evidence below of Prologis Park, Gemini Business Park, and the two Segro parks), but it is still functioning well. Although the park functions as a single industrial area, ownership is fragmented with CoStar showing various investment sales occurring for individual units.

Figure 4.6 Examples of industrial units, London Industrial Park SIL

Units 1 - 7	Thales unit
	
Units 26 - 32	**Units 21 - 25**
	

Source: Urbà, November 2021

4.42 Occupiers at the park include Britvic (soft drinks supplier) in a 40,000 sq m unit, Thales (transport) in a 2,200 sq m unit, ABET (laminate manufacturer) in a 3,300 sq m unit, Delamode (3PL) in a 6,100 sq m unit, and Ministry of Communities & Local Government (public sector) in a 3,300 sq m unit. Market knowledge suggests that occupiers are attracted to the park due to compatible neighbouring uses, availability of large industrial units and the good transport links in and out of London. The success of the park is illustrated through only one unit currently being available to let.

4.43 The current layout of the park and its size (approximately 22 hectares), and suitable neighbouring uses of retail, could lend itself to site intensification. But given that the units are well occupied to a number of blue-chip occupiers,[29] the inherent value this brings, currently makes site intensification unviable but in the short-term provides space which is in demand from occupiers. We see, towards the end of the plan period, there could be scope for a development of the scale of the G Park application proposal, but this is subject to suitably sized sites being available e.g. a single large site being released or smaller sites being assembled. An example of a larger site in the park which could be suitable for a development of the scale G Park application proposal would be the Britvic site, although we understand that there are no plans for them to vacate and the site was expanded in financial year 2014/15. Should suitable sites come forward in the short to medium term, the demand for the space combined with the rents achievable (further details provided below) mean that the space remains viable in its existing form and hence there is no incentive to seek site intensification. We recommend that the park is identified for site intensification towards the end of the plan period, but cannot be relied on in the short term for additional floorspace.

Beckton Riverside SIL

4.44 Bounded by the River Thames and Roding and the A13 and North Circular (A1020) and with the London Industrial Park immediately to the west, the Beckton Riverside SIL occupies the southeast corner of the Borough. The SIL comprises a number of parcels that are identified as parcels with scope for intensification - with the Sewage Treatment works much the largest and also the Jenkins Lane waste management facilities, Gemini Business Park, DLR Depot and the Beckton Waterfront Business Park.

4.45 The remaining SIL parcels are identified for managed release to deliver the major new neighbourhood at Gallions Reach – these being the Beckton Gas Works and the vacant land East of Armada Way, with the exception of the northern most part (7 ha) which is safeguarded for potential future waste management use. The SIL wraps around the Gallions Reach Shopping Centre that is the focus of Site Allocation S01 Beckton Riverside – the new neighbourhood. The area of SIL identified for managed release is large, and should plans for the new neighbourhood change, or should the DLR line extension not materialise then some or all of the SIL land identified for release should return to SIL uses. The area has locational advantages – road connections and proximity to the CAZ that make it highly attractive for the logistics/distribution sector.

4.46 With regards to the industrial accommodation on the Gemini Business Park, the units are modern with secure dedicated yard space, car parking, integrated offices and roller shutter doors – see Figure 4.7. The park is well occupied, with many companies occupying two units. The park has attracted the Royal Mail in an 8,850 sq m unit as well as multiple 3PLs such as Parcelforce Worldwide in a 10,760 sq m unit, FedEx Express in four units that total 2,350 sq m, Hermes in two units that total 1,790 sq m and E-courier in a single unit of 785 sq m unit. In addition, the park has attracted HSS Hire (plant hire) in a single 5,290 sq m unit, Task Systems (contract furniture) in two units that total 2,180 sq m unit and Lycatel Distribution (telecommunications) in a 660

[29] Financially sound company, such as a FTSE 350 company, that is able to meet its lease obligations

sq m unit. Again, although the park functions as a single industrial area ownership is fragmented with CoStar showing various investment sales occurring for individual units.

Figure 4.7 Examples of industrial units, Gemini Business Park SIL

Source: Urbà, November 2021

4.47 Occupiers are attracted to the area due to compatible neighbouring uses, availability of large industrial units with good transport links in and out of London. In addition, the modern nature of units is attractive to occupiers.

4.48 The current layout of the park, the low intensity retail area and its size (approximately 10 hectares) could lend itself to site intensification. But again, given that the units are well occupied to a number of blue-chip occupiers, the inherent value this brings, currently make site intensification unviable. We see at the end or beyond the end of the plan period, there could be scope for a development of the scale of the G Park planning application proposal, but this is subject to suitable sized sites being available e.g. combining the two northern buildings at Unit A Parcelforce and Unit B Chan Brothers could provide a suitable sized opportunity. During the plan period these units provide an important supply of good quality purpose-built space which is in demand.

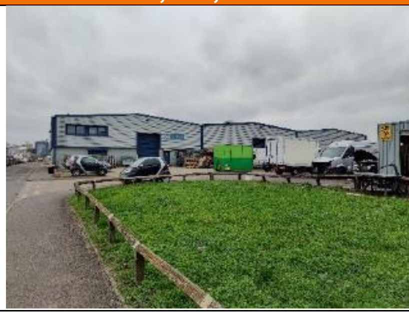
Thameside East SIL

4.49 Thameside East SIL is located in the south/east of the Borough. The site is accessed to the east via Store Road, with the principal route running through the site being Factory Road. Store Road provides a direct link to the A112.

4.50 The Thameside East SIL is a mixed industrial area comprising:

- **Standard Industrial Estate -** provides small, dated purpose-built industrial units (see Figure 4.8), and occupiers include Russell Trew (roofing and building contractor) in a 260 sq m unit, London Taxi Repair Centre (vehicle repair) in a 100 sq m unit and Supreme Wholesale (food wholesaler) in a 107 sq m unit. At the stakeholder event it was stated that occupiers are attracted to this area because it provides “low cost” space close to central London, with these occupiers unable to pay the higher rents sought elsewhere. Therefore, the space serves an important role in providing a range of accommodation in the Borough.

Figure 4.8 Examples of industrial units, Standard Industrial Estate

Units 3D, 3E, 3F Standard Ind Est	Units 3A, 3B, 3C Standard Ind Est
	

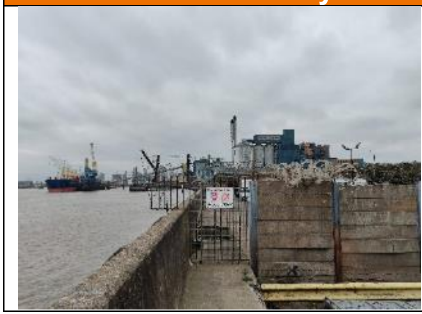
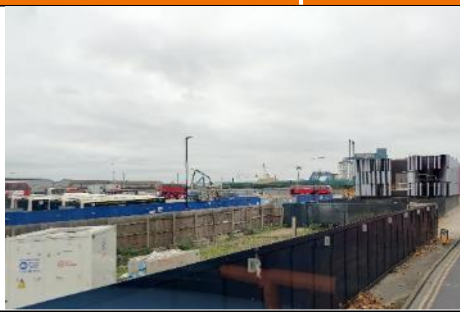
Source: Urbà, November 2021

Standard Industrial Estate has a small footprint which makes largescale site intensification of the form of a G Park or Albert Island planning application proposals difficult, but there could be some scope for small, stacked units here (see Figure 4.3). As stated above, there is currently much uncertainty on the delivery of this concept, therefore we do not see this type of development occurring here in the short-term. Furthermore, demand for the current space combined with the rents achievable (further details provided below) mean that the space remains viable in its existing form and hence there is no incentive to seek site intensification. Therefore, we see site intensification at Standard Industrial Estate being a medium/longer-term aspiration in the plan period. This could potentially be combined with the wider redevelopment of the North Woolwich Gateway (policy reference S04), which is identified for employment-led mixed-use redevelopment and is a cleared site that has scope for intensification of industrial uses.

- **Tate & Lyle** – as shown in Figure 4.9 the site is an operational factory site with direct wharf access. The Thames Refinery wharf[30] is protected by the Safeguarding Directions issued by the Secretary of State for Housing, Communities and Local Government. The site is significant in size and covers the majority of the western end of the SIL. Part of the site comprises is used for warehousing and logistics. There are no current plans for the occupier to move, but could provide a long-term redevelopment for site intensification of the scale of the G Park or Albert Island planning application proposals. We recommend that the site is identified for site intensification, but not relied on in the plan period to generate additional floorspace.

[30] Referenced as Thames Refinery

Figure 4.9 Examples of industrial units, Thameside East SIL

Tate & Lyle	Bus depot
	

Source: Urbà, November 2021

- **Thameside Industrial Estate** - comprises former factory units where the GLA have ambitions for 'Projekt' to provide affordable workspace and even space.
- **Silvertown Bus Garage** - as shown in Figure 4.9 the site is currently cleared and subject to a planning application (reference 20/02477/FUL) for a bus garage of 151 buses, including ancillary six-bay workshop and office building.

Thameside West SILs

4.51 As shown in Figure 4.10 Thameside West SILs comprises five co-located SILs. These SILs are located in the south of the Borough and are accessed from the A1020 North Circular.

Figure 4.10 Thameside West SILs

Source: London Borough of Newham, Urbà, February 2022

4.52 Thameside West SILs is a significant regeneration area of approximately 18 hectares. The site is partly owned by GLA Land and Property Ltd (a subsidiary company of the GLA) - Figure 4.11 shows the development opportunities for the area.

Figure 4.11 Thameside West SILs Development Proposals

Source: London Borough of Newham

4.53 The Thameside West SIL is a mixed industrial area comprising:

- **Silvertown Landing SIL** – forms part of the wider area which is subject to a consented hybrid (outline and detailed) application named 'Thameside West' (reference 18/03557/OUT). The red line boundary for: the outline planning application runs from Bell Lane in the south to the A1020 to the north, therefore encompasses the Silvertown Landing SIL, part of the Nuplex SIL and land to the north which sits out-with the Thameside West SILs. The development proposals are: [31]
  - **Phase 1 (subject to the detailed application):** erection of two linked brick-clad buildings ranging in height from 13 to 21 storeys, containing 401 residential units on floors 2-21, with ancillary uses and external shared amenity space at first floor level. Flexible employment floorspace (Use Classes B1b, B1c, B2 (restricted) and B8) of 3,608 sq m is proposed at ground/mezzanine level, along with 230 sq m of flexible retail floorspace (Use Classes A1-A4).
  - **Phases 2-11 (subject to the outline application):** erection of buildings of up to 26 storeys. A new local centre is proposed around the new Thames Wharf DLR Station, including flexible retail floorspace (Use Classes A1-A4), a four form-entry primary school, a nursery (Use Class D2), and other community and leisure space (Use Classes D1 and D2). Approximately 4,599 residential units are proposed, spread across all outline phases. Approximately 833 sq m of flexible employment floorspace (Use Classes B1b, B1c, B2 (restricted) and B8) is proposed beneath residential uses as part of Phase 2, and approximately 15,000 sq m of flexible employment floorspace (Use Classes

[31] GLA, 05 August 2020, representation hearing report GLA/4039c/03

B1c, B2 and B8) in a standalone building between the Silvertown Tunnel portal and the elevated DLR/Dock Road, as part of Phase 3.

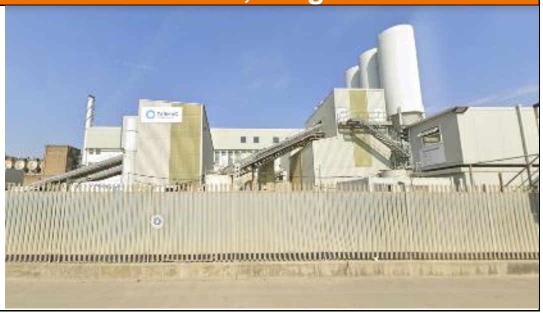
- Site Allocations S08 'Thames Wharf' covers the northern two thirds of the Application Site; and S09 'Silvertown Landing' cover the southern third of the Site. The application site mostly comprises non-designated industrial land, with the south-east corner of the Site (1.9 hectares), as part of Site Allocation S09, being within the 'Thameside West' SIL. The Site comprises a variety of industrial/business/wharf uses, with open storage/yards and a limited number of low-rise buildings, some which are now vacant, ahead of demolition in connection with the Silvertown Tunnel DCO. Over 19,000 sq m of industrial floorspace is proposed, therefore re-providing the existing SIL (S09) of 1.9 hectares / 19,000 sq m – but this is being brought forward in the wider scheme i.e. not Phase 1, with the major industrial component of 15,000 sq m to be delivered in Phase 3.

- **Nuplex SIL** - the site comprises Pinchin's Wharf/Allnex Paint Factory which has a number of traditional factory buildings that do not meet modern occupier requirements. As mentioned above, part of this SIL is subject to hybrid application. In addition, the balance of the site has a current planning consent (ref:21/00939/FUL) in relation to enabling works. The planning application makes reference to this site being 4.66 hectares in size, therefore, size wise, it has the potential to provide a multi-deck unit of the scale of the G Park planning application proposal should the site be comprehensively redeveloped. Although consideration would need to be made with the relationship between this site and neighbouring development proposals.
- **Central Thameside West including Wharves SIL (Strategic Site S07) –** Central Thameside West comprises the proposed G Park development which is outlined in Figure 4.1. The wharves comprise:
  - Peruvian Wharf (safeguarded wharf) – this was bought in 2016 by the PLA, with the principal tenant Brett Group who operate the site for marine and river-borne aggregates and related products. Brett Group deliver materials into London by river and rail.[32]
  - Plaistow Wharf (one half of Peruvian Wharf on S07) – has a planning permission (ref 18/03543/FUL) for the relocation of waste transfer from Thames Wharf to Plaistow Wharf.
  - Royal Primrose Wharf (safeguarded wharf) – this was bought in 2019 by the Port of London Authority (PLA) to be used to handle cargo on the Thames.
- **Tate & Lyle** – as shown in Figure 4.12, the site is predominantly the Tarmac factory facility. Although the existing buildings are suitable for the existing occupiers, they do not necessarily meet modern occupier requirements. We are not aware that the existing occupier wishing to relocate, but should they vacate the site then provides a redevelopment opportunity for industrial uses. The site is circa. 2.5 hectares which may make a G Park style development of the scale of

[32] https://www.brett.co.uk/news/first-cargo-arrives-at-peruvian-wharf#:~:text=The%20development%20of%20Peruvian%20Wharf,fed%20concrete%20plant%20at%20Peruvian

the G Park planning application proposal difficult to deliver but multi-deck development should be encouraged. Although consideration would need to be made with Strategic Site S20 to ensure an integrated approach with development, give the current low rise nature of development along the eastern boundary on Knights Road.

Figure 4.12 Examples of industrial units at Tate & Lyle SIL

Tarmac site, Knights Road	Tarmac site, Knights Road
	

Source: google & CoStar November 2021

British Gas/Cody Rd SIL

4.54 As shown in Figure 4.13, the British Gas/Cody Road SIL is a cluster of industrial areas located in the west of the Borough in Canning Town. Access to the industrial area is through Stephenson Street in the south and Twelvetrees Crescent in the north. Stephenson Street is accessed via the A13 and Twelvetrees Crescent is accessed via the A12. Immediately to the east is the Bidder Street LMUA which lies between the railway/Stephenson Street and the SIL and most of the activity is heavy industrial.

Figure 4.13 British Gas/Cody Rd SIL

Source: London Borough of Newham, Urbà, February 2022

4.55 The SIL is a mixed industrial area, with the entrance on Stephenson Street seeing dated units occupied by traditional industries. At the entrance at Twelvetrees Crescent, there are modern purpose-built units occupied by cleaner industries. Units of various ages are dispersed between the two entrances. We now provide analysis of the core industrial areas within the SILs:

- **Cody Road Business Centre** – is located towards the north, off North Crescent. As shown in Figure 4.14, the units are modern purpose-built with secure dedicated yard space, car parking, integrated offices and roller shutter doors. Occupiers here include:
  - A J Services Marine (3PL) in a 555 sq m unit
  - UK Mail (3PL) in a 3,600 sq m unit
  - Epax Transport (3PL) in a 230 sqm unit
  - Iron Mountain (distributor of media backup and storage) in a 11,400 sq m unit

Figure 4.14 Examples of industrial units, Cody Business Centre

Unit 2E	Unit 1B
	

Source: Urbà, November 2021

  - **Project Park** – is located towards the north of the SIL off North Crescent. As shown in Figure 4.15, the park is a small terrace of modern purpose-built industrial units with roller shutter doors, small dedicated yards and car parking spaces. Occupiers at the park include:
    - Wolseley (trade counter) in a 126 sq m unit
    - AP Landragin (engraving company) in a 127 sq m unit

Figure 4.15 Examples of industrial units, Project Park

Entrance, Project Pak	Units 2D/1 – 2D/6
	

Source: Urbà, November 2021

- **Electra Business Park (Segro Park Canning Town)** – is located towards the west and was bought by the developer/investor Segro in 2021. CoStar reports that the park was sold for £133 million, reflecting a 2.58% net initial yield and capital value of £6,308 psm.[33] The park was developed in 2002 and comprises 10 units which total 21,195 sq m. As shown in Figure 4.16 the units provide modern purpose-built accommodation with dedicated yard space and car parking. Occupiers at the park include:

- Crisis (charity) in a 2,675 sq m unit
- CCF (insulation and interior building product) in a 3,320 sq m unit
- Cubic Transportation System (technology) in a 3,260 sq m unit

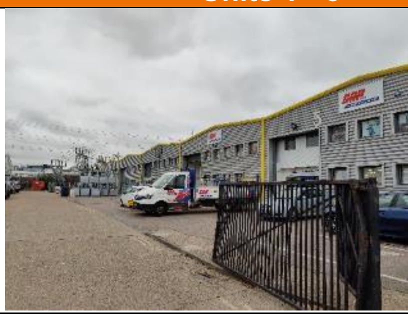
Figure 4.16 Examples of industrial units, Segro Park Canning Town

Unit 4	Unit 1
	

Source: Urbà, November 2021

- **Europa Trade Park** – is located towards the east of the SILs and as shown in Figure 4.17 the park is a small terrace of modern purpose-built industrial units with roller shutter doors and small dedicated yard and car parking spaces. Occupiers at the park include:
  - DHL (3PL) in 2,465 sq m across two units
  - Gap (trade counter) in 1,560 sq m across two units
  - Dean & Wood (distributor of refrigeration and air conditioning) in one unit of 590 sq m

Figure 4.17 Examples of industrial units, Europa Trade Park

Entrance, Europa Trade Pak	Units 1 - 5
	

Source: Urbà, November 2021

- **Crescent Court Business Centre** – is also located towards the north of the SIL, off North Crescent. As shown in Figure 4.18 the units are modern purpose-built

[33] CoStar, 21 October 2021, SEGRO Buys Canning Town's Electra Logistics Park for £133M

with dedicated yard space, car parking, integrated offices and roller shutter doors. Occupiers here include:

- Datascope Systems (access management systems) in a 240 sq m unit
- Eurocell Building Plastics (PVCu manufacturer and distributor) in a 155 sq m unit
- London Tool Hire (trade counter) across two units that total 490 sq m

Figure 4.18 Examples of industrial units, Crescent Court Business Park

Crescent Court units 1- 5a	Galaxy @ Crescent Court
	

Source: Urbà, November 2021

- **Canning Town Business Park –** is located to the east of the SIL, at the junction of Cody Road/Stephenson Street. Goya Development built this park in 2014 as a mix of trade counter, industrial/warehouse and business units. The entire park provides 12 units that total 6,530 sq m. As shown in Figure 4.19, the park provides modern purpose-built industrial units with roller shutter doors and dedicated yard space and car parking. Occupiers here include:
  - Edmundson Electrical (trade counter) in a 690 sq m unit
  - City Electrical Factors (trade counter) in a 260 sq m unit
  - HSS Hire (plant hire) in a 315 sq m unit

Figure 4.19 Examples of industrial units, Stephenson Street

Units 1 -3	Unit 1
	

Source: CoStar, November 2021

- **Prologis Park** – is located towards the west of the SIL, at the Twelvetrees Crescent entrance. As shown in Figure 4.20, the park provides modern purpose-built units with secure dedicated yard space, car parking, integrated offices and roller shutter doors. Occupiers here include:

- Sainsbury's online fulfilment centre (retailer) in a 17,190 sq m unit. But CoStar reports that Sainsbury's will close its fulfilment centre[34] by March 2022 as they shift to provide their online offering through their stores, which is part of their strategy in consolidating their high street presence. The closure was confirmed at the stakeholder workshop and agents reported that the unit is currently being marketed.
- Amazon (online retailer) in a 13,190 sq m unit.
- Bywaters (waste management) in a 21,240 sq m unit.

Figure 4.20 Examples of industrial units, Prologis Park

Sainsbury's Fulfilment Centre	Amazon unit
	

Source: Urbà, November 2021

4.56 Overall, these parks/estates are attractive to occupiers because they provide modern purpose-built units across a range of sizes in a location that has easy access into central London. Also, the size of the area means that it can attract like-minded uses and there are no bad neighbour issues.

4.57 As demonstrated, this area is well occupied by a number of blue-chip occupiers,[35] the inherent value this brings, currently makes site intensification unviable – this was also acknowledged by the stakeholders at the virtual event. Site intensification here cannot be relied on for the delivery of more floorspace during the plan period as sought by Policy E7 of the London Plan, therefore placing pressure elsewhere in the Borough to increase capacity. But given the size and nature of the area, this could be seen as a longer-term opportunity for site intensification, with the larger industrial estates such as Prologis Park and Electra Business Park being of a suitable size to support development of the scale G Park or Albert Island planning application proposals. The other estates/parks are not of sufficient scale, so would be more suited to providing small, stacked units by way of site intensification.

4.58 Where there is an opportunity is towards the south of the SIL along Bidder Street, where there is a cleared site. As we go onto explore later in this chapter there is an opportunity to redesignate this area as a LMUA could improve the prospects for intensification and assist with improved place-making linked to the close by Canning Town district centre/station. But in-turn, new SIL land would be provided through redesignating Bidder Street LMUA and Stephenson Street LIL to SILs to help meet

[34] https://www.hsssearch.co.uk/grocer-close-London-fulfilment-centre

[35] Financially sound company, such as a FTSE 350 company, that is able to meet its lease obligations

industrial need in the borough and enhance the integrity of the SIL as an industrial location.

Bow Goods Yard

4.59 Bow Goods Yard is located to the south of the London Stadium and currently comprises a concrete batching plant (see Figure 4.21) and SIL safeguarded rail heads and associated bulk freight distribution of B2 and B8 uses. The site is approximately 12.43 hectares, the element of the site not subject to railhead safeguarding could accommodate a multi-deck development of the scale of the G Park planning application proposals, but in the short-term we are not aware of any proposals to relocate/remove the concrete batching plant, therefore this element of the site should be considered as a medium to longer term opportunity.

Figure 4.21 Bow Goods Yard

Source: Urbà, November 2021

Conclusion SILs

4.60 The majority of the SILs in the Borough are fully built-out, providing good quality accommodation to many blue-chip occupiers who service both the Borough and the central London markets. These built-out areas have significant inherent value, particularly on the British Gas/Cody Rd SIL, which means that site intensification, even when in the form of multi-deck units, is not currently viable. In the short to medium term this is not a concern as these units meet modern occupiers' current requirements.

4.61 The situation around Silvertown is more complex because the mix of the existing SILs here is different compared to the rest of the Borough; here we see cleared sites, older purposes built factories, wharves and the accommodation is dated industrial units. The size of the SILs in Silvertown present future opportunities, it is still fit for redevelopment as evidenced by G Park. Beckton Riverside has areas identified for managed release that if the new neighbourhood doesn't come forward as initially proposed should be returned to industrial use. Bows Goods Yard, located to the west of the Borough also has potential to meet modern occupier requirements, and provides a redevelopment opportunity for multi-deck units, should the existing occupier vacate.

4.62 Overall, the SILs are performing well and should be protected and enhanced where possible because they provide an important supply of industrial accommodation for the Borough and the central London markets. The greatest scope for intensification on the SILs is limited to those around Silvertown, possibly Beckton and Bow Good Yard – these are either cleared sites or have some of the poorest quality stock. A masterplan approach should be considered here to ensure the market delivers intensified floorspace. Details of each of the SILs are set out as follows:

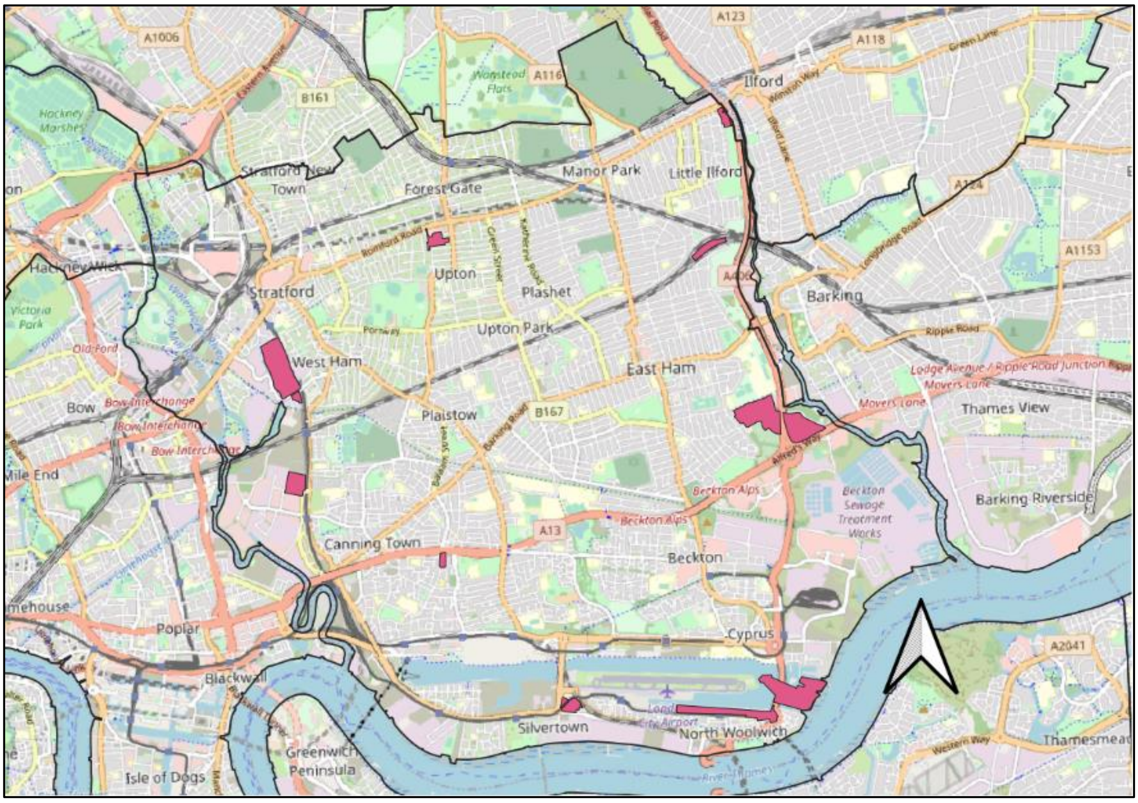
- **London Industrial Park SIL** – the existing stock here is more dated than that found elsewhere in the Borough, but it is performing well with high occupancy and good quality occupiers. The site lends itself to intensification but the inherent of the existing units currently makes it unviable in the short-term. The site should however be considered suitable for site intensification in the medium to long term.
- **Beckton SIL** – Gemini Business Park business park is performing well. The units here are newer than those found at London Industrial Park, and have also attracted good quality occupiers. Again, the site lends itself to intensification, but there is too much inherent value to make it viable in the short-term. The site should however be considered suitable for site intensification in the medium to long term. Should the plans for the new neighbourhood (in Strategic Site S01) be revised and less SIL required to deliver this, then the remaining land should be returned to SIL.
- **Thameside East SIL** – is a mixed industrial area which includes Standard Industrial Estate, Tate & Lyle and Silvertown Bus Garage. Although the units at Standard Industrial Estate are dated the provide important “low cost” space for occupiers. Due to the size of the estate, largescale site intensification is not suitable but small stacked units would work as a standalone development - we would not consider this to be viable in the short-term, therefore should be considered a medium to longer term opportunity in the plan period. Alternatively, the eastern area has the potential to be combined with the wider redevelopment of the North Woolwich Gateway (Strategic Site S04) which is identified for employment-led mixed-use redevelopment. The eastern area could be intensified to create additional floorspace and help form a buffer between the SIL and the strategic site.
- **Thameside West SILs** – represents a significant redevelopment opportunity area and forms part of the Council’s managed release in the current plan. The majority of Silvertown Landing SIL, part of the Nuplex SIL and land beyond are subject to hybrid planning application, which if delivered will provide a mix of employment, retail and residential space. There is greater uncertainty regarding the proposed G Park on Central Thameside (Strategic Site S07), but given the site size, multi-deck development should still be supported here to help meet the GLA’s aim for industrial intensification and ease the pressure on other areas that in the short to medium are not viable for intensification. The Tarmac factory facility meets the existing occupier but not modern occupier requirements. Should the site become vacate then redevelopment for multi-deck units should be encouraged. But as we are not aware the existing occupier is seeking to vacate then this cannot be relied on to deliver more floorspace in the plan period.

- **British Gas/Cody Rd SIL** – this area is an important industrial area for Borough and wider London market. Here we find a broad range of size and age of units, the majority of which are good quality meeting occupier requirements. Site intensification here cannot be relied on for the delivery of more floorspace during the plan period due to the inherent value of the existing stock. But given the size and nature of the area, this could be seen as a longer-term opportunity for site intensification. Reconfiguration of the southern extent of the SIL and the adjacent LMUA could improve the prospects for intensification and assist with improved place-making linked to the close by Canning Town district centre/station.

Local Industrial Locations (LILs)

4.63 The Borough has 12 LILs which total approximately 61 hectares, as shown in Figure 4.22 the distribution of these is more dispersed through the Borough compared to the SILs. By their very nature, the LILs are smaller in size than the SILs, but as we demonstrate below, they are still an important reservoir of industrial supply, including alleviating pressure on SILs and supporting industrial capacity.

Figure 4.22 Location of LB Newham LILs



Source: ONS, QGIS, Urbà, London Borough of Newham, January 2022

Nursery Lane LIL

4.64 Nursery Lane LIL is located towards the north of the Borough, just off A114 Upton Lane. Nursery Lane is a small industrial area and as shown in Figure 4.23 the units are dated and have high site coverage and poor access for modern occupier requirements. The site is occupied by Hovis Bakery.

Figure 4.23 Examples of industrial units, Nursery Lane

Hovis Bakery site	Hovis Bakery site
	

Source: Googlemaps, Urbà, November 2021

4.65 Despite the constraints of the site (size, layout and neighbouring uses), it should be protected because there is very little alternative industrial accommodation in this area of the Borough. But the small and tight nature of the site and the existing high site coverage combined with neighbouring uses means there is limited scope for meaningful site intensification here. Redevelopment here is considered a medium to longer term opportunity.

Grantham Road LIL

4.66 Grantham Road LIL is located towards the east of the Borough, just off the A406 North Circular. The industrial area comprises just two occupiers Enterprise (car rental) and The Gym (leisure facility) – see Figure 4.24. To the north of the site is the Tunnelling and Underground Academy and to the east (other side of the North Circular) are a mix of uses that form Ilford Hill.

Figure 4.24 Examples of industrial units, Grantham Road

Enterprise Rental	Gym unit
	

Source: Urbà, November 2021

4.67 In isolation, the two units here with their existing uses do not appear to provide much of an industrial offer for occupiers i.e. two standalone units. But, when considered in the context of its proximity to the Aldersbrook LUMA to the north and the commercial offer of Ilford to the east, it is complementary in creating an economic cluster. Furthermore, there is a lack of safeguard industrial sites in this part of the Borough, and the LIL provides an important industrial offer to support the Council's 15-minute city concept as part of available employment provision and economic opportunities.

4.68 Given the two units are occupied by good covenants, there is inherent value, which means site intensification in the short-term is unviable. Medium to longer term in the plan period, the two sites combined provide an opportunity for site intensification in the form of small, stacked units.

Beckton Gateway LIL

4.69 Beckton Gateway is located to the east of the Borough, just off the A13 Newham Way at the junction with A406/A1020 North Circular, and is a regeneration area that has involved the redevelopment of the former Gas Works. SEGRO Park Newham was built across 2018/19. The park provides two purpose-built warehouse/distribution space with dedicated yards and car parking - see Figure 4.25. The occupiers of the units are DHL (3PL) who took a pre-let of a 4,785 sq m unit and DPD (3PL) in a 4,180 sq m. CoStar reported[36] that DHL took their unit for a last-mile facility

Figure 4.25 Examples of industrial units, Beckton Gateway

Depot entrance, Folkestone Road (LIL 6)	Unit 1, Segro Park, Newham (LIL7)
	

Source: Urbà, November 2021

4.70 The size, specification and location of the units at Segro Park Newham meant they were attractive to 3PLs, especially as there is a lack of availability of similar units in the Borough and the wider London market. Given the two units are very recent and occupied by blue-chip businesses there is inherent value, which means site intensification during the plan period is unviable. Beyond the plan period there may be scope for site intensification in the form of the scale set in the planning application for G Park, if the site can be redeveloped as a whole.

Canning Road East LIL

4.71 Canning Road East LIL is located in the west of the Borough, just south of the Jubilee Depot, and adjacent to the Canning Road LMUA. The LIL includes Abbey Trading Point, and as shown in Figure 4.26 the units at the entrance are two 3-storey offices with single storey dated purpose built industrial units to the rear. Several of the industrial occupiers are using shipping containers for overflow space. Occupiers here include Elite Event (caterers) and Liquid Glug (self-storage). Office space at Max House has been lost through PDR.

4.72 Despite the space functioning well for industrial uses, a more coherent approach to avoid piecemeal loss of space would be to redesignate to a LMUA and this will allow Canning Road East LIL to tie-in with Canning Road West LMUA – this is turn would provide an opportunity for a more comprehensive redevelopment of this area.

[36] https://www.segro.com/media/press-releases/2020/10-02-2020?sc_lang=en

Figure 4.26 Examples of employment space, Canning Road LIL

Max House	Entrance of LIL
	

Source: google, April 2021

Folkestone Road LIL

4.73 Folkestone Road LIL Is located adjacent to the Beckton Gateway and comprises Jenkins Lane Sewage Works and the Council's Vehicle Pound.

4.74 The Council site is at low occupancy and does provide scope for intensification, especially the Vehicle Pound, which is effectively a car park. Should the Council vacate all or part the site, it should be redeveloped for multi-deck industrial units – these will be attractive to 3PLs and retailers. Given the current active uses on the site we see redevelopment here occurring in the medium to longer term.

St Mark's Industrial Estate LIL

4.75 St Mark's Industrial Estate LIL is located south of the Borough, south-west of London City Airport. The Estate is accessed off the North Woolwich Road, which provides a link onto the A13 Newham Road. This LIL forms part of the Connaught Riverside Strategic Site (policy S23) supporting industrial and warehousing at this location. As shown in Figure 4.27 the units here are purpose-built, although dated, which benefit from dedicated serviced yards and car parking. Occupiers include Strong Vend (vending distributor) in a 580 sq m unit and Platinum Graphix Imaging (digital printing) in a 595 sq m unit.

Figure 4.27 Examples of industrial units, St Mark's Industrial Estate

Units 1A - G	Units 2H – 2K
	

Source: Urbà, November 2021

4.76 Similar to those units found at Thameside East, the units at St Mark's provide affordability for occupiers, and as such provides an important offer for a balanced market. But as the units start to approach the end of their economic life, possibly around the mid-point of the plan period, then redevelopment may become viable.

Policy S23 sets out a clear vision for this area, and we see that St Mark's providing an opportunity in providing small flexible units, potentially as part of the wider mixed use development within the Strategic Site. Its proximity to the airport remains appropriate for a LIL designation, with potential for co-location and small scale light industrial intensification.

Butcher's Road LIL

4.77 Butcher's Road LIL comprises the Mint Business Park and is located just off the A13 Newham Way. As shown in Figure 4.28 the park comprises relatively modern purpose-built industrial units with dedicated secure service yard and car parking. Occupiers at the park include Cyberdog (clothing) in a 620 sq m unit and Universal Security Systems (technology) in a 465 sq m unit.

Figure 4.28 Examples of industrial units, Butcher's Road

Unit A	Units B - D
	

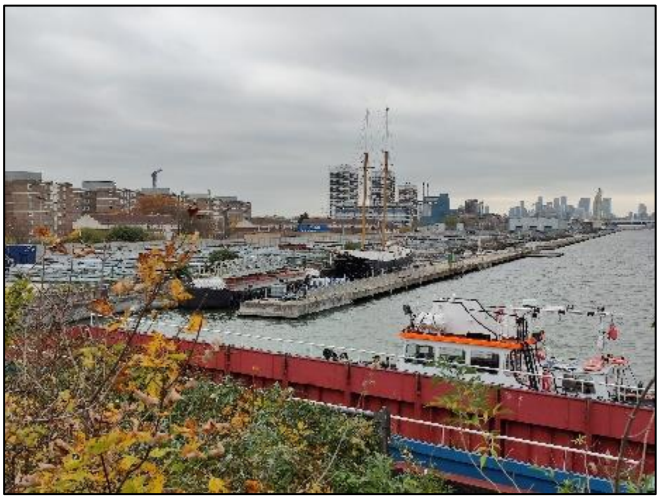
Source: Urbà & CoStar, November 2021

4.78 Butcher's Road provides an important offer in terms of good quality units attractive to small and mid-sized businesses. The quality of units at Butcher's Road and the rents achievable combined with being fully occupied mean that there is too much inherent value to make site intensification viable in the short term. We therefore see it being suitable to redevelopment, in the form of small stacked units, in the medium to longer term.

East of City Airport LIL

4.79 The East of City Airport LIL is located in the southern part of the Borough, south of London City Airport and King George V Dock. As shown in Figure 4.29 the eastern part of the site is currently being used for a taxi feeder park with its consent set to run until 2026/7. The 2020 masterplan identifies the rest of the site for potential consolidation of support facilities, including fuel farm and centre of excellence. This element of the site has the potential to be more intensively used, either in accordance with the masterplan or freight and distribution uses in the form of multi-deck units. Given the uncertainties in the masterplan, we would envisage any redevelopment of the site out-with the taxi feeder park to occur towards the end of the plan period.

Figure 4.29 East of City Airport LIL



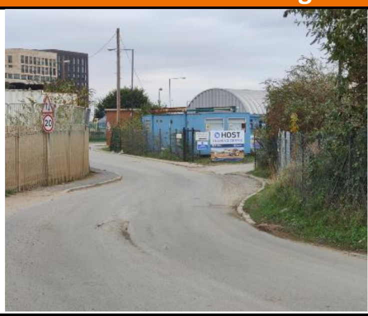
Source: Urbà, November 2021

Albert Island LIL

4.80 Albert Island LIL is located in the east of the Borough, to the east of London City Airport. Albert Island is accessed off the A117 Woolwich Manor Way. As shown in Figure 4.30 Albert Island is predominantly a mix of open storage and single storage industrial units. Part of the site has a height restriction due to the tunnel under the A117. Occupiers here include Hands in Skills Training ((HOST) training centre) and Corbyn (groundwork and RC frame contractor).

4.81 Due to the low-density nature of the existing uses, there is scope for site intensification - this is reflected in the development proposals for the site previously set out in this chapter. Given its strategic links the site would be attractive for warehouse and strategic occupiers. Albert Island should be protected as a LIL and if the current development proposals are not brought forward then similar multi-deck development should be encouraged.

Figure 4.30 Examples of employment space, Albert Island LIL

TSL Site	HOST Training Centre
	

Source: Urbà, November 2021

LILs Conclusion

4.82 The LILs are also performing well and are providing an important function so. all of the of LILs should be protected with the exception of Canning Road East where because of opportunities for a more comprehensive approach to future redevelopment and to reflect PDR losses we recommend re-designating as a LMUA.

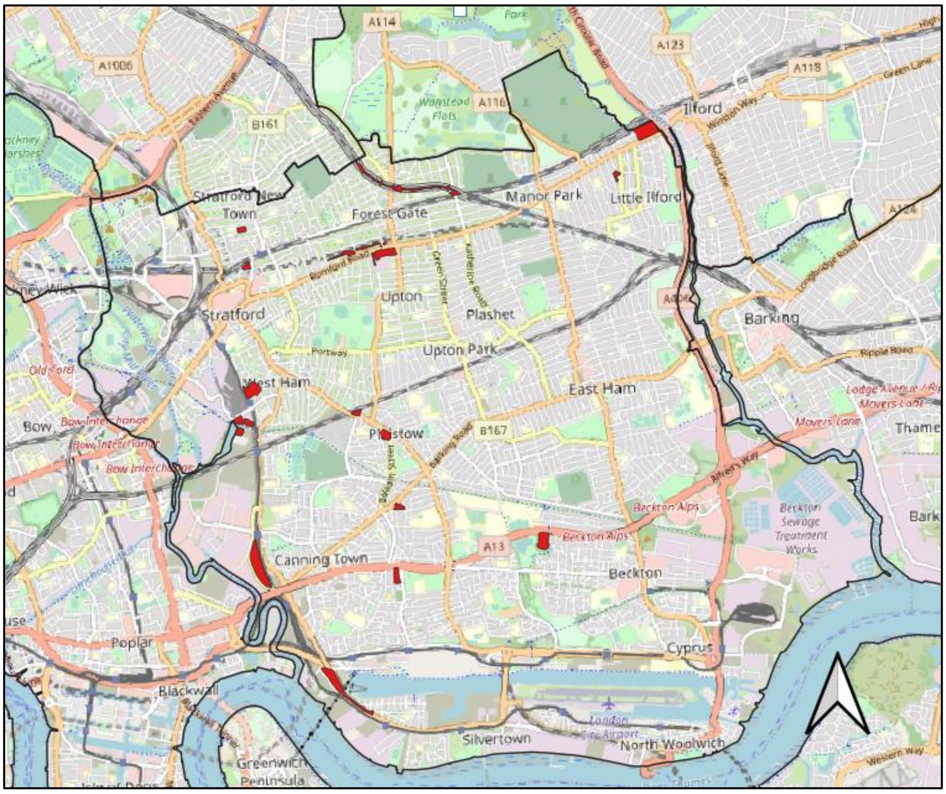
4.83 The existing accommodation found in the LILs tends to be more dated than compared to the SILs, but provides important, market affordable units for smaller companies. The small size of the LILs with existing units mean that largescale redevelopment for large floorplate multi-deck units is not feasible, but they do lend themselves to small stacked units (an untested concept so may not be feasible, in market terms). Therefore, limited scope for site intensification.

4.84 The East of City Airport LIL provides the greatest scope of multi-stacked due to its size, but its elongated shape may restrict how floorspace is maximised here. Furthermore, it is currently in use as a taxi feeder and car park therefore should be seen as redevelopment opportunity towards the end of the plan period.

LMUAs

4.85 The Borough has a number of LMUAs, as shown in Figure 4.31. The LMUAs are more widely distributed around the Borough compared to the SILs and LILs. Given the distribution of the LMUAs all can support the Council's 15-minute neighbourhood concept. These are employment-led designations supporting B Class uses as part of a mixed use format.

Figure 4.31 Location of LMUA - Newham Borough



Source: ONS, QGIS, London Borough of Newham, Urbà, January 2022

4.86 Due to the number and relatively small in size nature of the LMUAs we have captured our analysis in Table 4.2. The majority of occupiers in the LMUA are servicing a local need and most of the space is relatively affordable compared to those units in the SILs and LILs.

Table 4.2 Analysis of LMUAs

Location	Image	Comments	Recommendation
Bidder Street		Bidder Street is located towards the west of the Borough, immediately adjacent to the British Gas/Cody Rd SIL off Stephenson Street which in turn is located off the A13 Newham Way. The area comprises traditional industrial uses such as R&N Metals Recycling (metal recycling) as well as some lighter warehousing and service activities.	Over the plan period (medium to longer term) the area has the opportunity for significant redevelopment (subject to the existing uses relocating) for high density mixed-use development in the form of good quality small and medium sized industrial units with residential above. Development should seek to respond to the nature of development seen next to Canning Town Station. However, the narrowness of the site and proximity to the SIL means there may be placemaking reasons not to pursue this option. In terms of current uses and appearance the LMUA operates largely as SIL and given the need for more industrial land opportunities the area could be included within the adjacent SIL, as this would increase future redevelopment options. In addition, the Council should consider amending the LMUA/SIL boundary. The LMUA currently offers little prospect for a successful buffer between the SIL and future residential. For sound place making reasons therefore reconfiguring the boundary on a north south basis rather than east west basis would be an option. Strategic Policy Allocation S12 northern boundary provides an ideal northern boundary for a reconfigured LMUA i.e. from River Lea in the west to Bidder Street to the east. This northern boundary would then need to be extended east of Bidder Street, along Ives Road to complete the reconfigured LMUA northern boundary.

Location	Image	Comments	Recommendation
			The reconfigured LMUA would then extend the whole area south between the River Lea and Stephenson Street terminating at Newham Way. Such an approach would allow this area to better integrate with the area around the station, The land areas would remain the same, but provide for better redevelopment options both in the LMUA and in the SIL and better scope for a buffer in-between.
Canning Road West		The site is located west of the A1011 Manor Road and south of the Abbey Road DLR station, and split into three parcels. These parcels include a mix of age and quality of industrial units, as well as Channlesea House which is a PDR scheme that has retained some ground floor offices. Occupiers here include GTEC (air compressor supplier), Quattro (plant company) and E14 Boiler & Spares (plumb merchants). The age and configuration of the industrial units do not necessarily meet modern occupier requirements, but the LMUA provides a relatively affordable workspace option.	The area is functioning well as an LMUA and should be protected. Redevelopment in the form of small industrial units with residential above should be encouraged here to help improve the offer. Redevelopment may not lead to an increase in floorspace due to the current configuration of the sites. We see redevelopment occurring during the medium to longer term during the plan period.

Location	Image	Comments	Recommendation
Bridge Road Depot		The site is located just north of Canning Road West LMUA, north of Bakers Road, and is bounded by Bridge Road to the west, which in turn forms the eastern boundary of the railway line. The other sides of the site are bounded by low rise residential. The majority of the buildings on site are industrial in nature with a two storey office at the site entrance on Bakers Row. The majority of the units appear reasonably modern with adequate yard space and servicing.	Should the site cease as a depot over the plan period, the current units and their configuration would lend themselves for general industrial uses. There could be scope for some site intensification to the west of the site, fronting the railway line but elsewhere it would need to remain single storey due the neighbouring low rise residential. Bringing in other uses such as residential could be problematic because co-location would only be possible side by side and not vertical due to the low rise nature of the neighbouring dwellings – such an approach is likely detrimental for the site to function for industrial uses and still retain the same quantum of floorspace e.g. compromised yard and servicing area and poor configuration of the units. To maintain the integrity of the employment provision here we recommend that the site is re-designated as a LIL. We don't see any redevelopment occurring here during the plan period, unless the current occupier vacates.

Location	Image	Comments	Recommendation
Ashburton Terrace		Ashburton Terrace is located just off the A112 Plaistow Road/High Street near Plaistow tube station, and is a mixed employment and residential area. Occupiers include Travis Perkins (trade counter) and Media Prospects (training provider).	The area is functioning well as an LMUA and should be protected. Should Travis Perkins vacate there may be scope on this element of the site to be redeveloped with small industrial units on the ground floor and residential above, to create a building around 4-storeys in height which would reflect the neighbouring buildings. The element of the site fronting the High Street would lend itself to Class E uses with co-location of uses. We see redevelopment occurring on a piece-meal basis, subject to sites becoming available. We see redevelopment occurring during the medium to longer term during the plan period.
Dulcia Mills		Dulcia Mills is located south of Ashburton Terrace along the A112 High Street. The mixed-use area includes the Plaistow Delivery Office, retail units and small industrial units (as shown in the photo). Occupiers include Plashet Carpets (wholesaler) in a 800 sq m unit and Ready to Drop (furniture retailer) in a 510 sq m unit. The industrial units are dated for modern occupier requirements, but provide affordable space. Also, the industrial units and the Delivery Office have high site coverage (ratio between industrial floorspace and	Although the site and units are not ideal for modern occupier requirements, the area is functioning well as an LMUA therefore should be protected. There is a risk over the plan period the industrial units on Balaam Street will deteriorate further and will need to be redeveloped with the provision of ground flexible employment uses (Class B and E(g)) and residential above. There is already a need for the unit on the corner of the High Street/Balaam Street to be redeveloped in this manner. Given the existing units have a high site coverage it may be difficult to achieve a net increase in employment floorspace through redevelopment because modern occupiers will require sufficient site area to service the units. Should the Delivery Office site become vacant during the plan period, this could lend itself to similar multi-storey mixed use development but again a net increase in floorspace

Location	Image	Comments	Recommendation
		yard/servicing area) for modern industrial occupier requirements.	may be difficult to achieve for the same reasons (high height coverage). We see the potential for redevelopment in the medium term of the plan period.
Esk Road		The site sits between Esk Road and the A124 Barking Road and comprises traditional industrial units between 1 and 3-storeys occupied by PCT Group (hydraulic lifting equipment supplier). The units have a high site coverage for modern occupier requirements. Adjacent to the site is a police station, over 3-storeys, opposite the site is a church over 3 storeys with the residential (over 2 – 4 storey) being the other prominent use.	Given the age of the existing stock and nature of height of the surrounding uses there could be scope for redevelopment with ground flexible employment uses (Class B and E(g)) and residential above, especially as vacancy is currently high.It should be protected as a LMUA and help support the We see the potential for redevelopment in the short to medium term over the plan period.
Beeby Road		Beeby Road is located off Newham Road, east of Canning Town. The LMUA sits adjacent to the Butchers Road LIL. The Beeby Road LMUA comprises; residential, Canning Town Job Centre (public sector) in a 1,230 sq m office, Royal Connections church and a mix of age of small industrial units. Occupiers in the industrial units include RA Autos (vehicle repairs) in a 180 sq m unit.	Although some of the units are dated the LMUA is functioning well, and any redevelopment should protect employment uses on the site. Due to the existing uses on site and neighbouring uses, the east of the site lends itself to co-location with residential. The west better suited in providing small industrial units. Given that the units are currently well occupied we see any redevelopment occurring towards the end of the plan period.

Location	Image	Comments	Recommendation
Silvertown Arches		Silvertown Arches are located in the south-east of the Borough, north-west of West Silvertown DLR station. Silvertown Arches comprise the Express Way, which is a series of small industrial units (typically ranging in size between 93 – and 185 sq m). It provides flexible employment space and has attracted a range of occupiers that include Husk (brewery) and DroiX (computer wholesaler) along with a number of cafes and restaurants. The units are well maintained and occupied. There are current proposals for a series of light industrial workspace units in the arches beneath Silvertown Way flyover adjacent to the relocated City Hall. To support and further expand the economic functions of the area there is potential to expand the LMUA to include vacant land south of Tidal Basin Road.	The LMUA is functioning well and provides a different offer compared to the other LMUAs in the south and west of the Borough i.e. small flexible units suitable for a range of employment uses. As the wider area continues to improve, through redevelopment, then the arches should continue to be redeveloped/reused over the plan period for a mix of E class uses, therefore it should remain as a LMUA. Expansion to include the vacant land south of Tidal Basin Road.

Location	Image	Comments	Recommendation
Forest Gate Arches		Forest Gate Arches are located just north of Forest Gate near Wanstead Park Railway Station. The arches are well maintained and actively managed and marketed, generally around 150 – 200 sq m in size and provide flexible employment space, occupiers include Getir (q-commerce) and Wild Goose Bakery (bakery).	The LMUA is functioning well, providing flexible E class uses for a range of employment uses in the north of the Borough. We see the arches will continue to be redeveloped/reused continuing their role over the plan period and therefore should be protected as a LMUA.
Grove Crescent		Grove Crescent is located off The Grove and just south-west of Maryland Railway Station. The LMUA comprises a single industrial unit over 2-storeys which was recently used by Jewson's as a builders' merchant. Current planning application reference: 21/02975/FUL for demolition of existing buildings and erection of a mixed-use development ranging from two storeys to 12 storeys comprising 2,044 sqm of workspace (Use Class E(g)), a 128 sqm ground floor retail unit (Use Class E) and 397 purpose built student bedspaces. The economic strategy in the planning application explains that the property is suited for a	The LMUA should be protected over the plan period as although small in nature it is servicing an important local need. This area provides low cost industrial space which is needed in the Borough. Its location close to two stations (Maryland and Stratford) also makes it attractive for other uses to be co-located on the site. We do question the site's suitability for a creative cluster as set out in the planning application due to its location (creatives wish to be located with other creatives with access to good quality amenities), size (lacks critical mass to create its own market as evidenced by Here East), the low representation of the sector in the Borough and lack of suitable amenities. We see the site better suited to small industrial units with residential above made available on flexible terms to capture local demand. We would expect rents achievable here to be lower than that found on the

Location	Image	Comments	Recommendation
		"creative cluster"[37]in a form of managed workspace.[38] But there is also caveat requiring flexibility for capture the many jobs in the non B-class sector.[39] The supplementary report on the employment strategy seems to move away from the creative cluster approach and focuses on d the flexibility of uses in Class E.[40]	larger estates therefore the space would provide more affordable accommodation in nature.
St Mary's Industrial Estate		St Mary's Industrial Estate is located on Maryland Road, off Leytonstone Road just north of Maryland Railway Station. The surrounding uses is low rise residential and a low-rise primary school. Occupiers on the estate include Muzda Bakery (bakery) Homestore (charity), and academy school. The industrial estate is small in nature and the	The site should be protected for employment uses because it is servicing an important local industrial need and furthermore as there are no other employment sites further north (except for micro business opportunities areas) it is important to support the Council's 15-minute city concept. Given the low-rise nature of the surrounding uses, site intensification in the form of multi-storey could be challenging. Also bringing in other uses such as residential could compromise the integrity of the industrial offer e.g. compromised yard and servicing area and poor configuration of the units –

[37] Propernomics, n.d., Employment Strategy and Economic Impact Assessment for the Development of the Former Jewson Go Site at Grove Crescent Road, London, E15 1BT Paragraph 8.15

[38]Ibid, Paragraph 3.64

[39]Ibdin, Paragraph 5.5

[40] Propernomics, n.d., Supplementary comments on Employment Strategy for the Development of the Former Jewson Go Site at Grove Crescent Road, London, E15 1BT Paragraph 7.1

Location	Image	Comments	Recommendation
		units are dated, but service a local need.	therefore to protect the integrity of the employment are we recommend re-designating as a LIL. We would expect rents achievable here to be lower than that found on the larger estates therefore the space would provide more affordable accommodation in nature.
Sprowston Mews and Atherton Mews	N/a	Sprowston Mews and Atherton Mews are located in Forest Gate, west of the A114 and north of the A118 Romford Road. The units comprise small, dated workshops. Site access is poor and not suitable for modern occupier requirements. There are increments of garden plot residential developments coming forward and a major permission for residential completed at the eastern side of this LMUA.	Given the age and nature of the units along with the poor site access this area should be released as an LMUA. Especially given its proximity to new residential and there are other designated employment areas in close proximity (Nursery Lane LMUA and LIL) which are bettered suited to meet need.

Location	Image	Comments	Recommendation
Nursery Lane		Nursery Lane lies south of the A118 Romford Road and north of the Nursery Lane LIL. The LMUA comprises a mix of uses that include offices, industrial and retail. Although the accommodation is dated for modern occupier requirements the LMUA is currently functioning well.	The LMUA should be protected because it is currently functioning well providing a mix of employment uses (small industrial and offices) which meet a local need. Loss of office space to residential seems to be occurring through PDRs, which is not a serious concern given the availability of better quality offices elsewhere in the Borough. Although if this approach continues it will undermine the LMUA and any potential loss of employment space should also be balanced against the 15-minute city concept. Industrial accommodation should be protected given the proposal to release the poor quality stock in the Sprowston and Atherton Mews. Therefore, the policy needs to be cleared that any redevelopment must re-provide or increase industrial floorspace.
Kudhail Industrial Complex		Kudhail Industrial Complex is located off the B165 Little Ilford Lane, which in turn is accessed off the A118 Romford Road to the north. The complex is small and surrounded by residential. The industrial units are dated, mix of heights (single to three storey) with high site coverage for modern occupier requirements. Occupiers here include Azhar Academy (Arabic book wholesaler) and Kudhail Quilting (textile merchant).	The site should be protected for employment uses because it is servicing an important local industrial need and is important to support the Council's 15-minute city concept because the nearest employment opportunities west are the micro business opportunities areas in Manor Park. The size and shape of the site means it is constrained for industrial uses and there is a risk that bringing in other uses such as residential could compromise the integrity of the industrial offer e.g. compromised yard and servicing area and poor configuration of the units. We do not see redevelopment occurring in the short-term, given that they are well occupied but given their age and quality We would expect rents achievable here to be lower than

Location	Image	Comments	Recommendation
			that found on the larger estates therefore the space would provide more affordable accommodation in nature. To maintain the integrity of the employment provision and protect low cost space we see redevelopment around the middle of the plan period. We recommend that the site is re-designated as a LIL.
Alders-brook		Aldersbrook is located in the north east the Borough, just off the A406 North Circular, opposite the Grantham Road LIL. Occupiers include; The Tunnelling and Underground Academy (training centre), Nissan car showroom (car sales) and Kwik Fit (car repair). The accommodation is very specific to the type of users. It is stated that The Tunnelling and Underground Construction Academy is to build on the Crossrail legacy in teaching specialist skills in tunnelling and underground construction for projects such as HS2, Thames Tideway and Northern Powerhouse Rail.[41]	Similar to the Grantham Road LIL, the Alderbrook LMUA appears isolated, but when considered in the context of the Grantham LIL and Ilford Hill it is not. The LMUA should be protected because it is function well but the fragmented nature of site ownership and overhead pylons will make comprehensive redevelopment difficult. Individual site redevelopment could be possible in the form of small stacked units. We do not see redevelopment occurring until towards the end of the plan period. Should the academy close the existing building lends itself to alternative industrial uses, which there is demand.

Source: googlemaps, CoStar, Urbà January 2022

41 https://www.newcivilengineer.com/latest/crossrail-training-programme-under-pressure-as-academy-hit-by-covid-outbreak-10-03-2021/

Candidates for LMUA status

4.87 We looked at a number of non-designated sites to consider for LMUA status, but most are remote from other employment areas, are very small, and some like the Post Office Sorting Office on Vicarage Road, East Ham have neighbouring uses that are a constraint (primary school directly opposite) to future redevelopment for industrial. Others such as St Marys Road, a factory building (Cold Form Products) and an old factory unit on Napier Road are surrounded by residential, adjacent to parks and have poor vehicle access. We are aware of just four potential candidate LMUA sites:

- Bingo Hall on High Street, Stratford south of the railway line and the Metropolitan Centre, a site with good access, neighbouring employment uses and with potential for comprehensive employment-led redevelopment at 0.45 ha and of regular shape.
- Majors Builder Merchants on Southend Road at 0.3 ha is small by LMUA standards, but it has locational advantages that mean it would be considered favourably should the existing use depart. It is located within both East Ham town centre and the Employment Hub (E07), next to a single storey retail shed and backing on to the railway. The site would be attractive for light industrial/ workshop uses because of its location aligned with access to local labour.
- Glory House, Tabernacle Avenue off Barking Road at approximately 0.2 ha with its own access road and location at the rear of the high street this collection of four buildings (including one adjacent used for MOT testing) would be an attractive location for light industrial uses.
- Rear of 34-40 Plashet Grove, Upton Park is a modest ‘backlands’ site of approximately 0.16 ha, but it is adjacent to the Green Street Employment Hub and its inclusion would effectively regularise the boundary of this area to include the ‘backlands’. It is predominantly a retail area, but with town centre location and close to Upton Park tube workshop or light industrial space in the longer term is a possibility.

LMUAs Conclusion

4.88 The LMUAs across the Borough are very mixed in terms of quality and the type of stock found. All of the LMUAs except for one (Sprowston Mews and Atherton Mews) should be protected, the proposed protected LMUAs can support the Council’s 15-minute neighbourhood concept due to their wide distribution across the Borough.

4.89 Sprowston Mews and Atherton Mews should be released for alternative uses because the existing units comprise small dated workshops, with poor site access, which do not meet modern occupier requirements. Furthermore, there is better quality accommodation in close proximity, therefore the loss of space here would not negatively impact the Council’s aspirations for a 15-minute city concept.

4.90 Kudhail Industrial Complex, St Mary’s and Bridge Road Depot should be considered for re-designation as LILs because they provide low cost industrial accommodation in small units, and should alternative uses be introduced the integrity of the industrial offer would be compromised resulting in a diluted industrial offer.

4.91 Silvertown Arches should be expanded to take in the ‘triangle’ site south of Tidal Basin Road and north of City Hall. This would also support future workspace clusters as part of wider OAPF objective to provide for green tech, creative and cultural sectors plus Newham’s ‘normal’ market that seeks affordable flexible space.

4.92 Bidder Street should be considered for either integration into the adjacent British Gas/Cody Rd SIL, or to allow for the reconfiguring of the LMUA/SIL boundary to improve redevelopment options and allow for sound place-making opportunities.

Allocations currently in LLDC

4.93 The following sites are currently allocated in the LLDC and have an industrial focus.

Rick Roberts Way North LSIS

4.94 Rick Roberts Way North is in the west of the Borough, just off the A118 High Street, to the east of Sugar House Lane. The site is currently allocated as an LSIS in the LLDC area. The site extends to around 4.5 hectares and comprises the International Business Park. Occupiers here include Travis Perkins (trade counter) in a 3,700 sq m unit and Kesslers International (retail display design and manufacturer) in a 10,760 sq m unit.

4.95 The units here are modern (see Figure 4.32) purpose built with dedicated secure yards, the quality of units and proximity to central London make them attractive to occupiers.

Figure 4.32 Travis Perkins unit, Rick Roberts Way

Source: googlemaps, January 2022

4.96 Rick Roberts Way provides an important offer in terms of good quality units which are attractive to blue-chip occupiers. The quality of units here, and the rents achievable combined with being fully occupied means that there is too much inherent value to make site intensification viable in the short to medium term. Towards the back end of the plan period, it may become viable for site intensification. CoStar data indicates that ownership of the site could be fragmented in part therefore a development of the scale of G Park planning application proposals may be difficult to achieve.

4.97 Given the ongoing suitability for this site to be maintained for industrial use, it should be redesignated as a LIL. Furthermore, should TfL vacate the neighbouring LIL site, there is opportunity for connectivity between both sites.

Vulcan Wharf, Cook's Road

4.98 Vulcan Wharf on Cook's Road is 1.34 hectare in size and is located towards the west of the Borough, just north of the A118 High Street and east of the A12, an OIL (other industrial location) in the LLDC area, which places a focus on redevelopment for employment uses.

4.99 The site was recently granted planning permission (ref: 20/00307/FUL) for a residential mixed-use development of: buildings between two and 14 storeys in height to include 457 residential units (Use Class C3), 5,594 sq m (GEA) of storage and distribution floorspace (Use Class B8), 3,494 sq m (GEA) of light industrial floorspace (Use Class B1c) and 180 sq m (GEA) of retail floorspace (Use Classes A1/A2/A3). The applicant's Employment Space Report[42] states that the development generates an uplift in the existing 2,670 sq m of B1(c) uses by delivering +649 of B1c and +5,513 sq m of B8.

4.100 The scheme proposals indicate that an uplift of employment space will be delivered on the ground floor. Given the proposed external specification (see Figure 4.33) of the development and access to the units (no direct vehicle access to load/unload) the units will lend themselves to office occupiers or light industrial uses providing the flexibility many smaller occupiers require e.g. space for office/hot desking, meeting rooms, light manufacturing, design and distribution. This concept should be monitored, because if successful, could be replicated in the LMUAs.

Figure 4.33 Proposed lower floor elevation – application 20/00307/FUL

[42] Savills, n.d., Vulcan Wharf/Stratford, Employment Space Report

Source: Assael, October 2020

4.101 Given the ongoing suitability for this to be maintained for industrial use, this should be considered to be re-designated as a LIL, subject to how the current application progresses.

Demand

4.102 In this section we analyse the take-up of industrial floorspace (see Table 4.3) in the Borough over the last five years, drawing on the CoStar database. This floorspace take-up is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. It takes no account of floorspace vacated as businesses move out or close down. It is important not to confuse this floorspace take-up with the land take-up discussed above, which relates to the development of new floorspace into the market.

4.103 Table 4.3 shows that in the five years to 2020 the take-up of industrial space in the Borough averaged 22,626 sq m per annum, over an average of 20 units.

Table 4.3 Industrial floorspace take-up, 2016-21, LB Newham

Calendar year	No. of transactions	Total take-up sq m
2016	18	18,354
2017	26	23,075
2018	19	29,382
2019	23	31,746
2020	13	10,574
2021*	17	5,463
Total	***116***	***118,594***
Annual Average 2016 - 2020	***20***	***22,626***

Source: CoStar 2021

*2021 is a partial year, data taken between 1st January – 22 October 2021

4.104 Units taken-up in the five-year period include:

- June 2017 – DPD (3PL) taking a 4,200 sq m unit at Segro Park, Newham on a 25-year lease
- January 2019 - DHL Express (3PL) taking a 3,570 sq m unit at North Crescent Cody Business Park on a 10-year lease
- June 2021 - Gap (plant hire) taking a 220 sqm unit at Project Park on a 10-year lease
- June 2021 - Atlas Maintenance (property maintenance) taking a 215 sq m unit at Thornham Grove Industrial Estate on a 10-year lease

4.105 Demand for industrial space across the Borough is strong and comes from a variety of businesses representing different sectors. Most of the demand is from companies seeking to service the central London market such as 3PLs and e-commerce for last-mile hubs as well as trade counter operators. We are also seeing the emergence of q-commerce (e.g. Getir at the Station Approach, railway arches) which are seeking to service the local market. Agents at the stakeholder event explained they also see demand from TV and film companies requiring studios with the example of Troubadour Meridian Water Studios of 14,400 sq m citied of the type of demand seen but being satisfied outside the Borough due to the lack of suitable space in Newham. due to low vacancy and availability of space (see more detail below).

4.106 There is also demand from more traditional industries such as vehicle repairs and waste management. Although demand for vehicle repair is likely to rapidly decrease, as the Mayor recently announced a consultation on expanding the ultra-low emission zone (ULEZ) to encompass all of the London boroughs by the end of 2023 which will lead to less petrol and diesel vehicles being driven in London.

4.107 Due to the variety of quality of space that can be found in the Borough, it is able to attract a wide range of size requirements. Occupiers seek industrial units with dedicated yard space and car parking, with eaves height around 9 metres. As with the wider market, occupiers are seeking units that provide high levels of sustainability to meet their ESG requirements – this was confirmed at the stakeholder event. We see ESG being driven by corporate occupiers who are responding to investors' requirements. In turn, the market in the Borough is already responding, Segro Park Newham provided space at Energy Performance Certificate (EPC) band rating A and A+. We see that the market will continue to respond, regardless of size of unit being delivered, to ensure that new development can attract blue chip occupiers.

4.108 Occupiers that are price sensitive will forego quality just so they can secure space, which is in close proximity to central London, and hence demand remains for the lower quality stock in the Borough. But the government has consulted on changing the minimum EPC standard required to let a unit (currently it is band E), the proposals include a minimum EPC rating of band B by 2030. Therefore, over the plan period, those units that cannot be improved to achieve band B by 2030 could become obsolete during the plan period, regardless of demand.

Supply and market balance

4.109 CoStar report (see Table 4.4) that there is a total availability[43] of 44,643 sq m and a vacancy[44] of 36,078 sq m i.e. therefore the majority (80%) of the space advertised as available is currently vacant. When we compare the CoStar data with VOA total stock (see Table 4.4), we see that availability is around 5.48% of total floorspace with vacancy much lower at 4.43%. The London Industrial Land Demand Study indicated in their study[45] that vacant industrial land should be around 5% and vacant industrial floorspace around 8% for efficient market operation (fictional rates). We can therefore see that the Borough's vacancy rate of 4.43 is below that required for a healthy

[43] The total amount of space that is currently being marketed as available for lease or sale in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. CoStar includes only existing, under construction, and under renovation buildings in its statistical calculations of available space.

[44] Space which is currently vacant and is currently being marketed as available space.

[45] CAG, October 2017, London Industrial Land Demand, Page 11

market. This is a concern especially given the lack of industrial supply in the CAZ and indeed in some of the neighbouring inner London boroughs that also service the CAZ, and hence there is additional pressure on Newham to provide capacity to enable industrial occupiers to service the central London market.

Table 4.4 Floorspace availability & vacancy, industrial, Newham

Total stock	814,000 sq m
Availability floorspace	44,643 sq m
Availability %	5.48%
Vacancy floorspace	36,078 sq m
Vacancy %	4.43%

Source: CoStar, Q.3 2021, VOA, October 2021, Urbà, December 2021

4.110 When we compare the average annual take-up of 22,626 sq m (see Table 4.3), against the availability and vacant data in Table 4.4, it equates to a supply of around 2-years based on availability[46] and 18-months based on vacancy[47] – both these indicators shows that the market is tight and that more space should be delivered to ensure there is sufficient supply over the plan period.

Rents and the economics of development

4.111 Market rent (as defined by CoStar[48]) has been steadily increasing (see Figure 4.34) over a number of years across the Borough. CoStar is reporting for quarter 4, 2021 a rent of £208 psm. In turn, market yield (as defined by CoStar[49]) have started to stabilise (see Figure 4.35) across the Borough, with CoStar reporting for quarter 3 a yield of 4.50%. The combination of rising rents and falling yields mean that capital values have been increasing, which improves development viability.

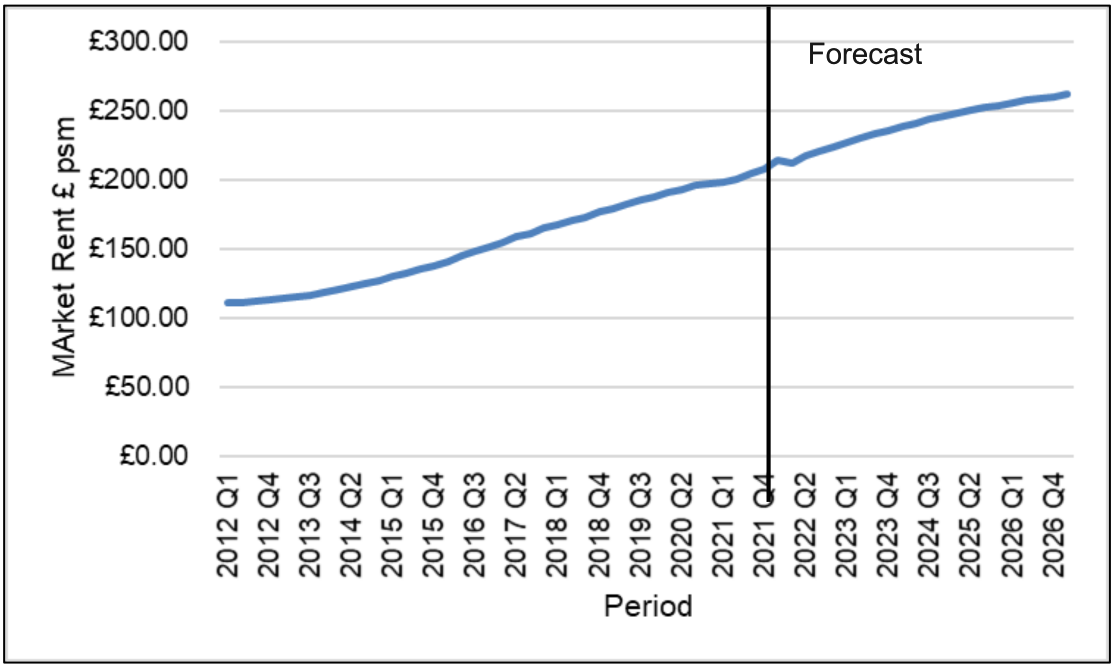
[46] Calculated as availability of 44,643 sq m / annual take-up of 22,626 sq m

[47] Calculated as availability of 36,078 sq m / annual take-up of 22,626 sq m

[48] CoStar defines market rent as the rental income that a property would most probably command in the open market.

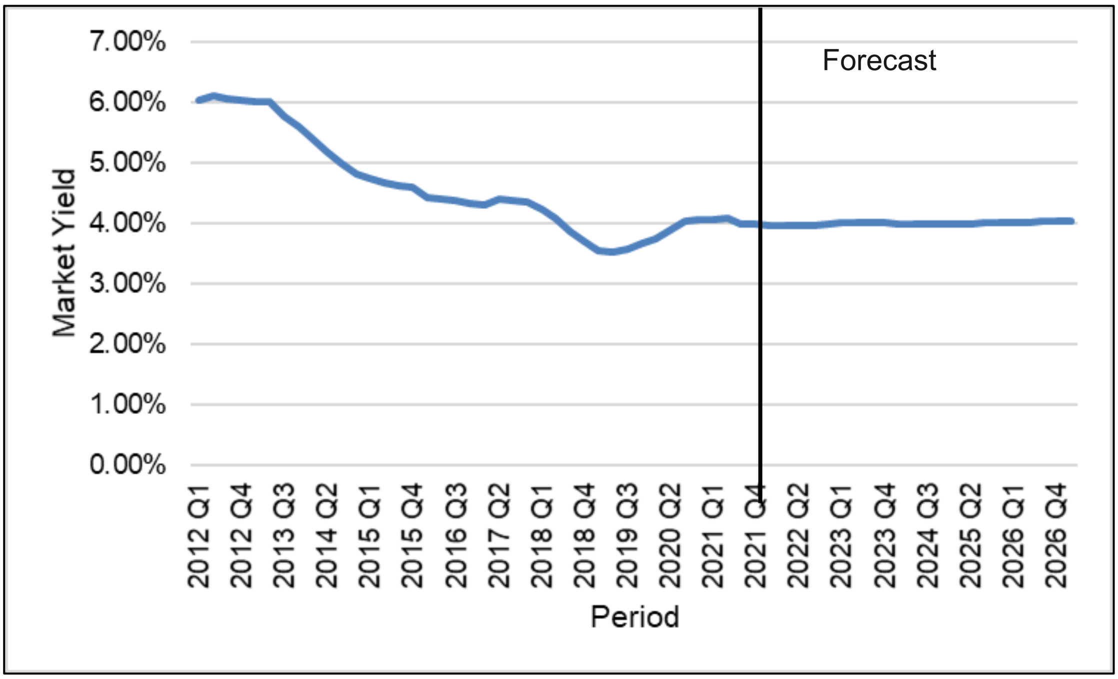
[49] CoStar defines market yield as the smoothed average yield series using modelled yields and estimates as well as actual observations.

Figure 4.34 Market rent, Newham Borough



Source: CoStar, February 2022

Figure 4.35 Market yield, Newham Borough



Source: CoStar, October 2021

4.112 The Borough-wide analysis from CoStar does not reflect the details of specific deals, where there is evidence of both higher and lower rents:

- November 2020 - Electra Business Park, Enjoy (TMT) took a 1,579 sq m unit at a rent of £237 psm on a 5-year lease.

- March 2019 - Unit 2, Crescent Court Business Centre - Industrial Access Services (scaffolding and lift platforms) took a 141 sq m unit at a rent of £215 psm on a 6-year lease.
- September 2017 - Unit 84 London Industrial Park - Lifting Gear (hire company) took a 549 sq m unit at a rent of £125 psm on a 10-year lease.
- October 2021 – 64/66 Alpine Way, London Industrial Park took a 2,589 sq m unit at a quoting rent of £172 psm.

4.113 During the stakeholder event, agents stated that rents in the Borough in the last couple of years have increased significantly. It was stated that rents at Gemini Business Park are around £280 psm, Canning Town Business Park rents were £194 psm in 2020 and are now £323 psm and the Sainsbury's unit at Prologis Park is currently being offered to the market at £269 psm. In the Thameside SILs rents are lower at around £170 psm, reflective of the older type of stock and the occupiers that they attract. With rents having risen so quickly and significantly, it is therefore important that some of the older stock is protected to ensure a balanced market that has lower cost options, in market terms and in line with Policy E2 of the London Plan - providing suitable business space to meet all needs. This is particularly important in the MBOAs that seek to foster new and fledgling business for whom the cost of business space is critical.

4.114 With regards to yields:

- Unit 5B Supernova, North Crescent, a 842 sq m building was sold in June 2019 with a 10-year letting to HireMan in place at a yield of 4.25%.
- Unit 3A, North Crescent Cody Business Park, Cody Road, a 3,567 sq m unit was sold in June 2019 as a sale and leaseback to DHL with 6.8 years remaining on the lease at a yield of 4.06%.

4.115 The above rents and yields are sufficient to maintain existing premises and support new build development. At the workshop it was indicated that values for industrial land in the Borough have increased to such an extent that they are now higher than residential land. Furthermore, it was acknowledged at the workshop that the rents and yields achievable in the Borough mean that multi-deck units are viable, but only on those sites where there is no or low inherent value (i.e. space not viably let or cleared sites).

Development opportunities

4.116 The Borough has a number of development opportunities to deliver new industrial accommodation. We have already assessed the existing SILs, LILs and LMUAs for site intensification and other redevelopment options, but the Borough has other sites which could deliver future industrial floorspace. The rent/yield dynamic in the Borough is likely to be sufficient to enable viable development of the additional costs involved in building a multi-deck unit, but viability is just one consideration. Further considerations are site configuration and type of neighbouring uses (commercial or residential and low or high rise), therefore not all sites may be suitable to accommodate a multi-deck scenario.

4.117 We have already mentioned G Park and Albert Island both of which could provide large floorplate good quality industrial accommodation as well proposed development at Bow Goods Yard, Vulcan's Wharf and potentially East of City Airport. In addition to the development opportunities in the existing allocations, we highlight the following:

- leisure and retail parks – where there may be scope for mixed use redevelopment given the compatibility between 'box' format leisure or retail uses and warehouse uses associated with logistics/distribution functions; and
- existing employment areas that we consider have potential for intensification of use.

Showcase Cinema (Beckton)

4.118 The showcase Cinema site is located in Beckton in close proximity to Segro Park Newham (i.e. the Beckton Gateway LIL). The site is 3.5 hectares in size and is currently used as a leisure park with the Showcase Cinema multiplex cinema, Big Moe's Diner, My Lahore and the Discovery Centre.

Figure 4.36 Showcase Cinema (Beckton)

Source: googlemaps, November 2021

4.119 The site has a recent planning application (ref 21/03193/FUL/ validated January 2022) for the demolition of the existing buildings to provide four units (see Figure) ranging in size from 2,407 – 7.336 sq m – totalling 19,267 sq m. The proposals are for traditional single storey warehouse with integrated first floor offices. The applicant explains that the units have been designed for meeting the needs of logistic operators in terms of storage space, building heights, office requirements, yard and parking space.[50]

[50] Montagu Evans, 08 December 2021, Valor Park East Circular – Phase II Economic Statement & Employment Strategy, Paragraph 3.17

Figure 4.37 Proposed layout – Valor Park East

Source: Valor, September 2021

Gallions Reach Shopping Centre (Beckton)

4.120 Gallions Reach could provide an opportunity for future industrial use (in the form of multi-storey) should some or all of the retail area become available. But we understand that the Shopping Centre is currently performing well, therefore does not present a short to medium term opportunity. Furthermore, the shopping centre is part of Site Allocation S01 Beckton Riverside – the new neighbourhood and DLR extension– therefore there are alternative proposals for this site.

4.121 Should the retail market change in this area and the new community neighbourhood not be delivered then the sit should be considered for industrial redevelopment because its size and connectivity will make it attractive to occupiers.

Alpine Way

4.122 The existing retail units at Alpine Way (Strategic Site S02 in the current Local Plan) could provide a future redevelopment opportunity for industrial use, forming a natural extension to the existing London Industrial Park SIL. The current layout and size of the retail area would lend itself to be redeveloped for multi-deck units. The retail units are currently well occupied, therefore we do not see this being a short or medium term redevelopment opportunity.

Parcelforce

4.123 Located immediately to the north of Cody Road SIL and allocated for employment-led mixed-use redevelopment (Strategic Site S11). Employment uses would be used to buffer between the SIL and the new Local Centre in the eastern part of the site.

4.124 Space could be provided to accommodate specialist employment uses in this location, but with demand very strong for all forms of industrial use in this area we favour maintaining a non-prescriptive full flexible approach. Should specific specialist formats be proposed – space for high tech, media, creatives or similar, this would need to be supported by rigorous market testing to demonstrate this is market attractive in this location, as these sectors are coveted by most London boroughs. Whereas there is clear demand for standard format industrial units able to provide light, general or logistics and distribution uses. These general industrial activities may not provide the cache of clusters of creatives, but they meet a known need and deliver jobs to the local community.

Existing employment areas with potential for intensification

4.125 The table identifies the sites that we are aware of and consider have potential to deliver additional industrial floorspace within the Plan period through intensified redevelopment. There will be other sites that may come forward either as well as or instead of those in the table below, as there are a number of Strategic Sites that have potential to deliver economic growth.

4.126 The table identifies ten sites in total across the Borough's SILs and LILs that have potential to deliver approximately 352,000 sq m of additional floorspace within the Plan period. The estimates of additional floorspace are based on the broad area with scope for intensification, generally the area away from the site periphery and where the existing stock has not been renewed / redeveloped in recent years. In calculating the assumed existing coverage we apply a standard London industrial density (65%) to the site area and then compare this figure with what could be achieved should the site be redeveloped at the same plot ratio as the G-park site (120%). The sum of the additional (i.e. the difference between a density of 65% and 120%) floorspace calculated in this way is 352,000 sq m.

Table 4.5 Sites with potential for intensification in the plan period

Site	Design-ation	Constraints	Scope for industrial intensification	Approx. area for potential intensification (ha)	Assume existing coverage @65% (sq m)	Applying potential coverage @120% (sq m)
Stephenson Street (West Ham garage site)	LIL	Adjacent to Strategic Site S11	Scope for site intensification of the garage site should the current occupier vacate during the plan period, however adjacent to Parcel Force strategic site and so requires buffer to north.	4.00	26,000	22,000
Land East of City Airport	LIL	Adjacent to airport (height); City Airport has medium to longer term plans to develop this area for transport uses; narrow site	The eastern part of the site is currently being used for a taxi feeder park and car parking with its consent set to run until 2026/7. The 2020 masterplan identifies the rest of the site for potential consolidation of support facilities, including fuel farm and centre of excellence. This element of the site has the potential to be more intensively used, either in accordance with the masterplan or general industrial uses.	7.00	45,500	38,500
Folkestone Road Depot	LIL	The residential area of Folkestone Road is located to the west. Langdon Academy School and Eko Pathways School and playing fields are located to the north	Scope for site intensification of the Council owned depot should the current uses vacate during the plan period.	10.00	65,000	55,000
Beckton Gateway (Jenkins Lane depot)	LIL	Contains recently built Segro Park Newham and Travelodge London Beckton	Scope for site intensification of the Council owned depot should the current uses vacate during the plan period.	10.00	65,000	55,000
Bidder Street	LMUA to SIL	Any redevelopment would be subject to existing occcupiers vacating.	Potential re-drawing of boundaries which would result in the LMUA changing to SIL. Current uses are predominantly traditional industries, and should they vacate there is scope to replace with higher density new build accommodation which better suits modern occupier requirements.	2.33	15,145	12,815
Grantham Road	LIL	Small industrial estate adjacent to residential area (to the west); pylons cross the site; 2019 outline permission was granted for self-storage warehouse (Class B8), ancillary trade counter (Class B8) and associated car parking.	Estate has potential for more intensive employment generating development given its proximity to Ilford town centre and excellent transport links. Short term development is likely to be unviable due to the inherent value generated by the existing users. But when the units become more dated and occupiers demand higher quality units there is scope for intensification through small stacked units - we see this occuring over the medium to longer term of the plan period.	1.00	6,500	5,500
London Industrial Park	SIL	Contains large Britvic site; Adjacent to residential area to the south; adjacent to Strategic Site S01 Alpine Way for mixed-uses, currently Beckton Retail Park.	The units at the park are more dated when compared to those found elsewhere in the Borough, but it is still functioning well. The park is well occupied by blue chip covenants which means there is significant inherent value which means redevelopment for site intensification in the short-term will unviable, but towards the end of the plan period (when the units become more dated and occupiers demand higher quality units) there could be scope for site intensification. Although the park functions as a single industrial area, ownership is fragmented which will make comprehensive site intensification difficult.	12.00	78,000	66,000
Thameside East	SIL	Contains Tate and Lyle Sugar Refinery and safeguarded wharf; The SIL is bookended by Strategic Sites S23 Connaught Riverside and S04 North Woolwich Gateway, the latter which also contains the eastern part of the SIL.	Scope for intensification on Standard Industrial Estate, part of which is within Startegic Site S04 (employment mixed use allocation). To the east of the estate, the BT London Teleport site has recieved planning permission for commercial unit of B8 (storage and distribution) and B1(a) (offices) for Open Reach (completed) and an application is pending on the remainder of the London Teleport site for change of use to metal recycling facility together with associated buildings.	5.00	32,500	27,500
Thameside West (Pinchins Wharf - Nuplex /Allnex)	SIL	Immediately to the north is the Thameside West Strategic Site (S09) that has consent for a new neighbourhood, comprising new residential and community uses.	Part of the site is included within the new neighbourhood, but permission has been granted for enabling works to clear and redevelop the balance. The site at 4.66 hectares has potential to provide a multi-deck unit of the scale of the G Park planning application proposal should the site be comprehensively redeveloped.	4.66	30,290	25,630
Bow Goods Yard	SIL		There is potential for large floorplate industrial intensification that will be attractive to occupiers servicing the CAZ.	8.00	52,000	44,000
				63.99	**415,935**	**351,945**

Source: Stantec analysis

Conclusion

4.127 Newham is one of the few remaining London boroughs that still has a good supply of industrial units, and many of these units meet modern occupier requirements. Because the CAZ lacks a sufficient supply of industrial accommodation, the Borough plays an important strategic role in providing space for those occupiers wishing to service the central London market.

4.128 Demand for space comes from a range of industrial occupiers which include clean industries such as 3PLs, retailers, tv and film, trade counter operators and q-commerce as well as traditional industries such as vehicle repairs and waste management. Although some of the demand may be short-term such as tv and film which is responding to a peak in demand by production companies.

4.129 The rents/yields achievable in the Borough means development is viable. The proposed developments of G Park and Albert Island will be a test in the occupier appetite for a multi-deck product. In the short term, whilst there is good quality single storey stock available, it may be difficult to let multi-deck units as occupiers are resistant to this change. But as some of the existing stock starts to become dated, corporate occupiers may start to become more attracted to the multi-deck solution as this stock will deliver their requirements on sustainability and ESG.

4.130 Opportunities for new land to be allocated as SIL or LIL are at a premium, and so consideration needs to be made to upgrade areas such as the Bidder Street LMUA to SIL, and Kudhail Industrial Complex, St Mary's and Bridge Road Depot to LILs, and to return some of the vacant land at Beckton Riverside to SIL should be prioritised. The sites identified are in areas that are market attractive and are most likely to deliver net additional floorspace. Bidder Street should be considered for either integration into the adjacent British Gas/Cody Rd SIL or for a reconfiguring of the LMUA/SIL boundary to improve redevelopment options and for sound place-making reasons.

4.131 Then net additional new employment floorspace through the redevelopment of existing retail and leisure parks is considered the next most likely scenario, and indeed in the right locations (with access to the north circular) this is now happening in the Borough and elsewhere.

4.132 Site intensification, in the form of multi-deck units, on the existing occupied SILs and LILs is less likely to be delivered in the plan period due to the inherent value of much of the existing stock, which means redevelopment is unlikely to be viable. The existing stock is performing well and in demand so serves an important need but provides little scope to increase floorspace during the plan period.

4.133 There is greater scope for development of multi-deck units on existing cleared sites or where the stock is coming towards the end of its economic life. Notwithstanding the economic challenges of multi-deck, it still needs to be initiated by the public sector, because private sector appetite is still to deliver traditional single storey units as occupiers prefer this type of product. Therefore, to meet the GLA's aims for site intensification it is unlikely to be market driven, but policy driven with the starting position for redevelopment being multi-deck development. Such an approach should be considered on any site to be redeveloped for industrial use. The developer would need to demonstrate the reason why the site cannot come forward in this format e.g. site constraints, no market demand and/or not viable (although the local plan viability testing should test such a format to supplement this evidence base).

4.134 Our broad estimate of the potential additional floorspace that could be delivered in this way within the Plan period is 352,000 sq m. This excludes the two major schemes in planning at the moment – Albert Island and G-Park that in combination could deliver a net increase of almost 100,000 sq m of industrial floorspace.

4.135 With regard to small stacked units, these provide scope for flexible workspace, but the delivery of such product is unproven. Small stacked units could be delivered in some of the LILs and LMUAs, but the small nature of some of these sites with the high existing site coverage may mean the multi-stacked units do not generate a significant amount of new floorspace. The Vulcan Wharf development should be monitored, because if the small units are successful, similar products could be replicated in the other LMUAs.

4.136 To meet occupier and investor requirements, higher sustainability standards are being delivered on new build development which exceeds the current Local Plan Policy SC1. Therefore, the policy should be revised through seeking carbon negative development and BREEAM "outstanding" – this will help the Council achieve its aim in the new Local Plan as being London's greenest economy. The increased cost to achieve BREEAM "outstanding should be viability tested as part of the plan making process.

The office market

Overview

4.137 Before the pandemic, speculative office development was only occurring in strong and established office markets such as in central London, Thames Valley (e.g. around Reading) and key regional centres such as Birmingham and Manchester. In other markets, new development required a pre-let in place to a blue-chip covenant on institutional lease terms. At this time, we were also seeing a shift in office requirements from out of town locations in to town and city centres. This was driven by office workers wanting to be close to public transport links and amenities. More latterly, corporate occupier requirements are providing greater emphasis on ESG.

4.138 During the start of the pandemic, the government encouraged working from home measures, many offices were left unoccupied or at greatly reduced occupancy. Companies were forced to embrace video conferencing and other measures to ensure business continuity.

4.139 Despite the easing of restrictions, it is still too early to tell what the future of the office market will look like. But current signs are that some companies will allow some form of working from home to continue, for example, Nationwide are now allowing all staff to work remotely, and HSBC, KPMG and Deutche Bank are introducing some form of hybrid working. At the other end of the spectrum, Goldman Sachs is insisting everyone return to the office.

4.140 In recent years the main drivers of demand for new office space have been from finance, professional services, TMTs and flexible workspace providers.

Regional overview

General Profile – Greater London

4.141 London's office market is primarily concentrated in central London, stretching from Paddington to the west through to Canary Wharf in the east and from Kings Cross in the north through to Victoria in the south. Demand for office space in central London is from a range of sectors including banking and finance, professional services, public sector, creative industries, insurance, and TMTs. Many companies use central London as their UK and/or European headquarters.

4.142 Agents Carter Jonas[51] report that the central London office market has been impacted by the pandemic with the following trends emerging:

- Reduction in advertised rents of between 5 – 10% for Grade A space and over 10% for lower quality, poorly located, Grade B space.
- Rent-free periods have increased, typically increasing by 2 – 4 months for a lease of 5 – 10 years. Rents free periods, for space over 465 sq m, are between 10 – 16 months on a 5-year lease and 22 – 30 months on a 10-year lease,
- Shorter leases lengths as tenants seek greater flexibility.
- Downsizing – reflecting new working practices and reduced headcount, to reduce costs.
- Rising vacancy rates.
- Demand:
  - Serviced and co-working space as "stop-gap" solution whilst seeking new space.
  - Occupiers proceeding with relocation plans, desire to downsize and / or move to higher grade space that reinforces employee wellbeing and ESG policies.

4.143 An indication on how developers and investors are responding to wellbeing is through the WELL Performance Rating, produced by the International WELL Building Institute (IWBI). The performance rating[52] includes more than 30 features across seven themes:

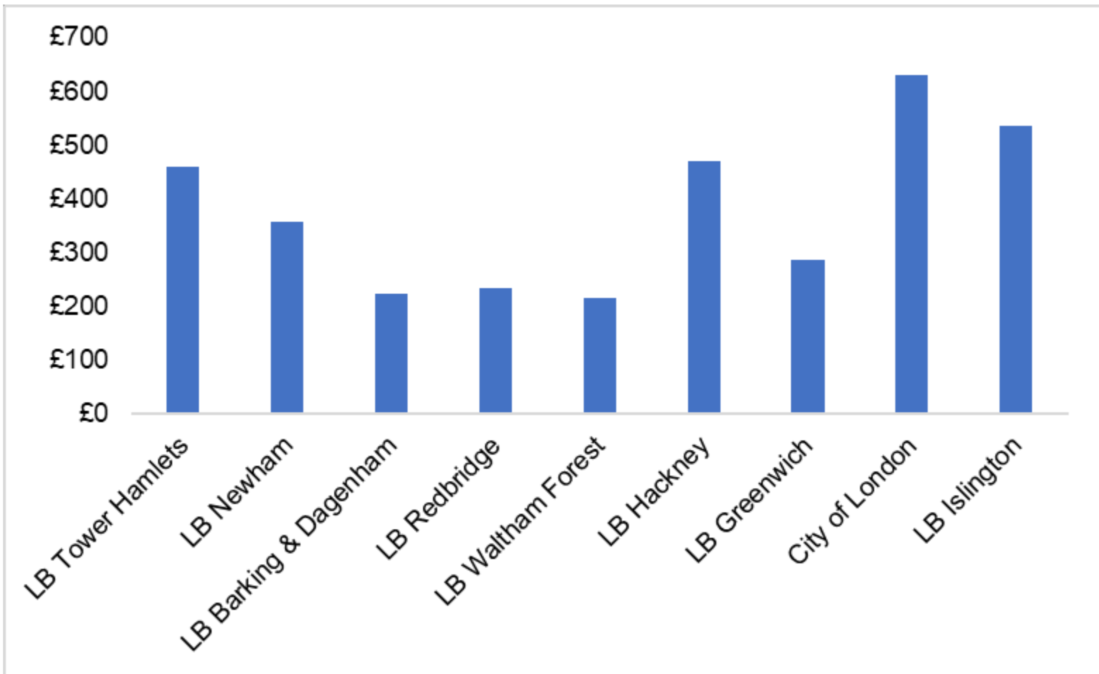
- Indoor Air Quality
- Water Quality Management
- Lighting Measurement
- Thermal Conditions
- Acoustic Performance
- Environmental Monitoring
- Occupant Experience

[51] Carter Jonas, Q1 2021, The London Office Market a Guide to Rents, Rent Free Period & Market Trends

[52] https://v2.wellcertified.com/en/performance-rating-sl/overview

4.144 As shown in Figure 4.38 market rents[53] in central London locations tend to be higher than in outer locations. Rents in the City of London are £631 psm whereas fringe locations such as Islington are £536 psm and Tower Hamlets £460 psm. Rents in Newham are £359 psm and further out in Barking & Dagenham are £223 psm. Situations, where rents are lower, means the viability of new office space is more challenging.

Figure 4.38 London office "Market Rents"



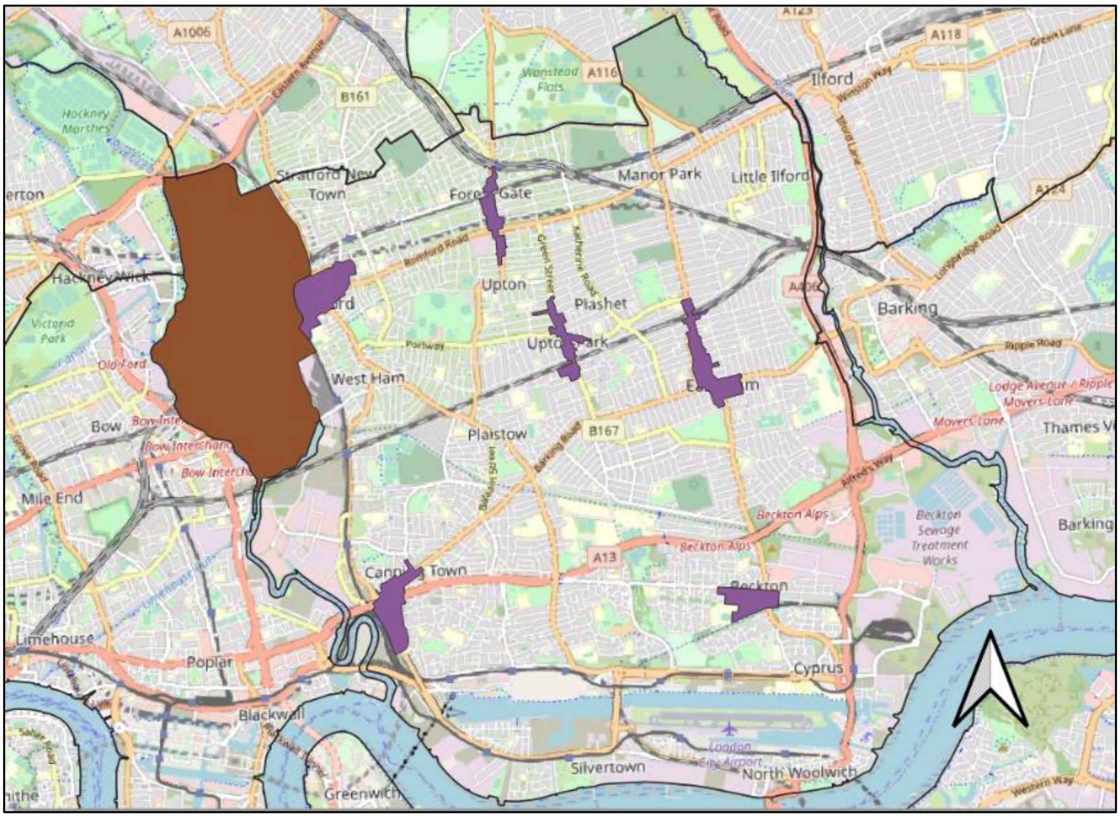
Source: CoStar, October 2021

General Profile – Newham Borough

4.145 We have based our analysis of the Borough's office market on the town centres and LLDC area – see Figure 4.39. The town centres comprise the Stratford Metropolitan Centre, East Ham Major Centre, East Beckton District Centre, Canning Town District Centre, Forest Gate District Centre and Green Street District Centre. During the plan period the LLDC planning powers will be handed back to the Council, hence we have included this area in our analysis. In addition, there are existing offices in the around the Royal Docks.

[53] CoStar defines market rent as the rental income that a property would most probably command in the open market.

Figure 4.39 LLDC and town centre areas – LB Newham



Source: ONS, QGIS, London Borough of Newham, Urbà, January 2022

LLDC in Newham

4.146 The LLDC is located in the northwest corner of the Borough and forms part of the regeneration area created following the London 2012 Olympics. The area comprises the London Stadium (formerly known as the Olympic Stadium) and mixed commercial and residential development.

4.147 Along with Stratford Metropolitan Centre it forms the Borough's prime office location and is identified in the London Plan as having the potential to function as a future CAZ satellite due to its hyper-connectivity.[54] The area benefits from good transport links with Stratford International Station lying adjacent to this area.

4.148 As illustrated in Figure 4.40 the offices in the LLDC are new build, found in standalone blocks or located on the ground floor of residential mixed-use development. Being new build, the standalone offices are typically large floorplates (e.g. between 1,800 – 3,600 sq m[55]) provided at Grade A specification (e.g. fan coil air conditioning, raised flooring, shower facilities, bike storage, and BREEAM Excellent[56]).

[54] London Plan, GLA 2021, Annex 1 Town Centre Network, Page 473

[55] Advertised floorplates at 2 Redman Place

[56] Specification based on marketing brochure of 2 Redman Place

Figure 4.40 Examples of office units, LLDC in Newham

Clarendon Road	2 Redman Place
	

Source: CoStar, November 2021

4.149 Occupiers in the LLDC include: TFL (public sector) who took the entire building of 24,600 sq m at the International Quarter on a pre-let, Unicef (charity) that have two floors at 1 Westfield Avenue that total 2,370 sq m; British Council (charity) who have their headquarters over three floors at 2 Redman Place that total 7,755 sq m, and FNZ (TMT) have half a floor that totals 980 sq m, also at 2 Redman Place.

4.150 At the stakeholder event it was generally held that this office market was public supply-side driven (i.e. Grade A space was developed which in turn attracted the occupiers) and not responding to private sector demand. Also, it was indicated the nature of some of the larger occupiers (e.g. public sector) is a reflection of how this market has been developed.

Stratford Metropolitan Centre

4.151 Stratford Metropolitan Centre lies adjacent to the LLDC and comprises a mix of new build offices created as part of the Olympic regeneration area along with the older traditional stock. The area also comprises the Westfield Shopping Centre, Stratford Shopping Centre, and the rail, tube and bus interchange of Stratford International.

4.152 The new build standalone offices offer large clear single floorplates (1,400 – 2,600 sq m[57]) and are provided to Grade A specification similar to that in the LLDC. The older stock provides smaller units (under 465 sq m) either as standalone purpose-built blocks or above retail units, and are typically more dated. The specification of this accommodation is mixed, but the purpose-built stock provides air conditioning, raised floors and suspended ceiling with inset lighting. Figure 4.41 provides example of the type of office space available in the Stratford Metropolitan Centre.

[57] Based on marketing brochure of Office District

Figure 4.41 Examples of office units, Stratford Metropolitan Centre

2 Broadway	Salisbury Promenade
	

Source: CoStar, Urbà, November 2021

4.153 Occupiers in the new build offices include; Vistry Partnerships (registered provider) in a 1,500 sq m unit at 2 Broadway and Network Rail (transport) in 3,900 sq m over the 11th and 12th floors at One Stratford Place. In the older stock, occupiers include; Mind (charity) in a 580 sq m unit and Edwards Duthie Shamash Solicitors (professional services) in a 215 sq m unit.

4.154 The new build offices in that part of Stratford Metropolitan Centre in LB Newham have attracted similar types of occupiers as found in the LLDC, and the stakeholder comments for the LLDC area apply equally for the new build offices here. Whereas the secondary space in the Stratford Metropolitan Centre is attractive to companies servicing the local area - therefore providing a different, but still important offer, to ensure a balanced market.

East Ham Major Centre

4.155 The East Ham Major Centre is located in the east of the Borough, the A124 runs east/west along the south of the centre and A117 Ron Leighton Way runs north/south. The area's predominant focus is retail, with offices dispersed either above the retail units or in standalone offices. As shown in Figure 4.42 the office stock here is dated.

Figure 4.42 Examples of office units, East Ham Major Centre

90 – 96 High St	2 High Street
	

Source: CoStar, Urbà, November 2021

4.156 Occupiers here include Wiseman Solicitors (professional services) in a 270 sq m unit. Occupiers are attracted here if they are seeking affordable space and are servicing the local market.

District Centres

4.157 There are four district centres in the Borough, with all having relatively small office markets, so we have grouped this analysis together – the four centres are

- East Beckton District Centre
- Canning Town District Centre
- Forest Gate District Centre
- Green Street District Centre

4.158 As shown in Figure 4.43 offices in the district centres are dated, found above retail units and or in small standalone units. Occupiers in these areas include Bangladeshi Parents & Carers Association (charity) in a 150 sq m unit and Caritas Anchor House (charity).

Figure 4.43 Examples of office units, District Centres

Crown House, Sebert Road	1 – 4 Nelson Street Studios
	

Source: CoStar, November 2021

4.159 Occupiers are attracted to this area due to the availability of existing affordable space and the need to service the local area. The district centres also provide an opportunity for flexible workspace to support SMEs and micro businesses - we would see this being delivered in existing accommodation or on the ground floor of redeveloped space. Through protecting and supporting employment floorspace in the district centres it provides an opportunity to support the Council's proposed 15-minute city concept in the Local Plan Review. Although not currently seen in the district centres, they may provide an opportunity to support micro-fulfilment centres to e-tailers to provide same-day deliveries.

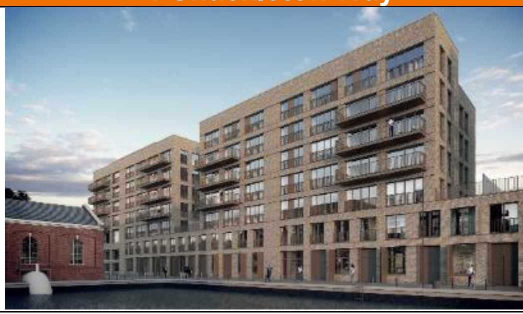
Royal Docks

4.160 The Royal Docks are located to the south of the Borough and are a key regeneration area in London as it is the capital's only Enterprise Zone. It is also identified as a London Plan Opportunity Area for major employment (55,600 jobs in the draft OAPF) as well as housing growth. The area comprises the London City Airport and docklands area. The area currently benefits from public transport links including the DLR and Elizabeth line.

4.161 As shown in Figure 4.44 the regeneration of the area includes standalone new build offices (e.g. 1000 Dockside Road on Strategic Site S31) or part of mixed use development (e.g. 1 Shackleton Way on Strategic Site S19). 1000 Dockside Road was built in 2004 and provides a total of 6,400 sq m of space office. The space has been provided to Grade A specification with raised floors and air conditioning. 1 Shackleton Way has provided circa. 800 dwellings with 2,640 sq m of mixed commercial, for a local centre, defined in the planning application as; Class A1-A4 (retail; professional services; cafe and restaurants; and drinking establishments), Class B1 (office) and Class D1 (medical centre; community).

4.162 Occupiers at the Royal Docks include Newham Council (public sector) at 1000 Dockside Road, Royal Albert Dock in a 14,470 sq m unit, Veritas Prime (TMT) at 1- 4 Western Gateway, Royal Victoria Dock in a 320 sq m unit, and more recently the GLA (public sector) have started to occupy the 18,000 sq m Crystal Building, at Royal Victoria Dock as part of their move from City Hall at the South Bank.

Figure 4.44 Examples of office units, Royal Docks

1000 Dockside Road	1 Shackleton Way
	

Source: CoStar, November 2021

Micro-Business Opportunity Areas

4.163 The MBOAs are generally extensions to the Borough's town and district centres and part of the urban Newham network of areas providing employment opportunities that are remote and different from the Borough's main employment areas. There are five agglomerations in total and the purpose is primarily to provide incubator and micro business space, which is important in the context of Newham's strong business start-up record. They are located in neighbourhood areas of comparatively high population. They are therefore important in delivering local low-cost (as per the London Plan) business space and local employment opportunities for residents, and are not dissimilar from LMUAs in that respect.

4.164 There is currently a restriction on employment numbers, with a limit for new business of 10 employees, and this was not an issue raised through the agent consultations, and the purpose of such a limitation supports the provision of opportunity for start-ups and fledgling businesses that are likely to provide space for local entrepreneurs and employment opportunities for local residents.

Demand

4.165 In this section we analyse the take-up of office floorspace in the Borough over the last five years, drawing on the CoStar database. The data is analysed on the same basis as the industrial data above. In the Newham Employment Land Review Part 2, it was identified that there was no oversupply of offices, in terms of built stock but there was a large pipeline. Although this analysis did not include the LLDC area, which now forms part of this analysis.

4.166 As shown in Table 4.6, in the five years to 2020, the take-up of office space in the Borough averaged 17,593 sq m, these were over an average of 23 units per annum. In terms of the number of units transacted we would consider the office market in the Borough to be small compared to other London boroughs, for example the London Borough of Richmond[58] averaged 50 transactions over the same 5-year period and Camden saw 145 transactions in the 2020 calendar year.

Table 4.6 Office floorspace take-up, 2016-2020, LB Newham

Calendar year	No. of transactions	Total take-up sq m
2016	29	9,166
2017	23	38,354
2018	39	22,322
2019	17	15,905
2020	8	2,217
2021*	8	12,145
Total	***124***	***100,108***
Annual Average 2016 - 2020	***23***	***17,593***

Source: CoStar 2021

*2021 is a partial year, data taken between 1st January – 22nd October

4.167 Demand for office space across the Borough is from a variety of sectors. We see take-up of space in the LLDC area and new build space in the Stratford Metropolitan Centre, being larger units from public sector and regulatory bodies. Smaller requirements are typically those servicing the local market and take-space in the more affordable secondary accommodation.

4.168 Examples of recent take-up include:

- November 2019 - The Insolvency Service (public sector) taking a 1,860 sq m unit at the16th Floor, 1 Westfield Avenue, Stratford
- November 2019 - The Nursing and Midwifery Council (regulatory body) taking a 2,000 sq m unit at the16th Floor, 1 Westfield Avenue, Stratford
- May 2019 - HMRC (public sector) HMRC leased a further 5,390 sq m unit to become the sole tenant of the 27,870 sq m development next to Westfield Stratford City
- February 2020 - Law Lane Solicitors (professional services) taking a 250 sq m unit at 43-45 Broadway, Stratford

[58] We have chosen Richmond as we are currently undertaking a similar study so we have the data available.

- June 2021 - Veritas Prime (TMT) taking a 320 sq m unit at Unit R6, Warehouse K, 1 - 4 Western Gateway, Royal Victoria Dock

Supply and market balance

4.169 CoStar report (refer to Table 4.7) that there is Borough-wide total availability[59] of 102,356 sq m and vacancy[60] of 95,490 sq m i.e. most of the available space is vacant. When we compare the CoStar data with VOA total stock (see Table 4.6) we see that availability is around 30% total floorspace with vacancy only marginally lower at 28%. When we compare the average annual take-up of 17,593 sq m (see Table 4.6) against the availability and vacant data in Table 4.6 it equates to a supply of around 5-years 10-months, based on availability[61] and 5-years 5-months supply based on vacancy.[62] Around 40% of the availability is at Royal Docks (includes ABP) with around one third in the LLDC area. We would consider the availability and vacancy rates to be high.

Table 4.7 Floorspace availability & vacancy, office, Newham Borough

Total stock	337,000 sq m
Availability floorspace	102,356 sq m
Availability %	30.37%
Vacancy floorspace	95,490 sq m
Vacancy %	28.34%

Source: CoStar, Q.3 2021, VOA, October 2021, Urbà, December 2021

Rents and the economics of development

4.170 Market rent (as defined by CoStar[63]) has been steadily decreasing (see Figure 4.45Figure 4.34) in recent years across the Borough this is likely in a response to weakening demand caused by Covid. CoStar is reporting for quarter 1, 2022 a rent of £409 psm.

[59] The total amount of space that is currently being marketed as available for lease or sale in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. CoStar includes only existing, under construction, and under renovation buildings in its statistical calculations of available space.

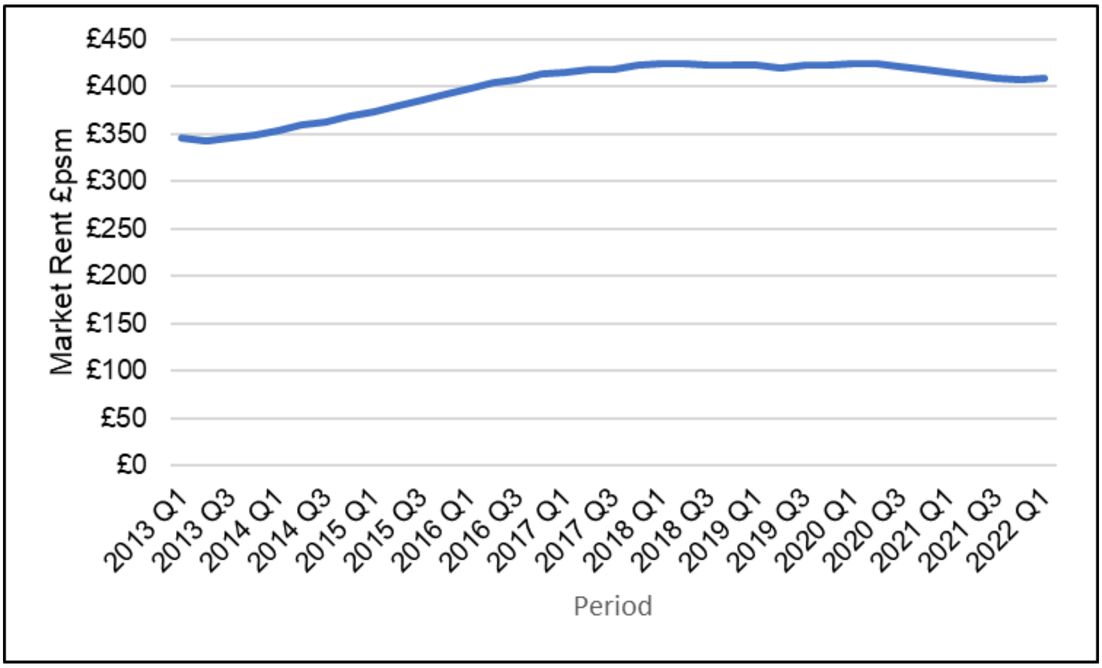
[60] Space which is currently vacant and is currently being marketed as available space.

[61] Calculated as availability of 102,356 sq m / annual take-up of 17,593 sq m

[62] Calculated as vacancy of 95,490 sq m / annual take-up of 17,593 sq m

[63] CoStar defines market rent as the rental income that a property would most probably command in the open market.

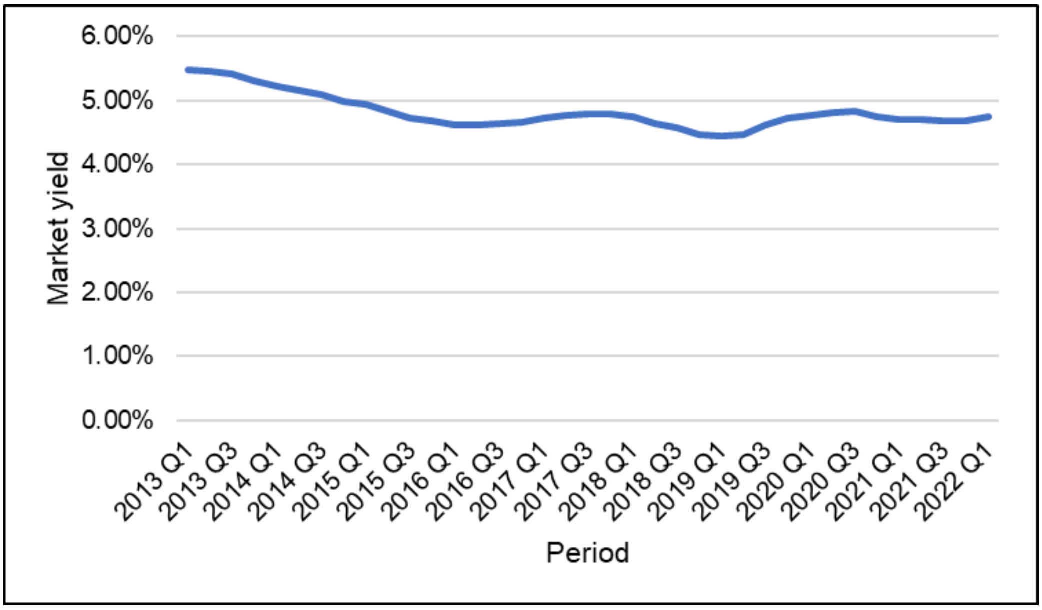
Figure 4.45 Market rent, Newham Borough



Source: CoStar, February 2022

4.171 Market yield (as defined by CoStar[64]) has generally levelled out over the last five years (see Figure 4.46) across the Borough, with CoStar reporting for quarter 1, 2022 a yield of 4.74%.

Figure 4.46 Market yield, Newham Borough



Source: CoStar, February 2022

4.172 Analysis of specific deals show that rents vary across the Borough, typically in the £312 - £511 psm range. The higher rents are achieved around the LLDC area and Stratford Metropolitan Centre where the new build Grade A space has been

[64] CoStar defines market yield as the smoothed average yield series using modelled yields and estimates as well as actual observations.

delivered. It is this combination of public sector delivery, in a regeneration area, achieving high rents that has enabled development to occur. The lower rents are being achieved for the secondary stock, also found in the Stratford Metropolitan Centre and the other district centres along with the newer built stock around Royal Docks. It is therefore important that the older stock is protected to ensure a balanced market offering second-hand space at genuinely affordable rents in market terms. Examples of recent deals include:

- June 2021 - Unit R6, Warehouse K, 2 Western Gateway - Veritas Prime (TMT) took a 320 sq m unit at £312 psm on 5-year a lease
- April 2020 - Level 7, 2 Redman Place, Westfield Avenue – FNZ (TMT) took a 980 sq m unit at £506 psm on a 10-year lease.
- March 2018 - Stratosphere Tower, 49 Great Eastern Road – Trivelles (property developer and investor) took a 260 sq m unit at £331 psm on a 10-year lease.
- May 2018 - 18 – 19 Stratford Walk – UNICEF (charity) took a 2,373 sq m unit at £511 psm on a 12-year lease.
- October 2021 – Altitude Dockside Road – DWP (public sector) took a 1,380 sq m unit at £355 psm on a 5-year lease.

4.173 With regard to yields:

- 14 Westfield Avenue, a 27,884 sq m building was sold in June 2018 with a pre-let to the Secretary of State for Communities and Local Government for 25 years to establish a new HMRC building at a yield of 4.0%.
- 2 Redman Place, Westfield Avenue, a 25,827 sq m building was sold in July 2018, which was under construction at the time, at a yield of 5.01%. The property, at the time was 78% let to Cancer Research and the British Council.

4.174 The above rents and yields are sufficient to maintain the existing space, and the highest rents / lowest yield combination are sufficient to support viable development.

Development opportunities

4.175 As discussed above most office development in the Borough in recent years has occurred in the LLDC and Stratford Metropolitan District (which is in line with the current plan's ambition), the future focus for office development is around the Royal Docks and any sites in the LLDC area.

Royal Docks

4.176 Part of the area, within the Royal Albert North Strategic Site (S31), is currently being promoted for uses including 42,735 sq m of offices across 21 buildings as part of Phase 1 Royal Albert Docks (the ABP development) and 464,515 sq m of commercial space at the Silvertown Quays development on Strategic Site S21.

4.177 It is uncertain, whether the GLA moving to the Royal Docks will act as the catalyst for this area as the next wave of office development in the Borough. Agents at the stakeholder event, also questioned whether the supply-side delivery as seen in the LLDC and Stratford Metropolitan Centre is sustainable. But given that there will be an Elizabeth Line station at Custom House, this may provide the stimulus for this area to establish as a major office location over the plan period. Although we see this being a distinct market compared with that created in the LLDC/Stratford Metropolitan area due to different amenities, and providing more affordable space (i.e. lower market rents).

4.178 We understand that amongst a number of sector priorities targeted for the Enterprise Zone are those that follow national trends as referred to at 4.140 above - finance, professional services, TMTs, but additionally sectors such as green tech and data that are rapidly expanding sectors, in respect of which neither have as yet established a cluster in London and current demand is not strong. London’s only Enterprise Zone with the resource backing that entails gives the Royal Docks a head start in this respect.

4.179 To complement the current large floorplate offices found at Royal Docks and the LLDC, we do see there is an opportunity at the Royal Docks to provide smaller flexible office / workshop style units which will be attractive to micro businesses and SMEs that are seeking modern, good quality space which is not typically available elsewhere in the Borough. Furthermore, current rents at Royal Docks are lower that that at Stratford so offer a lower cost option to occupiers seeking good quality space. There are planning permissions for workspace at the very western end of the Enterprise Zone and other opportunities emerging that suggest the potential to establish a workspace cluster in this location. In this respect we note that the Royal Docks Team have an ambition for workspace clusters at an extended Silvertown Arches LMUA close to City Hall. We already see this type of product (in office form) being delivered by the market (Bellway Homes) at East Ham Industrial Estate through creating a residents’ hub.

Sugar House Lane (northern component of SA4.2 Sugar House Lane 'Strand East' Strategic Site)

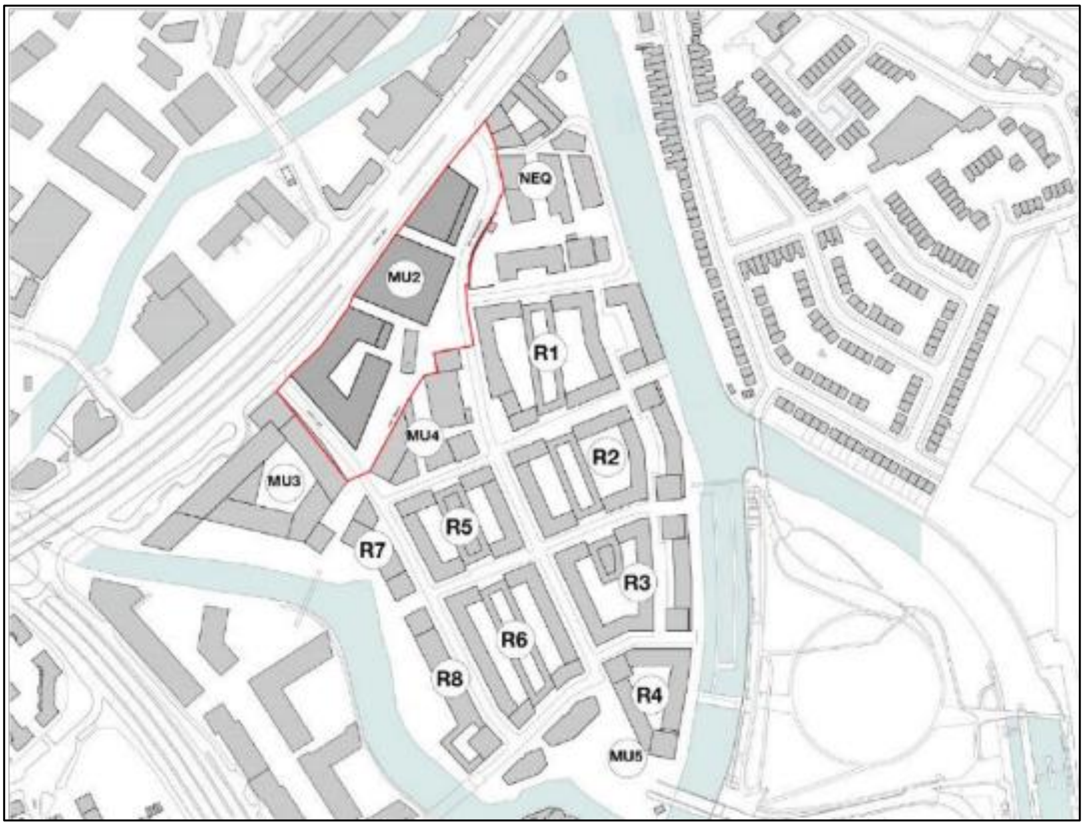
4.180 Sugar House Lane is located in the west of the Borough, just off the A118 High Street and east of the A12. The site is part of the existing Sugar House Island redevelopment and is currently allocated as a LSIS in the LLDC area. The employment designation comprises the northern element of the policy designation in the LLDC Local Plan.

4.181 There is an outline permission (reference 12/00336/LTGOUT) for the SA4.2 policy designation as follows:

- 1192 residential units (C3); 12,593 sq m flexible uses including retail (A1), financial and professional services (A2), restaurants, cafes and bars (A3/4), offices and workshops (B1), non-residential institution (D1) and assembly and leisure (D2); 33,950 sq m offices and works shops (B1); 350 bed hotel (C1); 8 residential units (C3) within Sugar House only; 300 sq m financial and professional services (A2); 500 sq m public house/bar (A4); 2,620 sq m office and workshops/non-residential institution (B1/D1); 8,170 sq m offices (B1).

4.182 There has been various Reserved Matters Approvals (RMAs) which relate to the individual plots as set out in Figure 4.47. When we compare the development plots with the employment designation the employment designation predominantly covers plots MU2, MU3, MU4 and NEQ.

Figure 4.47 Development Plots – Sugar House Lane



Source: LLDC, Planning Decisions Advisory Panel Report, 23 June 2020

4.183 Details of the RMAs are summarised in Figure 4.48. Plots R1 through to R8 and MU5 all have RMAs, these plots are mainly for residential development (apartments) with a small element of commercial floorspace (mix of Class E, B and D). The NEQ is coming forward as a two-form entry primary school. The MU labelled plots comprise a greater element of commercial floorspace, details of which are provided below.

Figure 4.48 Progress on Site (March 2021)– Sugar House Lane

SA4.2 Progress on Site (March 2021)					
	Name	Reference Number	Status	Residential Units	Non-residential (sqm)
Strand East (Sugar House Lane), 12/00336/LTGOUT - Outline permission for 1200 residential units and around 56,000sqm of non-residential uses.					
1	North East Quarter (NEQ)	12/00336/ LTGOUT	Under Construction	8	11,590
2	MU3	15/00481/REM	Pending Consideration	-	-
3	MU4	19/00417/REM	Pending Consideration	-	-
4	MU2	15/00250/REM	Permission	0	27,000
5	Plot MU5	15/00359/REM	Permission	42	391
6	Plot R1	16/00223/REM	Under Construction	161	627
7	Plot R2	16/00440/REM	Under Construction	211	70
8	Plot R3	16/00412/REM	Permission	156	0
9	Plot R4	15/00327/REM	Permission	89	661
10	Plot R5	17/00348/REM	Permission	86	80
11	Plot R6	15/00435/REM	Permission	103	0
12	Plot R7	17/00369/REM	Permission	82	330
13	Plot R8	15/00384/REM	Permission	116	0
14	Plot MU1 - Resi and Primary School	19/00571/FUL	Resolution to Grant	Primary School - 420 pupils	

Source: LLDC, Planning Authority Monitoring Report (2020/21), July 2021

- Plot MU2 had RMA (reference 15/00250/REM) in December 2015 for 27,000 sq m of commercial floorspace (Class B1, A1, A2, A3, A4) and community (D1) floorspace and this is now under construction. The plans show two office blocks: one block of four stories with ground floor commercial and the other block six stories, all as offices.
- Plot MU3 has a RMA (15/00481/REM) pending consideration for 349 bed hotel, 21 residential units, 4,160sqm commercial floorspace. Through looking at the plans on the prominent use for the site will be the hotel.
- Plot MU4 has a RMA (19/00417/REM) pending consideration for 66 residential units and 995 sq m non-residential floorspace (Use Class A1, A2, A3, A4, B1, D1 and D2).

4.184 Sugar House Lane lies to the very south of the LLDC area, which we have already established is one of the Borough's core office markets. As been proven to date the supply side delivery of offices in this area has attracted blue chip occupiers, predominantly public sector and regulatory bodies. In the current market, offices may take longer to occupy then previously seen. But the proposed hotel along with the other uses will be attractive to occupiers. This private sector investment shows continued confidence in the area, although we do see that it has been residential led development. We see this area having scope to be redesignated as for a LMUA in the new Local Plan.

Conclusion

4.185 The office market in the Borough has seen successful new build development occurring in the LLDC and LB Newham part of Stratford Metropolitan Centre, and this has attracted a number of public sector and regulatory bodies. The delivery of this space means that the Borough has Grade A stock which meets modern occupiers requirements of large open plan floorplates with high levels of sustainability. The space also meets occupiers and investors ESG requirements. Occupiers are placing a greater importance on ESG therefore, as with our recommendation for industrial, consideration should be made to revise the current Local Plan Policy SC1 to seek carbon negative development and BREEAM "outstanding". But due to the time-lag of bringing forward office development there is currently no examples to reference where this has been delivered, therefore this should be viability tested as part of the Local Plan.

4.186 The rents and yields achieved on the new build space are at a level which means office development is viable. In addition, the new Grade A space in Stratford Metropolitan Centre offers a credible alternative for occupiers to the CAZ. The Metropolitan Centre, as defined by the current boundaries provides a mix of office space in terms of size, quality and cost (highest rents for Grade A and value driven for 'above the shops' office space) that the market shows are meeting a range of needs. In terms of how the new Plan should define the Metropolitan Centre office area boundary our view is that it should be consistent with the boundary for the Metropolitan Centre as a whole, thereby drawing it wider than a narrower commercial area, and giving opportunity for continued expansion of the office market here, in recognition of the pipeline of permissions and the need not to constrain opportunities to deliver growth.

4.187 The aspiration for the Royal Docks is that the success of the LLDC and around Stratford Metropolitan Centre can be replicated here, but given the current flux in the office market caused by Covid and the delays to the Elizabeth Line it is still too early to tell whether this will materialise. At this current point in time there is excess supply of offices in this location, to address this imbalance, we see potential here to provide smaller flexible office / workshop style units which is not typically available in the district centres. Promotion of the Royal Docks Opportunity Area through Enterprise Zone status will ensure the area will continue to be supported by infrastructure investment and promoted for offices. Establishing a workspace cluster at the western end of the Royal Docks, offering opportunity for the SME sector would be an important step in creating a balance of opportunity more likely to be taken up by local rather than global occupiers with more scope to deliver on the Community Wealth Building principles.

4.188 The district centres provide an important role in providing an affordable option servicing local need and should be protected especially as they will help the Borough fulfil its ambitions for 15-minute city concept in terms of creating local jobs and businesses supporting a local economy.

5 Future Need

Introduction

5.1 In this chapter we assess the need for new employment floorspace in the Borough over the Plan period 2021-38, and we do this following the methods set out in the Planning Practice Guidance.

5.2 The PPG provides three broad approaches:

- Projections based on past trends
- An assessment based on labour demand (economic forecasts)
- Labour supply.

5.3 Our past trends approach to projecting the future employment need in the Borough uses two alternative data sets to derive two alternative future scenarios - one based on the change in job numbers, and the other employment floorspace development completions.

5.4 The job change data comes from the historic element of the Experian Economics forecast data. Experian are one of the three UK principal forecasting houses[65], and for forecasting work are an 'industry standard'. The development completions data comes from the GLA's Datahub[66] and we have a ten-year time series, and we use floorspace data from VOA to sense test this.

5.5 Experian also provides the economic forecasting data. We use an Experian forecast because they are more explicit than the other forecasting houses regarding their labour supply assumptions, using ONS population projections at the local level as their baseline. The other forecasting houses use their own population models that may not align with official data.

5.6 We do not follow the labour supply approach because the Experian economic model considers both labour and supply. It is the only one of three main models available that makes explicit assumptions regarding the population size and profile. Additionally, while labour supply tells us about an area's ability to accommodate economic growth, it tells us little about whether the firms involved want or need this space. If there is no demand for labour – these jobs will not translate into a demand for floorspace.

5.7 We focus on past trends and labour demand because they tell us what occupiers may demand in the future. They both seek to estimate how much space firms may take up in the future. Following the assessments, we then conclude on which is the right approach for the assessment of employment floorspace demand in the Borough Plan.

5.8 The assessment considers the two principal employment floorspace types separately. First the need for office floorspace, and then in combination the need for core industrial and warehousing space/land that together are referred to as industrial. The

[65] The other two being Oxford Economics and Cambridge Econometrics.

[66] A collaborative hosted by the GLA

two are considered together because most core industrial and warehousing buildings could serve either purpose, and are generally indistinguishable. It is relevant to note here that there are other job sectors (eg health, education and retail) that are accommodated in buildings, but are not considered employment generating uses for the purposes of plan-making. In terms of total job numbers the total non-employment type uses usually comprise 50% of the total jobs in an area, and here the proportion is relatively high at 65%.

5.9 Before we turn to the assessments we explain our approach to the consideration of employment land in the Borough's two Opportunity Areas – the Olympic Legacy (LLDC), which after more than a decade is in the process of being wound down with planning powers returning to the Borough, and Royal Docks/Beckton Riverside which in terms of what could be delivered is in its infancy. Both of these areas have delivered very large amounts of floorspace, and both retain substantial reservoirs of land capable of supporting considerably more employment floorspace.

5.10 The Opportunity Areas are in practice a policy choice to elevate the delivery of floorspace and jobs over and above what the normal market is capable of delivering. The delivery we have seen in these areas means it is impossible to reconcile past rates of floorspace and job delivery with the projections and forecasts, because these forecasts do not accommodate these policy-on capacity driven attractors of growth. Indeed, by their very nature Opportunity Areas attract demand from elsewhere, cross-boundary growth that is not part of the normal local Borough demand. The scale of the game changing nature of these areas is illustrated when we look at the number of jobs created within the LLDC area using BRES data[67]. In 2015[68] MSOA area 13, which covers most of the Olympic Park area supported a total of 16,000 jobs and the total jobs figure had grown to 25,000 jobs by 2020, an additional 9,000 more jobs in just five years. In the context of Newham as a whole that growth represents just over half of all job growth, from an area that is just one of 37 MSOAs in the Borough.

5.11 Thus, to make sense of the projections and forecasts it is necessary to ringfence the two Opportunity Areas, and uncouple them from the normal market, because Opportunity Areas seek to deliver a step change in delivery, effectively creating a new market.

Past Trends

5.12 The first and simplest approach to assess future demand is to project forward the past. As with any of the approaches to 'need' set out in the PPG, there is no guarantee that there is land to accommodate this projection, but the logic flows that if land was taken up in the past there is at least evidence of demand that similar may be taken up again in the future in the same market area.

[67] Source: Business Register and Employment Survey for MSOA Newham 13

[68] Unfortunately BRES data at MSOA level was not available prior to 2015.

5.13 For this assessment we look at past trends in terms of firstly the change in the number of offices and industrial jobs and then change in floorspace, and the interplay between the two.

Past job change

5.14 To assess the number and type of jobs we use data from Experian Economics. Experian's historic data is based on published official data, which is survey based, with the most recent being for 2019. So that we can compare with the forecast in the 2017 Newham Employment Land Review that addressed the 2015-32 period) and with the GLA's projection, we take 2015-19 as a past trend period, but this is too short a period to project, added to which those years were at the top of the economic cycle, so we also identify a longer ten-year period 2009-19 to also use for the projection.

5.15 The table below identifies job change by land use[69] over these past trend periods. The data is Borough-wide including jobs within the Newham LLDC area. Given that the job change in the LLDC area is policy driven, and over and above the local growth that will be anticipated in the forecasts and projections, it is unfortunate that the historic job delivery data cannot be viewed at sub-Borough level.

Table 5.1 Newham past job change (different periods)

	Ten year (2009-19) Job change		Four year (2015-19) Job change	
	Total	p.a.	Total	p.a.
Office	**12,271**	**1,227**	**5,855**	**1,464**
Core industrial	2,208	221	1,612	403
Warehousing	822	82	528	132
Industrial	**3,029**	**303**	**2,140**	**535**

Source: jobs - Experian Economics (December 2021) and Stantec analysis.

5.16 The table shows there has been very positive job growth in the Borough in the past decade, particularly for office jobs and particularly in the past four years. As referred to above what is likely to be the main LLDC area (MSOA Newham 13) has seen 9,000 new additional jobs (total jobs, not just office and industrial) since 2015 alone, just over half the Borough's total job change. Thus at least half the job change in the 2015-19 period is likely to be policy-on growth in the LLDC area and not 'normal' growth in the rest of the Borough.

5.17 Job change over the longer term (ten years taking in a complete economic cycle) has been slower than in the most recent shorter period, but not substantially so. This will reflect the substantial number of jobs that will have been delivered in the LLDC area post 2012 and prior to 2015. Unfortunately, BRES data at MSOA level is not available prior to 2015, so we cannot chart the growth in jobs before that date.

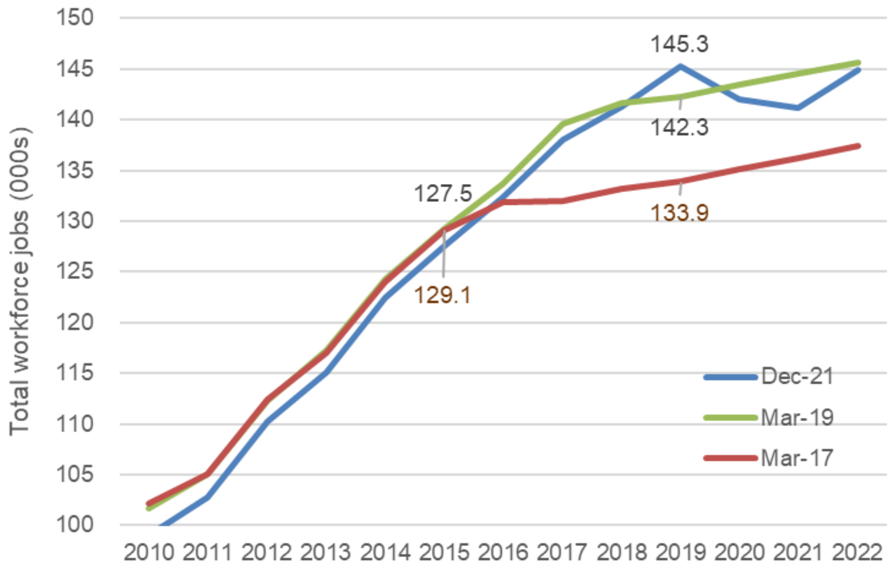
5.18 So, it is not possible to directly compare job delivery as set out in the table above with the GLA projection and ELR forecast because the projection and forecast will not have factored in the LLDC area policy-on supply-led growth. However, what we can say is the GLA's office projection at 597 jobs per annum is likely to have been closer

[69] Industrial includes warehousing

than the ELR's Experian based forecast of 150 jobs per annum. The GLA do not project industrial jobs, and the ELR's forecast of 76 additional industrial jobs per annum again appears low, albeit again past performance will be heavily influenced by the policy-on growth in the LLDC area, but this will have been largely office.

5.19 From this analysis it is clear overall actual job growth has been considerably higher than the forecasts/projections. How much higher in the Borough is difficult to tell given the influence of the LLDC area. To understand the difference in the forecasts the chart below compares Experian's earlier job forecast that underpinned the 2017 ELR (March 2017) and more recent forecasts, including the most up to date forecast (Dec 2021).

Figure 5.1. Newham total jobs – various economic forecasts



Source: Experian forecasts Mar 2017, Mar 2019 and Dec 2021

5.20 Figure 5.1. shows that over the past decade the Borough has experienced rapid growth in total jobs, increasing by almost 50% over that period. As we see from the graph Experian's March 2017 vintage (which underpinned the 2017 ELR) forecast a cooling in the economy from 2016 which will have been at least in part due to BREXIT, but the more recent Experian forecast vintages (March 2019 and Dec 21) show that this cooling from 2016 did not happen, and growth continued on the high growth path to 2019. As we have seen the strong growth 2015-19 (and this may have been a continuation from preceding years) was down in large part to the public sector investment in the LLDC area, and this has delivered much stronger office growth, growth that the economic forecasting model will not have been aware of because it is capacity and policy-led.

5.21 To understand the nature of the growth in the early years of the Borough Plan (2015-19), we have looked at the sectors of the economy that have done particularly well over this period, these being:

- Administration/support services – 3,200 extra office jobs (over half of all growth in office jobs)

- Manufacture of food and drink – 1,000 extra industrial jobs (250 jobs pa)
- Land Transport, Storage & Post - accounting for all the growth in warehouse jobs (900 jobs).

5.22 Over the 2015-19 period the admin/support services office based growth is what we might expect from the types of large public sector organisation that have moved to the LLDC area – such as Unicef and the British Council. Newham is home to Tate & Lyle and Britvic, two of the most well-known food and drink manufacturers in the world, and proximity to the City makes it a highly attractive location for food and drink manufacturers serving the City/CAZ, and the jobs in this sector expanded by 50% from 1,800 to 2,800. Linked to the food and drink manufacturers is the upturn in warehousing jobs, which again exceeded forecast in the period up to 2019, and as we come to later is likely to continue to grow in the future.

Past floorspace/land change

5.23 We now turn to the other measure of past trends – floorspace/land change.

5.24 The table below presents the forecast from the previous ELR and the GLA projection (based on the LOPR figure for offices and the Industrial Land Demand Study (2017). These figures are net demand, i.e. just the floorspace/land change anticipated from the job change in the Borough, but not anticipating the floorspace change in the LLDC area. The only published estimate of floorspace change is provided by the VOA, but this is net change, i.e. accounting for stock losses as well as gains and there can be considerable slippage in when change is reported, so not directly comparable.

5.25 The data therefore should be treated with extreme caution, and are only used to indicate the general direction of travel and to compare with the Plan monitoring data.

Table 5.2 Newham –floorspace forecast versus estimate of actual change 2015-19

	Office Floorspace sq m p.a.	Industrial Land ha p.a.	Warehouse Land ha p.a.
Forecasts / projections (net demand)			
2017 ELR (PBA)	2,229	0.4	0.9
GLA	5,376	0.5	-0.5
Estimate of net change		**sq m**	
VOA	6,250	-23,500	

Source: 2017 ELR annual averages of data in Tables 3.2-3.4 and for GLA office figure from LOPR table 9.14 and for industrial and warehousing from LILD table 13.3.

Note VOA floorspace data is aggregated for industrial and warehousing.

5.26 The VOA data shows that office floorspace in the Borough has increased over the 2015-19 period, and our earlier analysis suggests that this is new office floorspace in the LLDC area[70].

5.27 The forecast demand for industrial and warehousing as identified in Table 5.2 above was very modest in both forecast and projection, indeed in the GLA projected overall no change with a gain of 0.5 ha pa for industrial was counter-balanced by a 0.5 ha pa loss in warehousing. The VOA identifies a relatively minor loss when considered in the context of the Borough's portfolio of 850,000 sq m. Datahub data for the Borough and LLDC area is presented in the table below.

5.28 Table 5.3 below summarises plan monitoring data for office change in the two planning areas – Borough and LLDC (it excludes the ABP office development in the Royal Docks). Three averages are shown – four-year to correspond with the 2015-19 period discussed above, and then five (2016/17-20/21) and ten year (2011/12-20/21) periods that take in the most recent available data.

5.29 The table shows that all the positive change is in the LLDC area, and in the Borough more office floorspace has been lost than gained. The past trend periods are consistent in terms of quantums of change. Further analysis shows that the losses are almost entirely of office space in areas not designated for employment use. Overall (taking account of LLDC and Borough), the Plan monitoring data identifies a small net loss in office floorspace in the shorter periods, and a very marginal overall gain over ten years. The small loss for the four-year period compares with a modest gain recorded in the VOA data, which we interpret as change overall being flat. The difference between the two data sets is likely to be down to inconsistencies in the data recorded.

Table 5.3 Newham - office floorspace change

Past trend periods	Newham Borough			LLDC			Total
	Gross Gains sq m	Gross Losses sq m	Net Change sq m	Gross Gains sq m	Gross Losses sq m	Net Change sq m	Net Change sq m
Four year ann ave	1,155	4,776	-3,621	2,174	21	2,153	-1,469
Five year ann ave	1,417	3,586	-2,169	857	29	828	-1,341
Ten year ann ave	1,294	3,689	-2,394	3,447	674	2,773	379

Source: GLA Datahub and Stantec analysis. Note: Annual averages - four-year period covers 2015/16-18/19, five-year 2016/17-20/21 and ten years 2011/12-20/21

5.30 As shown in Table 5.4 below annual average industrial completions in the four-year period (2015/16-18/19) have been very marginally negative in both LLDC and the rest of the Borough. Whereas change over the most recent five-years and the longer trend period (the ten years) is positive. The past five years has been much more positive, and we note that the two most recent years (2019/20 and 2020/21) have included a substantial upturn in new industrial floorspace completions, with major

[70] The VOA figure does not include the ABP development; as this is included in the VOA data for 2019/20.

schemes completed for industrial and warehousing at Jenkins Lane and the concrete batching plant on Albert Island.

5.31 This upturn in industrial floorspace is a trend we see regularly elsewhere, and so we caution against planning for around zero or negative growth (as indicated by the GLA LILD study), and suggest consideration of planning for future growth around 6,000 sq m per annum, which is triple the ten year average, and reflects the more positive five-year net change in industrial floorspace completions (5,644 sq m pa) in the Borough.

Table 5.4 Newham – industrial floorspace change

Past trend periods	Newham Borough Gross Gains sq m	Gross Losses sq m	Net Change sq m	LLDC Gross Gains sq m	Gross Losses sq m	Net Change sq m	Total Net Change sq m
Four year ann ave	3,016	3,258	-242	697	1,070	-373	-615
Five year ann ave	9,740	4,097	5,644	695	856	-161	5,483
Ten year ann ave	6,074	4,085	1,989	348	1,614	-1,267	722

Source: GLA Datahub and Stantec analysis. Note: Annual averages – four-year period covers 2015/16-18/19, five-year 2016/17-20/21 and ten years 2011/12-20/21

Floorspace densities

5.32 Before we move on to apply a past trend approach to future demand, we firstly review existing densities. The table below shows the total floorspace and the number of jobs in 2019, from which employment densities are calculated.

Table 5.5 Floorspace densities 2019

Densities	Floorspace sq m	Jobs	Density sq m NIA/ job
Office	242,000	31,777	7.6
Industrial/whsing	850,000	19,658	43.2

Source: VOA for floorspace and Experian and Stantec analysis for jobs

5.33 The office density is high at 7.6 sq m per worker when compared to an average across London of around 11 sq m per worker. Newham's office market is one of the smallest in London, and we often find that boroughs with small office markets have high densities reflecting the majority of the space will be small scale offices that are intensively used, rather than larger floorplate offices that the Boroughs with strong office sectors tend to have, and where almost all have densities of between 10-14 sq m per worker. High density (<10 sq m/job) suggests the existing stock is well used, and if job growth is forecast then this will require more floorspace.

5.34 For industrial (including warehousing) the Borough density is where we would expect it to be - 43 sq m / worker. Unlike for offices this density comprises a mix of light industrial, general industrial and warehousing that all work on a range of densities, between 35-70 sq m per worker. Thus, it is less clear whether this indicates the existing stock is operating efficiently in terms of worker density, but it does suggest there remains some scope to absorb future growth within the existing portfolio.

Future need based on past trends

5.35 For office – we do not recommend using a past trends approach that includes the job and floorspace completions delivered within the LLDC because the Development Corporation is being wound-up, and we do not consider it wise to plan on the basis that LLDC will repeat. We also consider that planning for the Borough's future economic needs should be done without including development opportunities in the Royal Docks because neither the newly constructed floorspace nor the pipeline responds to a normal forecast or the normal Newham market, and will draw in demand from well beyond the Borough; and thus should be considered as an entirely separate market. A need calculation for the Borough excluding the LLDC, produces a negative job/floorspace growth projection.

5.36 For industrial – job growth has been strong in the recent past, and while the VOA point to a floorspace reduction between 2016-19, Datahub shows that the most recent five years have seen positive growth through the schemes referred to in paragraph 5.30 above. Densities are also where we would expect for a market operating efficiently. Thus, to avoid constraining the market we suggest exploring a projection based on past trend in floorspace change (row a in Table 5.6 below) with an adjustment to correct for current under-provision (row b of Table 5.6).

Table 5.6 Newham projected industrial floorspace / land need
(based on past trend floorspace change)

		Total Industrial
a	Floorspace change (sq m GIA) 2021-38 Five-year past trend projected forward	102,000
b	Stock vacancy adjustment (sq m GIA)	24,972
c	Net demand (sq m GIA) [a+b]	126,972
d	Net demand (hectare) [c @65% plot ratio]	19.5

Source: Datahub and Stantec analysis. Note: (row a) five-year trend period covers 2016/17-20/21. (row b) vacancy at 4.4% meaning a 3.1% adjustment required to reach 7.5% equilibrium point, applied to total stock of 814,000 sq m.

5.37 Table 5.6 sets out industrial need calculated on the basis of (row a) the five-year past trend annual average (rounded to 6,000 sq m pa) over the 17 year plan period plus (row b) the stock vacancy adjustment. that generates a total net demand of approximately 127,000 sq m that in land terms equates to 20 ha.

5.38 Next, we move on to consider need based on an economic forecast, and then we compare the alternative need assessments.

Economic forecast-based demand assessment

5.39 First, we set out the method for how we quantify future demand for employment floorspace using an economic forecast – this time the December 2021 Experian forecast. Then we set out the calculations for office demand followed by industrial demand based on the Experian data. Finally, we compare this Experian based forecast view on future demand with the GLA projection extrapolated to the 2021-38 period.

Method overview

5.40 To quantify future demand in the Borough for employment land uses - offices and industrial space (including storage and distribution), we start with the raw economic data (job forecasts) provided by Experian. The Experian forecast for the whole economy is provided in 38 separate employment activity (job) sectors that relate to the Standard Industrial Classification (SIC), and this raw data for the Borough is presented at Appendix A.

5.41 The method to turn the raw Experian economic forecast into an estimate of future demand for employment floorspace and land is in summary as follows:

- Step 1 translate the Experian job sectors data into land use class data using our bespoke sector-to-space mapping technique (a full explanation of this is provided at Appendix B). In summary this uses the latest BRES data and the land use category we have assigned to each detailed SIC (over 700 economic sub-classes) to identify the proportion of jobs by land use in each of the 38 job sectors. These proportions are then applied to the jobs in the base and Plan end years to determine the future distribution of job change over the Plan period.
- Step 2 translate demand for jobs into net demand for space using established job density ratios and informed by our sense check of densities.
- Step 3 calculate gross demand for space by accounting for future losses in the existing stock of premises and land.
- Step 4 identify gross supply of land and floorspace identified for employment use (permissions and allocations).
- Finally, at Step 5 calculate the market balance, comparing gross demand with gross supply.

5.42 The GLA's projection of demand is provided in terms of jobs and floorspace for offices, but only in land terms for industrial. So, for the GLA version of office demand we follow steps 3-5 to arrive at an equivalent figure (turning the net demand gross), but for industrial the GLA projection is gross, and therefore all the steps have in effect already been undertaken.

Demand for offices – economic forecast based

Step One

5.43 First using the latest BRES data (2020) we calculate the proportion of jobs within each of the 38 categories in the land uses – office, industrial, warehouse and an aggregate for all the non-employment uses. The output for the Plan base year 2021 is shown at Appendix C.

5.44 Next, using the economic forecast data for the base and Plan end date years - 2021 and 2038, we calculate the change in jobs over that Plan period in each of the 38 categories. Then the proportion of the forecast growth in each land use category is calculated by applying the BRES data to the economic forecast at sector level. The output for this calculation is shown at Appendix D. The output shows total job growth for the Plan period of 26,600[71], of which 4,800 are forecast to be office based, 1,600 industrial and just short of 1,000 will be warehouse based, with the balance of 19,300 jobs not in the employment land use classes. The job growth figures from the economic forecast align with the labour demand approach, and are quite different and need to be kept separate from the London Plan capacity based indicative Opportunity Area job numbers.

Step Two

5.45 Table 5.7 below sets out the floorspace calculation required to support the office jobs. The Plan period forecast growth of 4,800 jobs equates to 283 office jobs per annum; almost double the forecast in the 2017 ELR (150/pa). Net demand is the floorspace generated by job change (as calculated in rows a-e), plus an adjustment for any current under or over provision in the existing stock (row f), and then finally presented as Gross Internal Area (g) by conversion from Net Internal Area (h).

Table 5.7 Net demand for offices, Newham – 2021-38

		Total	p.a.
a	**Jobs change (2021-38)**	**4,811**	**283**
	b Density factor (sq m NIA /job)	12.0	
	c Occupier demand (sq m NIA) [a*b]	57,727	
	d Vacancy factor (sq m NIA) [c*8.1%]	4,676	
e	***Total occupier demand (sq m NIA) [c+d]***	***62,403***	
f	Stock vacancy adjustment (sq m NIA)	-1,896	
g	Net demand (sq m NIA) [e+f]	60,507	
h	**Net demand (sq m GIA)** [g/0.85]	**71,185**	**4,187**

Sources: Experian forecast (Dec 21), density factor - HCA Guide (2015) figure for professional services. Stock vacancy adjustment - CoStar for current (Dec 21) vacant floorspace (8.2%) and VOA for total stock floorspace (337,000 sq m), NIA to GIA 85% factor as advised by the HCA Guide.

5.46 Applying a standard density factor of 12 sq m NIA per office job (b) to the additional job number (a) identifies the floorspace those jobs will occupy (c) 57,700 sq m. To allow for a little flexibility in that new stock an allowance for a little extra availability is added (the vacancy factor), which at 8.1%[72] increases the demand figure by 4, 676 sq m (d), summing to 62,403 sq m.

[71] It is relevant to note that, as referred to at 2.49, the GLA's London Plan employment evidence that dates from 2017 identifies an increase in total jobs of 45,000 to 2038. This being on a pro-rata basis, between the 2036-41 projections, and almost double the 2022 Experian economic forecast.

[72] 7.5% is the industry-wide accepted vacancy rate in an optimally efficient market. For the vacancy rate is to stay at 7.5% over the plan period, for every 92.5 sq m of additional space that will be taken up by occupiers, developers should provide a further 7.5 sq m that will remain vacant. Therefore, developer demand will be 7.5 / 92.5 = 8.1%. above occupier demand.

5.47 The final step also involves an adjustment to ensure the property market is operating at optimum efficiency, this time addressing the existing stock, making an allowance to rebalance the market so it operates at optimum efficiency. As referred to above the industry accepted optimum vacancy level is 7.5%, and at this rate there is choice and flexibility in the market. We make the adjustment based on the current vacancy rate (as identified by CoStar), adding or subtracting depending on whether the rate is above or below 7.5%.

5.48 As discussed earlier, we exclude the completed ABP floorspace in the Royal Docks as this is part of the policy-on approach not designed to meet the normal local need, and will in time attract jobs from beyond the Borough. For point of reference the 73,000 sq m completed but thus far at ABP represents just over 20% of the Borough's existing office floorspace provision. Excluding the existing completed office floorspace at ABP reduces the office vacancy rate in the Borough's existing stock to 8.2%[73], so marginally above the benchmark figure, so we adjust the demand down by 1,896 sq m (f). Had we included ABP, the Borough office vacancy would be 28%. But on the basis of not including ABP, as shown in Table 5.7 net demand sums to ~60,000 sq m NIA (g), or ~70,000 sq m GIA (h).

Step Three

5.49 Next, we turn demand from net into gross by accounting for future losses in the stock of premises and land as shown in Table 5.8 below. We need to do this to identify the total office floorspace that will be developed if the planning authority provides land for it.

Table 5.8 Gross demand for office floorspace, Newham 2021-38

		Sq m
h	**Net demand 2021-38** (sq m GIA)	**71,185**
	Office losses (add to demand)	
	i Planning permissions (LB Newham)	12,251
	j Prior Notifications (LB Newham)	5,120
	k Planning permissions (LLDC)	0
	l Prior Notifications (LLDC)	2,150
	m Plan allocations	0
n	**Total future losses** (i+j+k+l+m)	**19,521**
o	**Gross demand (sq m GIA)** [h+n]	**90,706**

Source: GLA datahub planning monitoring data (latest 2020/21), and Stantec analysis.

5.50 The as yet unimplemented extant office losses are a mix of planning permissions and prior approvals with the biggest losses permissions for residential schemes at 14-22 Romford Road (4,800 sq m net loss) and a change of use to educational use at

[73] Source: Urbà calculation based on CoStar vacancy data (Q.3 2021) and VOA total floorspace data 2021.

Grove Crescent Road (3,800 sq m net loss). Overall, the losses total just short of 20,000 sq m meaning gross demand sums to approximately 90,000 sq m.

Step Four

5.51 The penultimate stage is to identify the known future floorspace supply available for office uses. We account for two types of supply (i) extant planning permissions for employment uses and (ii) plan allocations for office use. In terms of plan allocations we have referred to ABP above, otherwise there are no sites with quantifiable allocations for office use, with the current policy position being to direct office development to Stratford, the other town centres, LMUAs, MBOAs and to those Strategic Sites that are identified for a mix of uses that includes town centre uses. ABP Thus Table 5.9 below identifies the sum of the extant planning permissions separated between permissions in the Royal Docks, the LLDC area and permissions in the remainder of the Borough. The table below identifies the current pipeline of office floorspace supply.

Table 5.9 Gross supply of office floorspace, Newham 2021

	Pipeline Floorspace supply	Gross Gains sq m
	Royal Docks	462,809
	LLDC	153,461
p	**Newham** (rest of Borough)	**19,895**
	Total supply	636,165

Source: GLA datahub planning monitoring data (latest 2020/21), and Stantec analysis

5.52 The supply table above demonstrates the scale of the capacity in the Royal Docks and LLDC area compared with the rest of the Borough. Planning permissions in the Royal Docks (Silvertown and Beckton) accounting for the vast bulk of the extant permissions. Office permissions in the LLDC area are predominantly in Stratford City. While the office permissions we carry forward in this work (p) are just less than 20,000 sq m permitted in the whole of the rest of the Borough. Virtually all of the supply is to be delivered in Canning Town, and predominantly through the redevelopment of just two sites - the Parcel Force site (phase 2of the outline) and Areas 7 and 1C of the Canning Town and Custom House Masterplan (Areas 7 and 1 C).

Step Five

5.53 The final stage is to calculate the market balance, which assesses if there is sufficient supply to meet the identified demand for offices. If the balance is positive then there is sufficient, or possibly more than sufficient floorspace to meet the demand. If there is a shortfall, this will denote a need for more floorspace to be identified and allocated in the plan.

5.54 Table 5.10 below carries forward the gross demand (o) and gross supply of floorspace (p) from previous tables to calculate the 'balance' (q).

Table 5.10 Office market balance, Newham 2021

Balance		2021-38	Per annum
		Sq m	Sq m
o	Gross demand (sq m GIA)	90,706	5,336
p	Total supply (sq m GIA)*	19,895	1,170
q	**Balance** (sq m GIA) [p-o]	**70,811**	**4,165**

Source: Stantec analysis * figures exclude supply in the LLDC and Royal Docks

5.55 In quantitative terms on the basis of the Experian economic forecast over the Plan period the Borough has insufficient available floorspace (19,895 sq m) to meet Newham specific gross demand (90,706 sq m), and the Borough will have a shortfall of office floorspace over the Plan period and a need for a minimum additional 70,000 sq m of office existing floorspace. This calculation excludes the permissions at ABP and also within the LLDC area.

GLA

5.56 Next, we turn to quantify what the equivalent balance figure would be if we base this on the most recent GLA projection.

5.57 We do not need to go through the same detail as set out above for the Experian forecast because the calculation of gross demand – accounting for future losses and the pipeline of supply are exactly the same. So, we set out the calculation of net demand and then move on to set out the overall balance.

Table 5.11 Net demand for offices based on GLA projection, Newham

			Total	p.a.
a	**Jobs change (2021-38)**		**10,144**	**597**
	b	Density factor (sq m NIA /job)	12.0	
	c	Occupier demand (sq m NIA) [a*b]	121,723	
	d	Vacancy factor (sq m NIA) [c*8.1%]	9,860	
e	***Total occupier demand (sq m NIA) [c+d]***		***131,582***	
f	Stock vacancy adjustment (sq m NIA)		-1,896	
g	Net demand (sq m NIA) [e+f]		129,686	
h	**Net demand (sq m GIA) [g/0.85]**		**152,572**	**8,975**

Sources: job change from GLA London Office Policy Review, 2017, all other data as per Table 5.7 above

5.58 The GLA projection for job change in Newham is 597 office jobs per annum[74], which is around double the economic forecast figure (283 per annum). Applying this over the 17 year new plan period (2021-38), the GLA projection equates to approximately 10,000 jobs (row a of Table 5.11), this is double the job number in the Experian forecast (row a Table 5.7). Applying the same method as above to this jobs number, the net demand calculates to just over 150,000 sq m, almost 9,000 sq m pa.

5.59 Table 5.12 below calculates the 'balance'. Gross demand (0) sums (h) in the table above plus the future losses from row (n) in Table 5.8. The gross supply of floorspace (p) is from Table 5.9 above, and the balance between demand and supply is the unmet need (q).

Table 5.12 Office market balance based on GLA projection, Newham

		2021-38 Sq m	Per annum Sq m
o	Gross demand (sq m GIA)	172,093	10,123
p	Total supply (sq m GIA)	19,895	1,170
q	**Balance** (sq m GIA) [p-o]	**152,198**	**8,953**

Source: Stantec analysis

5.60 On the basis of the GLA projection over the Plan period after accounting for the available supply (19,895 sq m) the need for additional office floorspace is just over 150,000 sq m.

Office conclusions

5.61 The assessment of past trends in office jobs and floorspace shows that the growth has been confined to the LLDC area and more recently (in terms of floorspace) the Royal Docks, but in the rest of the Borough change has seen more space lost than gained, and thus this cannot be relied upon to identify future need for office floorspace. Our assessment of office worker to floorspace densities shows the Borough's office floorspace is being utilised at a relatively high density. The economic forecast / projection approach applies a forecast from Experian and a GLA projection. The assessment identifies that after known capacity in supply (which is a modest amount all in Canning Town) there remains a need for 70,000 sq m if we apply the economic forecast and 152,000 sq m if we base the assessment of need on the GLA projection.

5.62 Given past performance has been heavily influenced by delivery in the LLDC area, and the future forecast is double that in the 2017 ELR, we recommend planning to meet at least the minimum end of the range (i.e. 70,000 sq m) on the basis that the GLA projection is heavily influenced by available capacity in the Opportunity Areas, and there is currently great uncertainty as to the strength of future office demand.

[74] Table 9.6 (2016-41) LOPR 2017

5.63 Therefore, we see no reason to err from the Borough's current policy approach that has been to direct need for office space into Stratford Metropolitan town centre followed by the other town and district centres. This remains the most appropriate approach because Stratford alone currently has double the quantum of pipeline office supply needed to accommodate this level (minimum 70,000 sq m) of need. This provision within the centres would ideally be of a range of scales and formats to provide maximum opportunity for local businesses and local residents. This could be through providing space in existing buildings that would provide low cost option or new development, but with much smaller floorplates than seen in the LLDC area i.e. less than 1,000 sq m floorplate, to capture local demand.

Demand and supply for industrial

5.64 As we know from the office market assessment, we do not have a credible GLA scenario for industrial because, as set out in Table 5.2, the GLA view (albeit the view in 2017) is for no change – with the 0.5 ha per annum industrial gain balanced by the 0.5 ha per annum warehousing loss. The market assessment shows the market is positive, vacancy rates are low, demand is high boosted by the otherwise unmet needs of the CAZ and the central London/City markets. We also know that industrial job growth has been very positive in the recent past, and thus here we compare a jobs based past trend with an economic forecast based view of the future.

5.65 The assessment of industrial demand (which includes demand for warehousing as well as industrial activities) follows the same method to that used above for office need, and thus we focus on the output tables, and do not repeat the method description.

5.66 The two tables below estimate the net demand for industrial activity – the first based on past trends in jobs (utilising the longer term ten-year trend 2009-19) that is set out in Table 5.1 towards the beginning of the chapter, and the second the economic forecast. The table calculations are made separately for core industrial and warehousing and are then brought together in aggregate (total) industrial demand (column e onwards). It is necessary to bring the two elements of total industrial together when the stock vacancy is factored in (row f) because the source data for the stock (the VOA) does not provide these separately. This is not a problem because as referred to earlier the space formats for core industrial and warehousing are very similar and the uses largely inter-changeable.

Table 5.13 Newham net demand for industrial 2021-38
(based on past trend in job delivery)

		Core industrial	Ware-housing	Total Industrial
a	**Jobs change (2021-38)**	**3,753**	**1,397**	**5,150**
	b Density factor (sq m GIA /job)	45.0	66.5	
	c Occupier demand (sq m GIA) [a*b]	168,970	92,899	261,869
	d Vacancy factor (sq m GIA) [c*8.1%	13,687	7,525	21,211
e	***Total occupier demand (sq m NIA) [c+d]***	***182,656***	***100,424***	***283,080***
f	Stock vacancy adjustment (sq m GIA)			24,972
g	**Net demand** (sq m GIA) [e+f]			**308,052**
h	**Net demand** (hectare) [g @65% plot ratio]			**47.4**

Sources: jobs – Experian historic economic forecast data and Stantec analysis. Density factor – from the HCA Guide (2015) core industrial is the average for B1c and B2 and the last mile (reduced by 5% from GEA to GIA as recommended by HCA) figure for warehousing. Stock vacancy adjust - CoStar for 2021 vacant floorspace (rate 4.4%) and VOA for total 2021 stock floorspace (814,000 sq m).

Table 5.1 at the beginning of this chapter identifies the annual job change for the ten year period 2009-19, and in

5.67 Table 5.13 row (a) above this has been applied to the 17 year plan period for core industrial and warehousing. On this basis the combined job change for core industrial and warehousing is just over 5,000 jobs, that when worked through the method produces a net demand of 308,052 sq m or approximately 48 ha.

Table 5.14 Newham net demand for industrial 2021-38
(based on an economic forecast)

		Core industrial	Ware-housing	Total Industrial
a	**Jobs change (2021-38)**	**1,562**	**964**	**2,526**
	b Density factor (sq m GIA /job)	45.0	66.5	
	c Occupier demand (sq m GIA) [a*b]	70,319	64,139	134,458
	d Vacancy factor (sq m GIA) [c*8.1%]	5,696	5,195	10,891
e	***Total occupier demand (sq m NIA) [c+d]***	***76,015***	***69,334***	***145,349***
f	Stock vacancy adjustment (sq m GIA)			24,972
g	**Net demand** (sq m GIA) [e+f]			**170,321**
h	**Net demand** (hectare) [g @65% plot ratio]			**26.2**

Sources: jobs – Experian forecast data and Stantec analysis. Density factor – from the HCA Guide (2015) core industrial is the average for B1c and B2 and the last mile (reduced by 5% from GEA to GIA as recommended by HCA) figure for warehousing. Stock vacancy adjust - CoStar for 2021 vacant floorspace (rate 4.4%) and VOA for total 2021 stock floorspace (814,000 sq m).

5.68 As discussed earlier, industrial and warehousing job growth has been much faster in the past than anticipated by the previous ELR, particularly so in the recent past (from around 2015). The current forecast, as shown in Appendix A identifies job growth rates of 92 jobs pa for core industrial and 57 jobs for warehousing, 149 jobs in total, which is double the previous forecast. The table above shows that over the Plan period the demand for new industrial jobs totals to approximately 2,500 jobs, which generates a net demand of 170,321 sq m or approximately 26 ha of land. A little over half the past trends based requirement.

5.69 Next, in Table 5.15 we calculate gross demand by accounting for future losses. We do this for both the past trend and forecast basis so that we can compare the outcome. The table first identifies the net demand (row g) that is copied down from the two preceding tables, and then adding in future losses.

Table 5.15 Gross demand for industrial floorspace, Newham 2021-38

		Past trend Sq m	Forecast Sq m
g	**Net demand (sq m GIA)**	**308,052**	**170,321**
	Industrial losses (add to demand)		
h	Planning permissions	26,276	26,276
i	Plan allocations	0	0
j	**Total future losses (sq m)** [h+i]	**26,276**	**26,276**
k	Gross demand (sq m GIA) [g+j]	334,328	196,597
l	**Gross demand (hectare)** [k/6,500]	**51.4**	**30.2**

Source: GLA Datahub and Stantec analysis

5.70 The main planning permission resulting in future industrial losses are the 14,000 sq m general industrial loss to residential at Deanston Wharf. The Local Plan allocates a number of Strategic Sites that have scope for employment-led or mixed use development that involves the intensification and/or co-location of industrial uses, but does not quantify land area or floorspace. As referred to in the property market assessment, this can only realistically be done on a site by site basis in response to specific development opportunities as are currently being considered for G-Park at Thameside West and at Albert Island.

5.71 The total losses needing to be replaced amount to just over 26,000 sq m (j) accounting for 3.2% of the total existing industrial stock (814,000 sq m).

5.72 The total gross demand by the past trends approach is approximately 335,000 sq m or 51 ha, and for the forecast based approach just short of 200,000 sq m or 30 ha.

5.73 Next, in Table 5.16 below we account for the future supply of industrial floorspace within the Plan period. We do this by identifying three types of supply. i) planning permissions, ii) sites in planning and iii) sites that our assessment shows have theoretical potential for intensification within the next Plan period. It is important to note that permissions in the pipeline are just 23,820 sq m, and while there is potential for a lot more on sites in planning and on other SIL / LIL areas where either the current site coverage is low intensity, or the stock is likely to require redevelopment within the Plan period there is risk that these may not come forward.

5.74 As our market review indicates, the market 'shift' towards intensification of existing industrial sites within the Borough has begun to materialise with planning applications lodged – as we see in the Albert Island and G-Park applications, where combined they stand to deliver a net 95,000 sq m of additional industrial floorspace. It is our view that these schemes indicate the direction that the market is heading in response to the lack of new land for industrial and the strength of the policy steer, and intensification on other sites will follow.

Table 5.16 Pipeline of supply of industrial floorspace, Newham 2021

		Gains sq m
Planning permissions		**23,820**
	SIL	3,204
	LIL	2,948
	LMUA	14,135
	MBOA	110
	Non-designated	3,423
Sites in planning		**95,500**
	Albert Island	55,500
	G-park	40,000
Sites with potential for intensification		**351,945**
	SIL	175,945
	LIL	176,000
m	**TOTAL**	**471,265**

Source: Datahub (permissions) and Stantec analysis

5.75 Thus, the Borough's supply of land potentially available to provide additional industrial floorspace during the Plan period albeit with a high degree of risk as explained above, is estimated to be capable of supporting approximately 472,000 sq m. This comprises the 24,000 sq m in existing planning permissions, 95,000 sq m on the two sites discussed above and 352,000 sq m on the sites with potential for intensification of industrial uses as discussed in the Development Opportunities section above (paragraph 4.116 onwards).

5.76 Finally, turning to the market balance, Table 5.17 below carries forward the gross demand (l) and gross supply of floorspace (m) from previous tables to calculate the 'balance' (n) for both the past trend and forecast based estimates.

Table 5.17 Industrial market balance, Newham

Balance		**Past trend Sq m**	**Forecast Sq m**
l	Gross demand	334,328	196,597
m	Gross supply	471,265	471,265
n	**Balance** [l-m]	**-136,937**	**-274,668**

Source: Stantec analysis

5.77 The balance table shows that on the basis of the potential opportunity for intensification of use on a number of the Borough's existing employment areas there could be more than enough supply to meet the identified demand within the Plan period on both a past trend and forecast basis. But there is a high degree of uncertainty and risk in respect of the intensification sites, and only 24,000 sq m with a planning permission, and thus in due course the Borough may need to identify more land for industrial uses.

Industrial conclusions

5.78 Based on the latest published data, the GLA projection for Newham is for no overall change in the quantum of industrial floorspace over the Plan period. However, all the past trend and forecast data show positive need, which aligns with the latest property market signals reviewed in this study - just 4.4% vacancy consistent with an existing shortage of industrial stock, and very little currently in the committed future provision pipeline, but significant new stock delivered in the recent past. The range of identified demand from the different assessment approaches are:

- Past trends (based on an adjusted floorspace ten year trend) generates net demand for approximately 127,000 sq m that in land terms would require 20 ha (Table 5.6).
- The economic forecast generates a gross demand for approximately 197,000 sq m requiring 30 ha (Table 5.17 row I).
- Past trends (based on a ten year trend for jobs) identifies a more positive future with gross demand for approximately 335,000 sq m that in land terms requires 51 ha (Table 5.17 row I).

5.79 The 2017 ELR identified an industrial need for 26 ha over the 17 year Plan period from 2015, so similar to the economic forecast in the present study with a similar demand figure for the new Plan 17 year period.

5.80 However, to avoid constraining economic growth, to provide opportunity for employment for Borough residents, and to contribute to meeting the industrial needs of the PMAs in which the Borough falls, we recommend the Council sets a more ambitious target – the target based on the past trends in jobs approach - 335,000 sq m, which is almost double the current target.

5.81 We recommend the higher demand target in recognition that Newham can play a significant role in meeting the wider regional needs of the CAZ, as well as meeting its own more local needs. There are serious concerns that it is getting harder and harder to service the CAZ in an appropriate way, most recently expressed by the Centre for London publication[75]. Newham, unlike most of the other Inner London boroughs has the existing employment land resource to help address this, and avoid the relocation of industrial land further and further out of London generating more and more negative sustainability impacts.

5.82 This industrial requirement is set in floorspace rather than land terms, because it is clear that Newham like all London boroughs is land constrained, a point noted by the London Plan Inspectors who opined that the only way new land could be found is to expand into the Green Belt, and while Newham is not a Green Belt borough, the principle applies. There are no new sites available now to meet the need for industrial land. Land at Beckton Riverside may become available should the scope for

[75] Centre for London report, Making Space: Accommodating London's industrial future, January 2022

regeneration in that area change and the DLR line extension not come forward, and this study shows there is also scope to broaden out the potential employment uses in the Royal Docks Opportunity Area to deliver some of the industrial need. Additionally, there is scope for sites in other uses (principally retail and leisure) to come forward for redevelopment for employment uses in whole or more likely in part. We expand on these opportunities below, but undoubtably the main method available to meet the identified employment need will be through intensification opportunities on Newham's existing industrial sites.

5.83 The market assessment identifies some emerging examples of intensification within the Borough's existing employment areas – sites in planning, and these are included in Table 5.16 and Table 5.17 alongside a small quantum of floorspace for sites that have secured planning permission and a summary figure for the collection of sites that are identified on Table 4.5 that have potential for intensification within the Plan period. However, as things currently stand the market is not convinced that there will be widespread opportunities for this form of multi-deck development, particularly in the short term, so there is a significant risk in relying on intensification of these sites and/or others in the Borough to meet the need.

5.84 Our view is that the pressure to supply additional industrial floorspace in locations that are attractive to the market, and Newham has many such sites, means the 'pendulum will swing' increasingly in favour of site intensification over the next Plan period, because the Borough and CAZ must be served and the alternative opportunities to do so are few and far between. Thus, as shown in the above-mentioned tables there is certainly potential to provide new supply through intensification should the market move in that direction. However, the Council should not rely on intensification alone to meet the need, and this study has looked at other potential opportunities.

5.85 A potential new source of new industrial floorspace supply that this study has identified is the Borough's stock of retail and leisure parks, as with changes in shopping and leisure habits in some cases the market has moved on, and sites may come forward for mixed use redevelopment and some of these sites where values have shifted in favour of industrial uses are attractive to those occupying and developing employment floorspace. Because of these sites generally have good access to the strategic road network they offer opportunity for industrial space that would most likely appeal to the logistics and distribution sector as part of a mixed-use redevelopment. However, in terms of their overall contribution this source is likely to be marginal compared to the opportunity for intensification of existing industrial areas.

5.86 As we noted earlier there is also substantial land available in the Opportunity Areas that is currently identified for office uses. However, given the need for industrial and the general reliance on intensification to deliver this, and that the market is sceptical much office space can be delivered in the short to medium term, we recommend a more flexible approach is applied in these areas to meeting employment needs (in the broader B class and E(gi-iii) use sense) so that the much more pressing need for industrial space can be accommodated.

5.87 Our view is that all of the Strategic Sites identified for employment or mixed use led regeneration, but not already designated for employment use, including those in the LLDC and Royal Docks areas should also be identified for B class and E(gi-iii) uses. This will help ensure that in particular the large reservoir of available land within Royal Docks where office consents currently total almost 500,000 sq m can be recycled for uses that will help deliver economic growth in the Borough. Offices could be part of that mix in the Strategic Sites, as office jobs tend to be higher waged and would therefore support the aims of CWB, however there is more pressing need for other employment uses. Providing a broad scope for the type of employment uses that could come forward on the Strategic Sites will, with the other potential options referred to above, provide sufficient choice in the market to meet the identified need for industrial floorspace.

6 Conclusions

Introduction

6.1 In this study we have assessed the need for the office sector and then for industrial. For each sector we look at both quantitative and then qualitative need. This is important because as we discuss below, there is a quantitative surplus for some formats of space, particularly larger office space previously promoted via London Plan Opportunity Areas and the LLDC. However, this could mask the important role the local network of offices plays, and particularly in supporting the community wealth building agenda by supporting smaller firms find office space in all areas of the Borough.

6.2 For industrial uses London is acutely undersupplied, but there is also a more complex qualitative needs to be addressed to deliver a well-rounded strategy that meets a wide range of qualitative needs.

Community Wealth Building

6.3 In this Borough a key feature is the need to secure and maintain a network of local employment opportunities, close to where people live and that qualitatively meets the needs of Borough residents. This is important to clearly note in our conclusions because one feature of the Newham commercial property market, planning policy and previous evidence is that it is often dominated by the very large and regionally significant pipeline of employment (largely office) stock. There is a risk that this strategic focus could miss the vital role the local employment centres play in maintaining a vibrant supply of space and choice in the market.

6.4 The Borough is committed to a Community Wealth Building agenda and a network of 15-minute centres, and we note that the work undertaken by Macreanor Lavington shows the 15-minute neighbourhoods provide generally good access to employment opportunities. Our analysis supports this and illustrates the shortage of space, and particularly cost-efficient space for local firms across the Borough – close to the neighbourhoods where they live. Low cost, or cost-efficient space, is vital to the working of the local market where businesses do not need (and cannot pay) for new 'Grade A' space. This is particularly relevant in the LMUAs, MBOAs and district centres where low cost space is needed to provide for the more cost sensitive start-up and fledgling businesses that are more likely to be run and employ local residents. The CWB agenda also supports a 'push' to explore 'affordable workspace', secured via policy, because it meets a different economic objective and economic function to the main market.

6.5 In summary, care is needed to protect viable to occupy local stock, even in the face of a seemingly large supply in a small number of strategic location in Newham.

Covid

6.6 This assessment has been undertaken in line with best practice and the Planning Practice Guidance. It uses data from respected and/or official sources. But, notwithstanding this fact, the economy is very uncertain. The economy is rebounding from Covid with little clear evidence as to how this new, post-Covid economy, will translate into a demand for land and floorspace.

6.7 In the absence of robust data, and in the context that most recent data is ‘contaminated’ by lockdowns and the Covid crisis, there is an unusual degree of risk and uncertainty in the data.

6.8 In this report we have considered this as regards our recommendations and advice. In summary our advice is that the office recommendations (and especially quantitative recommendations) are considered to be at the very top end of a reasonable post-Covid scenario[76].

6.9 Our analysis largely assumes a return to pre-Covid ‘normal’. While this may be aspirational this approach dovetails with the strategic role of Newham in the London Plan, and particularly the policy thrust to seek to grow the office market via the Opportunity Areas. It is also the case, as we discuss below, that there is already a large pipeline of space, and so no new allocations are required to address this need. Our analysis may question whether all this supply is needed or justified post-Covid, but we note that the scale of office growth planned for in the Opportunity Areas always exceeded that derived from local (Newham) evidence. We discuss this recommendation in relation to a number of the key sites and areas in the conclusions that follow.

6.10 For industrial uses, and particularly driven by logistics, all quantitative and qualitative evidence shows a shortfall in supply. This applies across London as a whole, and was well established pre-Covid. This was reflected in the strong push in the London Plan to intensify and maximise industrial capacity. Changes in consumer behaviour have only strengthen this trend as goods move from high streets into the home delivery market. But, while Covid clearly strengthens the case for additional industrial supply, in reality it provides further support for the strong policy approach set out in the London Plan.

6.11 In the conclusions that follow we try not to repeat the risks and warnings around Covid.

Offices

The quantitative need for space

6.12 The latest economic forecast (provided by Experian Economics) is for the provision of 5,000 additional office jobs over the next Plan period, which compares to 10,000 using a GLA projection on a pro-rata basis. Given past performance and the GLA projection has been heavily influenced by availability and delivery in the LLDC and Royal Docks areas and the uncertainty as to the strength of future office demand, we recommend planning to meet the forecast balance of 70,000 sq m as a minimum.

[76] Note – we still refer to numbers as a ‘minimum’ in line with the evidence and data sources. Also, in line with best practice when establishing targets for local plans. An alternative ‘minimum’ number would not have the support of the approaches outlined in the PPG (and London Plan). However, the reader should understand that this ‘minimum’ has a larger margin of error and uncertainly than normal.

6.13 The office floorspace supply in the LLDC area alone is more than sufficient to meet all the quantitative need. There is also considerable supply at ABP in the Royal Docks. Supply is concentrated in these two areas, with only Canning Town having a small concentration of new office floorspace permissions.

6.14 Thus, as was the case with the 2017 ELR, in quantitative terms there is no need to identify new allocations to meet future office need over and above what is already in the pipeline, albeit the vast majority is planned for LLDC Stratford and ABP Royal Docks. Quantitively there is no case for further office provision.

The qualitative need for space

6.15 Qualitatively we recognise that the distribution of new stock around the Borough may not meet the needs of local firms, and if the Borough does not support the retention of the local office network it could undermine the aims of the CWB and fail to support the 15 minute neighbourhood network.

Office policy considerations and recommendations

6.16 Above we have discussed the Borough in general terms – noting a large supply of space, but qualitative gaps. Next, we look at a number of major policy issues for the Borough – either because of their scale or importance to the Borough's mix of property.

1. **Protection of existing undesignated office sites – include in managed release requirements**

Justification

6.17 Given the large office supply and questionable demand, adding more office supply in the Borough is not necessary at the present time. However, this does not reduce the need to protect existing offices where possible – including office space located outside of defined employment areas where there is market demand. As detailed in this report nearly all of the office losses in recent years have been in non-designated areas. These losses generally strip away 'cost efficient' secondary stock which cannot be replaced like-for-like with new. There is a need to protect such space for which there are viable uses and demand.

6.18 The 1,000 sq m threshold in policy J2 2f is above the scale of much of the remaining stock that needs protecting. Given that these units tend to be small scale there should be no floorspace minimum although we note that small units can be lost via permitted development, but not all units are configured in a way that can use permitted development rights. So, a policy seeking the retention of small units is still useful because maintaining a portfolio of space across the borough is important to the Community Wealth Building agenda.

6.19 We have considered whether Article 4 directions would be helpful, but with the large pipeline supply, and the general advice from Government that Article 4 Directions should only be used is specific circumstances, we cannot recommend seeking to protect space via A4Ds.

6.20 The policy (J2.2f) also works against supporting the wider distribution of employment floorspace because it seeks consolidation into the designated areas. Local 'walk to work' office and flexible office provision found throughout the Borough's LMUAs, MBOAs high streets and in undesignated areas need to be retained to provide as wide and as dense a network of employment opportunity as possible and supporting Community Wealth Building. Existing office provision outside designated areas should be subject to the J2 3a Managed Release criteria.

2. The re-provision of low-cost workspace

Justification

6.21 When employment space is re-provided as part of a new development, it is generally offered to the market at a higher rent (reflecting its new build nature) and hence the market loses a low-cost market alternative. In line with London Plan Policy E2 developers should be encouraged to re-provide the low cost element at or below market rent. This can be achieved by attributing weight in the qualitative mix to space that is provided at low cost, achieving a social value. Ensuring there is low cost will help ensure a balanced economy and provide local job opportunities.

3. ABP (Royal Docks) promote a more mixed employment use approach, allowing for the delivery of new industrial space and logistics.

Justification

6.22 As discussed above, there is 73,000 sq m of office space already completed at the Royal Docks; with a further pipeline of 463,000 sq m. We have excluded this supply (and vacant stock) from our analysis. If we included this space the market would be excessively oversupplied compared to any assessment of need and arguably well in excess of demand in this area.

6.23 The ABP scheme has raised concerns including that the scheme lacked a robust evidence base from its early inception. But for the purposes of an employment land assessment the stock is vacant, and the mix of tenants expected has not to date materialised. The developer is understood to be in financial difficulty and may never be in a position to complete the scheme. There is a genuine concern that the scheme's overarching logic, to develop a third new financial district to rival (compliment) the CAZ including the Isle of Dogs, will never materialise, partly due to Brexit, but also Covid and shifts in the office market more generally.

6.24 It is easy to criticise, and there is no denying the scheme is in considerable difficulty. But as a GLA promoted strategic scheme its success or failure was always reliant on sufficient London-wide demand being available to be attracted or displaced to a new financial cluster. The logic and rationale for the proposal was never to meet 'business as usual' demand, but instead drive an aggressive growth agenda.

6.25 For this reason, and most obviously the fact that the site was promoted as a GLA strategic site and a new office location, it would be wrong to seek to align the site within Newham's own 'need' assessment. We are also cautious about suggesting a change in approach based on a single district / borough assessment.

6.26 That said, the evidence in this report would support a change of emphasis to a wider range of economic uses. As discussed elsewhere the current market boom is for logistics. Unlike offices, which may be oversupplied, there is widespread recognition that industrial uses are in short supply – in Newham and London more widely.

6.27 We recognise that logistics may not make the optimum planning and place-making mix, especially given the high quality environment the site aspires to. But the London Plan challenges developers to seek out innovative forms of development, and it is noticeable that both of the Newham intensification pilot projects are in reasonably close proximity to the Royal Docks.

6.28 Given the site is not 'needed' to meet job growth per se, but the ABP scheme is located within a 'gap' in the 15 minute neighbourhood network, one alternative possibility is to set aside any quantitative job yield expectations and seek to maximise the delivery of genuinely affordable workspace for local firms delivering CWB benefits. Planning permissions and other opportunities are emerging for workspace at the very western end the Enterprise Zone, and is an area that offers the opportunity for planning gain benefits. For Newham a strategy that simply maximises affordable workspace could arguably be of more economic and social benefit to the Borough than a new office campus. This is unlikely to provide sufficient scale of demand to 'fill' the scheme but could be an important part of the mix.

6.29 So, in summary, as a new and growing office centre/market the previous strategy for the Royal Docks can only be justified on the basis of strategic, London-scale, demand. This is not a case we can make here.

6.30 Using local data, and on the assumption that the scheme will struggle to deliver additional office based phases, local evidence would support a mixed employment use approach, which maximises the delivery of new industrial space and logistics. There is a recognised shortfall of industrial stock across London and in Newham, and in any specification of the site this would appear to be the logical mix.

6.31 We recognise that one option would be for Newham to moderate its expectations of additional office growth at Stratford – in order to address the risk of oversupply. But Stratford is a major metropolitan town centre, with all the existing infrastructure and connectivity that makes it much more accessible for Borough residents (and Londoners more generally), it is also market attractive, and would in our opinion be a better fit with the Council's levelling up economic disparities agenda and the policy preferable location to grow the Newham office market. Micro-Business Opportunity Areas – consider a protection clause in addition to the existing ten employee threshold clause.

4. Micro-Business Opportunity Areas – consider a protection clause in addition to the existing scale threshold clause

Justification

6.32 These edge of town centre areas support small scale low cost employment opportunities in urban Newham in areas of high population, offering opportunities for local businesses and employment opportunities for residents. Existing low cost business space which is needed for start-up and SMEs will come under increasing pressure for redevelopment to other uses, and the existing stock needs to be protected, and the same approach should be taken as for LMUAs (protection via

Managed Transition). Seeking to control the opportunity to maximum 10 employees is important, but continuing to deliver low cost business space is more about protecting existing secondary/tertiary space, that is very unlikely to be delivered in the open market. Further commentary on low-cost re-provision is set out above in paragraph 6.21.

5. **Defining Stratford Metropolitan Centre's role as CAZ reserve - the CAZ reserve boundary should be consistent with the boundary for the two sides of the Metropolitan Centre.**

Justification

6.33 The Metropolitan Centre, as defined by the current boundaries provides a mix of office space in terms of size, quality and cost (highest rents for Grade A and value driven for 'above the shops' office space) that the market shows are meeting a range of needs. This boundary is a little more expansive than the current areas where offices are prevalent and takes in the whole of the retail area, giving opportunity for continued expansion of the office market here, in recognition of the fundamental changes in the retail market that are likely to see continued contraction of retail, the pipeline of permissions and the need not to constrain opportunities to deliver growth.

6.34 Whether the CAZ reserve will be required to provide for CAZ activities in the lifetime of the Plan is questionable given the modest growth in office jobs forecast across London and the substantial number of regeneration areas in London driven by office development. Evidence to determine the demand for the Metropolitan Centre to deliver CAZ related opportunities will need to be provided by the GLA.

Industrial

The quantitative need for space

6.35 The industrial requirement is for 335,000 sq m (51 ha). This is made on the basis of past trends that are higher than the economic forecast figure, but aligns with the market view, reflecting the need to take a positive approach to the provision of land for economic growth.

6.36 This figure is justified in the context of a sub-regional strategic need to find floorspace for the activities needed to service the City and CAZ in addition to the local market requirements. This reflects Newham's strategic location within two Property Market Areas and proximity to the CAZ, and unlike virtually all the other Inner London boroughs it has a comparatively large reservoir of employment land.

The qualitative need for space

6.37 Newham is one of the few remaining London boroughs that still has a good supply of industrial units, and many of these units meet modern occupier requirements. The lack of a sufficient supply of industrial accommodation in the CAZ drives the qualitative need for industrial space in the Borough, with Newham playing an important strategic role for those occupiers servicing the central London market.

6.38 There has been very little availability in the industrial market for a number of years, and little prospect of demand receding, meaning the need for more floorspace will continue to rise. Demand for space in the Borough comes from a wide range of industries such as the 3PLs, retailers, tv and film and q-commerce serving sub-regional and regional needs, in addition to traditional industries and those meeting local needs such as trade counters.

6.39 It is common ground that London has insufficient industrial land to meet its industrial activity needs. Although a contentious issue, the London Plan's policy approach to meet economic needs is through industrial intensification. It is the case that Newham's existing industrial locations are attractive to the market, and this study identifies a number of sites that we think have good potential to deliver net additional floorspace through intensification within the Plan period. This market attraction is also why the GLA have supported pilot intensification schemes emerging at G-Park and Albert Island.

6.40 While a note of caution is needed because the pilot projects are yet to be delivered, and it would be unwise to rely entirely on this new format to meet economic needs, this study indicates that the market is moving in that direction and there are other sites in the Borough that have intensification possibilities. These fall into two categories – vacant and under-developed industrial land, and some retail/leisure sites where the existing uses are no longer attractive to occupiers or the investment market.

6.41 While the main opportunity to meet the demand for industrial floorspace is through industrial intensification, Newham may have some opportunities to supply new land for industrial uses at Beckton Riverside should land currently allocated for uses associated with the new neighbourhood be no longer required, and also potentially land within the Royal Docks. These locations would be market attractive for industrial uses and would be likely to be taken up in the short to medium term should they become available.

Policy considerations and recommendations

6. Support delivery of the industrial demand through focusing intensification on SILs and LILs requiring increased employment floorspace capacity.

Justification

6.42 The prospect of new land becoming available for industrial use at Beckton Riverside, the Royal Docks or elsewhere cannot be relied upon at this stage of the Plan Review, and so in line with the London Plan the Council will need to encourage and promote industrial intensification within the existing industrial areas.

6.43 It is critical that in the SILs and LILs redevelopment takes the form of intensification rather than co-location. For the Plan and the Borough more generally, there is a risk that short term co-location proposals would squander medium term intensification opportunities.. This is a particular risk while the GLA, via its pilot projects, looks to build an intensive industrial market in London, and where developers can demonstrate that, in current market conditions, a more intensive format is not viable.

6.44 There is a substantial reservoir of existing land in SILs and LILs that has the potential to provide additional industrial floorspace through intensification. The land needs to be retained for that purpose. We identify the SIL/LIL sites that we consider could deliver net additional industrial floorspace through intensification during the Plan period in Table 4.5 above. What will be needed is further examination of the prospects for intensification at these locations; work to consider potential uses, site layouts and viability in the context of site constraints.

6.45 Policy needs to be explicit about which sites should be 'intensified' compared to the sites where co-location may be preferable. To guide this we have looked to prioritise the largest and less complex areas as those where 'intensification' should be prioritised (and this is the SILs and LILs in Table 4.5). The last Plan round promoted co-location on the margins of a small number of SILs, but the need for industrial land has tightened considerably and policy must address this.

6.46 Currently Policy J2.3 does not recognise the distinction between intensification and co-location, nor does it make explicit that intensification of industrial use should mean an increase in floorspace. This distinction and meaning should be made in respect of all SILs and LILs.

6.47 The default position for intensification should be multi-deck redevelopment. To pursue another form of redevelopment would require the developer to demonstrate the reason why the site cannot come forward in this format e.g. site constraints, no market demand and/or not viable (although the local plan viability testing should test such a format to supplement this evidence base).

7. Maximising industrial intensification may be a medium to longer term goal requiring master-planning or similar in the short term.

Justification

6.48 An intensification strategy should maximise the economic usage of the SIL/ LIL areas over the plan period even if this means that, in the short term, sites are not intensively redeveloped.

6.49 The focus in the next five-year plan round should be on preparing these areas for site specific action plans and policies, with the focus on protecting the integrity of these areas while this scoping work is undertaken. Strong policy/guidance directing proposals to intensify rather than co-locate will deliver more and better quality employment floorspace.

8. Intensification should prioritise industrial space and particularly space scoped to meet logistics needs

Justification

6.50 Regional demand for logistics, principally serving the City/CAZ is extremely strong now and into the foreseeable future. Intensification formats are emerging for logistics space, but the lighter format options (lifts) are much less attractive to occupiers, and specifications should be for deck loading as this will be much more likely to meet occupier requirements.

9. The LILs - all except Canning Road East should be retained, protected and where possible intensified.

Justification

6.51 All the LILs are functioning well and are providing market affordable units that support smaller companies as well as meeting the needs of larger businesses. Their function needs to be maintained through being expressly identified as not suitable for co-location forms of development, which would erode the function.

6.52 While the LILs are generally modest in size, where possible first redevelopment consideration should be intensification of industrial use. Where redevelopment for multi-deck units is shown not to be feasible/suitable, then the potential for small stacked units should be explored.

10. In LMUAs redevelopment should be employment-led with uses within Use Class E(g) prioritised, protected and promoted.

Justification

6.53 In the LMUAs the priority should be to maintain the quality and nature of the industrial stock and ideally improve it. Most of the Borough's stock, along with London's as a whole, is aging and when redeveloped former tenants are often priced out of the replacement offer.

6.54 The clear demand in the foreseeable future is for light industrial uses with the office (and R&D) market far less certain, but the market may turn, and it serves no purpose to restrict the nature of the E(g) uses that would be compatible with residential and that could provide employment opportunities for residents in the neighbourhoods served by LMUAs and indeed in the local high streets. In line with the objective of CWB and to support a wide range of local employment opportunities, redevelopment proposals in LMUAs should be employment-led, maximising the provision and not restricting the range of E(g) uses.

6.55 Co-location of employment uses – light industrial, office and hybrid workspaces with some higher value uses in the mix to help regenerate industrial estates with policy hooks to control the quality and nature of the replacement space, in line with existing Policy J2.2c, ensuring the industrial uses remain viable as well as compatible with the mix of other uses.

11. On Strategic Sites that are not designated for employment use, uses within the B class and/or E(gi-iii) use classes should be encouraged.

Justification

6.56 This is to maximum flexibility for the market to deliver what is in demand, and not to unnecessarily restrict the type of employment uses that might come forward. This will help ensure that should it prove necessary the large reservoir of available land within Royal Docks, currently identified for office uses, can be recycled for uses that will help deliver economic growth in the Borough.

12. Address medium to longer term industrial need by encouraging the redevelopment of retail, leisure and other suitable sites to include employment uses. Over the Plan period it would be sensible for the Plan and its policies to set out an expectation that these 'windfall' sites (if) redeveloped should prioritise new commercial (B class) uses where possible.

Justification

6.57 Pre-Covid the redevelopment of retail sites for commercial or industrial with retail mixed use was not common. Retailers still preferred uncomplicated formats with ground level parking. But there are signs this is changing. This is partly because the main retail market has struggled with an increase in vacancy rates and a number of high-profile business failures which has encouraged some owners to reconfigure and redevelop their property.

6.58 In this regard we understand that another emerging evidence base study – the Retail and Leisure Needs Study is likely to consider that Newham's retail portfolio is performing reasonably well – partly because it is generally reasonably modern, not life expired and often on the Borough periphery, which has not seen the high housing pressure (or logistics) pressures that have resulted in the loss or redevelopment of other retail sites and centres.

6.59 The Gallions Reach shopping centre is the best and most obvious example. The site may appear underused and an inefficient use of land, but we understand remains a viable and attractive retail park for operators. A similar comment could be made as regards the Showcase Cinema site – a development of its time which remains operationally fit for purpose, but a very inefficient use of land. There will be other 'windfall' sites in the Beckton area, but possibly also throughout the Borough that may come forward for redevelopment, and where a site is suitable for employment uses (sharing the principle site characteristics - close to the strategic road network and without either landscape/townscape designation constraints or residential in immediate proximity) this should be encouraged.

6.60 If considered for redevelopment both of these sites are well located (easy access to the North Circular) for new industrial and logistics uses and are large enough to accommodate a range of uses including some of the harder to locate uses.

Site specific industrial land recommendations

13. British Gas / Cody Road SIL – consider land swap realignment with Bidder Street LMUA

Justification

6.61 Reconfiguring the boundaries of the SIL and LMUA (which operates like a SIL) to a north south rather than east west alignment will improve the opportunities for intensification in the SIL and allow for a better SIL buffer between the industrial and residential land to the south. Realignment also makes sense from a place-making perspective by designating the southern parcels that have river frontage and can inter-connect to Canning Town to the south and east as LMUA. The businesses displaced by this realignment will need to be offered the option of relocating to suitable alternative accommodation within the reconfigured SIL area.

14. Beckton Riverside – consider redesignating as SIL some of the areas currently identified for non-employment uses including the area safeguarded for waste management uses.

Justification

6.62 Beckton Riverside is a highly attractive location for employment uses and for logistics and distribution in particular, and given the high demand and uncertainties over future employment land supply in the Borough, some of the substantial areas of mostly cleared land that could be taken up in the short-term, should be prioritised for employment use. Should the DLR line extension not proceed, and we understand it is unclear at this point in time whether this will or will not proceed, the scope for employment uses would increase. The policy priority for the less well connected areas should be to support the harder to locate uses, and especially larger floorplates that are more difficult to accommodate in mixed use redevelopment schemes.

15. Thameside West SIL – revise the boundary to account for the area lost/reprovided through the Thameside West redevelopment-

Justification

6.63 Phase 1 of the Thameside West scheme removes 1.9 ha from the SIL, and the SIL boundary should be revised accordingly. The replacement new, smaller, employment area is separated from the SIL land. It would not be appropriate to designate this new land as SIL but, reflecting the fact that the new land partly offsetting/replacing lost designated land, a LIL designation may be appropriate to manage land over the plan period.

16. Canning Road East LIL - should be redesignated as a LMUA

Justification

6.64 The PDR losses have diminished the integrity of the LIL and it now operates more like a LMUA. Its location adjacent to the Canning Road West LMUA means that considering this cluster as a whole there may be opportunity for a more comprehensive approach to future redevelopment were Canning Road East redesignated as part of a wider Canning Road LMUA.

17. Bidder Street LMUA - the boundary should be reconfigured with the adjacent SIL to better align with the SIL/LMUA designations.

Justification

6.65 Bidder St currently functions in a very similar way to SIL in terms of the mix of uses, and its narrow extent makes it difficult to redevelop for sensitive uses that would need a buffer between them and the SIL on the western side of Bidder Street. Therefore. north south rather than east west realignment is recommended to deliver better alignment allowing greater flexibility for redevelopment in both SIL and LMUA. The LMUA would occupy the southern most extent of the area – Ives Road across to the area corresponding to the Strategic Site 12 area providing riverside access and connectivity to Canning Town and the station.

18. Kudhail Industrial Complex, St Marys and Bridge Road Depot LMUAS - should be upgraded to LIL status.

Justification

6.66 Re-designating these LMUAs to LILs will support the Council's ambition of supporting affordable workspace, through protecting market affordable industrial rent units. There is the prospect that the industrial stock in these LMUAs could be lost to Class E use, and the areas industrial focus diluted. LIL status would protect against this.

19. Silvertown Arches LMUA - the boundary should be extended to take in the land immediately to the north – known as the Triangle site.

Justification

6.67 To support further expansion of the economic functions of this area, the LMUA should be expanded to include vacant land south of Tidal Basin Road.

20. Non-designated employment sites – retain the threshold definitions, consider designating as LMUAs - Stratford Bingo Hall, Majors Builder Merchants, Glory House and Rear of 34-40 Plashet Grove.

Justification

6.68 Areas in this category are greater than 0.1 ha (or 1,000 sq m) and whilst it is not clear how many areas there are, given the policy protection afforded to what must be largely provision in areas outside of opportunity areas, continued support and indeed potential upgrading of some to LMUA status should be maintained and pursued. There is no evidence to justify an alternative threshold, and the present threshold that will capture a number of single enterprises together with the requirements of both Newham and London Plan managed release continue to be considered adequate and appropriate.

6.69 We have identified four sites that could make sense to designate as LMUAs the Bingo Hall on High Street Stratford, Majors Builder Merchants on Southend Road, Glory House, Tabernacle Avenue off Barking Road and the Rear of 34-40 Plashet Grove, Upton Park.

Other policy issues and recommendations

21. Targeting gaps in the employment provision network

Justification

6.70 The audit by Macreanor Lavington reviewing employment opportunities based on the 15 minute walking neighbourhoods (map illustrating 15 minute neighbourhoods reproduced at 0) from the Boroughs designated employment areas has identified that the coverage within the Borough is high, with most of the Borough within 15 minutes' walk of a designated employment area. The policy approach of delivering growth through the intensification of these areas will help local businesses and increase job opportunities for local residents in accordance with the CWB approach.

6.71 The only areas that are exceptions to this are around East Ham/Manor Park area and the East Beckton area. But the assessment did not factor in the Employment Hubs /district centres of East Ham Green Street and East Beckton nor the East Ham/Manor Park MBOA groupings, all areas that would effectively provide job opportunities for the resident population in these areas. Access to local jobs within the Beckton East area 'gap' will also improve through occupation of ABP's office scheme and the future employment development in the Royal Docks.

22. The delivery of low-cost / affordable workspace – further investigation required to establish specific type of occupier / sector in need, and the amount of space and rent discount that would be appropriate.

Justification

6.72 Our reviews with the property agents did not uncover a pressing need for an affordable workspace mechanism. This is likely to stem from the fact the Borough currently has a wide range of space, some of which is provided at low cost by the market. Furthermore, the market is delivering flexible workspace where businesses can rent a desk on flexible terms and these can meet start-up and early stage businesses requirements. But agents have reported that industrial rents across the Borough have been rising, and there may come a point when this low cost space becomes unaffordable for some occupiers/sectors. There is also a risk that when employment space is re-provided as part of a new development, it will be offered to the market at a higher rent (reflecting its new build nature) and hence the market loses a low cost market alternative. Ensuring there is low cost or potentially affordable workspace will help ensure a balanced economy and provide local job opportunities.

6.73 We recommend that the Council undertakes specific work to establish whether there is a specific type of occupier need for affordable workspace in the Borough as per Policy E3 of the London Plan that the market cannot deliver. If a need is established, then this should be tested to ensure the rent is affordable for occupiers can be viably delivered.

23. Policy (SC1) should be revised to seek carbon negative development and BREEAM "outstanding"

Justification

6.74 To meet occupier and investor requirements, higher sustainability standards are being delivered on new build development which exceeds the current Local Plan Policy SC1. Therefore, the policy should be revised through seeking carbon negative development and BREEAM "outstanding" – this will help the Council achieve its aim in the new Local Plan as being London's greenest economy.

6.75 Occupiers are placing a greater importance on ESG therefore, as with our recommendation for industrial, consideration should be made to revise the current Local Plan Policy SC1 to seek carbon negative development and BREEAM "outstanding". The market appears to be prepared to deliver industrial development at these higher standards but due to the time-lag of bringing forward office development there are currently no examples to reference where this has been delivered.

Therefore, the additional cost in delivering the higher standards should be viability tested as part of the Local Plan.

24. Supporting the green & circular economies

Justification

6.76 Many of the above recommendations are cross-cutting themes to support the green and circular economies. Through having access to suitable accommodation close to where people live will reduce the need to commute and create self-sustaining neighbourhoods. Through accommodating a range of industries and business across the Borough helps businesses sustain each other and the local community. Through providing sites that accommodate good quality industrial, warehouse and office space enables businesses to use the space in flexible ways and can quickly respond to changes in the market.