

## A report from Shared Intelligence



for the London Borough of  
Waltham Forest

Feasibility assessment for the provision of managed  
workspace

June 2013

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# 1 Introduction

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- 1.1 The London Borough of Waltham Forest commissioned Shared Intelligence to undertake a review of existing flexible managed workspaces in the borough to identify gaps and to inform the borough's approach to further managed workspace provision.
- 1.2 Waltham Forest has a large number of small businesses but research suggests there is unmet demand for smaller business units in the borough, which is likely to increase in the years ahead as business demographics trend towards smaller business sizes.
- 1.3 The borough faces a number of challenges in supporting business growth and existing employment land has come under pressure for residential use. A Growth Commission has recently been formed to investigate the opportunities and challenges for the local economy.
- 1.4 The report provides:
- A consideration of types of managed workspace and the roles played in supporting its provision by local authorities;
  - An economic overview of Waltham Forest with demand for employment space;
  - An overview of employment space in Waltham Forest currently, including:
    - The Amount, size, type, cost and location of managed workspace in the borough currently and levels of utilisation;
    - Views of commercial agents, and main providers of workspace;
    - Workspace provision and competition in surrounding boroughs; and,
  - A consideration of what support might be provided to manage workspaces in the borough in the future.

## Methodology

- 1.5 This research was started in March and completed in June 2013. It began with a review of existing borough economic and planning policy, along with UK and international literature on managed workspaces to inform our understanding of their function and how it has developed in recent years.
- 1.6 This was followed by desk research and interviews to develop a picture of existing provision in Waltham Forest. This built on previous reports including the borough's Local Economic Assessment (November 2010) and the borough's Core Strategy (adopted March 2012) as well as a review of regeneration documents, and interviews with regeneration officers, local business representatives and commercial property and letting agents (see appendix 4 for a detailed list). Interviews were supported by a systematic review of workspace providers' websites to identify existing managed workspace provision in Waltham Forest.
- 1.7 Interviews and research from surrounding boroughs were used to understand the context from neighbouring areas and to identify current expressed demand for space within major developments such as the Olympic Park.

## 2 Managed Workspace and Business Incubators

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- 2.1 A **managed workspace** is commercially rented serviced premises from which small businesses can trade. In managed workspaces:
- Rents are typically inclusive of things like business rates, water rates, building insurance, security, waste collection, ground maintenance, cleaning of common areas and a manned reception;
  - Terms may be flexible, and there is usually no limit to the length of time that tenants can reside; and,
  - They may be commercially provided or set-up with input from business support agencies or local authorities. There may or may not be an offer of business support or advice to tenants.
- 2.2 Flexible and inclusive leases have an important function with short-term contract periods making leasing terms easy-in/easy-out, allowing firms to upscale or downscale as required. Proximity to other businesses also offers networking opportunities and supports a culture of entrepreneurship.
- 2.3 The level of provision offered in managed workspaces varies greatly, between relatively detached, 'soft-touch' approaches, to intensive, hands-on management. The concept continues to evolve and respond to changing demands; to the needs, specifically, of micro businesses and SMEs, and of home based businesses and the self-employed.
- 2.4 Often managed workspaces provide not only physical space and utilities, but include access to common areas (e.g. work areas, cafes, meeting areas, and kitchen) and administrative services (e.g. photocopying, telecommunications). Sharing services/spaces improves affordability and accessibility for tenant companies and encourages networking.
- 2.5 **Business incubators** have extended the workspace concept further, seeking to combine premises for small businesses to grow and shared amenities, with active business development support. They tend to:
- Be focused on helping start-up businesses, and may have a remit to assist particular groups such as businesses in the tech-sector;
  - Have specific and relevant entry criteria which reflect these objectives and tend to offer their rented premises at below market rates; and,
  - Limit the length of time that businesses can remain with them.
- 2.6 Examples of additional business development services include business coaching and mentoring; legal and financial advice; links to business support and finance organisations; links to universities and research centres; as well as facilitating peer support among tenants.

Some incubators also have a greater focus on businesses' growth path, with services tailored to support firms as they develop. For instance, rental rates might increase over time.

## Business Incubation vs. Managed Workspace

Managed workspaces	Business Incubation Environments
1. Provide premises for small businesses	1. Provide premises for small businesses
2. Offer shared office services and equipment	2. Offer shared office services and equipment
3. No limit to life of tenancy	3. Length of stay usually has an upper limit to enable 'churn'
4. Minimal entry requirements	4. Entry criteria based on meeting incubator's objectives and on strength of potential tenant's business/business plan
5. Rents are usually at commercial rates	5. Rents (often start) below market rates
6. Sometimes offer business support	6. Business support and advice is key component of the incubator project
7. Networking and inter-trading likely between tenants but focus is on easy-in/easy-out terms although many businesses find the terms of some commercial providers very inflexible	7. Creation of an entrepreneurial environment through creating the right mix of businesses and support is central to the incubators philosophy
8. Created either as a commercial venture or may be funded, for example, by a local authority with the intent of helping to regenerate a deprived area by encouraging business	8. The majority are publicly funded but aspire to become self-sustaining over time

Adapted from *Women-Friendly Incubation Environments and Managed Workspaces*, PROWESS & UKBI (2005)

- 2.7 The breadth of services offered in incubators can be expensive and are likely to rely more on external investment, often via public sector bodies and finance which might support the acquisition of property and/or subsidise rents.
- 2.8 Matching incubator services and the time that clients are based within a business incubation environment to the needs of firms is important. On average, it is suggested that clients are based within a business incubation environment for up to 3 years, although some incubators concentrate on accelerating the growth of businesses on a short-term basis. This depends on the nature of the businesses targeted, the sector they are operating in, and the demands of the product or service being developed.
- 2.9 A well-designed incubator will give emphasis to its role as a 'move-on' space and provide for a smooth exit of successful firms to new premises<sup>1</sup>.

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<sup>1</sup> Business incubation in challenging times, NESTA (2008)

## Rationale and the role of Local Authorities

- 2.10 Managed workspaces and in particular, business incubators, often form part of enterprise support and regeneration programmes, particularly in areas where there is a lack of small, affordable business premises. They are used to support start-up and micro-businesses during their early months and years, and are important models of business support which can promote local job creation and regeneration.
- 2.11 They can also have a role in helping to address market failures which prevent start-ups from overcoming early obstacles to growth. This is particularly relevant for SMEs starting in high risk sectors, like technology and creative sectors.
- 2.12 Incubation space is also used to support business start-ups amongst specific target groups, for example female entrepreneurs, ethnic minorities, and/or strategic growth sectors.
- 2.13 While incubation space by itself will not generate successful start-ups, it can be used as part of a wider business support programme to help increase new business starts. Indeed, developing a culture of entrepreneurship (innovative outreach, networks, finance, institutional linkages etc.) can be seen as “crucial”<sup>2</sup> and can assist in ‘anchoring’ valuable skills and resources within a region, and thereby contributing to local regeneration.
- 2.14 In practice there is not one model that works equally well everywhere and the objectives of managed workspaces/incubation units are related to the specific business environment in which the space is located.
- 2.15 Some facilities include training and support such as access to finance and managerial experience.

Local authorities might have a role to play in:

- Identifying and/or managing small business space or business incubators as part of an enterprise strategy;
  - Subsidising rents and/or providing additional support for tenants; and,
  - Helping secure incubation space by mobilizing council property, aligning planning policies, or helping bridge financing gaps.
- 2.16 Although many local authorities are actively involved in supporting managed workspaces/business incubators, the extent to which they actually manage and run the centres once developed varies.

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<sup>2</sup>Affordable Workspace and Enterprise Feasibility Study, architecture00 (2012)

## Impact of managed workspaces/incubators

- 2.17 According to UKBI, the UK incubator-industry body, the UK has approximately 300 business incubators supporting around 12,000 businesses<sup>3</sup>. UKBI research finds that:
- **Incubators support employment:** incubator's client businesses provided an average of 167 jobs (full time equivalents) per incubator and are home to an average of 30 client businesses at any one time.
  - **Many Incubators also support employment in the community:** about 60 per cent of incubators operate "outreach" services, helping and advising companies externally.
  - **Incubators enhance survival rates:** businesses have an average success rate of 98 per cent whilst in incubators (compared to a national average of less than 30 per cent of all small and medium sized companies registered) and 87 per cent surviving after 5 years.
- 2.18 According to a review of evidence by NESTA, the *indirect* incubator effects, e.g. additional jobs and wealth generation from providing products/services to incubator and incubatees, globally ranges between 0.48-1.5 times the direct impacts of incubation<sup>4</sup>.
- 2.19 While evidence around managed workspaces and incubators is mostly positive, it should be noted that there is no standard methodology for measuring incubator performance and the fact that many incubators are non-profit, or at least have public support, means the terms of success are not always directly comparable. It is also difficult to distinguish what business growth would have occurred in the absence of time spent in an incubation/workspace environment.

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<sup>3</sup> See: <http://www.ukbi.co.uk/resources/business-incubation.aspx>

<sup>4</sup> Business incubation in challenging times, NESTA (2008)

### HUB Islington / HUB King's Cross / HUB Westminster<sup>5</sup>

HUB's are innovative workspaces for social entrepreneurs. The concept started in London in 2005 and has developed into an international network of members and workspaces. As of 2010 the HUB had a UK membership of 450, plus over 3,500 working across the globe<sup>6</sup>.

The first HUB was founded in Islington in a converted warehouse designed to offer flexible time-based membership for spaces to work and meet. The aim was to create "the best from a professional office and events space, a friendly cafe and the comforts of home". The space included a wireless internet connection and access to meeting and event spaces, printers, scanners, phones, fax, physical and virtual storage space and admin support.

HUB King's Cross was established in 2006 in a refurbished Grade II listed building, one minute from Kings Cross station. The Kings Cross space is more developed and attracts more established businesses. Hub Westminster, co-founded by Westminster Council, followed in 2011<sup>7</sup>. With 1,115m<sup>2</sup> floorspace, it is suited to small businesses looking for access to government.

HUBs are configured around a series of basic principles, such as open-plan office spaces and use of physical/social design to encourage behaviours (i.e. collaboration and sharing). Hot-desking is a common feature, with members purchasing minutes instead of dedicated desks; this means that space is used more intensively and rarely underutilised. This intensification also boosts financial returns, with returns per square foot at almost two and half times the rate of other workspace providers<sup>8</sup>.

Peer-to-peer working is crucial to the HUB model and the spaces are generally aimed at social entrepreneurs (who share a need for a high degree of interaction). Utilisation of hot-desking and virtual membership is critical to generating the quality of diversity and opportunities for peer-to-peer exchanges. Other members are contactable via an ICT platform (HUB Plus) for knowledge sharing and collaboration that combines social networking functions with an open-source space management system. Hosts play an active role in connecting people and ideas and maintaining diversity within their membership. As a result, the HUB's capacity for knowledge/information sharing between people is strong within the HUB network.

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<sup>5</sup> See: <https://islington.the-hub.net/>; <http://kingscross.the-hub.net/>; <http://westminster.the-hub.net/>

<sup>6</sup> Local knowledge, Case studies of four innovative places, NESTA (2010)

<sup>7</sup> It has been reported that Westminster council wants to create a further 50,000 sq ft (4,645m<sup>2</sup>) of incubator space over the next five years, and is planning a second business hub in the north of the borough - *Specialist hubs spring up around London*, FT 24/03/2013

<sup>8</sup> Local knowledge, Case studies of four innovative places, NESTA (2010)

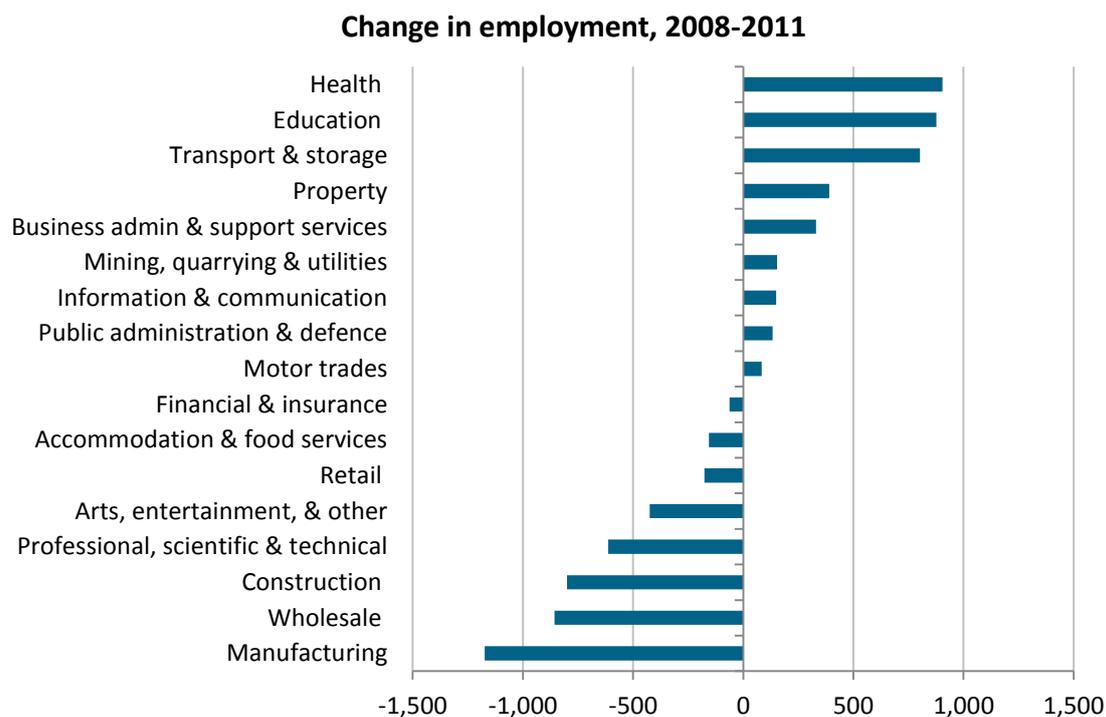
## 3 Economic Overview of Waltham Forest

### Waltham Forest economic context

- 3.1 Waltham Forest currently has the smallest economy of all the London boroughs, worth an estimated £1.5 billion a year<sup>9</sup>. This is due to both a low number of total jobs, and a high proportion of low value jobs.

#### Structure of the economy

- 3.2 The local economy has undergone significant changes in recent years: between 1997 and 2008 the number of people employed in manufacturing halved and employment in construction decreased by a fifth; over the same period employment in education more than doubled and real estate employment increased by three-quarters<sup>10</sup>.
- 3.3 Today, the main sectors for employment in Waltham Forest are health, education, and retail which together make up 42 per cent of total employment (2012 figures)<sup>11</sup>. Between 2008 and 2011 health and education were the fastest growing sectors for employment (see below).



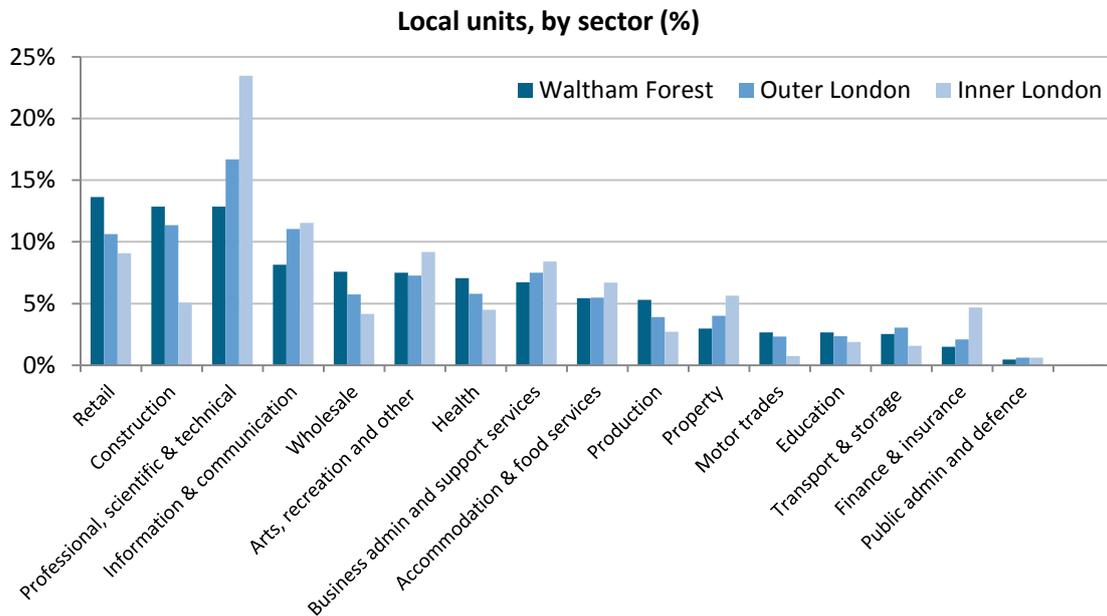
Source: Business Register and Employment Survey, ONS (2012)

<sup>9</sup> Local Economic Assessment, Navigant Consulting (2010)

<sup>10</sup> Waltham Forest's strategy for enterprise, employment and skills, 2009-14

<sup>11</sup> Business Register and Employment Survey (2012)

- 3.4 By local business units<sup>12</sup>, retail is the most important sector for Waltham Forest. There are 1,055 retail units in the borough, accounting for 13.6 per cent of businesses. The next most important sectors are construction and professional, scientific & technical (both accounting for 12.9 per cent of local units).



Source: UK Business: Activity, Size and Location, ONS (2012)

- 3.5 Many of the sectors that have grown strongly in the London economy, like financial & insurance services, and high value business activities (e.g. information & communication and professional, scientific & technical), are under-represented in the borough.
- 3.6 The Local Economic Assessment 2010 identified a number of clusters of business activity that are central to the Waltham Forest economy. Generally, there is a mismatch between those clusters which are important by total employment and those which are relatively more productive. Moreover, the three most important private sector clusters (by number of firms) all saw a decrease in business stock between 2006 and 2009.

<sup>12</sup> An individual site (for example a factory or shop) in an enterprise is called a local unit. ONS, UK Business Activity Size and Location - 2012

### Top Clusters in Waltham Forest (Firms/Employment/Productivity) - 2010

Number of Firms	Total Employment	Productivity
Medical	Security	Logistics
Food	Food	Digital and ICT
Public	Medical	Creative
Construction	Construction	Professional Services
Textiles	Public	Office Machinery
Health & Beauty	Care	Construction
Professional Services	Sport	Soap & Perfumes
Care	Health & Beauty	Printing/Books/Newspaper
Creative	Textiles	Power
Printing/Books/Newspapers	Consumer Goods	Jewellery

Source: Local Economic Assessment 2010

- 3.7 The Core Strategy identifies scope in the borough for a growing office sector; although this would be of a different nature to the types of office space attracted to Tower Hamlets and Central London. The Local Economic Assessment<sup>13</sup> finds a large and growing number of micro-sized businesses in the borough – many involved in creative activities. Accurately measuring the contribution of the creative sector is a challenge, but evidence suggests it is still in the early stages of development in Waltham Forest (see appendix 2).

#### Employment and unemployment

- 3.8 Three quarters of the borough's working age population are economically active and 68.2 per cent are in employment. In Waltham Forest, far more males are economically active than females (86 per cent compared with 63.6 per cent)<sup>14</sup>.
- 3.9 Up to the 1980s manufacturing accounted for one in three jobs in Waltham Forest; the recession of the early 1990s and the restructuring of the economy have left a legacy of unemployment within some areas of the borough<sup>15</sup>. As of March 2013, the Job Seeker Allowance count in Waltham Forest was 9,675 people, 5.4 per cent of the resident working age population, compared to 3.9 per cent for London and 3.8 per cent in Great Britain. There are almost twice as many JSA claimants per jobcentre plus vacancy in Waltham Forest compared to London. 8.5 per cent of the resident population aged 18-24 claims JSA and youth unemployment is a significant concern for the borough<sup>16</sup>.

<sup>13</sup> Local Economic Assessment, Navigant Consulting (2010)

<sup>14</sup> Figures for Jan 2012-Dec 2012, source: Nomis. This 'economic activity gap' between the sexes is noticeably more pronounced than for London or Great Britain.

<sup>15</sup> Waltham Forest LDF Core Strategy (2012)

<sup>16</sup> Waltham Forest's strategy for enterprise, employment and skills, 2009-14. This is also evident in the gap between median earnings for employees *living* in Waltham Forest, £528.40 in gross weekly pay, compared with median earnings for employees *working* in Waltham Forest, lower at £523.40 (2012 figures).

### Skills and qualifications

- 3.10 Challenges in this area are linked to low levels of skills in the borough. In Waltham Forest: there are proportionally more people without qualifications (11.3 per cent of the resident working age population) than the London average (9.3 per cent); fewer residents are employed in knowledge intensive occupations<sup>17</sup> than in London as a whole; and, a large proportion are employed in skilled trades and elementary occupations vulnerable in economic downturns<sup>18</sup>.
- 3.11 Of those residents who do benefit from higher than average qualifications, there is a tendency to commute to Central London and neighbouring districts for higher value work<sup>19</sup>. In the small business sector, there is a view that good businesses move to Enfield and Barnet<sup>20</sup>. The borough is a net exporter of labour and the local jobs density is extremely low at just 0.43 jobs per working age person, compared with 0.88 jobs for London and 0.77 jobs for Great Britain (2010 figures).
- 3.12 Overall, there are a number of challenges facing the local economy. Much of the recent employment growth has been in the public sector and the council is an important customer for local businesses. This makes resilience to future public spending cuts a major challenge. At the same time, the borough's population is set to increase by 32,500 people by 2021. Attracting new jobs to keep up with population growth and reducing reliance on vulnerable sectors are key issues.

### Local entrepreneurship

- 3.13 Over the course of a quarter century Waltham Forest has changed from an economy in which a small number of larger private sector firms predominated, to a borough with a higher proportion of small businesses than for London as a whole or for outer London boroughs. In 2012, 88 per cent of the borough's firms employed less than 10 people<sup>21</sup>, while only 20 private firms employed 250 or more people<sup>22</sup> - many of them retailers. Micro-businesses are the most important employment provider in the borough.
- 3.14 Evidence points to an underlying trend towards increasing levels of self-employment mirroring national trends<sup>23</sup>. This reflect changes in the structure of the borough's economy, specifically the decline of manufacturing, and long-term changes in working habits shaped by the internet, out-sourcing, and a rise in home-working, as well as a more general shortage of jobs as a result of the recession.

<sup>17</sup> Defined as Soc 2010 major groups 1-3

<sup>18</sup> Nearly half of local JSA claimants come from the lower skilled occupations - Local Economic Assessment (2010)

<sup>19</sup> It is estimated that about two-third of the borough's employed residents have jobs outside of the borough. Out of borough employment destinations for Waltham Forest residents are spread across central and neighbouring boroughs. Together, the City (10,443) and Westminster (9,322) provide approximately a fifth of employment for borough residents. Of the neighbouring boroughs, Enfield, Newham and Redbridge are the most important destinations – each providing around 4,000 jobs for Waltham Forest residents. Hackney and Haringey are also important employment destinations, *Waltham Forest's strategy for enterprise, employment and skills, 2009-14*

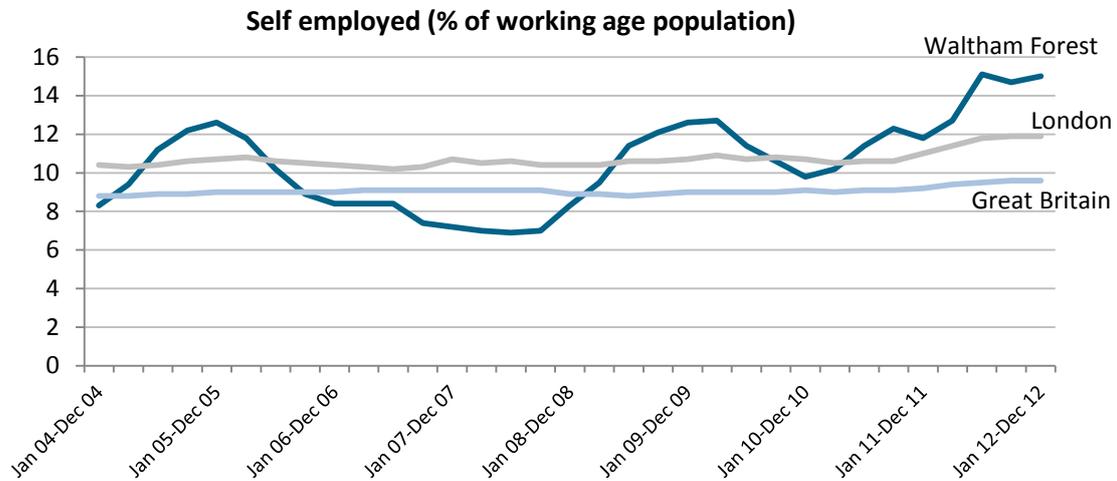
<sup>20</sup> Local Economic Assessment, Navigant Consulting (2010)

<sup>21</sup> This is the 5th highest rate for 19 outer London boroughs.

<sup>22</sup> This is the 6<sup>th</sup> lowest rate out of 19 London boroughs.

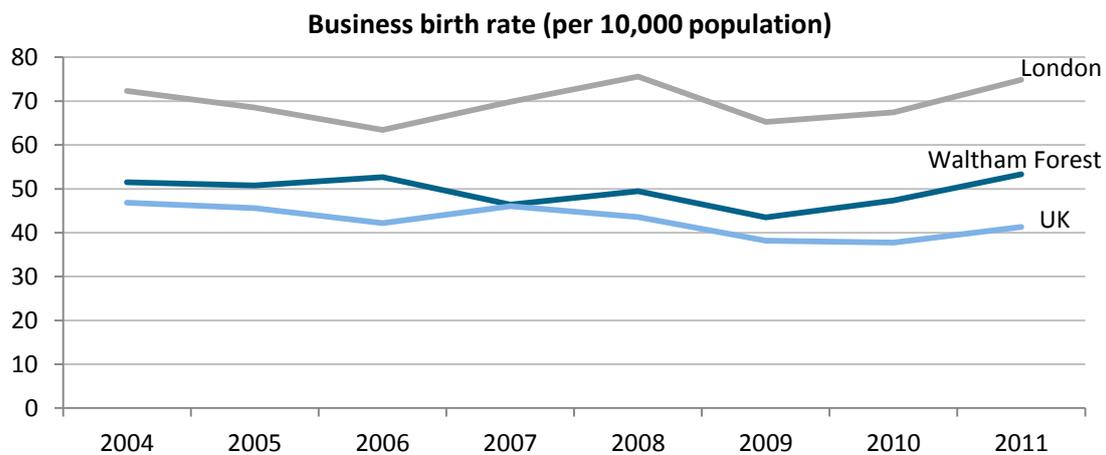
<sup>23</sup> "The number of employees excluding the self-employed fell by 305,000 to 24.79m, the lowest since records begun. At the same time, the number of self-employed people reached a record high of 4.09 million." - ONS, November (2011)

- 3.15 The proportion of self-employed in Waltham Forest has fluctuated in recent years and is currently relatively high. A need for the borough to become more entrepreneurial was highlighted in the borough's Local Economic Assessment. As of 2012, 15 per cent of the borough's working age population were self-employed - more than double the rate in 2008, and above the rates for London (11.9 per cent) and Great Britain (9.6 per cent).



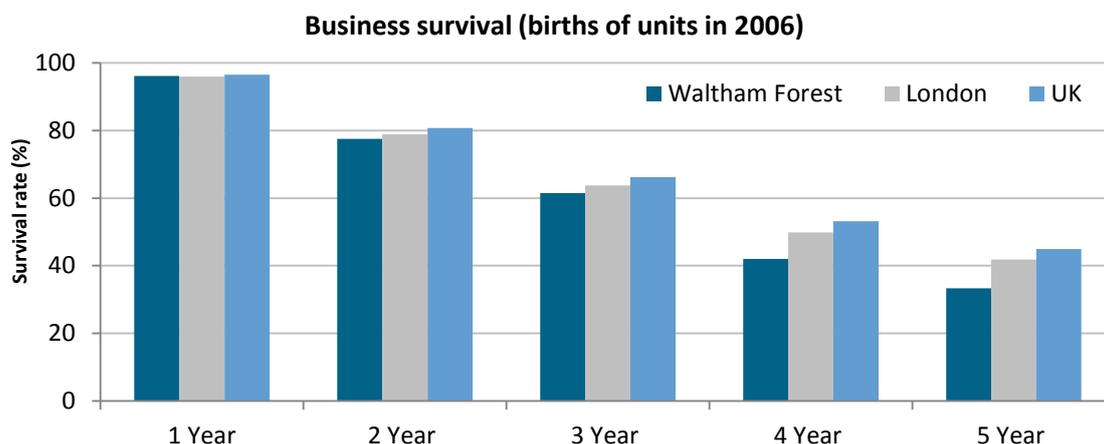
Source: Annual population survey, Nomis (2012)

- 3.16 The local picture, illustrated below, shows more firms are being created per capita in Waltham Forest than the UK as a whole.



Source: ONS Business Demography (2011)

- 3.17 However, business survival rates for firms in the borough are significantly lower than averages for the UK and London regions. This difference is particularly marked after 4-5 years.



Source: ONS Business Demography (2011)

- 3.18 While care should be taken in interpreting business survival statistics, productivity per worker, based on jobs in the borough, is relatively low suggesting that churn is not having a very positive effect on overall productivity<sup>24</sup>. Also, compared with the London region, Waltham Forest has a relatively low rate of business start-ups (23<sup>rd</sup> out of 33 London boroughs for rate of business starts in 2011) but also a lower rate of survivals.
- 3.19 This is consistent with research by the North London Strategic Alliance<sup>25</sup> which finds that company exit rates in outer London boroughs in North London are relatively high. A number of explanations are proposed to explain business failures, including: under-capitalisation of firms, reflected in under-investment and, more commonly among small firms, cash flow difficulties; inexperienced entrepreneurs; lack of clear business planning; poor quality of labour supply; and crowded and sluggish markets<sup>26</sup>.
- 3.20 The availability of affordable, flexible and appropriate premises is also seen as critical to small business development and retention by the NLSA.

<sup>24</sup>At about £23,000 per year for 2010, below the London (£35,400) and UK (£34,300) averages. A relatively high level of business churn could be a positive if new firms entering the market are driving up overall productivity. Indeed firm entry and exit is often considered critical for the continued dynamism of the modern economy

<sup>25</sup> How to promote and support North London business in the current climate, NLSA (2012)

<sup>26</sup> How to promote and support North London business in the current climate, NLSA (2012)

## 4 Current managed workspace in Waltham Forest

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### Supply of employment space

- 4.1 Waltham Forest benefits from a large supply of employment land, with significant clusters in the west and south west of the Borough, mainly of industrial and warehousing spaces. However, much of this land has traditionally been used for industrial purposes and is not readily suitable to meet the needs of growing small and micro businesses.
- 4.2 In recent years existing employment land has come under pressure for residential use<sup>27</sup>. Since 2004/05, 9.009 hectares (ha) of employment land have been lost to residential development, three times the quantity of land lost to other uses<sup>28</sup>. It is estimated that in 2012 only 1.59 per cent of employment land is vacant. As with many London boroughs, opportunities for developing new employment spaces are constrained by the urban environment.
- 4.3 In 2011/12, the borough saw a net loss of 3,428m<sup>2</sup> of employment floorspace, despite the completion of 2,210m<sup>2</sup> of floorspace on previously developed land. The latest estimates show that the borough has 223.4 ha for various employment land uses.
- 4.4 However, the limited attractiveness of some existing industrial land areas to office developers means some intensification might be necessary to counteract losses in the manufacturing sector and secure regeneration benefits<sup>29</sup>.
- 4.5 The Council has allocated £9 million from its Capital Programme to undertake a regeneration programme for 2012-14. The programme targets nine priority areas of the borough and focuses on an intensification of council projects to act as a catalyst to boost the local environment and the economy and create new jobs for local people. The Council has also been successful in securing £2.5 million from the Outer London Fund Round 2 for Wood Street and Blackhorse Lane.

### Demand for Employment Sites and Premises in Waltham Forest

#### Office Space (B1)

- 4.6 Over the period 1998-2008 Waltham Forest experienced a 4.9 per cent reduction in B1 office floorspace. In comparison, the wider Lea Valley Property Market Area (LVPMA)<sup>30</sup> saw office space increase by 6.5 per cent.

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<sup>27</sup> There was a total loss of 1.032 ha of employment land to residential development in 2011/12, of which 0.349 ha is within the Blackhorse Lane Key Growth Area. This follows from the loss of 1.545 ha of employment land to residential development in 2010/11.

<sup>28</sup> Waltham Forest Local Plan Evidence Base - Annual Monitoring Report 2011/12

<sup>29</sup> Waltham Forest LDF Core Strategy (2012)

- 4.7 In 2012, it is estimated that there was 4.8902 ha of B1 office space in the borough<sup>31</sup>, making up 2.19 per cent of Waltham Forrest's total employment space. Core office areas are Walthamstow, Leytonstone and Chingford; there are also some established business parks. A range of sectors utilise office space including companies in the property sector, accountants, and legal professionals; public sector organisations are significant occupiers of B1 space. Office space in Waltham Forest is typically rented at about £10 per sq ft.
- 4.8 However, research suggests that the borough currently lacks major office centres and the types of spaces available are not always appropriate for SMEs who are the focus of market demand in the borough.
- 4.9 The decline of manufacturing means that office premises in Waltham Forest are often available at traditional industrial locations such as Blackhorse Lane. However, the current supply of B1 space is deemed to be of relatively low quality and caters for local, mainly price-orientated occupiers<sup>32</sup>. Most of the demand for B1 space is derived locally and the relatively low PTAL<sup>33</sup> rating of the borough also means that office sites are widely dispersed.
- 4.10 In its employment review Glenny LLP finds that take-up of office space in Waltham Forest was low in 2012. Based on current take-up rates, there is a significant supply of vacant premises in the marketplace (5.5 - 7.5 years based on current trends)<sup>34</sup>.
- 4.11 However, our research has looked specifically at the availability of smaller, managed workspace units. Market demand in Waltham Forest is mainly from SME occupiers who have need of shorter lease lengths and affordable rent levels. Waltham Forest's 2010 Local Economic Assessment<sup>35</sup> (LEA) identified an **over-demand and under-supply of small commercial units**. In a survey carried out as part of the LEA, 20 companies had stated that they were looking to relocate outside of the borough, with premises issues the most common motivation. In the small business sector a view emerged that good businesses move to other north-east London boroughs like Enfield and Barnet.
- 4.12 Discussions with local estate agents suggested that demand for office space in the borough is fairly subdued; although the trend towards smaller business premises was noted by a number of people interviewed.
- 4.13 It is anticipated that in future years the borough will secure a growth in B1 space through mixed use developments, offering opportunities for SME businesses. Planning permissions have been granted to the mixed use proposals at Billet works, with 1,119m<sup>2</sup> for office floorspace; Unity works, with 430m<sup>2</sup> of commercial floorspace; and Webbs Industrial Estate for an indicative 786m<sup>2</sup> of B1 Artisan Workshops.

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<sup>30</sup> The LVPMA includes the following boroughs: Waltham Forest, Hackney, Haringey, and Enfield. See London Borough of Waltham Forest 2009 Employment Land Study - URS.

<sup>31</sup> Down 0.5830 ha from 2011, Waltham Forest Local Plan Evidence Base - Annual Monitoring Report 2011/12

<sup>32</sup> London Borough of Waltham Forest 2009 Employment Land Study - URS

<sup>33</sup> Public transport accessibility level

<sup>34</sup> Glenny LLP, Employment Review (2013)

<sup>35</sup> 2010 Local Economic Assessment, Navigant Consulting, 2010

### Local Industrial/Warehousing Market (B2/B8)

- 4.14 Over the period 1998-2008 Waltham Forest experienced a 40.7 per cent reduction in B2 factory floorspace<sup>36</sup>. This reflects the decline in the manufacturing sector, where the number of people employed in Waltham Forest halved between 1997 and 2008. During the same period the amount of B8 warehouse space increased by 21.2 per cent.
- 4.15 In 2012 there was 77.485 ha of B2 Factory space and 64.1042 of B8 Warehouse space, together they make up over 63 per cent of the borough's employment land<sup>37</sup>. The borough has several established industrial employment areas such as at Lea Bridge/Argall Avenue, Blackhorse Road and the Crooked Billet/Hall Lane area. It is estimated that very little space was lost between 2011 and 2012<sup>38</sup> and like other outer London boroughs, demand for good quality warehouse and industrial accommodation remains resilient due to the relatively low rents (rents for industrial spaces average at around £7.50 per sq ft) and good location (access to strategic road networks in particular).
- 4.16 Much of the demand for B2/B8 space is for comparatively small spaces of about 500m<sup>2</sup>-1000m<sup>2</sup>; important sectors include transport and storage and wholesale. Developer activity in the borough is often centred on warehouse and industrial development<sup>39</sup>.
- 4.17 The 2009 URS Employment Land Study (2009) examined a range of growth scenarios, all of which indicate a reduction in demand for industrial land as manufacturing is displaced by more land efficient employment. The study assessed future demand for B2 and B8 use and found that demand is likely to decline by between 11.1 hectares and 24.5 hectares to the period to 2026. Given that emerging businesses are envisaged to be more land efficient, the Core Strategy (2012) proposes that an approach of intensifying and upgrading existing employment areas to make them fit for modern practices justifies the release of poorer quality stock to more productive uses. Unless land is effectively managed, it is envisaged that the borough will be left with areas of industrial land that are vacant and unfit for purpose.

### Strategic Industrial Locations

- 4.18 The London Plan designates a number of locations within the borough as Strategic Industrial Locations (SILs)<sup>40</sup>. They are given strategic protection because their scale and relatively homogeneous character means they are well-placed to accommodate activities which elsewhere might raise tensions with other land uses.
- 4.19 SILs within Waltham Forest are:
- Blackhorse Lane;
  - Lea Bridge Gateway; and,
  - Central Leaside Business Area (shared with Enfield and Haringey).

<sup>36</sup> London Borough of Waltham Forest 2009 Employment Land Study - URS

<sup>37</sup> Waltham Forest Local Plan Evidence Base - Annual Monitoring Report 2011/12

<sup>38</sup> 0.0650 ha of B2 space and 0.0350 of B8 space

<sup>39</sup> Glenny LLP Employment review (2013)

<sup>40</sup> These are identified in the map on page 25.

- 4.20 Waltham Forest's Employment Land Study found the local SILs to largely be "well-functioning industrial estates sufficiently detached from incompatible uses and with good strategic road access". Furthermore, the Employment Land Study found that a high demand still exists for 'bad neighbour' developments, which could include green industries and waste management facilities.

### **Current managed workspace/business incubation**

- 4.21 In Waltham Forest at present most of the available managed workspace is light-industrial in nature, reflecting the borough's industrial base.
- 4.22 Estate managers like the Workspace Group and Lee Valley Estates are offering flexible workspaces to businesses on short-term leases. A large part of this takes the form of light-industrial workspace, with varying sized units and few shared services. Rents are offered at commercial rates and there is no particular business profile targeted.
- 4.23 A visit to Leyton Industrial Village indicates that most of the tenants are in the wholesale and transport & storage sectors, typical of the light-industrial units in the borough and reflected in the current employment profile in the borough. The food sector is also growing, supported by proximity to the New Spitalfields market.
- 4.24 Discussions with owners and managers indicate that occupancy rates at these sites are relatively high (85 – 95 per cent). Estimates of churn rates vary; some discussions implied churn was as high as 25 per cent of firms each year, at the Leyton Industrial Village churn is estimated at closer to 10 per cent of firms. Active management is considered an important factor in keeping churn low and occupancy high. It has also been suggested that the wholesale and transport & storage sectors have been fairly resilient to the economic downturn, reflecting the borough's good transport links and affordability.
- 4.25 The Hiltongrove Business Centre, established in 1997, provides office and studio space for SME businesses. The centre offers some shared services including a courier service and an on-site café. In partnership with Lee Valley Estates, Hiltongrove have also been involved in the redevelopment of the Leyton Municipal offices. The new Legacy Business Centre includes various sizes of units, ranging from 16.7 to 93m<sup>2</sup>, and is intended to be attractive to professional service providers. Flexible lease terms, access to meeting rooms, and some shared facilities are available. These sites hosts 84 tenants and have a 95 per cent occupancy rate. There is a wide range of tenants, including the Citizens Advice Bureau and HMRC, and no particular focus on start-ups - although rent will sometimes be reduced for the first year of occupancy.
- 4.26 As part of its Heart of the College Project improvement programme, Waltham Forest College are building the 'Market Place' which will include space for a business centre with number of small business incubation units. Due to open in October/November 2013, the business centre will primarily be available to external SMEs but also have potential space available for students looking to start small businesses. Incubation units will offered to external businesses at subsidised rents and free for students undertaking studies at the college. It is likely to be run mainly by internal staff, including individuals from the College's School of Business, but may also look to bring-in external expertise. There will be business advice

services available as well as flexible studio spaces with access to Wi-Fi, meeting areas and access to a new 70-seater lecture theatre.

- 4.27 In the south of the borough, Chestnut House is being redeveloped by the Waltham Forest business board into a business centre. The property is being leased to the business board by Waltham Forest Council at a nominal rate. The business board will aim to raise £1m to refurbish the building to develop it for letting to businesses. The facility will also have a community space and any profits generated will be re-invested by the business board.
- 4.28 The proposed redevelopment of Webb's Industrial Estate also includes for the provision of managed workspace. The site was formerly used mainly for storage purposes, with a large open area and a limited number of small, predominantly 1 storey industrial units. The new mixed use development includes 786m<sup>2</sup> of B1 Artisan Workshops alongside residential units and retail space. A mixed use development was proposed to support an increase in job provision through the introduction of higher employment generating uses such as quality B1 units for creative industries.
- 4.29 Other prospective regeneration projects at The Bakers Arms (465 m<sup>2</sup>), Sutherland Road (139m<sup>2</sup>), the Depot at Low Hall (9,290 m<sup>2</sup>), and Lockwood Way, offer the potential for the inclusion of managed workspace which could increase the borough's current supply.

### Competition from neighbouring areas

- 4.30 Our research also looked at managed workspace and business incubation units in the neighbouring boroughs. A summary is provided in the following paragraphs.

#### Olympic Park

- 4.31 The Olympic Park lies on the fringe of south-eastern Waltham Forest. There are plans for a significant amount of workspace development post Olympics, notably the proposed iCITY<sup>41</sup> development which has recently been given the go-ahead to convert the Press and Broadcast Centres of London's Olympic park into a "creative and digital hub". This includes plans for significant office space<sup>42</sup> including 4,645 – 9,290m<sup>2</sup> set aside for studio and accelerator space<sup>43</sup>. TechHub and SPACE Studios will develop and operate the incubator and accelerator space for start-up businesses aimed at the creative sector. This is due to be developed during the post-games transformation in 2014.
- 4.32 Beyond iCITY, the International Quarter at Stratford City will aim to develop a vibrant business environment, creating 371,612 m<sup>2</sup> of new work space. The London Legacy Development Corporation's (LLDC's) Legacy Community Scheme also includes for provision of managed workspace, a minimum of 10,000 sq ft (929m<sup>2</sup>) in an area from Hackney Wick

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<sup>41</sup> iCITY is a joint venture between property investment firm Delancey and data centre operator Infinity SDC. It was announced as the "preferred bidder" for the site last year.

<sup>42</sup> iCity has already secured a number of tenants including BT Sport, who plan to build a production hub containing studios, edit suites, galleries and an audience holding area with 160 capacity. Other tenants at the site include Loughborough University, who plan to build a multi-disciplinary postgraduate teaching, research and enterprise facility, and Hackney Community College, which will deliver its pioneering digital apprenticeship scheme within a new Tech City Apprenticeship Academy at the site.

<sup>43</sup> <http://icitylondon.com/#opportunity-section>

down towards Pudding Mill, Stratford. However, this is subject to market demand and a feasibility assessment will be required. It is not anticipated that any employment space will be available before 2015 and it is not something the LLDC is looking at closely at the moment.

- 4.33 It is likely that demand for office premises in Waltham Forest may fall as demand is drawn away to new space around the Olympics like Bromley-by-Bow, Hackney Wick, West Ham, Stratford and Canning Town. However, this has already been incorporated into the forecasts for employment space reported in the borough's 2009 Employment Land Study.

#### London Borough of Haringey

- 4.34 Haringey Council has identified a gap in the provision of flexible workshop/studio/office spaces. The Council is working with the Greater London Authority on the transformation of a council property (639 High Road) into a centre for enterprise and employment. The premises will be run by the London Youth Support Trust who will provide incubator space to support entrepreneurs (of all ages). In the past, the council has supported Collage Arts to lease space at The Chocolate Factory, and will in the future look at the provision of further managed workspace/incubator units to support key sectors, for instance the creative and green sectors.

#### Chocolate Factory (Workspace) – Haringey

Based in Wood Green, the Chocolate Factory is a hub managed by Workspace Group which has a particular emphasis on creative activities. A mixture of office space, workshops and studios are available at the premises, which is currently at 99 per cent occupancy.

The Chocolate Factory is home to a variety of Haringey-based creative industries - from fashion to travel and a renowned drama school. Collage Arts, an arts development, training and creative regeneration organisation, are based at the Chocolate Factory, occupying a significant amount of floorspace. A restaurant is also based at the centre, and provides an income stream from rental rates and serves to attract businesses and individuals to the premises.

With over 500 businesses based at the facility, entrepreneurs are able to benefit from the collaboration and networking that takes place. Leases are typically for 2-3 years on flexible terms. Both Wood Green tube station (Piccadilly line) and Alexandra Palace station (mainline) are within walking distance of The Chocolate Factory, as is Broadway high street with its shops, restaurants and bars. Numerous bus routes service the area.

#### Barking Enterprise Centre – Barking & Dagenham

The Barking Enterprise Centre is the focal point for small businesses in the London Borough of Barking & Dagenham. The project was funded through the Local Enterprise Growth Initiative programme from 2006. £3.8m was invested in a purpose built physical workspace. Agilisys, providers of IT and business services, are contracted to manage the centre and provide business support. The centre is intended as a "one-stop shop" for businesses and economic regeneration in Barking & Dagenham, bringing together aspects of skills and employment and business support. The centre forms part of a broader commitment to encourage an enterprise culture in the borough, responding to issues like a fast growing and young population, demographic changes, and a high rate of people on incapacity benefits.

Support is offered to established businesses through growth and shrinking (protect employment) strategies, and skills training. Virtual space is also available.

The centre is run on a not-for-profit basis; and on the terms of the current contract, any profits made would be re-invested in business support. There are no local authority contributions towards rent subsidies. Target occupancy was reached within 3 months of opening and the centre has remained close to full capacity (typically 85 per cent full). Businesses have been attracted to the centre by the low cost and the breadth of support available. Interest has been observed from a broad range of sectors and from inside and outside the borough (including from Waltham Forest).

#### **Enterprise Enfield – Enfield**

Enterprise Enfield is an Enfield based enterprise agency aimed at helping people start and run new businesses as well as develop and expand existing ones. The organisation is independent and run on a not-for-profit basis. Many of the agency's services are free or heavily subsidised by the European Union and the London Borough of Enfield, or from supporters such as local charities.

The organisation runs a Business Centre at Potter's End. It is used as a base for Enterprise Enfield's business support events/seminars and for a number of its programmes. In addition to Enterprise Enfield, the centre also houses other local business support organisations which together provide a convenient "one stop shop" for local businesses.

The centre houses various sizes of workshops and office units which are tailored to meet the needs of small businesses. A wide range of sectors are represented, including: web-design, catering, homecare, and insurance. Benefits include: a choice of office spaces from 9.3 – 93m<sup>2</sup>; monthly licence including business rates; 'easy in, easy out' basis with no legal charges; 24 hour access, 7 days per week; separately metered electricity; telephone points; car parking on site; advice on other available property; and an on-site support Manager. Based in the more deprived east of the borough, the business centre is run at full occupancy.

## 5 Planning and Regeneration Policy

### Core Strategy

- 5.1 The Core Strategy (2012) has an aspiration for growth of new B1 floorspace of 24,000m<sup>2</sup> over the next 15 years. This is expected to come from the greater intensification of employment land, particularly through mixed use developments in the key growth areas.
- 5.2 Strategic Objective 8 of the Core Strategy aims to:

*Facilitate sustainable economic growth by safeguarding and enhancing an appropriate range of sites and premises to meet the demands of local businesses and growth sectors in order to attract and retain high quality services, industries and well paid jobs in the Borough while ensuring residents are able to access them.*

#### Policy CS8 - Making Efficient Use of Employment Land<sup>44</sup>

The Council will facilitate sustainable economic growth by:

##### Strategic Industrial Land

A) Ensuring the Borough has a healthy supply of land for high quality, sustainable industrial uses by promoting, protecting, and managing the Strategic Industrial Locations (SILs).

##### Borough Employment Areas<sup>45</sup>

B) Intensifying and upgrading existing employment land in the Borough Employment Areas to secure more jobs for local people. Within the key growth areas this could include the provision of jobs as part of a mixed use development. In such cases, priority will be given to education, health, or social infrastructure before considering other uses such as residential.

##### Offices

C) Ensuring Walthamstow town centre is the primary location for significant new office developments (i.e. those employing 50 people or more), whilst also recognising that several Borough Employment Areas and other centres or areas well served by public transport, offer scope for continued or enhanced office use. In such locations, office developments should be ancillary to an organisation's existing or proposed operations or be small in scale and part of a development designed to meet the needs of small businesses.

<sup>44</sup> Policy CS8 - Making Efficient Use of Employment Land, Waltham Forest LDF Core Strategy (2012)

<sup>45</sup> identified in the map on page 25 and Appendix 3

**Mix of employment uses**

D) Encouraging a mix of employment facilities and types, including the provision of employment spaces suitable for small and medium sized enterprises, and creative/ cultural industries, particularly in Borough Employment Areas;

**Non designated employment land**

E) Taking a pragmatic approach to non-designated employment land and premises that can clearly be demonstrated to be surplus to requirements and no longer fit for purpose, so that it can be released for more productive uses. Priority will be given to mixed use developments, especially those that incorporate social infrastructure;

**New employment uses**

F) Supporting proposals for new employment uses outside designated areas where such use would not be contrary to other policies within the plan.

5.3 One of the main mechanisms for the delivery of these growth aspirations is the borough's Area Action Plans (AAPs). AAPs are focussed on the 4 Key Regeneration Areas in the borough, namely Blackhorse Lane, Northern Olympic Fringe and Lea Bridge, Walthamstow Town Centre and Wood Street. These are the areas of Waltham Forest in which most change is expected and cover most of the borough's employment areas (see appendix 3). Regeneration areas are expected to drive changes in terms of population, employment and land use in the years ahead.

**Walthamstow Area Action Plan<sup>46</sup>**

5.4 Walthamstow is at the heart of the borough, both geographically and economically, and has good public transport links to the rest of London. It is the Borough's main commercial centre, driving the economy and attracting visitors.

5.5 In order to develop a strong, balanced and diverse local economic centre, the draft AAP for Walthamstow proposes to:

- a. Protect the existing uses and promoting new employment floorspace within the designated Borough Employment Areas of Hatherley Mews and East London Office centre;
- b. Develop Opportunity Sites identified and designated for employment and commercial use to provide approximately 10,000m<sup>2</sup> of new employment floorspace.
- c. Further diversify the range of employment generating uses within the centre, particularly encouraging the development of creative and cultural industries; and
- d. Support the development of a Business Improvements District.

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<sup>46</sup> The AAP is at Preferred Options Stage (May 2013)

- 5.6 There are a number of opportunity sites proposed in the AAP, several of which could support the provision of workspace. For instance the Buxton Road Bingo Hall and Car Park could support the development of Live/Work units as part of future proposals; the Brunner Road Industrial Units are considered suitable for mixed use development; the Tax Office on Corner of Church Hill and Hoe Street offers potential for B1 office space; and the Former Factory Tower on Hamlets Road has the potential for 300 - 800m<sup>2</sup> of commercial floorspace.
- 5.7 Vacant units, particularly those within the 'St James Street Quarter', will also be targeted for re-use with the aim of encouraging existing and aspiring entrepreneurs to start businesses, utilise local opportunities and to highlight their goods and services.

#### Northern Olympic Fringe Area Action<sup>47</sup>

- 5.8 Northern Olympic Fringe is a high profile regeneration area with growth potential due to its proximity to the Olympic Park and Stratford City. The Council's vision seeks to capture benefits associated with the investment arising from the regeneration of Stratford and the Lower Lea Valley and to secure employment opportunities for deprived communities.
- 5.9 The AAP lists a number of opportunity sites that constitute the principal areas of change within the Northern Olympic Fringe. Some of these sites present opportunities to support employment, for instance: Argall Avenue has the potential for intensification of employment generating land; the Ruckholt Road site could support mixed use developments and artist studios; and there are a number of sites on Church Road (Warley Close, Estate Way, Etloe Road) with potential for mixed use development.
- 5.10 The Council will promote the growth of the creative sector in the Northern Olympic Fringe. The area around Leyton High Road is identified as a core community and creative quarter where the community, cultural/creative and third sectors will be supported and developed with a range of community and creative industry and facilities, such as in the Leyton Municipal Office complex, while avoiding the loss of any primary retail function.
- 5.11 Sites identified and designated for employment and commercial will be developed to provide approximately 7,500m<sup>2</sup> of new employment floorspace. This will be achieved by promoting mixed use and employment led regeneration of redundant local sites.
- 5.12 There are aspirations to reopen the redundant Lea Bridge Station, which could increase the PTAL of the area considerably.

#### Blackhorse Lane<sup>48</sup>

- 5.13 Blackhorse Lane is an important gateway site for the Borough to be developed over the next 10-15 years. It falls within the Upper Lea Valley, which is recognised by the Mayor of London as a major opportunity area for intensification of uses.
- 5.14 The Core Strategy sets an indicative target of 10,000m<sup>2</sup> new employment space in the area. Whilst there will be some redevelopments for new B2 and B8 uses, a significant contribution

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<sup>47</sup> The AAP is at Preferred Options Stage (May 2013)

<sup>48</sup> The AAP is at Proposed Submission Stage (May 2013)

towards new employment space is envisaged to come through high quality B1 business units as part of mixed use schemes.

- 5.15 According to the AAP there is an established creative cluster in the area, which may have the potential to grow as such sectors are priced out of areas of East London such as Hackney. A key aim of the AAP is the provision of new business spaces for an emerging creative industries sector.
- 5.16 The proposed AAP also highlights the importance of ensuring that new B1 business space is suitable for a variety of business operations compatible with residential uses; which could include light industry and research and development. The NLSA report 'Upper Lee Valley Low Carbon Economy: Opportunities, Barriers and Interventions'<sup>49</sup> notes that the refitting or removal of older building stock in Blackhorse Lane SIL offers opportunities for low carbon economic activity.
- 5.17 Development Targets in the proposed AAP indicate significant opportunities for new employment space at the Station Hub and Waterfront (1,500m<sup>2</sup>), Sutherland Road (2,000m<sup>2</sup>) and Sutherland Road South (2,700m<sup>2</sup>).

#### Wood Street<sup>50</sup>

- 5.18 Wood Street is a small linear district centre with a range of independent and niche retailers. However, it is also a deprived neighbourhood with a number of underused spaces which provide the opportunity for redevelopment. The Council is preparing an Area Action Plan to deliver growth and change in this area.
- 5.19 It is envisaged that 500m<sup>2</sup> of new employment space will be developed at Wood Street. The Council has started work towards the preparation of an Area Action Plan for the area.

Growth Area	New Employment Floorspace (m <sup>2</sup> )			
	Total	0-5 years	6-10 years	11-15 years
Blackhorse Lane	<b>10,000</b>	4,600	2,400	3,000
North Olympic Fringe	<b>7,500</b>	2,500	2,500	2,500
Walthamstow	<b>3,800</b>	2,300	1,000	500
Wood Street	<b>500</b>	200	100	200
Total - Key growth areas	<b>21,800</b>	9,600	6,000	6,200
Other Opportunity Sites	<b>2,200</b>	-	-	-
<b>Total</b>	<b>24,000</b>	<b>9,600</b>	<b>6,000</b>	<b>6,200</b>

Source: Waltham Forest Core Strategy (2012)

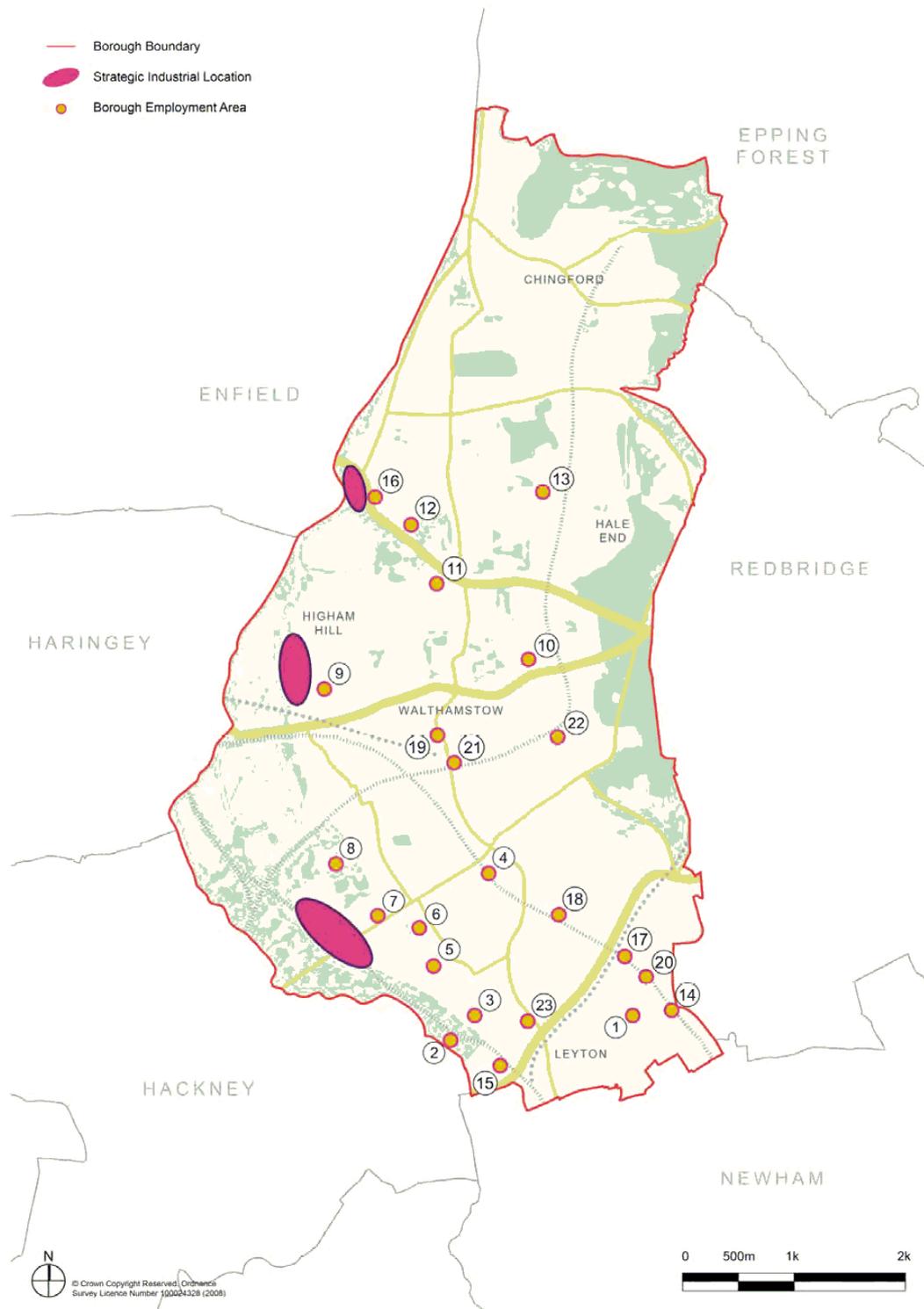
- 5.20 The Core Strategy (2012) has an aspiration for growth of new B1 floorspace of 24,000m<sup>2</sup> over the next 15 years. This is expected to come from the greater intensification of employment land, particularly through mixed use developments in the key growth areas.

<sup>49</sup> Upper Lee Valley Low Carbon Economy, NLSA (2011)

<sup>50</sup> The Council has started work towards the preparation of an Area Action Plan for Wood Street (May 2013)

5.21 Much of the focus of new employment development will be directed to the areas of deprivation through respective Area Action Plans, with a number of potential sites already identified.

### Waltham Forest - location of key employment areas



Source: Waltham Forest LDF Core Strategy - Borough Employment Areas are listed in Appendix 3

## 6 Summary and conclusions

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6.1 There are a number of challenges facing Waltham Forest's local economy:

- Many of the sectors that have grown strongly in the London economy, like financial & insurance services and high value business activities, are under-represented in the borough.
- A large proportion of recent employment growth has been in the public sector and the council is an important customer for local businesses, making resilience to future public spending cuts a concern.
- The borough has a relatively high proportion of small and micro businesses; however business survival rates for firms in the borough are significantly lower than averages for the UK and London regions, particularly after 4-5 years.

6.2 Attracting new jobs to keep up with population growth and reducing reliance on vulnerable sectors are key issues for the borough. One potential barrier is the composition of existing employment space in the borough.

### Summary of evidence of supply

6.3 Waltham Forest benefits from a large supply of employment land, with significant clusters in the west and south west of the borough, mainly of industrial and warehousing spaces. However, much of this land has traditionally been used for industrial purposes and is not readily suitable to meet the needs of emerging small and micro businesses.

6.4 There is a relatively large amount of redundant manufacturing land, some poor condition employment space in long ribbon developments in town centres, and little office space with the exception of unattractive 1960s office blocks. Much of this is **does not meet the needs** of the sectors that make up a significant proportion of London businesses, such as financial services and business services.

6.5 In recent years existing employment land has come under pressure for residential use. In 2011/12, the borough saw a net loss of 3,428m<sup>2</sup> of employment floor space, despite the completion of 2,210m<sup>2</sup> of floor space on previously developed land.

6.6 The limited attractiveness of some existing industrial land areas to office developers means some intensification might be necessary to counteract losses in the manufacturing sector and secure regeneration benefits.

### Summary of evidence of demand

6.7 The demand from space from emerging businesses is for **small units and modern office space** in convenient locations.

6.8 Commercial providers of workspace do operate in Waltham Forest, and have plans to develop more, particularly through mixed use developments. To date, however, these have

been **primarily light industrial** rather than office spaces. We could find few examples of incubation units, or specific small, flexible managed office workspace.

6.9 The scope of our brief does not allow for an accurate appraisal of the potential demand for small offices space in the borough, however there is considerable evidence to suggest demand does exist:

- As of 2011 more firms are being created per capita in Waltham Forest than the UK as a whole; business creation in Waltham Forest is higher than in any year from 2004. This reaffirms findings in Waltham Forest's strategy for enterprise, employment and skills (2009-14) which identified growth in Waltham Forest's business base over the previous decade.
- The Local Economic Assessment (2010) found 'a clear indication for the need to supply smaller business units going forward, which is consistent with the trend in business demographic towards smaller business sizes.'<sup>51</sup>
- The Employment Land Survey (2009) estimates that there will be net demand for between 3.1 to 3.7 hectares of land for B1 uses in Waltham Forest up to 2026, mainly coming from SMEs and start-up companies.
- The Core Strategy (2012) seeks to ensure a healthy supply of land and premises to secure jobs. 24,000m<sup>2</sup> of new B1 floorspace is expected to come from the greater intensification of employment land, particularly through mixed use developments in key growth areas.

6.10 In addition, workspace managers have indicated that occupancy rates at managed workspaces in the borough are high at 85 – 95 per cent and vacant spaces are filled promptly. Business representatives report challenges for businesses in finding suitable accommodation in the borough, and Barking Enterprise Centre reports instances of Waltham Forest businesses looking for business space in Barking.

6.11 The overall picture indicates a shortfall of small, flexible managed workspace, particularly office space, in Waltham Forest.

### Future developments

6.12 Planning policy is already sympathetic to the need to create more appropriate small business accommodation, and the **Council has been instrumental** in the development of a new artists' space at Blackhorse Lane, and in supporting the Business Forum to make improvements to historic buildings and provide modernised employment space.

6.13 The borough's business demography, and the Council's ambition to support employment growth has important implications for economic development as well as planning policy. New and small businesses are likely to increase demand for office space as well as light

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<sup>51</sup> Local Economic Assessment, Navigant Consulting, 2009

industrial units, and the trend towards seeking managed workspace with flexible terms is also likely to increase. Start-up businesses would also benefit from the availability of small incubator units provided at affordable rents. The outcome of the borough's Growth Commission is still awaited, but an approach to increasing the supply of small and affordable managed office space in addition to the light industrial units currently forming the greater part of managed workspace in the borough could form a plank of an approach to encouraging start-ups and SMEs through promoting the borough as a location for small business.

- 6.14 There is scope to work further with specialist agencies taking the lead on workspace development activities. There are a number of commercial and non-profit making workspace providers, some already active in the borough, with expertise in the development of workspaces with whom partnerships could be formed. The borough's Core Strategy and proposed Area Action Plans highlight the potential for exploring further opportunities to provide SMEs and start-ups with locations to develop and grow their businesses as part of future developments, particularly through mixed-use developments.
- 6.15 A key challenge in Waltham Forest is to improve the quality of existing and start-up ventures, not just the number of new businesses, and to support the development of emerging sectors. There are arguments for the council to take an active role in ensuring there is a supply of managed workspace and incubator units at the quantity, standard and price to support emerging businesses.

# Appendix I

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## Existing managed workspace in Waltham Forest<sup>52</sup>

### Workspace Group:

#### Leyton Village Industrial Park

Type of spaces: Light industrial/Office/Workshop

Indicative size range: 32 – 273m<sup>2</sup>

Leyton Industrial Estate offers mainly light-industrial units. This property has good access to the A406 North Circular Road and many of the firms based here are in the transport and storage sector. Amenities include, on-site parking and shared waste disposal.

Costs of available units range from £400 p/m - £3,090 p/m

#### Uplands Business Park (Blackhorse Rd)

Type of spaces: Light industrial/Office/Studio/Workshop

Indicative size range: 186 – 476m<sup>2</sup>

The Uplands Business Park industrial unit consists mainly of light-industrial / warehouse accommodation and includes a selection of on-site amenities including CCTV, a cafe and a range of on-site parking. This industrial property is also positioned closely to Tottenham to the west and Walthamstow to the east.

Costs of available units range from £1,450 p/m - £3,500 p/m

#### Fairways Business Park

Type of spaces: Light industrial/Office/Studio/Workshop

Indicative size range: 31 - 218m<sup>2</sup>

Consists of office, studio, and light-industrial space to let. The property benefits from good access to the A406 North Circular Road and to the A12 extension by the Leyton Relief Road to the south. Facilities including a cafe, CCTV, on-site parking and 24 hour access.

Costs of available units range from £1,200p/m – £1,750p/m

### Lee Valley Estates:

#### Blackhorse Mews - Blackhorse Lane

Type of spaces: Studio/ Workshop

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<sup>52</sup> Note: availability as of 21/06/2013

Indicative size: 1,124m<sup>2</sup> of self-contained workshops and studios, all circa 107m<sup>2</sup> in size

Blackhorse Mews provides consists of 10 ground and first floor units of self-contained workshops and studios, all circa 107m<sup>2</sup> in size. Units have door and roller shutter, toilets and kitchenette, on-site parking is available with 24/7 access.

Availability: no units available at this site

#### **Excalibur Works - Argall Avenue**

Type of spaces: Workshop

Indicative size: 2,322m<sup>2</sup>

Excalibur Works is a small estate made up of ten units of workshop accommodation. Units range from 139 – 325m<sup>2</sup>; they are self-contained and secure, with a kitchen, toilet facilities and a roller shutter, 24/7 access and CCTV monitoring.

Rent from £15.94 per sq ft

Availability: 1 unit available at this site

#### **Landmark House - Uplands Business Park**

Type of spaces: Office space

Indicative size: 93m<sup>2</sup>

Serviced offices with many interconnecting rooms split over three floors. Pricing is intended to encourage large companies. Amenities include free parking, 24 hours access, and a disabled access lift. The site is a 15 minute walk from Blackhorse Road Station.

Rent from £16 per sq ft

Availability: 1 unit available at this site

#### **The Clockworks - Forest Road, Walthamstow**

Type of spaces: Light Industrial/Studio/Workshop

Indicative size: 2,323m<sup>2</sup> of floorspace, units range from 46 to 93m<sup>2</sup>

Four light industrial units and five studios in a former factory space opposite Waltham Forest Town Hall. Amenities include: off street parking, roller shutter, good loading facilities.

Rent from £9.49 per sq ft

Availability: there are currently no units available at this site

#### **Legacy Business Centre - Leyton Municipal Offices**

Type of space: office space

Indicative size: 950m<sup>2</sup> of office space, 371m<sup>2</sup> of Great Hall Venue, Reception Area

Lee Valley Estates has refurbished the Grade II listed former Leyton Municipal Offices. The new Legacy Business Centre is intended to be attractive to professional service providers.

A grand building with restored wood panelling and mosaic floors, various size units are available, ranging from 17 to 100m<sup>2</sup>. Some rooms are interconnecting; all tenants have access to toilet and kitchenette facilities, meeting room facilities are available with flexible lease terms. The site is a two minute walk from Leyton tube station and is well served by local bus routes.

Availability: 1 unit available at this site

### **Roxwell Trading Park/Roxwell Studios - Argall Avenue**

Type of space: Studio/Self-contained warehouse/Workshop

Indicative size: 6,505m<sup>2</sup>

Roxwell Trading Park provides studio accommodation, self-contained warehouses and workshops – all of various sizes – on a three-acre (1.2 hectare) site with 24/7 access and CCTV monitoring. There are 14 self-contained and refurbished studios ranging from 25 to 54m<sup>2</sup>. All have a kitchenette, toilet and shower facilities, and parking facilities. There are 29 self-contained Warehouses and Workshops units range from 39 to 929m<sup>2</sup>. On-site parking is available for each unit.

Availability: there are currently no units available at this site

### **Hiltongrove Business Spaces**

Properties include the Hiltongrove E17 and Legacy E10 Business Centres

Type of space: Office space

Indicative size: 3,902m<sup>2</sup>

These sites host 84 tenants and have a 95 per cent occupancy rate. They incorporate a range of units, the smallest are about 9m<sup>2</sup>, but most are bigger, covering a wide range of tenants, including CAB and HMRC.

The space has included start-ups, sometimes on a commercial basis; the rent will be reduced for the first year of occupancy.

### **Highams Park**

Type of space: B1 office space

Indicative size: 1,254m<sup>2</sup>

The development, which opened on October 5<sup>th</sup> 2012, includes a Tesco foodstore, independent retail units, and 6,627m<sup>2</sup> of employment space, including 1,254m<sup>2</sup> of B1 office space. The scheme is located within the busy and well established Highams Park area of Chingford, fronting Larkshall Road (B160), which provides access to the A406 North Circular Road. Highams Park Rail Station is within a minute's walk of the development. This is not currently divided into small units.

### **Business Centre – Waltham Forest College**

Type of space: Studio space

Indicative size: 41m<sup>2</sup>

As part of the it's Heart of the College Project improvement programme, Waltham Forest College are building the 'Market Place' which will include a business centre with number of small business incubation units.

Due to open in October/November 2013, the business centre will primarily be available to external SMEs but also have potential space available for students looking to start small businesses. Incubation units will offered to external businesses at subsidised rents and free for students undertaking studies at the college. It is likely to be run mainly by internal staff, including individuals from the College's School of Business, but may also look to bring-in external expertise. There will be business advice services available as well as flexible studio spaces with access to Wi-Fi, meeting areas and access to a new 70-seater lecture theatre.

It is envisaged that a number of the courses taught at the College could be the foundation for new business opportunities, including health and social care, catering, and fashion. Other redevelopments at the college, such as the new Centre for Engineering Excellence, and prospective School of Art, offer opportunities for synergies between the incubation space and other college departments (for example workshop space could be made available from the Centre for Engineering Excellence). The College has identified a growing number of opportunities in the creative sector and are seeking to collaborate with the William Morris Gallery to promote SMEs in this area.

The College will also look to offer additional services to on-site businesses, for instance access to printing and reprographics, use of their canteen, food establishments, and workshops.

## Appendix II

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### Creative Industries

According to the Department for Culture, Media and Sport, the term 'creative industries' broadly refers to "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".

The core creative sector incorporates thirteen industrial categories: advertising; architecture; arts and antiques; craft; design; designer fashion; film, video and photography; music; visual and performing arts; publishing; software electronic publishing; digital and entertainment media; television and radio.

There were 106,700 businesses in the Creative Industries, excluding Crafts, in the UK in 2011, accounting for 5.1 per cent of all UK registered enterprises<sup>53</sup>. The true number is likely to be higher than estimate as certain sub-sectors such as Crafts contain predominantly small businesses that are not included in these counts. 1.5 million people are employed in either the creative industries or in a creative role in another industry.

Waltham Forest's Core Strategy (2012) identifies the potential for the borough to attract industries of this kind, especially those which are attracted by lower rents away from the city fringe.

As of 2011, analysis indicates that about 654 people are employed in creative occupations in Waltham Forest, accounting for about 1.5 per cent of employment in the borough<sup>54</sup>. This is also likely to be an underestimate; creative businesses are not obvious from BRES data and it is possible that the surveys either omit them or classify them in way not identified easily.

The decision by DCMS to drop two software-related SIC codes<sup>55</sup> from its classification of the creative sector might also show Waltham Forest's creative sector to be smaller than previously thought.

Nevertheless, comparing the same data across London boroughs, Waltham Forest appears to have one of the least developed creative sectors by contribution to local employment.

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<sup>53</sup> Creative Industries Economic Estimates, DCMS (2011)

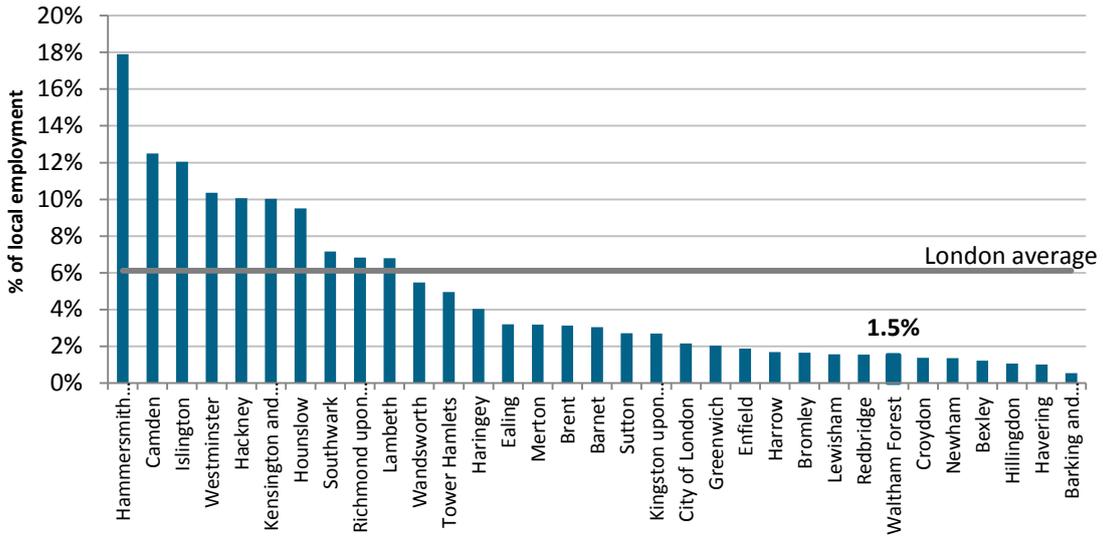
<sup>54</sup> The data shown for Waltham Forest has been calculated by applying a detailed sector definition provided by the DCMS to the results of the Business Register and Employment Survey to produce local estimates. The industrial sector definitions used to calculate this data are based on the UK SIC (2007) classification.

The sector breakdown used can be found at Annex A here:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/77959/Creative-Industries-Economic-Estimates-Report-2011-update.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/77959/Creative-Industries-Economic-Estimates-Report-2011-update.pdf)

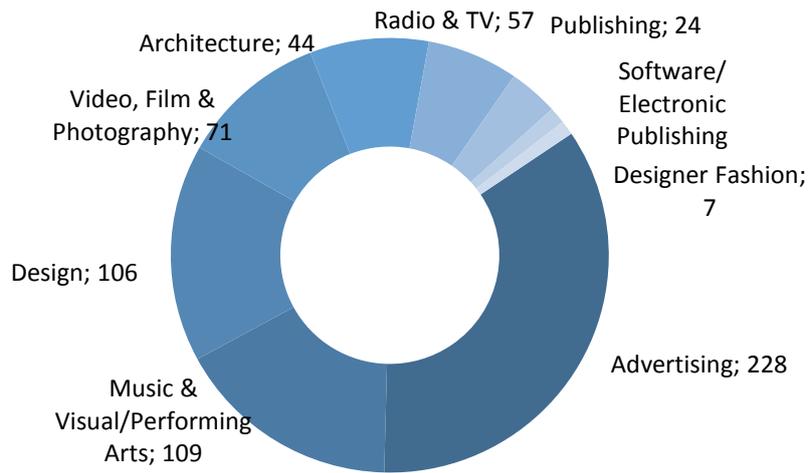
<sup>55</sup> Codes 62.02 and 62.01/2 were removed as the industries these captured were more related to business software than to creative software.

**London Boroughs: Employment in the Creative Sector (2011)**



Advertising is the most common sub-sector for creative employment in the Waltham Forest, followed by Music & Visual/Performing Arts and Design.

**Creative Sector Employment in Waltham Forest**



Between 2008 and 2011, analysis suggests that over 400 creative sector jobs were lost in Waltham Forest, a significant proportion of these were in the publishing sub-sector. This could be a sign of vulnerability to the economic downturn and/or an indication of technological change.

Finding more detail about the position of the creative sector in Waltham Forest is important. In other comparable locations, creative industries have benefited from a development void; the period between the closure of the traditional industries and the regeneration of the properties for mixed use. Creatives were able to take advantage of depressed rents in buildings unattractive for traditional industry. This would appear highly relevant for Waltham Forest, although discussions with local estate agents suggests that the warehouse/industrial spaces in the borough are generally larger and more arterial than the type of industrial units which became prominent to the development of the creative sectors in Hackney/Dalston.

## Appendix III

According to the Core Strategy, the council will look to intensify and upgrading existing employment land in the Employment Areas set out below to secure more jobs for local people. A mix of employment facilities and types will be encouraged, including the provision of employment spaces suitable for small and medium sized enterprises, and creative/cultural industries.

Borough Employment Areas	
1) Howard Road	13) Highams Road
2) Sherrin Road	14) Montague Road and Courtenay Road Arches
3) Auckland Road	15) Temple Mills Lane
4) Dunton Road	16) Cabinet Way
5) Eltoe Road/Simmonds Road	17) Joseph Ray Road*
6) Church Road	18) Hainault Road*
7) Heybridge Road	19) Hatherley Mews*
8) Argall Avenue Extension	20) Lancaster Road Arches*
9) Sutherland Road	21) East London Office Centre*
10) Clifford Road	22) Barret Road*
11) Waltham Park Way	23) E10 Business Centre*
12) Justin Road	

(\*areas with suitable site characteristics for potential or continued small scale office use)

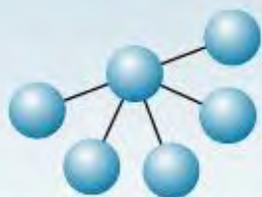
## Appendix IV

Individuals contacted for the purpose of this report.

Name	Position	Organisation
Gianluca Rizzo	Chair	Leytonstone Town Centre BID
David Pantlin	Chair	Argall Industrial BID
Michael Pollerdri	Chair	Lee Valley Estates/ Waltham Forest Business Board
Chris Pieroni	Operations Director	Workspace Group
Guy Davies	Chief Executive	Hiltongrove Business Space
Philip Waterfield	Director and auctioneer	Strettons
Paul Humphreys	Head of Asset Management	London Borough of Waltham Forest
Lucy Shomali	Interim Divisional Director, Business, Employment & Skills	London Borough of Waltham Forest
Gordon Glenday	Head of Spatial Planning	London Borough of Waltham Forest
Jon Widdows	Legacy Programme Manager, Housing and Development	London Borough of Waltham Forest
Wendy Gibbs	Head of Revenues	London Borough of Waltham Forest
Ian Elliot	Director of Business & International Development	Waltham Forest College
Paul Glasgow	Vice Principal	Waltham Forest College
Paolo Nistri	Senior Regeneration Manager	London Legacy Development Corporation
John McGill	Director	North London Strategic Alliance
Mark Kass	Head of Enterprise & Economic Development	Barking Enterprise Centre (Agilisys)
Des Johnson	CEO	Enterprise Enfield
Natasha James	Centre Manager	The Chocolate Factory/Parma House
Patrick Jones	Tottenham Regeneration Programme	Haringey Council

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