

| REVISION SCHEDULE | | | | | |
|-------------------|-------------|---------------------------|---|-----------------------------------|-----------------------------------|
| Rev | Date | Details | Prepared by | Reviewed by | Approved by |
| 1 | 15 Nov 2013 | Draft Report | Catherine Colebrook, Project Manager, URS Sophie Corbett, Senior Planner, URS George Whalley, Senior Consultant, URS Patrick Deshpande, Economist, URS Parminder Dosanjh, Aspinall Verdi Atam Verdi, Aspinall Verdi Rebecca Trueman, Aspinall Verdi | Tony Batten, Project Director | Tony Batten, Project Director |
| 2 | 29 Nov 2013 | Draft Final Report | Catherine Colebrook, Project Manager, URS Sophie Corbett, Senior Planner, URS George Whalley, Senior Consultant, URS Patrick Deshpande, Economist, URS Parminder Dosanjh, Aspinall Verdi Atam Verdi, Aspinall Verdi Rebecca Trueman, Aspinall Verdi | George Whalley, Senior Consultant | George Whalley, Senior Consultant |
| 3 | 20 Dec 2013 | Second Draft Final Report | Catherine Colebrook, Project Manager, URS Sophie Corbett, Senior Planner, URS | George Whalley, Senior Consultant | George Whalley, Senior Consultant |
| 4 | 7 Jan 2014 | Final Report | Catherine Colebrook, Project Manager, URS | George Whalley, Senior Consultant | George Whalley, Senior Consultant |

Limitations

URS Infrastructure & Environment UK Limited ('URS') has prepared this Report for the sole use of **Waltham Forest Borough Council** ('Client') in accordance with the Agreement under which our services were performed (**job number 47068530**). No other warranty, expressed or implied, is made as to the professional advice included in this Report or any other services provided by URS. This Report is confidential and may not be disclosed by the Client nor relied upon by any other party without the prior and express written agreement of URS.

The conclusions and recommendations contained in this Report are based upon information provided by others and upon the assumption that all relevant information has been provided by those parties from whom it has been requested and that such information is accurate. Information obtained by URS has not been independently verified by URS, unless otherwise stated in the Report.

The methodology adopted and the sources of information used by URS in providing its services are outlined in this Report. The work described in this Report was undertaken between **October 2013** and **December 2013** and is based on the conditions encountered and the information available during the said period of time. The scope of this Report and the services are accordingly factually limited by these circumstances.

Where assessments of works or costs identified in this Report are made, such assessments are based upon the information available at the time and where appropriate are subject to further investigations or information which may become available.

URS disclaim any undertaking or obligation to advise any person of any change in any matter affecting the Report, which may come or be brought to URS' attention after the date of the Report.

Certain statements made in the Report that are not historical facts may constitute estimates, projections or other forward-looking statements and even though they are based on reasonable assumptions as of the date of the Report, such forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from the results predicted. URS specifically does not guarantee or warrant any estimate or projections contained in this Report.

Where field investigations are carried out, these have been restricted to a level of detail required to meet the stated objectives of the services. The results of any measurements taken may vary spatially or with time and further confirmatory measurements should be made after any significant delay in issuing this Report.

Copyright

© This Report is the copyright of URS Infrastructure & Environment UK Limited. Any unauthorised reproduction or usage by any person other than the addressee is strictly prohibited.

TABLE OF CONTENTS

ABBREVIATIONS..... 1
EXECUTIVE SUMMARY 1
Conclusions 1
Recommendations 2
Policy and Literature Review 4
Socio-Economic Profile 5
Assessment of Blackhorse Lane and Lea Bridge Gateway SILs .. 5
Property Market Analysis 7
Demand Forest and Gap Analysis 9
Non-Industrial Sources of Demand 11
1 INTRODUCTION 13
 1.1 Context..... 13
 1.2 Objectives of this report 13
2 POLICY AND LITERATURE REVIEW..... 15
 2.1 Introduction 15
 2.2 National Policy 15
 2.3 Regional Policy 16
 2.4 Local Policy 21
 2.5 Other Key Documents 25
 2.6 Conclusions 29
3 SOCIO-ECONOMIC PROFILE..... 31
 3.1 Introduction 31
 3.2 Population demographics 31
 3.3 Employment 31
 3.4 Skills and Training 32
 3.5 Employment by Occupation 33
 3.6 Earnings..... 35
 3.7 Housing..... 35
 3.8 Business Demography and Inward Investment..... 36
 3.9 Business Units by Size Band 36
 3.10 Conclusions 37
4 ASSESSMENT OF BLACKHORSE LANE AND LEA BRIDGE GATEWAY SILS 38
 4.1 Introduction 38
 4.2 Parcels identified within the two SILs 38
 4.3 Parcel suitability for B1 land-use 41
 4.4 Parcel Suitability for B2/B8 Land-use..... 47
 4.5 Mix of business uses..... 49
 4.6 Occupancy Rates 50

| | | |
|----------|---|-----------|
| 4.7 | Conclusions | 51 |
| 5 | PROPERTY MARKET ANALYSIS | 52 |
| 5.1 | Introduction | 52 |
| 5.2 | The Lee Valley Property Market Area | 52 |
| 5.3 | Property Market Dynamics | 54 |
| 5.4 | The Market Value of Commercial Space | 57 |
| 5.5 | The Waltham Forest Property Market | 59 |
| 5.6 | Market Rents for Premises on the SILs | 65 |
| 5.7 | Conclusions | 66 |
| 6 | DEMAND FORECAST AND GAP ANALYSIS | 68 |
| 6.1 | Introduction | 68 |
| 6.2 | Demand forecasting approach | 68 |
| 6.3 | Property Market Area..... | 69 |
| 6.4 | Historic floorspace trends | 70 |
| 6.5 | Historic Employment Trends..... | 71 |
| 6.6 | Employment Forecasts | 72 |
| 6.7 | Top-Down Synthesis Forecast | 73 |
| 6.8 | Bottom-up Adjustment of Synthesis Demand | 74 |
| 6.9 | Bottom-up Demand Factor Summary | 77 |
| 6.10 | Sensitivity Analysis | 77 |
| 6.11 | Borough-Wide Industrial and Office Space Forecast | 77 |
| 6.12 | Other Users of Industrial or Office Land | 78 |
| 6.13 | The Forecast for Industrial Land to 2026 | 79 |
| 6.14 | The Forecast for Office Floorspace to 2026..... | 80 |
| 6.15 | Comparison of Demand Forecasts | 81 |
| 6.16 | Recent Release of SIL and other Industrial Land | 82 |
| 6.17 | Conclusions | 82 |
| 7 | NON-INDUSTRIAL SOURCES OF DEMAND | 84 |
| 7.1 | Introduction | 84 |
| 7.2 | Education Providers | 84 |
| 7.3 | Creative uses, including artists' studios..... | 85 |
| 7.4 | Managed workspace..... | 86 |
| 7.5 | High-growth sectors | 87 |
| 7.6 | Employment land-led residential schemes | 89 |
| 7.7 | Conclusions | 89 |
| 8 | CONCLUSIONS AND POLICY RECOMMENDATIONS | 91 |
| 8.1 | Introduction | 91 |
| 8.2 | Sites with Investment Potential..... | 91 |

| | | |
|------------|---|-----------|
| 8.3 | Conclusions | 92 |
| 8.4 | Recommendations..... | 94 |
| | APPENDIX A: SITE SURVEY CRITERIA | 97 |
| | APPENDIX B: LAND USE MAPS | 99 |

ABBREVIATIONS

| | |
|-------|--|
| AAP | Area Action Plan |
| ABI | Annual Business Inquiry |
| BRES | Business Register and Employment Survey |
| CAGR | Compound Average Growth Rate |
| ELR | Employment Land Review |
| GLA | Greater London Authority |
| IBP | Industrial Business Park |
| LB | London Borough |
| LDF | Local Development Framework |
| LDO | Local Development Order |
| LVPMA | Lee Valley Property Market Area |
| NPPF | National Planning Policy Framework |
| PIL | Preferred Industrial Location |
| psf | Pounds per square foot |
| SIL | Strategic Industrial Location |
| SME | Small and Medium sized Enterprise |
| SPG | Supplementary Planning Guidance |
| Sqft | Square feet |
| Sqm | Square metres |
| SSAD | Site Specific Allocations Document |
| TMT | Technology, Media and Telecommunications |
| VOA | Valuation Office Agency |

EXECUTIVE SUMMARY

Conclusions

Waltham Forest has an active property market for smaller industrial spaces, with a comparable number of transactions in recent years to the much larger market in Enfield. In fact, for the period Jan-Oct 2013, whilst market activity declined in Enfield, it increased in Waltham Forest. The borough's office market is less successful and currently enjoys relatively low demand within the LVPMA, though this is likely to be a product of a significant proportion of the office stock on offer being dated in nature.

Looking at market data suggests that rents for industrial space are on average highest in Waltham Forest, of the four boroughs within the LVPMA, at £95.70/sqm or £8.90/sqft. This could be a consequence of the smaller average size of units changing hands in the borough: smaller units tend to cost more metre-for-metre than larger spaces, are often leased on more flexible (and therefore expensive) terms, and can often include a service charge within the rental price. Rental data by size suggests that a unit of 250sqm or less rents for an average of £104.50/sqm (£9.70/sqft) in Waltham Forest.

Office rents in Waltham Forest are the lowest in the LVPMA, which is what we might expect given what we know of the office market in the borough. Second-hand office space in Hackney costs £211.50/sqm (£19.60/sqft) – more than double the price of second-hand space in Waltham Forest.

The two Strategic Industrial Locations (SILs) in Waltham Forest are active employment sites which are in demand with businesses. Occupancy rates are high, and the majority of vacant units are recently refurbished and being actively marketed, with two notable exceptions being the two large office buildings at Blackhorse Lane: Silver Birch House and Landmark House.

Our site survey found that both SILs scored highly against the criteria for suitability for B2/B8 uses, providing good access to the road network, good parking provision, and adequate servicing for businesses. However, they performed less well against the criteria for office use suitability, with all but one parcels judged to have poor access to public transport, and more than a third of both SILs judged to have buildings and/or land in poor condition.

The sites offer many of the attributes agents told us businesses look for in an industrial site: good access, proximity to major transport links, high eaves to accommodate racking, and ample parking. The industrial sector is increasingly weighted towards warehousing and distribution (B8) with demand for manufacturing (B2) space declining. Agents described Blackhorse Lane SIL as one of the best sites in the borough for industrial property, whilst Lea Bridge Gateway was found to be suitable for third-tier distribution that could include internet retailers allocating goods for delivery to the end user. Agents also advised that the opening of Lea Bridge Station could broaden the appeal of Lea Bridge Gateway SIL to further business sectors.

The data suggests that market values of space on the two SILs are slightly lower than for the borough as a whole: agents gave a range of £5/sqft - £12/sqft, depending on the quality of the premises. Agents estimated the average yield on a property on the SILs at 10%, and churn at 15-25%.

The current SIL designation limits the value of the land on the two sites, which could be a useful tool for ensuring that a wide range of employment-related activities is kept viable. Conversely, any uncertainty around the future designation of the SILs is likely to create 'hope value', impacting on the viability of proposed developments.

Our demand analysis concluded that an appropriate amount of industrial land to be released over the period covered by the Core Strategy would be 17.1ha, equivalent to 1.3ha per annum. This is an almost identical pace of release to that recommended in the 2009 ELR, and slightly slower than the assessment made in the 2012 Land for Industry and Transport SPG.

The quantum of industrial land either already released or committed for release since the 2012 SPG assessment is estimated by the Council at 15.2ha; depending on how quickly the permitted schemes come forward, release of employment land therefore looks set to outpace both the rate of release recommended in the 2012 SPG, and our assessment. Taken together, therefore, our analysis suggests that no further release of SIL land is necessary.

There are several possible alternative sources of demand for space of an industrial character, should the Council choose to allow them to locate on the SILs. Educational providers expressed a preference to be located in Stratford, where a university cluster is forming, though they could be attracted by the new link to Stratford that Lea Bridge station will provide when it opens in 2014. UCL has considered Waltham Forest as a possible location for a new campus. Space Studios are also looking at Waltham Forest as a possible location for new artists' studio space. Managed workspace availability within the borough is limited at present, and agents felt that the demand would be there if suitable space were provided.

Recommendations

Recommendation 1: Retain Current Policy Position

Our assessment of future demand for industrial land did not suggest further release of SIL land was necessary. Current borough-level policy, as set out in the 2012 Core Strategy and 2013 Blackhorse Lane AAP Proposed Submission, is consistent with the pace of release recommended in the 2012 Land for Industry and Transport SPG, and before that in the 2009 ELR, and in fact there is evidence to suggest that recent releases and permissions may have gone substantially further than the recommended release rate.

It should be noted that this study has only assessed the quality and quantum of the two SIL sites, not all employment land across the borough as a traditional ELR would. However, we are confident that there is no case for releasing further SIL, given our findings on the characteristics of the sites surveyed; our discussions with agents; updated demand projections; the level of release the borough has already planned for; and recent levels of release.

Recommendation 2: Consider Local Development Orders to Encourage Reinvestment

A Local Development Order (LDO) would enable occupiers to undertake adaptations and development to their premises within short timescales. It is a potential selling point for an industrial estate, as it helps to speed up the planning process, allowing occupiers to focus on their core business. It also allows landowners the flexibility to respond quickly to a potential occupier's needs and make changes to premises. **The Council should investigate the potential for using LDOs to incentivise investment into the SILs.**

Recommendation 3: Public Realm and Infrastructure Investment

Both SILs have high occupancy, and are a good source of local employment opportunities, which suggests that the quality of the public realm is not significantly impacting on the *level* of economic activity, though it may be having an impact on the *quality* of activity attracted to the two sites.

Thinking longer-term, the Council may wish to attract a higher-value mix of business, uses to the sites, in keeping with its vision for the borough. Rather than large-scale reinvention of the sites in the style of the Dagenham Sustainable Industries Park, **the Council should focus on**

making improvements to the public realm, such as improving the roads, street lighting and walkways, in order to make the sites attractive to a wider range of higher value businesses. The enhancements planned for the wider area with the £1m of funding awarded from the Outer London Fund will be a positive step in this direction.

Technological infrastructure is increasingly important to all businesses, not just those in the technology sector. Tech City Investment Organisation (TCIO) recently partnered with EE to provide super-fast mobile broadband in the area, and to give access to programming interfaces for TCIO-accredited businesses. **The Council should investigate the options for upgrading its infrastructure offer on the SILs, and the potential for offering super-fast and mobile broadband as an incentive to businesses considering locating on the sites.**

Recommendation 4: Provision of Light Industrial and Workshop Space

Waltham Forest is a borough of micro- and small businesses, and although new enterprises are a relatively high proportion of the business base, survival rates are poor compared to the London average, with only 40% surviving 4 years.

A significant proportion of the building stock on both SILs is of low grade, and although this means the accommodation is relatively inexpensive, it is also likely to mean it doesn't meet the needs of a modern micro-business. **The Council could support micro- and small businesses engaged in light industry by facilitating the provision of good-quality mixed B1/B2 workshop space suitable for small enterprises.** Such 'hybrid' space would have generous ceiling heights, and have a roller shutter door for larger vehicle access.

Potential vehicles for doing this could include grant funding, encouraging developers to develop this kind of space through pre-application discussions, and potentially providing a financial incentive to do so through reduced developer contributions.

The Blackhorse Workshop, a joint Council, GLA and CREATE initiative opening in January 2014, will test the water in this regard, and should provide useful intelligence on the level of demand for such space in the immediate vicinity of the Blackhorse Lane SIL. The Council should monitor the new workshop closely, to establish its occupancy rate, and the number and type of enquiries it receives from potential occupiers.

Recommendation 5: Provision of Managed Office Workspace

Waltham Forest offers some options for managed workspace, but these tend to be industrial in nature, and there is only a small amount of small, flexible managed office space. Consultation with agents suggests the demand for such space would be there if it were provided, and existing spaces, such as the Hiltongrove Business Centre, and Legacy Business Centre, have occupancy rates of 95%. Publicly-funded programmes include Waltham Forest College's forthcoming 'Market Place' initiative, part of a £4.9m programme of investments by the college with help from the Skills Funding Agency, and which will include a start-up business centre for new enterprises, shortly to become fully operational.

Judging by the small amount of managed office space the market currently provides, however, commercial developers either don't currently see the provision of additional space as being economically viable, or have been unable to find a suitable space to convert. **The Council could act as a 'first mover' in this regard, and facilitate the opening of a new managed workspace in an area not currently viewed as attractive or suitable for businesses, in order to provide small businesses with affordable, serviced office space.** There is a spectrum of possible approaches to managing such space, from the interventionist to the laissez-faire, which the Council could adopt in creating such a facility.

Blackhorse Lane SIL would be the more suitable venue for such a space, given that it has vacant office space (Silver Birch House and Landmark House), and better access to amenities and public transport than Lea Bridge Gateway SIL. BHL1, BHL3 and LB1 were identified by our site survey as containing Council-owned property; other sites not identified here are likely to be within Council ownership, and could offer the potential for conversion. Further out, once the Lea Bridge station has opened, Lea Bridge could also become a suitable location for this type of intervention.

Recommendation 6: Facilitation of Studio Space

There are several successful and established providers of artists' studio space in London, and demand for the services they provide tends to outstrip supply. Our work has established that at least one such provider is currently looking for a new venue. The rents they look to pay are commensurate with the market rents offered on the two SILs, suggesting there could be a match, but they have strict requirements around the quality of the space they will lease, and it is possible that the right kind of space isn't currently available on the sites.

The Council should have follow-up conversations with the main providers of studio space in London – Acme Studios and Space Studios – to establish what would motivate them to choose to locate on the SILs, and whether S106 could be a possible source of funding.

Policy and Literature Review

The key policies and publications for the purposes of this report are:

At the national level:

- the National Planning Policy Framework
- New Permitted Development Rights

At the regional level:

- The London Plan 2011: which identifies the three SILs in Waltham Forest
- The Supplementary Planning Guidance (SPG) Land for Industry and Transport 2012
- The Mayor's Economic Development Strategy for Greater London 2010

And at the local level:

- Northern Olympic Fringe Area Action Plan, Preferred Options 2011
- The Upper Lee Valley Opportunity Area Planning Framework 2013
- Waltham Forest Core Strategy 2012
- Blackhorse Lane Area Action Plan Proposed Submission 2013

Other relevant documents include:

- London's Industrial Land Baseline 2010
- Waltham Forest Local Economic Assessment 2010
- London Industrial Land Release Benchmarks 2011
- Upper Lee Valley Economic Assessment 2011
- The GLA London Office Policy Review 2012

Waltham Forest is identified as a 'Limited Transfer' borough in the London Plan. This means that, while it generally has a higher supply of industrial land than there is demand for, it should seek to manage and where possible reconfigure the portfolio of that land, safeguarding the best sites and phasing the release of the less suitable sites. The Blackhorse Lane AAP provides such a safeguard by restricting new development within the SILs to industrial uses. This is a more stringent approach than is taken in respect of other employment land within the borough.

The Mayor's Land for Industry and Transport SPG 2012 provides the most recent complete assessment of the appropriate rate of industrial land release within LBWF. It suggests 1.4ha of

industrial land could be released per annum to other uses over the period 2011-2031. All current statements of borough-level policy, including the 2012 Core Strategy, and the Blackhorse Lane AAP Proposed Submission, are consistent with this recommended rate of release.

The tendency over the recent past has been for industrial land to be lost at a quicker pace than was recommended in planning policy documents. For example, between 2006 and 2010, almost 6ha more industrial land was lost to non-industrial uses within the borough of Waltham Forest than had been recommended in the 2007 London Industrial Land Release Benchmarks Report. Across London over the same period, 74% more industrial land was lost than had been recommended for release.

The GLA London Office Policy Review painted a negative picture of the office market in the borough, with demand low in spite of the borough experiencing one of the largest proportional losses of B1 space in recent years. This is likely to be linked to the quality of the offer: Waltham Forest also has the highest proportion of pre-1980s office stock of any London borough.

Socio-Economic Profile

Thirty per cent of Waltham Forest's workforce is employed in industrial occupations – a higher proportion than neighbouring boroughs and the rest of London. This suggests the skills available locally are a good match for the jobs available on the SILs. Forty-five per cent of employed Waltham Forest residents work within managerial, professional and associate professional occupations. Although this is slightly higher than the GB average of 44%, it is well below the London average (54%).

Comparing employment data for Waltham Forest residents with the borough's jobs data suggests that a large number of residents, of all skill levels, commute out of the borough to work: the borough supports 56,300 jobs, but is home to a working population of 108,600, and industrial employees outnumber industrial jobs in the borough (although the latest available jobs data at the time of writing is 2008). The average resident-based wage is marginally higher than the workplace-based wage, suggesting that the overall balance is for commuters to travel to higher-skilled roles.

Waltham Forest's business demography is weighted towards micro-sized and small businesses. A relatively high proportion of the business base is under a year old, suggesting an entrepreneurial culture, but business survival rates are below the London average, with only 40% surviving at least 4 years.

Assessment of Blackhorse Lane and Lea Bridge Gateway SILs

The site survey split the two SIL sites into 25 parcels. Each parcel was assessed for its suitability for B2/B8 uses, and for B1 uses, using the following criteria:

For B1 uses:

- Access to public transport;
- Access to facilities and amenities; and
- Overall quality of environment as employment parcels.

For B2/B8 uses:

- Transport accessibility;
- Impacts on surrounding amenity;

- Servicing of businesses; and
- Availability of parking.

The key conclusions of the site survey are summarised in the table below.

Table 1 Summary of Site Survey Findings

| | Blackhorse Lane SIL | Lea Bridge Gateway SIL |
|--|---|--|
| Access to facilities and amenities | Three parcels in the south of the Blackhorse Lane SIL have Very Good access, representing 31% of land within the SIL. The remaining seven parcels have Good access. | Three of the parcels within Lea Bridge have Good access. The remaining 12 parcels have Poor access – equivalent to 72% of land in the SIL – primarily as a result of the long distance between the parcels and Lea Bridge Road. |
| Overall quality of environment as employment parcels | Eight of the parcels within Blackhorse Lane SIL are judged to be in either Good or Very Good condition. Two are in Poor condition, representing 37% of land in the SIL. | At Lea Bridge Gateway, nine parcels are in Good or Very Good condition. Two recently redeveloped parcels – LB2 and LB14 – scored highest. Six parcels are in Poor or Very Poor condition, representing 36.5% of land in the SIL. |
| Transport accessibility | All parcels have good access. | All parcels have good access. Parcels LB13-LB15 have direct access to the A104. |
| Access to public transport | BHL9 was rated Moderate. All other parcels were rated Poor or Very Poor. Overall Blackhorse Lane has better access than Lea Bridge Gateway. | All parcels have Poor or Very Poor access ratings, although the reopening of Lea Bridge station in 2014 will significantly improve access ratings, particularly in parcels LB11-LB15. |
| Impacts on surrounding amenity | Three parcels host one 'bad neighbourhood' use. | 14 parcels have at least one bad neighbourhood use. All four of the parcels hosting multiple bad neighbourhood uses are within this SIL. |
| Servicing of businesses | Two parcels within Blackhorse Lane (BHL2 and BHL3 have Excellent or Good servicing arrangements. The rest are Adequate. | Both sites were found to offer Adequate servicing for business' needs (for example, loading/ unloading facilities). |
| Availability of parking | It is judged to be Excessive in BHL1, and Adequate in all other parcels. | Excessive in LB7. Adequate in all other parcels. |

For a complete read-out of the site survey results, please see the Excel file that accompanies this report.

On both SILs the majority of uses are SIL-compatible. On the Blackhorse Lane SIL, there are a small number of non-industrial uses operating, including two cafés and three college buildings. Within the Lea Bridge Gateway SIL there are a number of places of worship, which could be considered incompatible with industrial uses.

Vacancy rates are low in both SILs. On Blackhorse Lane, three parcels were identified as containing vacant units. Two of the vacant units were offices (Landmark House and Silver Birch House), and four were warehouses. There were no advertising hoardings to suggest Silver Birch House was available.

On Lea Bridge Gateway 23 vacant units were identified across eight parcels: two office units, 16 warehouses and five industrial units. The majority of these are in good condition and being actively marketed.

Property Market Analysis

The property market analysis takes the Lee Valley Property Market Area to be the functional property market area for the purposes of this analysis, consistent with the Land for Industry and Transport SPG 2012. The LVPMA encompasses the boroughs of Enfield, Haringey, Hackney and Waltham Forest.

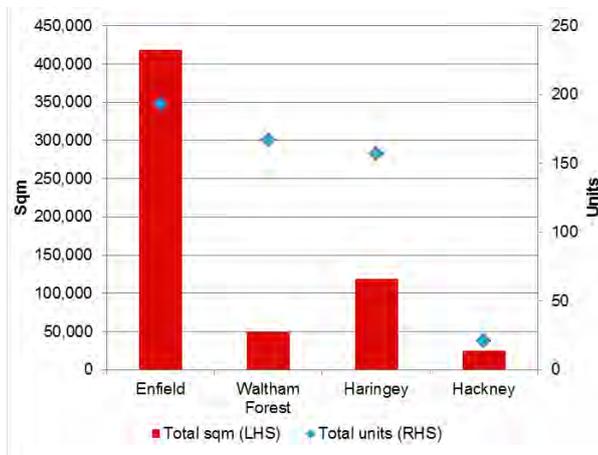
LVPMA Property Market

Enfield has the largest stock of available industrial space: more than 180,000sqm is currently being advertised – more than double what is available in the other three boroughs combined.

Waltham Forest has a smaller stock of industrial land than Enfield, and is in an inferior location relative to the strategic road network. However, agents noted the borough’s appeal to the third tier of the distribution supply chain, which tends to require smaller warehousing space.

Over the period 2007-2013, Enfield had seen the most industrial property market activity, with 193 units changing hands over the period. However, Waltham Forest’s property market is very active for its size, with similar transaction volumes to Enfield (**Chart 1**).

Chart 1 Demand for Industrial Space in LVPMA



Source: Estates Gazette, 2013. Data is for all transactions between Jan 2007 and Oct 2013

The average size of the units changing hands in Waltham Forest over the period was notably smaller than in the other three boroughs: 500sqm, compared with 2,400sqm in Enfield, 1,200sqm in Hackney, and 1,000sqm in Haringey.

For the period Jan-Oct 2013, market activity looks to have picked up in Waltham Forest, and dipped in Enfield: the quantum of floorspace transacted in Enfield over the period is 60% down on the same period a year earlier; in contrast the quantum of space transacted in Waltham Forest is up 140%.

Consultation with agents suggests that B8 occupiers constitute the majority of demand for industrial sites within the LVPMA. Businesses tend to look for good access, proximity to major transport links, high eaves to accommodate racking, ample parking and/or yard space, and roller shutter doors to enable ease of delivery and access. Sites of between 500sqm and 1,000sqm are preferred. If renting, occupiers look for a longer term lease (i.e. more than 5 years) – but more prefer to buy sites than to lease.

Hackney dominates the office market within the LVPMA. Since 2007, 871 transactions have been recorded, involving 500,000sqm of floorspace.

According to agents, office occupiers tend to look for units below 100sqm. Agents attributed subdued demand for office space within Waltham Forest to the dated stock.

LVPMA Market Values

Rents for industrial space were on average highest in Waltham Forest over the period examined, at £95.70/sqm (£8.90/sqft) (**Table 2**).

Table 2 Market Rents for Industrial Space in LVPMA

| Location | Average Rent (£/sqm) | Average Rent (£/sqft) | Value Range (£/sqm) | Median (£/sqm) | No. of Transactions |
|----------------|----------------------|-----------------------|---------------------|----------------|---------------------|
| Enfield | 77.60 | 7.20 | 43 – 145 | 82 | 28 |
| Waltham Forest | 95.70 | 8.90 | 52 – 159 | 103 | 28 |
| Haringey | 88.60 | 8.20 | 40 – 147 | 98 | 20 |
| Hackney | 92.50 | 8.60 | 54 – 145 | 81 | 11 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013

This could be a consequence of the fact that the units transacted have generally been small; smaller units tend to cost more metre-for-metre than larger units, are often offered on more flexible (and therefore expensive) lease terms, and can often include a service charge as part of the rent.

Rental values by quality suggest Hackney is the most expensive borough for new industrial space. Waltham Forest is second-highest, with an average rent of £113.10/sqm (£10.50/sqft). For second-hand space Waltham Forest is again second-highest, with average rent of £70.10/sqm (£6.50/sqft).

Looking in more detail at Waltham Forest rents by size of space, smaller spaces are the most expensive, as we might expect: average rents agreed between Jan 2012 and Oct 2013 were £104.50/sqm (£9.70/sqft) for spaces smaller than 250sqm (**Table 3**).

Table 3 Market Rents for Industrial Space by Size (Waltham Forest)

| Size Category | Average Rents (£/sqm) | Average Rents (£/sqft) |
|----------------|-----------------------|------------------------|
| 0 - 250sqm | 104.50 | 9.70 |
| 251 - 500sqm | 69.40 | 6.40 |
| 501 - 1,000sqm | 83.00 | 7.70 |
| > 1,001sqm | 82.40 | 7.60 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
Data are rounded to the nearest £0.10

Typical rents for industrial premises on the two SILs start at £5/sqft for low-quality premises, and go up to £12/sqft for new premises, with the most common rent being around £7-9/sqft. Agents estimated the average yield for B2/B8 property on both SILs at 10%.

Office space was most expensive to rent in Hackney, on the strength of the transactions data. The average rent agreed in transactions between Jan 2012 and Oct 2013 was £276.80/sqm in Hackney, compared with £111.30/sqm in Waltham Forest. The gap between Hackney and the

rest of the LVPMA opened up even further when looking at new office space: average agreed rents in the borough were £398/sqm for prime space, compared with £113.70/sqm in Waltham Forest, the cheapest borough (**Table 4**).

Table 4 Market Rents for Office Space by Quality of Premises

| Location | Prime (New) | | Second-hand | |
|-----------------------|---------------|--------------|--------------|-------------|
| | £/sqm | £/sqft | £/sqm | £/sqft |
| Enfield | 148.70 | 13.80 | 99.90 | 9.30 |
| Waltham Forest | 113.70 | 10.60 | 83.20 | 7.70 |
| Haringey | 143.30 | 13.30 | 94.70 | 8.80 |
| Hackney | 398.00 | 37.00 | 211.50 | 19.60 |

*Note: data is for transactions between Jan 2012 and Oct 2013
Data are rounded to the nearest £0.10*

Market Demand: Blackhorse Lane SIL

Agents described Blackhorse Lane SIL as one of the best sites in the borough for industrial property, on account of its good transport links, proximity to major sites in Enfield, and facilities and amenities. The SIL is often named as a first-choice location by businesses looking for a site.

The site has less attraction currently for office occupiers – according to agents, office-based businesses tend to look for refurbished industrial space that can be rented cheaply, and this type of property is in short supply on the SILs. Two major office spaces are currently available within Blackhorse Lane – Silver Birch House and Landmark House – though agents thought their substantial size was likely to put potential occupiers off, while their condition made them unappealing to larger companies.

Market Demand: Lea Bridge Gateway SIL

Lea Bridge Gateway SIL offers larger spaces, and although it is in an inferior location and has worse amenity access than Blackhorse Lane, it is also popular with businesses. It has seen take-up of 29 units since 2007, and several new investments. The sectoral mix of businesses with an interest in the site could change with the opening of Lea Bridge station – agents agreed the new connection would broaden its appeal.

For larger B8 space, the SIL is likely to lose out to Enfield or other strategic sites further out. The second-tier distribution warehouses tend to be in excess of 50,000 sqft: a quantum of site not offered on either SIL.

However, for third tier distribution, Lea Bridge Gateway SIL will continue to be suitable: third-tier distribution could include internet retailers allocating goods for delivery to the end-user, and tends to require medium-sized spaces. It could be viable to sub-divide larger sheds into smaller units in order to make the space suitable for a different market, although sub-division will not always be possible, due to the nature of the buildings.

Demand Forest and Gap Analysis

Industrial Employment

Our estimates of historical employment within the borough by land-use type suggest that the industrial sector has been relatively resilient in Waltham Forest: overall, the number of

industrial jobs within the borough has fallen 14.8% since 2000, compared with a 21.8% fall across the LVPMA. Cross-referencing this with the employment data considered in Chapter 3, and the views of agents on the strength of the markets for B2 and B8 space, the majority of industrial job losses are likely to have occurred within manufacturing rather than distribution and warehousing activities.

The GLA Borough Employment Projections are for a slower decline in industrial employment in Waltham Forest than is projected for the LVPMA as a whole: within Waltham Forest industrial employment is forecast to shrink by 1% per annum, while for the LVPMA the equivalent figure is 1.2%.

Industrial Land Demand Forecast

Our synthesis forecast combining bottom-up and top-down factors suggests that the quantum of industrial space required to meet demand within Waltham Forest will fall by 1.4% per annum over the period 2013-2026 according to the central case, equivalent to a net loss of industrial land of 17.1ha over the period, or 1.3ha per annum (**Table 5**).

Table 5 LBWF Industrial Employment Land Demand, 2013-2026

| <i>Additional elements of demand for industrial land</i> | <i>Low</i> | <i>Medium</i> | <i>High</i> |
|---|--------------|------------------|--------------|
| | | (hectares) | |
| 1. Supply of occupied industrial land | | 207.6 | |
| 2. Vacant industrial land (3%) | | 5.0 ¹ | |
| 3. Gross industrial land (1+2) | | 212.6 | |
| 4. Land demand to 2026 (at 45% plot ratio) | -25.7 | -23.6 | -21.5 |
| 5. Additional demand for waste recycling to 2026 | | 2.2 | |
| 6. Normal levels of vacant land for 'friction' in 2026 at 5% ² (includes 5% of occupied land + land demand + 2.2 ha waste) | 9.2 | 9.3 | 9.4 |
| 7. Excess vacant land (includes normal levels of frictional land (line 6)) minus vacant land (line 2)) | 4.2 | 4.3 | 4.4 |
| 8. Gross demand for industrial land 2013-2026 | 188.2 | 190.5 | 192.8 |
| 9. Net change (Gross industrial land (line 3) minus gross demand 2013- 2026 (line 8)) | -19.3 | -17.1 | -14.8 |
| 10. Net change per annum (ha) | -1.5 | -1.3 | -1.1 |

Source: URS; GLA London's Industrial Land Baseline (2010); Land for Industry and Transport SPG (2012)

Figures may not sum due to rounding

Comparing this latest forecast for industrial land release with the other key statements of policy – the 2012 Land for Industry and Transport SPG, and the 2009 ELR – the quantum of industrial space recommended for release each year is very similar: the ELR suggested an annual rate of release of 1.3ha, while the 2012 SPG recommended 1.4ha of industrial land be released per year on average over the period 2011-2031. Policy at the borough level is consistent with these previous assessments; our analysis does not therefore provide any new evidence to suggest a policy change is necessary.

Further, Council data suggests that the quantum of land released may have exceeded these guideline annual amounts: the 2012 Core Strategy, for example, released 5.5ha of land from the Blackhorse Lane SIL to create the Station Hub, and 1.5ha from Lea Bridge Gateway SIL,

¹ The 5.0 ha of developable vacant land is from the 2010 GLA Industrial Land Baseline

while permissions yet to be implemented (including at Station Hub) are estimated to amount to release of 15.2ha of industrial land to residential or residential-led schemes.

Office Demand Forecast

Net demand for B1 office space over the period 2012-2026 is +30,100sqm under the central case (**Table 6**).

Table 6 BWF Office Floorspace Demand 2012-2026

| | <i>Low</i> | <i>Medium</i> | <i>High</i> |
|--|---------------|---------------|---------------|
| Demand for office floorspace | | (sqm) | |
| A. Actual 2012 (Gross) B1 Floorspace | | 101,000 | |
| B. Current Vacant Floorspace (approx 10%) in excess of optimum rate (5%) | | -4,950 | |
| C. Demand for B1 floorspace | 25,609 | 28,799 | 32,064 |
| D. Floorspace required for frictional demand | 6,083 | 6,242 | 6,406 |
| E. Revised gross demand for B1 floorspace 2013-2026 | 127,742 | 131,091 | 134,519 |
| F. Revised net demand for B1 floorspace 2013-2026 | 26,742 | 30,091 | 33,519 |

Source: URS: Figures may not sum due to rounding

Non-Industrial Sources of Demand

Education Providers

We spoke to two universities: UCL and UEL. UCL is still evaluating its options regarding the location of a new 'university quarter', and has held discussions with the Council. Education providers are clustering around Stratford, however, in view of its superior transport connections and public realm. Stratford's popularity could present an opportunity to Lea Bridge Gateway SIL: with the opening of Lea Bridge station the site will be one stop away from Stratford. However, the relative infrequency of the trains, and the fact that the connection will not provide a direct link to central London, may limit its impact.

Creative Uses, Including Artists' Studios

Space Studios, a provider of affordable studio space for artists, is looking for a new site, and is interested in Waltham Forest. Acme Studios is another major provider of space, and currently has a waiting list of 800 artists seeking studio space.

Providers of this kind of space would require any site they leased to be in a refurbished condition and attractive to tenants, and tend to look to pay rents of between £4/sqft and £10/sqft, which is comparable to the average market rents for industrial space on the SILs.

Managed Workspace

The SILs could host more managed workspaces, in order to make the sites more suitable for micro- and small businesses. The agents we spoke to said they received one to two enquiries a month about available managed workspace within the borough, although the limited stock of such space is likely to mean that enquiries understate true demand.

The features tenants look for in a managed space, according to agents, include kitchen facilities, wifi and conference rooms, offered at an affordable rate. Within the SILs, the two vacant or partially-vacant office buildings, Silver Birch House and Landmark House, could both be viable locations for new managed workspace, although a full site survey of the interiors would need to be undertaken for this to be determined with certainty.

High-Growth Sectors

Key to attracting higher-value activities onto the SILs will be improving the quality of the public realm. The £1m awarded to Blackhorse Lane from the Outer London Fund will go some way towards making the necessary enhancements. The offer for tech businesses could also be enhanced by improving technological connectivity, for example through ensuring high-speed broadband infrastructure is in place.

Employment Land-Led Residential Schemes

Both SILs have the potential to accommodate mixed-use developments, with the right public realm investments, and the provision of amenities.

However, currently the two sites accommodate a number of bad neighbourhood uses. Residential development would either need to occur well away from these uses, or be postponed until the economic make-up of the area had changed sufficiently that bad neighbourhood uses were contained and/or reduced. Any such development would need to be managed very carefully to ensure that the employment-land component of the development was not used as a 'fig leaf' for large-scale residential development.

1 INTRODUCTION

Waltham Forest Borough Council (the Council) has commissioned URS to undertake an evaluation of two Strategic Industrial Locations (SILs) within LBWF (the borough): Blackhorse Lane SIL, and Lea Bridge Gateway SIL.

1.1 Context

Both sites, under their current designation as SIL, form part of a reservoir of strategic industrial capacity for London, and as such are restricted in the types of activities they can accommodate. There are two types of SIL: Industrial Business Parks (IBPs) and Preferred Industrial Locations (PIL). Both Blackhorse Lane and Lea Bridge Gateway are PILs. The London Plan sets out the permitted activities within PILs as ‘general industrial, light industrial, storage and distribution, waste management, recycling, some transport related functions, utilities, wholesale markets and other industrial related activities’.

Although the GLA determines which industrial areas are designated as SIL, it does not decide the exact quantum of the SILs, and the local authority can therefore choose to release or de-designate a portion of a SIL if it can provide robust evidence that there is insufficient demand for the land for industrial uses. However, the purpose of the SIL designation is to safeguard essential industrial land from market forces, which would tend to push for residential or mixed-use development given the higher return-on-investment they generate; the bar to de-designation is therefore set purposefully high, and local authorities are required to take a hierarchical approach to the release of industrial land, considering a re-drawing of the SIL boundary only if all other options for industrial land release have been considered.

The draft Blackhorse Lane Area Action Plan (AAP) recommends leaving the Blackhorse Lane SIL boundary unchanged, a conclusion some landowners on the SIL have questioned on the grounds that the site has high vacancy rates, with many premises in a deteriorating condition. They propose that the Council allow mixed-use development on the site as a means of intensifying activity and ensuring the site continues to provide employment opportunities.

The Lea Bridge Gateway SIL is not yet subject to the same pressure to de-designate, but the Council anticipates that the re-opening of the Lea Bridge Road station in 2014 could unlock the site as a potential development opportunity.

1.2 Objectives of this report

The report provides:

- a review of the planning and socio-economic context, which should be taken into account when considering policy action in respect of the two SILs
- an updated assessment of the quality and condition of the land and buildings on the two sites, including the current mix of employment uses, and occupancy rates
- an analysis of commercial real estate activity within the Property Market Area (PMA) relevant for the two sites, including an estimate of the market value of workspace within the borough, and the two SILs
- an assessment of the likely future demand for premises on the two sites, taking into account the latest employment projections for those sectors compatible with SIL uses, and the requirements of business

- advice on future options for the area, to ensure it fulfils a valuable employment role in the long-term

The report is intended to add to the evidence base for both the Blackhorse Lane AAP and the Northern Olympic Fringe AAP, to aid the Council's understanding of the nature of activity on both SILs, and to help the Council make spatial decisions on employment land designation.

The report is structured as follows:

Chapter 2 is a review of planning policy

Chapter 3 provides a socio-economic profile of the borough

Chapter 4 presents the findings of our survey of the two SILs

Chapter 5 is an analysis of the commercial property market

Chapter 6 sets out a forecast for demand for industrial and office space within the borough

Chapter 7 provides an overview of the alternative sources of demand, besides industrial

Chapter 8 sets out our conclusions and recommendations

Appendix A is the site survey assessment criteria

Appendix B contains land use maps of the two SILs.

The full results of the site survey are provided separately in an Excel file.

2 POLICY AND LITERATURE REVIEW

2.1 Introduction

This section provides an overview of the policies and strategies relevant to employment and employment land in LB Waltham Forest. The review frames the context to the research in terms of national, regional and local policy.

2.2 National Policy

National Planning Policy Framework

The National Planning Policy Framework (NPPF) condenses all planning policy statements (PPSs) into a single all-encompassing planning framework with the intention of making the planning system less complex and more accessible. The NPPF was published and came into effect on 27th March 2012.

The NPPF describes the Government's vision for building a strong, competitive economy. It sets out a presumption in favour of sustainable development in the absence of a local plan or where the plan is silent or indeterminate. The presumption should be reflected by the emerging local plan and be informed by robust evidence to support clearly defined allocations for land for employment. In relation to economic and employment land it states the following:

A competitive economy requires a planning system which operates to encourage (and not impede) sustainable growth, and the NPPF places weight on the need to support economic growth through the planning system. As such planning policies should recognise and seek to address potential barriers to investment.

The NPPF provides guidance for local planning authorities, when drawing up Local Plans, who should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries; Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

New Permitted Development Rights

Supporting the Government's effort to increase housing supply is an amendment to permitted development rights, which allows the change of use from B1(a) office to residential (C3) without the need for planning permission. These came into force in May 2013 and have the purpose of supporting and enabling growth. The new permitted development rights are

accompanied by a prior approval process²; any proposed change from B1(a) to C3 use that cannot satisfy the prior approval requirements will continue to require a planning application, as will any development that involves physical changes to the building. The new permitted development rights will initially be time-limited for three years.

Local authorities were given an opportunity to seek an exemption from office to residential uses for specific geographies where there is evidence to suggest there could be a 'loss of a nationally significant area of economic activity' or 'substantial adverse economic consequences at the local authority level which are not offset by the positive benefits the new rights would bring'. LBWF sought an exemption for the two SILs, as well as for the Borough Employment Areas and town centres, but was unsuccessful.

2.3 Regional Policy

London Plan 2011

The London Plan (July 2011) is the spatial strategy for Greater London spanning the next twenty years to 2031. It replaces the previous London Plan (2004). It sets out an integrated social, economic and environmental framework for the future development of London. The relevant policies are stated below. An overall strategic policy of the Plan is contained within six detailed objectives. Those relevant to guide Councils in the development of their employment policies within their local development plan include the following:

- Objective 1 - A city that meets the challenges of economic and population growth in ways that ensure a sustainable, good and improving quality of life and sufficient high quality homes and neighbourhoods for all Londoners, and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes;
- Objective 2 - An internationally competitive and successful city with a strong and diverse economy and an entrepreneurial spirit that benefit all Londoners and all parts of London; a city which is at the leading edge of innovation and research and which is comfortable with – and makes the most of – its rich heritage and cultural resources; and
- Objective 5 - A city that becomes a world leader in improving the environment locally and globally, taking the lead in tackling climate change, reducing pollution, developing a low carbon economy, consuming fewer resources and using them more effectively.

The London Plan identifies outer London as an area that requires specific strategic guidance to ensure that it contributes effectively to the overall prosperity of the capital. LB Waltham Forest is within outer London. Policy 2.6 sets out the overall vision for outer London. It states that 'The Mayor will, and boroughs and other stakeholders should, work to realise the potential of outer London, recognising and building upon its great diversity and varied strengths by providing locally sensitive approaches through LDFs and other development frameworks to enhance and promote its distinct existing and emerging strategic and local economic opportunities, and transport requirements'.

Policy 2.7 sets out the Economic policies for outer London. These include:

² The location must be deemed: not to be at risk from flooding; not to have a significant expected impact on the transport network; not to be contaminated, or within a safety hazard zone.

- 'Enabling existing sources of growth to perform more effectively, and increasing the competitive attractiveness of outer London for new sectors or those with the potential for step changes in output;
- Ensuring that appropriate weight is given to wider economic as well as more local environmental and other objectives when considering business and residential development proposals;
- Consolidating and developing the strengths of outer London's office market through mixed use redevelopment and encouraging new provision in competitive locations, including through the use of land use 'swaps'; and
- Managing and improving the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace.

Policy 2.13: 'Opportunity Areas and Areas for Intensification' states that 'development proposals within opportunity areas and intensification areas should:

- Support the strategic policy directions for the opportunity areas and intensification areas set out in Annex 1, and where relevant, in adopted opportunity area planning frameworks
- Seek to optimise residential and non-residential output and densities, provide necessary social and other infrastructure to sustain growth, and, where appropriate, contain a mix of uses; and
- Contribute towards meeting (or where appropriate, exceeding) the minimum guidelines for housing and/or indicative estimates for employment capacity set out in Annex 1, tested as appropriate through opportunity area planning frameworks and/or local development frameworks.'

Policy 2.13 refers to Opportunity Areas, including the Upper Lee Valley which falls within LB Waltham Forest, and states that; 'Planning frameworks, investment plans and other spatial interventions for these areas (opportunity areas) should focus on implementation, identifying both the opportunities and challenges that need resolving such as land use, infrastructure, access, energy requirements, spatial integration, regeneration, investment, land assembly and phasing'.

Integral to Policy 2.13 is Annex 1, which outlines how broad principles of the London Plan should be applied to specific Opportunity and Intensification Areas including indicative estimates of employment capacity and minimum guidelines for new homes to 2031. Annex 1 identifies that growth within the Upper Lee Valley has the potential for 15,000 new jobs and 9,000 new homes. The London Plan's objectives are for development to provide the stimulus for regeneration around Blackhorse Lane and for adequate capacity to be retained 'to meet industrial needs including waste management and strategic logistics functions'.

Policy 2.17 provides the strategic policy position on Strategic Industrial Locations (SILs). The policy states that the Mayor will, and boroughs and other stakeholders should, promote, manage and, where appropriate, protect the SILs, as London's main reservoirs of industrial and related capacity, including general and light industrial uses, logistics, waste management and environmental industries (such as renewable energy generation), utilities, wholesale markets and some transport functions. The release of industrial land should only therefore be considered as part of a strategically co-ordinated process of consolidations.

The Strategic Industrial Location (SIL) framework is ‘intended to reconcile the demand for, and supply of, productive industrial land in London’. There are two types of SILs: Industrial Business Parks (IBPs) and Preferred Industrial Locations (PIL). PILs are described as locations ‘particularly suitable for general industrial, light industrial, storage and distribution, waste management, recycling, some transport related functions, utilities, wholesale markets and other industrial related activities’, of which LB Waltham Forest has three: Blackhorse Lane (16.5 hectares), Lea Bridge Gateway (37.7 hectares) and Central Leaside Business Area (with Enfield and Haringey – 126.3 hectares).

Paragraph 2.82 is relevant to LB Waltham Forest. It states: ‘Innovations to make more effective use of land should be encouraged and there is particular need to ‘develop consolidation centres and accommodate freight break bulk points more efficiently as a part of the freight hierarchy. It will be particularly important to secure and enhance strategic provision ...in the Upper Lea Valley in north London.’

In terms of office development, the London Plan states that ‘the Mayor supports further office development in outer London, but would not want to see unacceptable levels of congestion and pollution – which could be a disincentive to investment there’. Policy 4.2, Offices, states that ‘The Mayor will, and Boroughs and other stakeholders, should:

- Support the management and mixed use development and redevelopment of office provision to improve London’s competitiveness and to address the wider objectives of this Plan, including enhancing its varied attractions for businesses of different types and sizes including small and medium sized enterprises;
- Recognise and address strategic as well as local differences in implementing this policy to meet the distinct needs of the Central London office market... by sustaining and developing its unique and dynamic clusters of ‘world city’ and other specialist functions and business environments;
- Consolidate and extend the strengths of the diverse office markets elsewhere in the capital by promoting their competitive advantages, focusing new development on viable locations with good public transport, enhancing the business environment including through mixed use redevelopment, and supporting managed conversion of surplus capacity to more viable, complementary uses; and
- Encourage renewal and modernisation of the existing office stock in viable locations to improve its quality and flexibility; and seek increases in the current stock where there is authoritative, strategic and local evidence of sustained demand for office based activities in the context of Policies 2.7, 2.9, 2.13, 2.15–2.17’.

Policy 4.4, Managing Industrial Land and Premises, states that the Mayor will work with boroughs and other partners to:

- ‘Adopt a rigorous approach to industrial land management to ensure a sufficient stock of land and premises to meet the future needs of different types of industrial and related uses in different parts of London, including for good quality and affordable space; and
- Plan, monitor and manage release of surplus industrial land where this is compatible with a) above, so that it can contribute to strategic and local planning objectives, especially those to provide more housing, and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.’

Following this, the London Plan states that ‘LDFs should demonstrate how the borough stock of industrial land and premises in strategic industrial locations locally significant industrial sites and other industrial sites will be planned and managed in local circumstances in line with this strategic policy and the location strategy in Chapter 2, taking account of:

- The need to identify and protect locally significant industrial sites where justified by evidence of demand;
- Strategic and local criteria to manage these and other industrial sites;
- The borough level groupings for transfer of industrial land to other uses...and strategic monitoring benchmarks for industrial land release in supplementary planning guidance;
- The need for strategic and local provision for waste management, transport facilities (including inter-modal freight interchanges), logistics and wholesale markets within London and the wider city region; and to accommodate demand for workspace for small and medium sized enterprises and for new and emerging industrial sectors including the need to identify sufficient capacity for renewable energy generation quality and fitness for purpose of sites;
- Accessibility to the strategic road network and potential for transport of goods by rail and/or water transport;
- Accessibility to the local workforce by public transport, walking and cycling;
- Integrated strategic and local assessments of industrial demand to justify retention and inform release of industrial capacity in order to achieve efficient use of land; and
- The potential for surplus industrial land to help meet strategic and local requirements for a mix of other uses such as housing and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal’.

Map 4.1 refers to Waltham Forest as a ‘Limited Transfer’ borough; that is a borough which is considered to be between managed (i.e. boroughs with a greater supply of vacant sites relative to demand) and restricted (i.e. boroughs with low levels of industrial land relative to demand).

A key evidence base document for the London Plan is the 2010 GLA London Industrial Land Baseline Study, undertaken by URS/DTZ.

Supplementary Planning Guidance (SPG) Land for Industry and Transport 2012

The SPG was published in September 2012 and adds to the 2008 SPG’s two key objectives with the aim of ensuring the provision of sufficient land, suitably located, for the development of an expanded transport system. Key policies from the London Plan that form the basis for the SPG are Policies 2.17 Strategic Industrial Locations, 4.4 Managing Industrial Land and Premises and 6.2 Providing Public Transport Capacity and Safeguarding Land for Transport.

The SPG commits the Mayor to work with boroughs and other partners to plan, monitor and manage the release of surplus industrial land to contribute to strategic and local planning objectives.

The SPG has a number of relevant themes for this study, including:

- Managing release in the context of demand arising from non-industry uses;

- There is increasing demand for industrial land from a range of other important industrial type functions. The distribution of release must take full account of other land use priorities and be managed carefully to ensure that a balance is struck between retaining sufficient industrial land in appropriate locations and releasing land to other uses;
- Strategic Industrial Locations should in general be protected, and release of industrial land through development management should generally be focussed on smaller sites outside of the SIL framework;
- The requirements for utilities also represent established uses of industrial land and their land requirement should be planned for to accommodate growth;
- Need for an integrated/partnership approach to employment land provision;
- A partnership approach and strategic perspective is required in order to keep inner London sustained and to meet the demands of the Central Activities Zone and Canary Wharf for locally accessible, industrial type activities, e.g. including food and drink preparation, printing, publishing, local distribution activities and 'just-in-time' services;
- Central and inner London boroughs face strong competition from other higher value land uses, particularly commercial offices, residential and retailing. Boroughs around the Central Activities Zone (CAZ) should consider industrial uses servicing the needs of central London; and
- In outer London boroughs should manage and improve the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace. Parts of outer London have economic functions in logistics, industry and green enterprise that are of greater than sub-regional importance.

Annex 1 of the SPG sets out the indicative industrial land release benchmarks for 2011-2031 for LB Waltham Forest it is -28ha (-1.4ha pa) – it is important to note that this pace of release applies to employment land for industrial uses across the whole borough, not just the SILs.

Annex 2 of the SPG gives indicative land demand for waste management and recycling. For LB Waltham Forest the waste apportionment to 2031 (London Plan 2011) is 283,000 tonnes per annum (pa); however the waste transfer station capacity is 183,104 tonnes pa which is well under demand. The net additional indicative land requirement for waste apportioned to 2031 is therefore 1.2ha pa. This estimate is an approximate and indicative land requirement only and Boroughs, waste authorities and other partners, in collaboration with the GLA, should determine the actual requirements of industrial land needed to manage waste apportioned in the London Plan.

Mayor's Economic Development Strategy for Greater London 2010

In May 2010, the Mayor of London published a new Economic Development Strategy (EDS). The purpose of the Strategy is to provide relevant stakeholders, public authorities and interested parties, with a vision for London's future, an analysis of the economy and policy directions for achieving its ambitions; and to clarify roles and responsibilities with other partners who make a major contribution to developing London's economy.

The Economic Development Strategy (EDS) is framed around five central economic objectives, which are:

- 'Promote London as a city that excels as a world capital of business, the world's top international visitor destination, and the world's leading international centre of learning and creativity;
- Ensure that it has the most competitive business environment in the world;
- To make London one of the world's leading low carbon capitals by 2025 and a global leader in carbon finance;
- Give all Londoners the opportunity to take part in London's economic success, access sustainable employment and progress in their careers; and
- To attract the investment in infrastructure and regeneration which London needs, to maximise the benefits from this investment and in particular from the opportunity created by the 2012 Olympic and Paralympic Games and their legacy'.

The Strategy states that the Mayor wants to maximise London's share of the Carbon Trading global market: if London captured even 1 per cent of this new market it would be worth about £3.7 billion per annum. In order to do this, the Mayor considers that London should play to its existing strengths in financial services; business services – including consulting, engineering, architectural and legal services, research, design and product development.

2.4 Local Policy

Waltham Forest Core Strategy 2012

The Core Strategy was adopted in March 2012 and sets out the broad vision of how the borough should develop over the 15 year plan period, and identifies four key growth areas where regeneration efforts should be focused. It identifies 16 strategic objectives for the borough, one of which is 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.'

In planning for growth, the Council aims to 'achieve an appropriate balance between physical, social and economic development and environmental protection.' A key element of its spatial strategy is to focus regeneration activities in the four key growth areas of Blackhorse Lane, the Northern Olympic Fringe, Walthamstow Town Centre and Wood Street.

The Core Strategy recognises the need to attract new jobs to the borough to meet the demands of the growing population while also reducing reliance on manufacturing and public services sectors which are in decline. However it is recognised that this needs to happen in the context of a constrained urban area in which existing employment areas need to be used more intensively in light of the limited availability of other land. Consequently the Core Strategy seeks to accommodate growth on previously developed land by, amongst other things, using land more efficiently and safeguarding land for housing and employment uses.

The Blackhorse Lane Strategic Industrial Location (SIL) and Lea Bridge Gateway SIL are both located within a growth area; the Blackhorse Lane and the Northern Olympic Fringe areas respectively.

Blackhorse Lane is identified as an important gateway site for the borough to be developed over the lifetime of the plan period. The Council anticipates that the area can accommodate approximately 2,500 new homes and 1,000 new jobs. The Council consulted on a Proposed Submission Area Action Plan for Blackhorse Lane in spring 2013.

The Northern Olympic Fringe area is also identified as having significant growth potential due to its proximity to the Olympic Park and Stratford City. Among the regeneration proposals for the area is the re-opening of Lea Bridge Station in 2014 which will connect the north of the borough with Stratford. The Council is progressing work on an Area Action Plan in order to ensure development opportunities in the area, including provision of up to 2,500 new homes and new jobs, are realised.

Policy CS8: Making Efficient Use of Employment Land aims to facilitate sustainable economic growth by promoting, protecting, and managing the borough's three SILs. The SIL designation seeks to ensure that development in the two areas is restricted to industrial and warehousing uses.

The borough's Employment Land Review undertaken by URS in 2009, supported the release of two areas of the Lea Bridge SILs, these being the Lea Bridge Gas Works section of Lea Bridge Gateway and 97 Lea Bridge Road, as well as the southern part of the Blackhorse Lane SIL around the Station Hub and Waterfront, the latter of which is designed to allow for the creation of a medium to high density development hub which will make the most of the good public transportation links.

Blackhorse Lane Area Action Plan, Proposed Submission 2013

The Area Action Plan (AAP) sets out a framework for how growth should be co-ordinated, to secure a sustainable pattern of development and maximum community gains. It sets out where new housing and businesses should go, and proposed infrastructure improvements to support this growth.

Once adopted, the AAP will form part of Waltham Forest's Local Plan and be a statutory document used to determine planning applications in the area.

The AAP states that the long-term vision is to 'evolve Blackhorse Lane into a mixed-use area, comprising a range of housing, interspersed with small-scale local business/commercial spaces and public open spaces. Existing built fabric and cultures are retained and characterise the new neighbourhoods, creating meaningful desirable places to live and work. Residents and employees have access to resources and opportunities locally, offering betterment and wealth generation...'

The AAP identifies eight objectives to achieve this vision, a key one of which is to create 'a place for creative and green industries' by ensuring that 'Blackhorse Lane continues to provide a range of jobs for our residents, and support the retention and growth of creative and green industries in the area.'

Policy BHL6: Employment recognises the need to ensure that the role of the Blackhorse Lane area as a major employer of local people is maintained and enhanced. It seeks to achieve this through a set of criteria including by directing general industrial (including green industries), storage, manufacturing and distribution uses to land designated as SIL. The AAP is clear that non industrial uses within the area's SIL will be rejected on the basis that they will compromise the function of SIL. This is a stricter approach than is applied to Borough Employment Areas, for example, which allows for housing and social infrastructure to be a component of new developments.

Olympic Legacy Supplementary Planning Guidance 2012

The Olympic Legacy Supplementary Planning Guidance (OLSPG) was agreed by the GLA in June 2012 and replaces the Mayor's Lower Lea Valley Opportunity Area Planning Framework where the two documents overlap geographically.

The SPG was produced by the GLA with the help of London Boroughs of Hackney, Newham, Tower Hamlets and Waltham Forest, Lee Valley Regional Park Authority, London Thames Gateway Development Corporation, London Legacy Development Corporation, Olympic Development Authority and Transport for London.

The SPG's vision for the Northern Olympic Fringe area is to 'regenerate and to renew the neighbourhoods of Lea Bridge, Leyton, and Chobham by providing new links into the Queen Elizabeth Olympic Park, the wider Lee Valley Regional Park, and the new employment and retail opportunities at Stratford...'

The document states that Waltham Forest's well-functioning employment land at Rigg Approach, Argall Way and Temple Mills should be retained, due to its good strategic road access and detachment from existing residential communities which is seen to make it particularly suitable for B2, transport, logistics green industries and waste management activity. However it recognises that there is potential to release surplus industrial land around Lea Bridge station, the reopening of which is also considered likely to help stimulate and facilitate growth in the wider sub-area, and small-scale releases from SIL designation have been formalised through the LBWF Core Strategy.

Northern Olympic Fringe Area Action Plan, Preferred Options 2011

The Northern Olympic Fringe Area Action Plan (NOF AAP) sets out area-specific policies and proposals for the Northern Olympic Fringe Area with the aim of stimulating development interest and encouraging regeneration projects whilst protecting those areas sensitive to change.

The Council published the Preferred Options document for consultation in early 2011. Once adopted, the AAP will form part of Waltham Forest's Local Plan and be a statutory document used to determine planning applications in the area.

The vision for the AAP area is for it to become 'a successful urban neighbourhood of exceptional quality, whose residents thrive on easy access to the Olympic Park and its Legacy. The area will benefit from skills and job growth, sustainable new residential communities, the enhancement of green spaces and local waterways and the improvement of public transport - to create an attractive environment where people aspire to live.'

Eight objectives are set out in the document which reflects the Council's vision of the future of the area, a key one of which is to 'create a place to do business'. The aim of this is 'to ensure that the Northern Olympic Fringe area protects and enhances its important and well-functioning employment land, while promoting mixed use and employment led regeneration of redundant local sites.'

The AAP recognises the importance that retaining SIL will have particularly for providing opportunities for green industries and waste management facilities.

The Upper Lea Valley Opportunity Area Planning Framework 2013

The Upper Lea Valley Opportunity Area Planning Framework (ULV OAPF) was adopted by the Mayor in July 2013. It has been produced by the GLA working with TfL and the London Boroughs of Enfield, Haringey, Waltham Forest and Hackney, the Lee Valley Regional Park Authority and the North London Strategic Alliance.

The OAPF sets out an overarching framework for the regeneration of the 3,884 hectare Opportunity Area shared between the four boroughs. This is amplified where necessary by the boroughs' own planning documents for specific areas. It is Supplementary Planning Guidance to the London Plan and will be used as a material consideration in the determination of planning applications.

The OAPF sets out eight objectives for the area:

1. Growth at Tottenham Hale, Blackhorse Lane, Meridian Water in Central Leaside and Ponders End.
2. Optimised development and redevelopment opportunities along the A10/A1010 Corridor, in particular the Tottenham High Road Corridor and Northumberland Park.
3. Over 15,000 new jobs by 2031 across a range of industries and a green industrial hub creating greater learning and employment opportunities.
4. Over 20,100 new well designed homes by 2031.
5. Full integration between the existing communities and the new jobs, homes and services provided as part of the new developments.
6. A Lee Valley Heat Network linked to the Edmonton Eco Park.
7. Significant investment and improvements to transport infrastructure, including four trains per hour on the West Anglia Main Line and improvements to help people walk and cycle more easily through the area.
8. A fully accessible network of green and blue spaces which open up the Lee Valley Regional Park. The networks between them will be improved benefitting both people and wildlife.

A number of redevelopment opportunities on sites surrounding the Blackhorse Lane SIL are identified, including: mixed use redevelopment at Sutherland Road and at Blackhorse Road station hub and waterfront, redevelopment but retention of education use at Willow Field School, educational/mixed use development at Blackhorse Road/Hawarden Road, and enhancements to Douglas Eyre Playing Fields. The two key recent statements of policy, the LBWF Core Strategy and the Blackhorse Lane AAP, are fully consistent with the OAPF's conclusions in terms of the SIL being released and retained.

With regards to the Lea Bridge SIL, the re-opening of Lea Bridge Station in 2014, which will allow a 4tph service to stop on the rail line between Tottenham Hale and Stratford, is expected to improve public transport accessibility to a comparatively poorly served area.

2.5 Other Key Documents

GLA London Office Policy Review 2012

The purpose of the London Office Policy Review is to provide planning policy makers with up to date information on the supply and demand for offices in London, including a review of office-based employment projections and office floor space need estimates, and consideration of the potential for conversion of surplus office space to other uses, especially residential, in different parts of London.

The main findings of the report were that despite the difficult post-2008 period, London's future as a World City and global financial centre is secure for the reasonably foreseeable future. The employment forecasts indicate a dynamic metropolitan area. There will be demand for new space, and for new types and formats of office space and related employment space, but in terms of quantity, forecasts suggest there is little need for expansion beyond that already in the pipeline. The rate of growth in office jobs between 2011 and 2036 is forecast to be half that which prevailed over the past two decades. The key policy task will be to monitor both the quantity and quality of space emerging, balancing new proposals with others that fall out of the pipeline, so that the pipeline is responsive to changes in demand.

Seven boroughs, including Waltham Forest, are reported to have experienced negative average annual employment growth across both cycles (1989-2001; 2001-2007).

London-wide, a 2% loss of office stock is reported to have occurred between 2009 and early 2012. Waltham Forest is one of the boroughs to have experienced the greatest loss of B1 floor space over this period, along with Croydon, Harrow and Hounslow, with losses of between 4% and 5% of existing office stock across these boroughs.

Waltham Forest is also identified as having low demand for offices, and as being one of three boroughs with the highest level of pre-1980s office stock. It is likely that these two factors reinforce each other: a dated offering is likely to dampen demand for office space in the borough. The report further notes that Waltham Forest has no functional office market and is the lowest ranked North London borough by both businesses per 1,000 residents (28) and UKCI (32).

London's Industrial Land Baseline 2010

Prepared by URS in association with DTZ, this report provides a comprehensive analysis of London's supply of land in industrial and related uses such as warehousing for logistics, waste management, utilities, wholesale markets and vacant land including times series data 2001-2006-2010. Backed by field surveys and Geographic Information System (GIS) mapping, the study provides a valuable input into related studies on industrial land demand and the London Plan's Examination in Public. The study assists the GLA, LDA, TfL, boroughs and other partners to implement a rigorous strategy for industrial land management and investment, and to plan, monitor and manage release of surplus land to contribute to strategic and local planning objectives.

The study found that in 2010 in Waltham Forest:

- There was 214.2 hectares of industrial land;
- Of the total, 81.3 hectares was occupied by industry;
- Of the total, 49.9 hectares was occupied by warehouses;

- Of the total, 77.9 hectares was occupied by wider industrial land uses (such as utilities and waste facilities);
- Of the total, 5 hectares was vacant (equivalent to just 2% of all industrial land);
- LB Waltham Forest lost 12.3 hectares of industrial land to other uses between 2006 and 2010 – 5.9 hectares more than had been recommended for release; and
- More industrial land changed to non-industrial use in the North East London sub-region in the four years between 2006 and 2010 than was recommended for release in the London Industrial Land Release Benchmarks report (URS, 2007).

London Industrial Land Release Benchmarks 2011

Prepared by Roger Tym and Partners in association with Jones Lang LaSalle, this study presents an assessment of future demand for industrial land across London and compares it with the current and planned supply.

The study highlighted that between 2011 and 2031, Waltham Forest is expected to experience a loss of more than 2000 industrial jobs. Over the same time period, demand for industrial production land in the borough is forecast to decline by approximately 25 hectares.

In terms of net demand for industrial land between 2011 and 2031, Waltham Forest is projected to experience a loss of 10.4 hectares. It should be noted, however, that the projection forward of past trends in this way could result in an overstatement of the likely reduction in demand, given the relatively fast pace of land release since 2006 described in the previous section.

Waltham Forest Employment Land Study 2009

Prepared by URS in 2009, this study assessed the quantity, quality and viability of employment land in the borough over the Local Development Framework timeframe to 2026. The study area focussed on the principal employment sites across the borough.

The study noted that the southern portion of Blackhorse Lane could be de-designated and redeveloped for residential led mixed use in order to help support the wider regeneration goals of the borough.

The study noted that the Lea Bridge area comprised of well-functioning industrial estates with good strategic road access and sufficiently detached from existing neighbourhoods. These characteristics were considered to make them the logical destination for heavier industrial developments falling within Use Class B2. Consequently the study recommended that the majority of the Lea Bridge SIL be retained, improved and made more efficient if possible. There was one exception to the general protection of SIL and this resulted in the release and de-designation of a parcel of land at 97 Lea Bridge Road. The key reasons supporting its release involved its strategic location as a gateway site, the potentially poor access for large service vehicles and the close proximity of residential uses.

Outer London Commission: Full Report 2010

The Outer London Commission was established by the Mayor in 2008 to explore how different parts of Outer London can better realise their economic potential, especially its town centres, as well as opportunity and intensification areas and industrial locations. The Outer London Commission's Final Report is a compendium of research and analysis on the outer London economy intended to inform the London Plan's Examination in Public in 2010.

The report found that the perception that outer London was economically underperforming in relation to the outer metropolitan area between 2003 and 2007 was misleading. There was no clear pattern of economic out-performance by the outer metropolitan area but there was some evidence that it performed better on quality of environment issues, a potential lesson for outer London areas.

The report identifies Waltham Forest as having the lowest jobs density ratio (0.55), which is considered to reflect both commuting and workless individuals living in the borough.

The report states that low-rent industrial activities have an important part to play in London's economy and that they should not be forced to relocate from metropolitan London locations because of competition from higher land values. Rather the planning system should take account not just of issues associated with economic linkages and supply chains but also indirect adverse impacts such as environmental and transport capacity costs associated with a rise in commercial vehicle traffic if they have to relocate further afield.

Walthamstow Employment Study 2013

Prepared by Gort Stott on behalf of LB Waltham Forest, this study seeks to understand the variety and different types of businesses, and communicate findings, in the Blackhorse Lane area and the areas around Argall Avenue and Lea Bridge Road.

The study notes that there is much subdivision of premises, largely as a result of there being many more small businesses than there were when these areas initially developed as industrial areas. In this respect, premises are considered to appear very adaptable to different kinds of businesses.

The study notes that there could be a drawback to the Council's approach of seeking to provide attractive new business premises in the borough; namely, that new development would potentially price out most existing businesses. It therefore recommends that on some estates, in order to maintain local businesses, industrial areas should be improved incrementally.

The study further points to the fact that while some of the building stock could be described as poor, this is not necessarily a reason for wholesale demolition, particularly given that buildings can continue to be upgraded and adapted, or developed incrementally without wholesale displacement of businesses.

Feasibility Assessment for the Provision of Managed Workspace 2013

Prepared by Shared Intelligence on behalf of LB Waltham Forest, this study provides 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.

The report defines managed workspaces as 'commercially rented serviced premises from which small businesses can trade'.

The report identified a number of key challenges facing the borough'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;
- There is a need 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; and
- The composition of existing employment space in the borough is identified as a potential barrier to attracting new jobs to the area.

In terms of future developments, the report notes that new and small businesses are likely to increase demand for office space as well as light industrial units, and the trend towards seeking managed workspace with flexible terms is also expected to increase.

Upper Lea Valley Economic Assessment 2011

Prepared by GVA on behalf of the North London Strategic Alliance (NLSA), this report examines the scale and nature of the low carbon economy within the Upper Lea Valley, identifies the spatial distribution and opportunities for activity, and sets out the interventions and actions required to grow the sector.

The report recommends that the Upper Lea Valley is promoted as a Distinct Low Carbon Economy Location within London. In the absence of a formal designation process, it recommends that the NLSA liaise with the local boroughs and the GLA to establish a broad agreement that the Upper Lea Valley should be a focus for low carbon economy initiatives.

The report identifies opportunity for the green economy in the Blackhorse Lane SIL as being fairly limited due to low vacancy rates and limited space for further development. In terms of the Lea Bridge SIL, the report highlights that the area could see potential improvements to energy consumption through retrofitting and renovation of older stock.

The report notes that both areas are likely to provide an appropriate location for:

- Waste and recycling;
- Manufacturing and engineering;
- Construction and retrofit;
- Low carbon vehicles; and
- Power and fuels.

Waltham Forest Local Economic Assessment 2010

The Local Economic Assessment (LEA) is a comprehensive assessment of the borough's economy and labour market. The LEA and the Core Strategy are complementary documents that together will help shape the priorities for Waltham Forest's economic development. A key purpose of the LEA is to set out the challenges and opportunities that need to be addressed to deliver sustainable economic growth.

London's economic geography in large part determines the level and type of employment located across the 32 boroughs. Waltham Forest is not part of the London central activity

zone, and the benefits of agglomeration tend to discourage employment from being evenly spread across London. Current and future development in Waltham Forest must therefore be considered in terms of relative locational advantages inherent in any particular employment site (across Outer London and other UK locations), as well as the wider economic climate.

Like many of the outer London boroughs, Waltham Forest is a net exporter of labour, with less workplace jobs than it has resident working-age people in employee jobs.

The study identifies three issues for the future:

- Merging regeneration priorities with identification of new inward investment opportunities;
- Ensuring that there is smooth access to the London jobs market for increased numbers of unemployed and workless in the borough; and
- How to maximise the impact of the Olympic Games in trying to address emerging worklessness priorities.

2.6 Conclusions

The National Planning Policy Framework places significant weight on the need to support economic growth through the planning system. It requires planning authorities to recognise and seek to address potential barriers to investment and to set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable growth. It also emphasises the need for planning policies to be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances.

At the London level, the London Plan sets out a number of key policies for employment land use in outer London which are relevant to LB Waltham Forest. This includes: enabling existing sources of growth to perform more effectively, and increasing the competitive attractiveness of outer London for new sectors or those with the potential for step changes in output; consolidating and developing the strengths of outer London's office market; and managing and improving the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace.

The London Plan identifies three Strategic Industrial Locations (SILs) in Waltham Forest, of which two (Blackhorse Lane and Lea Bridge Gateway) fall solely within Waltham Forest with the third (Central Leaside Business Area) is shared with Enfield and Haringey. The strategic policy position on SILs is also set out in the London Plan. The policy states that the Mayor will, and boroughs and other stakeholders should, promote, manage and, where appropriate, protect the SILs, as London's main reservoirs of industrial and related capacity. Consequently the release of industrial land should only be considered as part of a strategically co-ordinated process of consolidations.

The Mayor's Supplementary Planning Guidance (SPG) Land for Industry and Transport 2012 provides further policy detail for managing employment land, and states that SILs should in general be protected. Its recommendation for the pace of release of industrial land within LBWF – 1.4ha pa across all industrial employment land – is consistent with recent statements of policy at the borough level, including the Waltham Forest Core Strategy, and the Blackhorse Lane AAP.

Waltham Forest is identified in the London Plan as a 'Limited Transfer' borough which means that while it generally has a greater supply of industrial sites than there is demand for, it should seek to manage and where possible reconfigure the portfolio of that land, safeguarding the best sites and phasing the release of the less suitable sites. The Blackhorse Lane AAP provides such a safeguard, by restricting new development within the SILs to industrial uses – this is a more stringent approach that is taken across other employment land within the borough, where housing and social infrastructure can be incorporated into new development.

The Outer London Commission's report, published in 2010, concluded that low-rent industrial activities have an important part to play in London's economy, and as such, they should not be driven out of the city as land values rise. In Waltham Forest there is evidence that industrial land has been lost at a quicker pace in recent years than was recommended in previous city-wide strategic analysis, almost 6ha more land being changed to non-industrial uses between 2006 and 2010 than was recommended in the 2007 London Industrial Land Release Benchmarks Report. The same is true across North East London, with 74% more industrial land being released for non-industrial uses between 2006 and 2010 than had previously been recommended³.

It is important to note that, although growing the green economy is championed as a Mayoral priority, the potential for significant investment by green industries in the borough is likely to be limited by low vacancy rates, and a prevalence of sites that are small in industrial terms, or close to residential areas. This means the borough is likely to need to work harder and think creatively about how to use its employment land to maximum effect to generate jobs.

The GLA London Office Policy review, published in 2012, painted a negative picture of the market for office space in the borough, with demand low in spite of the borough experiencing one of the greatest proportional losses of B1 space in recent years. This is likely to be driven at least in part by the generally poor quality of the stock: Waltham Forest has the highest proportion of pre-1980s office premises. Although poor building quality does not necessarily reduce demand, quality could certainly be a factor in businesses' decisions around where to locate – particularly in the case of small businesses and start-ups, which don't tend to have the funds to build their own premises.

³ *London's Industrial Land Baseline*, URS/DTZ for the LDA and GLA, November 2010

3 SOCIO-ECONOMIC PROFILE

3.1 Introduction

Sustainable communities aim to provide employment suitable to the local workforce. In order to understand fully the performance of the existing employment land and the required future provision, the present socio-economic structure of the Borough, and recent trends in key indicators need to be taken into account. Where appropriate, data for LB Waltham Forest is benchmarked against regional and national levels for direct comparison.

3.2 Population demographics

Waltham Forest has a young population. In 2011 67,000 people, around a quarter of the population of the borough, were under 20 years of age. Only 14% of the borough's population are over 60, marginally lower than the London average (15%) and much lower than the country average (23%).

Over the ten-year period between the two censuses, overall population growth at 18% was higher than the London average (14%). **Table 3.1** provides a detailed breakdown.

Table 3.1 Age Distribution of Population

| | 2001 Census | | 2011 Census | | Change |
|---------------|----------------|------------|----------------|------------|-----------|
| | Number | % | Number | % | % |
| 0-4 | 15,541 | 7 | 20,839 | 8 | 34 |
| 5-14 | 28,620 | 13 | 31,223 | 12 | 9 |
| 15-19 | 13,358 | 6 | 15,241 | 6 | 14 |
| 20-24 | 16,294 | 7 | 20,604 | 8 | 26 |
| 25-49 | 89,598 | 41 | 109,371 | 42 | 22 |
| 50-59 | 21,000 | 10 | 25,622 | 10 | 22 |
| 60+ | 33,923 | 16 | 35,349 | 14 | 4 |
| Total | 218,334 | 100 | 258,249 | 100 | 18 |
| Male | 106,248 | 49 | 128,970 | 50 | 21 |
| Female | 112,096 | 51 | 129,279 | 50 | 15 |

Source: ONS Census 2001, 2011

According to the 2011 Census the resident population is diverse, with 21.1% of people being Asian or of Asian descent and 17% of people being Black or of Black origin compared to 19% and 13% respectively in London, and 7% and 3% respectively in the UK.

3.3 Employment

In 2013 there were approximately 179,500 working age residents in Waltham Forest, accounting for around 70% of the population. Of working age residents 120,200 (77%) were economically active with 110,000 people in employment. This is broadly consistent with the average economic activity rate for London (76%).

As of July 2013 the unemployment rate in Waltham Forest was 11%, above the London average (9%). As of September 2013, 8,170 people were receiving Job Seekers Allowance (JSA) in the Borough. A further 10,250 people were on incapacity benefit, and 1,540 people were receiving Severe Disablement Allowance.

In 2013 there were 36,500 (23%) economically inactive working age people, marginally lower than the London average (24%). Inactivity has fallen since 2007, when 27% of the population was economically inactive; at the time this was 2 percentage points higher than the London average. **Table 3.2** below provides more detail.

Table 3.2 Economic Activity

| | Waltham Forest | | London |
|-----------------------------|----------------|----|--------|
| | Number | % | % |
| All people | | | |
| Economically active* | 120,200 | 77 | 76 |
| In employment* | 110,000 | 70 | 69 |
| Employees* | 89,500 | 58 | 57 |
| Self-employed* | 19,500 | 12 | 12 |
| Unemployed~ | 13,100 | 11 | 9 |

Source: Annual Population Survey (July 2012 – June 2013)

* % of working age population

~ % of total population

The share of economically active individuals in employment is still broadly where it was in 2007, the data used in the borough's last Employment Land Review (ELR) in 2009, but a shift in employment type is apparent. More people are self-employed – this type of work has risen 74% - counterbalanced by a fall in the proportion of the workforce classed as employees. As of 2013, 18% of individuals were self-employed: a 7 percentage point increase from 2007.

3.4 Skills and Training

Waltham Forest residents are generally less qualified than the London average. In 2012 76% of working age residents had at least 5 GCSEs⁴, a proportion lower than both London and Great Britain, while only 41% of the borough's working age population was educated to degree level or above. Waltham Forest has a larger proportion of residents with no qualifications (11%) than London (8%) and Great Britain (10%).

A comparison between these figures and those in the 2009 ELR, which provides equivalent values for 2007, indicates an improvement in qualification levels in the borough. The number of individuals holding no qualifications, over a fifth of the working age population in 2007, has shown a decline of 12,200 over this period. Similarly, there were almost 20,000 more working age residents educated to degree level and above in 2012.

⁴ Percentage of pupils achieving 5 or more A*-C grade passes at GCSE or equivalent.

Table 3.3 Skills and Training

| Qualification Level ⁵ | Waltham Forest | | London | Great Britain |
|----------------------------------|----------------|----|--------|---------------|
| | Number | % | % | % |
| NVQ4 and above | 63,200 | 41 | 48 | 34 |
| NVQ3 and above | 83,000 | 54 | 63 | 55 |
| NVQ2 and above | 100,400 | 66 | 75 | 72 |
| NVQ1 and above | 116,100 | 76 | 84 | 84 |
| Other Qualifications | 19,400 | 13 | 8 | 6 |
| No Qualifications | 17,000 | 11 | 8 | 10 |

Source: ONS Annual Population Survey (Jan 2012-Dec 2012)

3.5 Employment by Occupation

In 2012-13, 45% of employed Waltham Forest residents were working within managerial, professional and associate professional occupations. Although this is slightly higher than the GB average of 44%, it is well below the London average (54%) (**Table 3.4**).

Industrial employment was well above the London average: 30% of residents were employed in industrial occupations, including skilled trades, process plant & machine operation, and other elementary occupations, within the borough in 2012-13. The proportion of employment accounted for by these industrial occupations has been relatively stable since the measure became available in 2004.

Table 3.4 Employment (Labour Supply) in Waltham Forest by Sector⁶

| | Waltham Forest | | London | GB |
|--------------------------------------|----------------|----|--------|----|
| | Number | % | % | % |
| Managers and senior officials | 12,300 | 11 | 11 | 10 |
| Professional occupations | 21,800 | 20 | 25 | 20 |
| Associate, professional & technical | 15,500 | 14 | 18 | 14 |
| Administrative & secretarial | 11,000 | 10 | 11 | 11 |
| Skilled trade occupations | 10,000 | 9 | 7 | 10 |
| Personal service occupations | 7,000 | 6 | 7 | 9 |
| Sales & customer service occupations | 9,100 | 8 | 7 | 8 |
| Process plant & machine operatives | 6,000 | 6 | 4 | 6 |
| Elementary occupations | 15,900 | 15 | 9 | 11 |
| Total | 108,600 | | | |

Source: ONS, Local Authority Profile, Annual Population Survey (July 2012 – June 2013)

⁵ No qualifications: No formal qualifications held.

Other qualifications: includes foreign qualifications and some professional qualifications. National Vocational Qualification (NVQ) 1 equivalent: e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent; NVQ 2 equivalent: e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent, NVQ 3 equivalent: e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent, NVQ 4 equivalent and above: e.g. HND, Degree and Higher Degree level qualifications or equivalent.

⁶ Sub-categories may not sum exactly due to rounding

Data on the number of jobs within the borough by sector suggests that the economic profile of the borough is changing more quickly than the occupational profile of its residents: although the number of residents engaged in skilled trades occupations has been relatively stable since 2004 (9,300 in 2004; 10,000 in 2013), the number of manufacturing jobs within the borough has fallen from 4,700 in 2004 to stand at 3,500 by 2008 (**Table 3.5**; unfortunately this is the latest available data). The borough has an above-average dependency on public sector employment, with around a quarter of the borough's workforce (16,400 people) working in the public sector, compared with 17% across London as a whole⁷.

Earnings data suggests that residents commuting out of the borough to work earn a marginally higher wage than those working within the borough: median workplace-based gross pay in Waltham Forest was £523 per week, compared with residents-based pay of £528 per week (i.e. those either working within the borough or travelling out to work)⁸. This could be indicative of a workforce split along qualification lines, where the higher-skilled resident population commutes to central London to work, while the lower-skilled residents work locally. However, industrial workers outnumber industrial jobs in the borough, meaning residents working in the industrial sectors are also commuting out of the borough to work.

Table 3.5 Jobs (Labour Demand) in Waltham Forest by Sector

| | Waltham Forest | | London | GB |
|--|----------------|------|--------|------|
| | Number | % | % | % |
| Manufacturing | 3,500 | 6.3 | 4.3 | 10.2 |
| Construction | 2,200 | 3.9 | 2.9 | 4.8 |
| Services | 50,500 | 89.8 | 92.4 | 83.5 |
| Distribution, hotels & restaurants | 15,000 | 26.6 | 21.0 | 23.4 |
| Transport & communications | 2,100 | 3.8 | 7.4 | 5.8 |
| Finance, IT, other business activities | 11,500 | 20.4 | 34.7 | 22.0 |
| Public admin, education & health | 17,900 | 31.8 | 22.2 | 27.0 |
| Other services | 4,100 | 7.3 | 7.2 | 5.3 |
| Tourism-related* | 4,400 | 7.7 | 8.3 | 8.2 |
| Total | 56,300 | | | |

Source: ONS, Local Authority Profile, 2008 data (the latest available) extracted from Nomis

*Tourism consists of industries that are also part of the services industry

Table 3.6 provides further details of Waltham Forest residents' employment within industrial sub-sectors, and compares this with neighbouring boroughs. It highlights both a strong sectoral diversity across boroughs, and the overall importance of the industrial sector for Waltham Forest's workforce. In all but two sub-sectors, a higher percentage of the workforce is employed within the occupation than in neighbouring boroughs. Similarly, with the exception of textiles, printing and other skilled trades, each industrial sub-sector accounts for a larger proportion of employment in Waltham Forest than in London as a whole.

⁷ ONS Local Profiles, 2012 data

⁸ ONS Local Profiles, Annual Population Survey 2012-13

Table 3.6 Employment (Labour Supply) by Industrial Sub-Sector

| | Waltham Forest | | Enfield | Hackney | Haringey |
|---|----------------|-----|---------|---------|----------|
| | No. | % | % | % | % |
| Skilled agricultural and related trades | 1,100 | 0.3 | 0 | 0 | 0 |
| Skilled metal, electrical and electronic trades | 3,700 | 1.7 | 0.9 | 1.7 | 0 |
| Skilled construction and building trades | 7,500 | 3.1 | 2.6 | 1.8 | 2.6 |
| Textiles, printing and other skilled trades | 2,100 | 2.1 | 2.1 | 2.0 | 4.3 |
| Process, plant and machine operatives | 1,300 | 0.9 | 0 | 0.7 | 1.0 |
| Transport & mobile machine operatives | 4,000 | 3.3 | 6.7 | 3.3 | 2.3 |
| Elementary trades and related occupations | 1,900 | 0.7 | 0 | 0 | 0 |
| Elementary admin & service occupations | 10,500 | 8.4 | 8.2 | 7.7 | 8.1 |

Source: ONS, Local Authority Profile, Annual Population Survey (January 2012 – December 2012)

3.6 Earnings

According to the Annual Survey of Hours and Earnings (2012), Waltham Forest residents earned £534.10 a week on average, an increase of £54.60 on the same figure in 2007. While this figure is below the London average (£631.40), the rate of income growth, at 3%, is above the equivalent for London.

3.7 Housing

The 2011 Census recorded that a fifth of households in the LB Waltham Forest owned their home outright. In addition, 30% of the 97,000 households in Waltham Forest lived in a property they owned either through a mortgage or loan or as part of a shared ownership deal. This indicates a decline of 9% of some form of property ownership with respect to the 2001 Census. Of the 26% of households renting their property privately, the vast majority (93%) did so through a private landlord or letting agency.

Table 3.7 demonstrates the evolution of median house prices in Waltham Forest and three other local boroughs over a twelve-year period. It highlights that the median property in Waltham Forest is generally cheaper than across the other boroughs sampled. However, over the twelve-year sample, median house prices have risen 190% - the largest increase of the four. Despite this, in 2011 median house prices in the borough are still £18,000 below the outer London average.

Table 3.7 Median House Prices ('000)

| | 1999 | 2003 | 2007 | 2011 |
|-----------------------|-----------|------------|------------|------------|
| Hackney | 113 | 194 | 265 | 312 |
| Haringey | 110 | 192 | 268 | 305 |
| Enfield | 94 | 180 | 234 | 240 |
| Waltham Forest | 80 | 173 | 240 | 232 |

Source: Department for Local Government and Communities, Median house prices based on Land Registry data

3.8 Business Demography and Inward Investment

Business demography and VAT registrations provide an insight into the entrepreneurship of the borough. **Table 3.8** shows births and deaths of businesses for Waltham Forest, the three neighbouring boroughs and London as a whole.

In 2011, the net increase of 415 enterprises in the borough resulted in a 5% increase in active enterprises, above the London average but below Hackney and Haringey. New enterprises, defined as those under a year old, are also found to be a larger portion of the business base in Waltham Forest than in both neighbouring boroughs and across London as a whole. However, survival rates are poor in comparison with the London average, with only 40% of businesses surviving 4 years, compared with around 50% for London⁹.

Combining these figures with the latest population data (the 2011 Census) indicates that, although Waltham Forest has the lowest rate of enterprise deaths per capita of the boroughs reviewed, it also has the second lowest rate of births per capita. Waltham Forest also has the lowest proportion of enterprises per capita; at 31 per 1,000 head of population, it is lower than all neighbouring boroughs sampled and 68% lower than the London average.

Table 3.8 Business Demographics

| | Births | Deaths | Active | New Enterprises (% of total) |
|-----------------------|--------------|------------|--------------|------------------------------|
| Enfield | 1,530 | 1,305 | 10,980 | 14 |
| Hackney | 1,970 | 1,120 | 12,150 | 16 |
| Haringey | 1,570 | 1,030 | 10,005 | 16 |
| Waltham Forest | 1,385 | 970 | 7,940 | 17 |
| London | 61,395 | 43,730 | 421,185 | 15 |

Source: ONS, *Business Demographics 2011*

The Walthamstow region¹⁰ alone, containing both the Blackhorse Lane and Lea Bridge Gateway SIL sites, accounted for 52% of VAT registrations in the borough in 2013.

Waltham Forest has relatively low levels of inward investment. The 2010 Local Economic Assessment reported that 197 firms in the borough were 'inward investors' (i.e. foreign firms that had chosen to locate there): the second-lowest number of such businesses of any borough in London.

3.9 Business Units by Size Band

Table 3.9 shows the distribution of businesses by size in 2013. It highlights that the majority of businesses, both in the borough and across London as a whole, are small, with the vast majority of businesses employing nine people or fewer.

⁹ ONS Business Demography (2011)

¹⁰ Consisting of the following wards: Chapel End, High Street, Higham Hill, Hoe Street, Lea Bridge, Markhouse Ward, William Morris and Wood Street.

Table 3.9 Businesses by Size

| Employment Band | Walthamstow | | Waltham Forest | | London | |
|--------------------|--------------|------------|----------------|------------|----------------|------------|
| | Number | % | Number | % | Number | % |
| 0 to 9 | 3,090 | 87 | 6,930 | 88 | 366,610 | 85 |
| 10 to 49 | 395 | 11 | 805 | 10 | 51,945 | 12 |
| 50 to 249 | 80 | 2 | 160 | 2 | 11,480 | 3 |
| 250 or more | 5 | 0 | 20 | 0 | 2,065 | 0 |
| Total | 3,570 | 100 | 7,915 | 100 | 432,100 | 100 |

Source: ONS, Inter Departmental Business Registry (March 2013). Note that figures do not always sum exactly due to rounding.

3.10 Conclusions

Compared to other London boroughs Waltham Forest has a relatively young and ethnically diverse population but it is also less affluent and has associated issues of deprivation, relative poverty and low skills. The unemployment rate for the borough is marginally higher than the London average.

New businesses account for a relatively large proportion of the business base, but business survival rates are poor, with only 40% of new businesses surviving 4 years.

Thirty per cent of Waltham Forest’s workforce is employed in types of work associated with industrial land: a higher proportion than neighbouring boroughs and the rest of London. This suggests that the local labour force is well-suited to the opportunities presented by the two SILs, and the fact that a number of residents commute to other boroughs for industrial jobs further highlights the match between residents’ skill levels and opportunities likely to be presented by the SILs. Comparing the data on labour supply (employment) with data on labour demand (jobs) within the borough tentatively suggests that the mix of economic activities taking place within the borough is changing more quickly than the occupational mix of its residents – manufacturing jobs in the borough, for example, fell by a quarter between 2004 and 2008 (from 4,700 to 3,500), while industrial employment over the same period has been relatively stable.

As is the case nationwide, small businesses are the dominant source of employment within the borough, which suggests that demand for commercial space on the part of local firms is likely to be weighted towards smaller units. Walthamstow, the location of the two SILs, is the most active area within the borough for business births, accounting for more than half of all VAT registrations in 2013.

4 ASSESSMENT OF BLACKHORSE LANE AND LEA BRIDGE GATEWAY SILS

4.1 Introduction

This section provides a summary of the key findings of the 2013 field survey of the two SILs, and focuses on the sites' condition, utilisation, and suitability for investment. Detailed and extensive field and desk research results were collected as part of the research and analysis.

4.2 Parcels identified within the two SILs

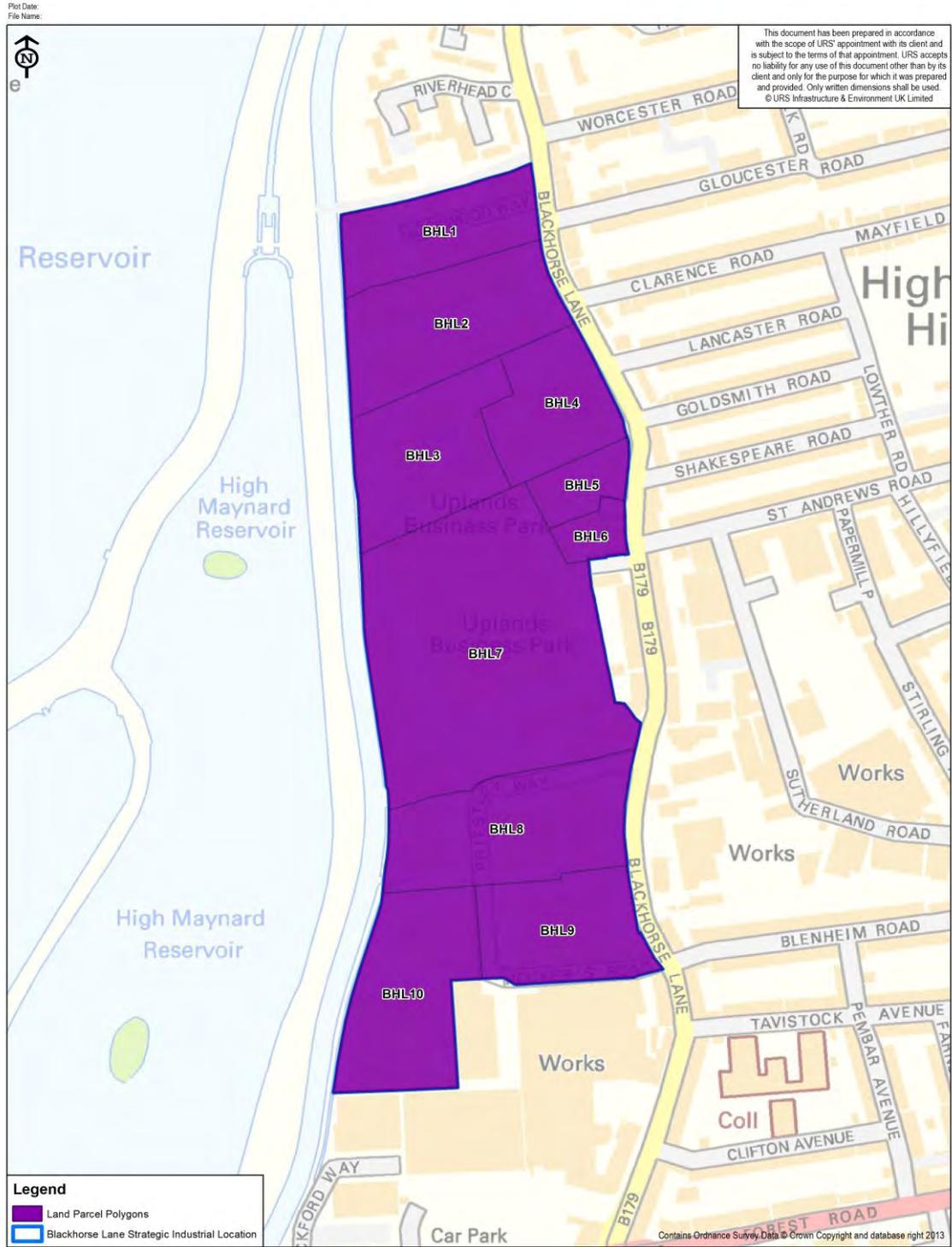
For the purposes of the supply assessment the two SILs were subdivided into 25 parcels. Ten parcels (BHL1-BHL10) were identified in the Blackhorse Lane SIL, while 15 parcels (LB1-LB15) were identified in the Lea Bridge Gateway SIL. The parcels were identified by taking account of building typologies, character areas, uses, infrastructure lines and potential ownership. **Table 4.1** below lists the 25 parcels that were surveyed against site appraisal criteria set by URS and subsequently agreed with the Council (shown in Appendix A), while **Figure 4.1** and **Figure 4.2** show the parcels on a map. The parcels in the Blackhorse Lane SIL comprise a total area of 16.1 ha, while the parcels in the Lea Bridge Gateway SIL comprise a total area of 37.4ha.

Table 4.1 Surveyed Parcels

| URS Parcel No. | SIL | Parcel Area (ha) |
|----------------|--------------------|------------------|
| BHL1 | Blackhorse Lane | 1.18 |
| BHL2 | Blackhorse Lane | 1.8 |
| BHL3 | Blackhorse Lane | 1.55 |
| BHL4 | Blackhorse Lane | 1.13 |
| BHL5 | Blackhorse Lane | 0.4 |
| BHL6 | Blackhorse Lane | 0.26 |
| BHL7 | Blackhorse Lane | 4.8 |
| BHL8 | Blackhorse Lane | 1.95 |
| BHL9 | Blackhorse Lane | 1.32 |
| BHL10 | Blackhorse Lane | 1.73 |
| LB1 | Lea Bridge Gateway | 0.7 |
| LB2 | Lea Bridge Gateway | 2.13 |
| LB3 | Lea Bridge Gateway | 1.78 |
| LB4 | Lea Bridge Gateway | 2.83 |
| LB5 | Lea Bridge Gateway | 3.05 |
| LB6 | Lea Bridge Gateway | 2.14 |
| LB7 | Lea Bridge Gateway | 1.63 |
| LB8 | Lea Bridge Gateway | 4.88 |
| LB9 | Lea Bridge Gateway | 2.03 |
| LB10 | Lea Bridge Gateway | 2.74 |
| LB11 | Lea Bridge Gateway | 0.76 |
| LB12 | Lea Bridge Gateway | 2.34 |
| LB13 | Lea Bridge Gateway | 5.06 |
| LB14 | Lea Bridge Gateway | 1.96 |
| LB15 | Lea Bridge Gateway | 3.36 |
| Total | | 53.51 |

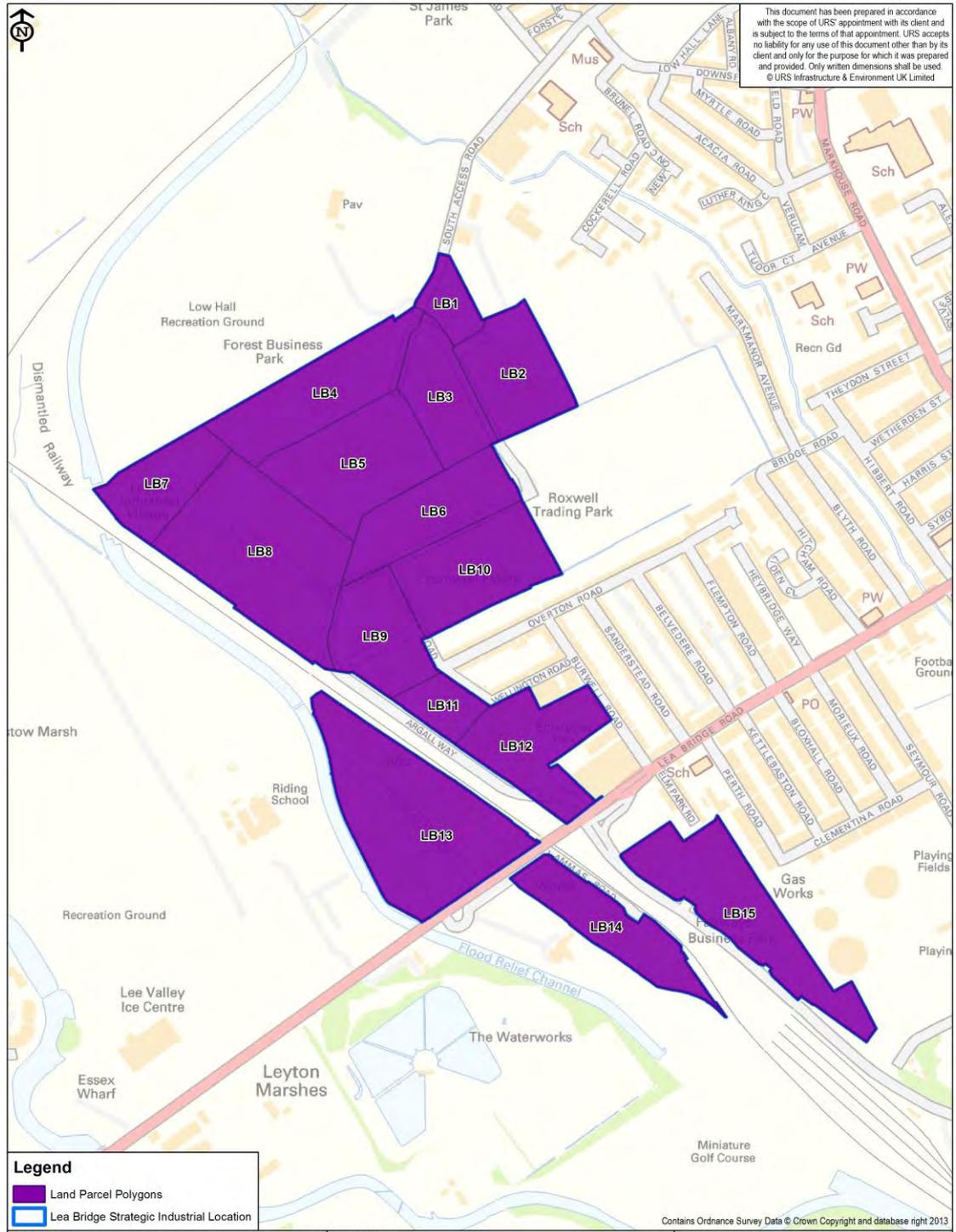
Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

Figure 4.1 Map of Parcels within Blackhorse Lane SIL



Source: URS

Figure 4.2 Map of Parcels within Lea Bridge Gateway SIL



Source: URS

The survey methodology and criteria are based on factors and issues set out in the ODPM's Employment Land Review Guidance Note (2004), the GLA Land for Industry and Transport SPG (2012) and guidance set out in the NPPF. These criteria have been tailored and refined based on the consultancy team's experience and the specific context within Waltham Forest.

Our assessment of supply of employment land has included a review of each parcel's suitability for office (B1) and industrial/warehousing (B2/B8) land-uses. This differentiation is made because the characteristics of the land and premises appropriate for these employment types are quite different. For example, B1 land users usually require better access to public transport than industrial (B2/B8) land users, who require better access to the road network. The nature of their activities also means that the quality of the environment is usually less important to industrial occupiers (B2/B8) than office occupiers (B1).

4.3 Parcel suitability for B1 land-use

This section sets out a summary of the key findings of the parcel field surveys. Although the majority of the land uses in the parcels are currently in industrial use, it is still relevant to assess all parcels' suitability for office use as over the long term planning period there could be potential for change of use. Further, B1 uses are likely to have fewer compatibility issues than residential uses when placed in proximity to the B2/B8 activities that dominate the SILs currently.

Drawing upon our field survey and desk research, we have reviewed all of the parcels in both of the SILs for their suitability for office uses.

The most significant and relevant criteria for determining the suitability of land parcels for B1 use are listed below:

- Access to public transport;
- Access to facilities and amenities; and
- Overall quality of environment as employment parcels.

Access to public transport

Public transport is an important characteristic in clusters where B1 land use predominates. In our analysis, access to public transport for employment clusters was assessed through Transport for London's PTAL (Public Transport Accessibility Levels) maps. PTAL is a simple and easily calculated approach which relates to the distance from any given point to the nearest public transport stops and the frequency of the service from those stops. The result is a grade from 1-6 where PTAL of 1 indicates a very poor access to the location by public transport, and a PTAL of 6 indicates a very good access by public transport.

All but one of the 25 parcels were considered to have poor or very poor access to public transport as they had PTAL ranging from 1a to 2. The exception to this was Parcel BHL9 which had a moderate PTAL of 3. Overall the parcels in the Blackhorse Lane SIL currently benefit from marginally better public transport accessibility than the majority of parcels in the Lea Bridge Gateway SIL, due to the Blackhorse Lane SIL's proximity to the train and underground station on Blackhorse Road. However it should be noted that the reopening of the Lea Bridge station in 2014 will significantly improve the PTAL levels in the surrounding area and create a fast connection to Stratford, thus having positive implications on the accessibility of the land in parcels LB11-15.

Table 4.2 below presents the parcels with poor or very poor Public Transport Access.

Table 4.2 Employment Clusters with Poor or Very Poor Public Transport Access

| URS Parcel No. | SIL | PTAL Level | Parcel Area (ha) |
|---------------------------|--------------------|--|------------------|
| BHL3 | Blackhorse Lane | 2 | 1.55 |
| BHL4 | Blackhorse Lane | 2 | 1.13 |
| BHL5 | Blackhorse Lane | 2 | 0.4 |
| BHL6 | Blackhorse Lane | 2 | 0.26 |
| BHL7 | Blackhorse Lane | 2 | 4.8 |
| BHL8 | Blackhorse Lane | 2 | 1.95 |
| BHL10 | Blackhorse Lane | 2 | 1.73 |
| LB11 | Lea Bridge Gateway | 2 | 0.76 |
| LB12 | Lea Bridge Gateway | 2 | 2.34 |
| LB13 | Lea Bridge Gateway | 2 | 5.06 |
| LB14 | Lea Bridge Gateway | 2 | 1.96 |
| LB15 | Lea Bridge Gateway | 2 | 3.36 |
| LB1 | Lea Bridge Gateway | 1b | 0.7 |
| BHL1 | Blackhorse Lane | 1b | 1.18 |
| BHL2 | Blackhorse Lane | 1b | 1.8 |
| LB9 | Lea Bridge Gateway | 1a in northern half of parcel; 2 in southern half. | 2.03 |
| LB2 | Lea Bridge Gateway | 1a | 2.13 |
| LB3 | Lea Bridge Gateway | 1a | 1.78 |
| LB4 | Lea Bridge Gateway | 1a | 2.83 |
| LB5 | Lea Bridge Gateway | 1a | 3.05 |
| LB6 | Lea Bridge Gateway | 1a | 2.14 |
| LB7 | Lea Bridge Gateway | 1a | 1.63 |
| LB8 | Lea Bridge Gateway | 1a | 4.88 |
| LB10 | Lea Bridge Gateway | 1a | 2.74 |
| Total | | | 52.19 |
| % of surveyed land | | | 97.53 |

Access to Facilities and Amenities

Where B1 land-use predominates, businesses should ideally have close access to facilities and amenities so that the needs of employees and businesses are adequately served. Parcels' access to facilities and amenities was assessed during the field survey.

The following criteria were used to assess parcels access to amenities:

| | |
|-----------|--|
| Very Good | Shops, restaurants and/or cafes and personal services within the business location or accessible within a five minute walk. There is a selection of places for lunch and the possibility of doing some shopping. |
| Good | Shops, restaurants and/or cafes within a five to ten minute walk. There is some selection of places for lunch. |

| | |
|-----------|---|
| Poor | Shops, restaurants and/or cafes within a ten to fifteen minute walk. There is a limited selection of places for lunch. |
| Very Poor | Shops, restaurants and/or cafes/ takeaways more than a fifteen minute walk. None or very limited selection of places for lunch. |

The survey found that in the Blackhorse Lane SIL, three parcels in the southern part of the SIL have very good access to facilities and amenities, representing 31% of land in the SIL, whilst seven have good access, representing 69% of land in the SIL. This is due to the parcels being located closer to facilities located on Blackhorse Road and in the area around the train/underground stations. Looking ahead, this access is likely to improve, as developments around the Station Hub area immediately to the south of the retained SIL come forward for mixed-use development incorporating town centre uses.

In terms of the Lea Bridge Gateway SIL, the survey found that three parcels have good access to facilities and amenities, representing 28% of land in the SIL. These parcels are listed in **Table 4.3** below.

Table 4.3 Parcels with Good or Very Good access to facilities and amenities

| URS Parcel No. | SIL | Level of accessibility | Parcel Area (ha) |
|---------------------------------|--------------------|------------------------|------------------|
| BHL8 | Blackhorse Lane | VG | 1.95 |
| BHL9 | Blackhorse Lane | VG | 1.32 |
| BHL10 | Blackhorse Lane | VG | 1.73 |
| BHL1 | Blackhorse Lane | G | 1.18 |
| BHL2 | Blackhorse Lane | G | 1.8 |
| BHL3 | Blackhorse Lane | G | 1.55 |
| BHL4 | Blackhorse Lane | G | 1.13 |
| BHL5 | Blackhorse Lane | G | 0.4 |
| BHL6 | Blackhorse Lane | G | 0.26 |
| BHL7 | Blackhorse Lane | G | 4.8 |
| LB13 | Lea Bridge Gateway | G | 5.06 |
| LB14 | Lea Bridge Gateway | G | 1.96 |
| LB15 | Lea Bridge Gateway | G | 3.36 |
| Total | | | 26.5 |
| % of total surveyed land | | | 49.52 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

The majority of the parcels in the Lea Bridge SIL (12) have poor access to facilities and amenities, representing 72% of land in the SIL; this is due in part to the low PTAL ratings for the area within the SIL, as well as the distance between the majority of the land parcels and the facilities and amenities located on Lea Bridge Road. These parcels are listed in **Table 4.4** below.

Table 4.4 Parcels with Poor access to facilities and amenities

| URS Parcel No. | SIL | Level of accessibility | Parcel Area (ha) |
|---------------------------------|--------------------|------------------------|------------------|
| LB1 | Lea Bridge Gateway | P | 0.7 |
| LB2 | Lea Bridge Gateway | P | 2.13 |
| LB3 | Lea Bridge Gateway | P | 1.78 |
| LB4 | Lea Bridge Gateway | P | 2.83 |
| LB5 | Lea Bridge Gateway | P | 3.05 |
| LB6 | Lea Bridge Gateway | P | 2.14 |
| LB7 | Lea Bridge Gateway | P | 1.63 |
| LB8 | Lea Bridge Gateway | P | 4.88 |
| LB9 | Lea Bridge Gateway | P | 2.03 |
| LB10 | Lea Bridge Gateway | P | 2.74 |
| LB11 | Lea Bridge Gateway | P | 0.76 |
| LB12 | Lea Bridge Gateway | P | 2.34 |
| Total | | | 27.01 |
| % of total surveyed land | | | 50.48 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

Overall quality of the environment

The overall quality of the SILs was assessed against the condition of buildings and the quality of the environment in each of the parcels. In total, 17 of the land parcels were considered to be in Good or Very Good condition – two-thirds (63.3%) of the 25 parcels surveyed.

In terms of the Blackhorse Lane SIL, eight of the parcels were considered to be in either Good or Very Good condition, representing 62.5% of land in the SIL. Parcel BHL2, which has recently been redeveloped, scored the highest in terms of overall quality.

With regards to the Lea Bridge Gateway SIL, nine of the parcels are also in either Good or Very Good condition, representing 63.5% of land in the SIL. Parcels LB2 and LB14, which have both recently been redeveloped, scored most highly in this regard.

To receive this designation the majority (over 50%) of buildings and land within the parcels had to fulfil the following criteria:

| | |
|------------------------|--|
| Building condition | <p><i>Very Good</i> – buildings in immaculate state, no signs of paint coming off, windows and window frames in very good condition, immediate surrounding/grounds well kept.</p> <p><i>Good</i> – buildings in good condition, small areas where paint might come off, etc., grounds in reasonable state.</p> |
| Quality of environment | <p><i>Very Good</i> – the streets and the public realm within and surrounding the cluster are of very good quality. There is sufficient street lighting and no perceived personal safety issues. The business area is not polluted by noise or air pollution from neighbouring uses and/or heavy street traffic.</p> <p><i>Good</i> – the streets and public realm within and surrounding the business cluster are of good quality but it does not reach the ‘very good’ standard (some litter, street furniture shows signs of aging, etc.) There are no perceived safety issues.</p> |

Table 4.5 below lists the employment parcels with the majority (over 50%) of buildings and quality of land assessed as being in Good or Very Good Condition. The two office buildings within BHL3, Landmark House and Silver Birch House, were found to be in a good, though dated, condition from our survey of the exteriors – a more detailed survey would be required to determine their interior condition.

Table 4.5 Parcels in Good or Very Good Condition

| URS Parcel No. | SIL | Overall Quality | Size (ha) |
|---------------------------------|-----------------|-----------------|--------------|
| BHL2 | Blackhorse Lane | VG | 1.8 |
| BHL6 | Blackhorse Lane | VG | 0.26 |
| BHL8 | Blackhorse Lane | VG | 1.95 |
| BHL3 | Blackhorse Lane | G | 1.55 |
| BHL4 | Blackhorse Lane | G | 1.13 |
| BHL5 | Blackhorse Lane | G | 0.4 |
| BHL9 | Blackhorse Lane | G | 1.32 |
| BHL10 | Blackhorse Lane | G | 1.73 |
| LB2 | Lea Bridge | VG | 2.13 |
| LB3 | Lea Bridge | G | 1.78 |
| LB5 | Lea Bridge | G | 3.05 |
| LB6 | Lea Bridge | G | 2.14 |
| LB7 | Lea Bridge | G | 1.63 |
| LB8 | Lea Bridge | G | 4.88 |
| LB9 | Lea Bridge | G | 2.03 |
| LB10 | Lea Bridge | G | 2.74 |
| LB15 | Lea Bridge | VG | 3.36 |
| Total | | | 33.88 |
| % of total surveyed land | | | 63.32 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

In total, eight of the 25 surveyed parcels (36.68%) were recorded to have a majority (over 50%) of buildings and land in Poor or Very Poor condition. It is notable however that in some cases, while the overall quality of the environment did not meet the Good or Very Good criteria, the condition of a number of buildings in these parcels was Good. This was the case for Parcels BHL7, LB4 and LB11-14. Further, many of the factors that contribute to a 'poor' public realm designation – such as noise or air pollution, or heavy traffic – are a consequence of the predominantly industrial activities taking place on the two SILs, which tend to create a low quality public realm and/or not require the public realm to be of as high a quality in comparison to office uses.

In terms of the Blackhorse Lane SIL, two of the parcels were considered to be in Poor condition, representing just over 37% of land in the SIL. Parts of Parcel BHL1 were found to be poorly maintained, with the public realm dominated by hard standing and under-utilised car parking space. The quality across Parcel BHL7 was mixed, with an area used solely for storing shipping containers and some buildings showing signs of poor maintenance – 60% of the buildings were found to be in Good, though dated, condition, with 40% in Poor condition.

Our consultation with businesses based on the sites accords with this finding; within Blackhorse Lane, the business we spoke to said that while the access to the road network was

good, inconsistent street lighting and poor-quality, overgrown pavements combined to increase the risks associated with travelling on foot through the site.

With regards to the Lea Bridge Gateway SIL, six of the parcels were considered to be in Poor or Very Poor condition, representing 36.5% of land in the SIL. For example, Parcel LB1, which is used for waste management purposes contained a number of buildings in poor condition as well as a number of shipping containers at the site entrance. Parcel LB4 was recorded as being untidy/in poor condition in places but particularly around the site entrance.

For additional detail on the exact split between Good and Poor buildings within each parcel, and the reasons for the designation, please see the Excel database that accompanies this report.

To receive the Poor or Very Poor designation the majority (over 50%) of buildings and land within the parcels had to fulfil the following criteria:

| | |
|---------------------------|--|
| Building condition | <p><i>Poor</i> – paint coming off, cracks and windows in poor state, plus surroundings are poorly kept.</p> <p><i>Very Poor</i> – building still in use but in very poor condition; paint coming off in large areas, some windows broken, surroundings not maintained and/or littered and/or cluttered with rubbish.</p> |
|---------------------------|--|

| | |
|-------------------------------|---|
| Quality of environment | <p><i>Poor</i> – the streets and the public realm within and surrounding the business area are of poor quality (potholes, litter, poorly maintained or damaged street furniture). There is not enough street lighting and some perceived safety issues. The business area might be polluted by noise or air pollution from neighbouring uses and/or heavy street traffic.</p> <p><i>Very Poor</i> – the streets and the public realm within and surrounding the business area are of very poor quality (potholes, litter on street, not collected rubbish, etc.) There is not enough street lighting and there are perceived safety issues. There is noise and/or air pollution from neighbouring uses and/or heavy street traffic.</p> |
|-------------------------------|---|

Table 4.6 below lists the employment parcels with the majority (over 50%) of buildings and quality of land assessed as being in Poor or Very Poor Condition.

Table 4.6 Parcels in Poor or Very Poor Condition

| URS Parcel No. | SIL | Overall Quality | Size (ha) |
|---------------------------------|-----------------|-----------------|--------------|
| BHL1 | Blackhorse Lane | P | 1.18 |
| BHL7 | Blackhorse Lane | P | 4.8 |
| LB1 | Lea Bridge | P | 0.7 |
| LB4 | Lea Bridge | P | 2.83 |
| LB11 | Lea Bridge | P | 0.76 |
| LB12 | Lea Bridge | P | 2.34 |
| LB13 | Lea Bridge | P | 5.06 |
| LB14 | Lea Bridge | P | 1.96 |
| Total | | | 19.63 |
| % of total surveyed land | | | 36.68 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

As noted above, BHL7 is judged to be in poor condition overall, despite the majority of buildings within the parcel being in good condition, as a result of the poor-quality land and public realm within the parcel.

4.4 Parcel Suitability for B2/B8 Land-use

This section is an assessment of the 25 parcels' suitability for B2/B8 uses based on different criteria than that used to assess cluster suitability for B1 uses.

Some of the parcels are potentially in office use at present. However it is still relevant to assess all parcels' suitability for industrial/warehousing use as over the long-term planning period there could be potential for change of use.

The most relevant and significant criteria are listed below. These criteria correspond to the comprehensive criteria contained in Annex 3 of the GLA Land for Industry and Transport SPG:

- Transport accessibility;
- Impacts on surrounding amenity;
- Servicing of businesses; and
- Availability of parking.

Transport Accessibility

The strategic transport accessibility of employment parcels was determined both through desk-based research and site visits. Criteria used to assess this included:

- Strategic road access, and
- Ability of businesses to make use of other forms of transport e.g. rail, water.

The GLA's SPG on Land for Industry and Transport¹¹ recognises the importance of the accessibility of SILs to the strategic road network and potential for transport of goods by rail and/or water transport. The assessment of the SILs found that all 25 of the parcels can be accessed directly from, or are in close proximity to the trunk road network. In the case of the parcels in the Blackhorse Lane SIL, they benefit from good accessibility to the A503 (approximately a 10-minute drive), and for the parcels in the Lea Bridge Gateway SIL, all of the parcels have good/very good accessibility to the A104 (Lea Bridge Road, which runs through the SIL).

Impact on Surrounding Amenity

A parcel was perceived as having a negative impact on the neighbourhood if its use was assessed as generating/ associated with at least two of the following list of; noise pollution, air pollution, smell, HGV traffic and significant car traffic. As noted in the assessment for B1 suitability, these impacts are characteristic of the industrial activities that take place within SILs and are not necessarily detrimental to the SILs' functioning as employment sites. However, such negative impacts can be an issue for areas of SIL adjacent to residential space.

In total, 17 of the 25 surveyed employment parcels were identified as having at least one bad neighbourhood use, of which the majority fall within the Lea Bridge Gateway SIL. Of these 17 parcels, six employment parcels lie within close proximity to or have an impact on surrounding/nearby residential uses. However, as some parcels were clearly identified as

¹¹ Greater London Authority (2012) Land for Industry and Transport SPG [online] available at: <http://www.london.gov.uk/priorities/planning/publications/land-for-industry-and-transport-spg>

having a more significant impact on the neighbourhood than those with one use, we have only highlighted those which have two or more bad neighbourhood uses – a total of four parcels, all located within the Lea Bridge Gateway SIL.

These are shown in **Table 4.7** below.

Table 4.7 Parcels (including B2/B8 uses) with Bad Neighbourhood Uses and Proximity to Residential Uses

| URS Parcel No. | SIL | Parcel has two or more Bad Neighbourhood Uses | Proximity to Residential Areas | Parcel Area (ha) |
|----------------|--------------------|---|---------------------------------|------------------|
| LB9 | Lea Bridge Gateway | ✓ | ✓ | 2.03 |
| LB10 | Lea Bridge Gateway | ✓ | ✓ | 2.74 |
| LB11 | Lea Bridge Gateway | ✓ | ✓ | 0.76 |
| LB12 | Lea Bridge Gateway | ✓ | ✓ | 2.34 |
| | | | Total | 7.87 |
| | | | % of total surveyed land | 14.71 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

Servicing of Businesses

For parcels where B2/B8 land-use predominates, it is important that there is designated and adequate space for the servicing of businesses. The assessment looks for the presence of loading/ unloading facilities either on-street or off-road, and/or loading bays. The suitability of existing servicing arrangements within each parcel was assessed during the field survey.

The field-survey identified that all 25 parcels currently have adequate servicing for the existing business' needs; of these, two parcels in the Blackhorse Lane SIL (Parcels BHL2 and BHL3) were identified as having excellent or good servicing arrangements, with the presence of loading bays.

Availability of Parking

For parcels where B2/B8 land-use predominates, it is important that there is adequate parking space to accommodate the needs of businesses within the parcel and the increased likelihood that employees will travel to work by car, given that public transport accessibility is likely to be lower. Indeed public transport accessibility in the majority of the parcels in the Lea Bridge Gateway SIL is currently extremely poor.

The availability and type of parking within each parcel was assessed during the field survey.

The field-survey found that in all the parcels, current parking provision was at least adequate, with the vast majority of parcels having dedicated parking on site. Two parcels were found to have an excessive level of parking provision. This judgement was reached on the basis of the level of occupation, and the size of the car park in relation to the buildings within the parcel, and their likely parking needs. The parcels for which this was the case are listed in **Table 4.8** below.

Table 4.8 Employment Parcels where parking provision is considered excessive for current B2/B8 uses

| URS Parcel No. | SIL | Parcel Area (ha) |
|---------------------------------|--------------------|------------------|
| BHL1 | Blackhorse Lane | 1.18 |
| LB7 | Lea Bridge Gateway | 1.63 |
| Total | | 2.81 |
| % of total surveyed land | | 5.25 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

4.5

Mix of business uses

Both of the areas that are the focus of this study – Blackhorse Lane and Lea Bridge Gateway – are designated Preferred Industrial Location (PIL) type SILs in the London Plan. The SIL designation is also reflected in Waltham Forest’s Core Strategy. The implication of the PIL designation is that at the time of designation, the sites were considered to be ‘particularly suitable for general industrial, light industrial, storage and distribution, waste management, recycling, some transport related functions, utilities, wholesale markets and other industrial related activities’. The purpose of the SIL designation is to ensure that demand for, and supply of, productive industrial land is reconciled.

With regards to the Blackhorse Lane SIL, the vast majority of uses on the site are consistent with the ELR definition of industrial land uses; namely, office (B1), industry (B2) and warehousing (B8). The results of the field survey have shown that there are a small number of non-industrial uses operating on Blackhorse Lane including two cafes (A3) and three college buildings (D1). **Table 4.9** below presents a breakdown of the different uses on the site by use.

Table 4.9 Use types in the Blackhorse Lane SIL

| Use Type | Blackhorse Lane SIL | Lea Bridge Gateway SIL | Total |
|--|---------------------|------------------------|--------------|
| B8 | 10.8 | 21.70 | 32.50 |
| B2 | 1.05 | 7.73 | 8.78 |
| B2/B8 | 1.14 | 1.97 | 3.11 |
| B1/B8 | | 2.30 | 2.30 |
| Land for Transport Functions/Car Parking | 0.24 | 2.10 | 2.34 |
| B1 | 1.78 | 0.03 | 1.81 |
| Waste Management/Recycling | | 0.83 | 0.83 |
| D1 | 0.20 | 0.20 | 0.40 |
| A1 | | 0.15 | 0.15 |
| A3 | 0.09 | 0.03 | 0.12 |
| Vacant Land | 0.88 | 0.28 | 1.16 |
| Total | 15.30 | 37.05 | 53.51 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

In terms of the Lea Bridge Gateway SIL, the majority of uses on the site comply with the ELR definition of industrial land. However a number of non-industrial uses, most notably places of worship (D1), are located within the SIL. This raises a number of planning issues: in particular, it raises issues of land-use compatibility with non-industrial uses locating within predominantly industrial areas and gives rise to significant increases in vehicle traffic. As the

survey has shown, all of the land parcels within the SILs have either Very Poor or Poor public transport accessibility therefore this is likely to continue to cause issues into the future.

4.6 Occupancy Rates

Occupancy rates across both SILs are high overall. During the field survey the majority of units within the parcels were identified as currently occupied.

The field survey identified 5.5% of land within the Blackhorse Lane SIL as vacant and 0.75% of land in the Lea Bridge Gateway SIL as vacant. In total, this equates to approximately 2.2% of the land within the SILs as vacant.

In terms of vacant units, in the Blackhorse Lane SIL, three parcels were identified as containing vacant units. Of particular note was Parcel BHL3 which comprises office land (B1a) and is largely vacant. The parcel contains two large office buildings (Silver Birch House and Landmark House) and an extensive area of car parking. At the time that the field survey was undertaken there were no advertising hoardings on the site to indicate that Silver Birch House was being actively marketed, although a commercial property search found that the site is currently being marketed by Strettons Estate Agents at £12.50/sqft. Advertising hoardings within the parcel confirm that up to 744m² of floor space in Landmark House is currently vacant and being actively marketed for let. The market value of property on the SILs is discussed in **Chapter 5**.

In addition three recently refurbished units (of up to 1,000m²) were found to be vacant on the western edge of Parcel BHL8. These units are being actively marketed by property agents for B8 (warehouse) use.

In the Lea Bridge Gateway SIL, eight of the fifteen parcels were found to contain vacant units that are being actively marketed for sale or let. The quality of the vacant units being marketed across the SIL is generally high. This includes four high quality warehouse units, each measuring approximately 172m² that were found to be vacant and available for let in Parcel LB10, as was a large recently refurbished industrial unit of 1,185m² in Parcel LB9.

Table 4.10 Parcels with vacant units and vacant land

| URS Parcel No. | SIL | Vacant Buildings / Use type | Vacant Land | Parcel Area (ha) |
|---------------------------------|--------------------|--|-------------|------------------|
| BHL3 | Blackhorse Lane | Two offices | ✓ | 1.55 |
| BHL4 | Blackhorse Lane | One warehouse unit | | 1.13 |
| BHL7 | Blackhorse Lane | | ✓ | 4.8 |
| BHL8 | Blackhorse Lane | Three warehouse units | | 1.95 |
| BHL9 | Blackhorse Lane | | ✓ | 1.32 |
| LB4 | Lea Bridge Gateway | Two industrial units and six warehouse units | | 2.83 |
| LB6 | Lea Bridge Gateway | Four commercial/warehouse units | ✓ | 2.14 |
| LB8 | Lea Bridge Gateway | Two warehouse units | | 4.88 |
| LB9 | Lea Bridge Gateway | One large industrial unit | | 2.03 |
| LB10 | Lea Bridge Gateway | Office space in two buildings and four warehouse units | | 2.74 |
| LB12 | Lea Bridge Gateway | One industrial unit | ✓ | 2.34 |
| LB14 | Lea Bridge Gateway | One industrial unit | | 1.96 |
| Total | | | | 29.67 |
| % of total surveyed land | | | | 55.45 |

Source: URS Waltham Forest Evaluation of Blackhorse Lane and Lea Bridge Gateway SILs Field Survey

4.7 Conclusions

URS carried out a qualitative field survey of the land in Blackhorse Lane and Lea Bridge Gateway SILs, combined with elements of desktop research. This assessment was carried out against site appraisal criteria set by URS and subsequently agreed with the Council. A comparative analysis of the quality and characteristics of parcels for employment uses was then undertaken on the basis of the quantity of land contained within the lined boundaries of parcels. Owing to the different site characteristics required by office (B1) and industrial (B2/B8) users, our analysis has assessed parcel suitability for these use classes separately.

The field survey identified the key land uses in the SILs to be warehouses, industry and office. The survey established that a number of non-industrial uses are operating within the SILs including cafes (A3), places of worship (D1), educational establishments (D1) and a furniture showroom (A1). For the estimated quantum of non-industrial space, see Table 4.9.

The assessment of employment land in the Blackhorse Lane and Lea Bridge Gateway SILs found that on the whole, in terms of current occupation levels, both SILs are performing well.

Owing largely to the fact that all of the parcels are located in industrial locations, all but one was found to have poor or very poor public transport accessibility. Public transport accessibility levels were found to be slightly better in the Blackhorse Lane SIL than in the Lea Bridge Gateway SIL overall, due to the fact that the former is located within walking distance of the Blackhorse Road train and underground station. This helps to make parcels in the Blackhorse Lane SIL more suitable than the Lea Bridge Gateway SIL for B1 land-use.

The field survey also identified access to facilities and amenities to be significantly better in the Blackhorse Lane SIL than in the Lea Bridge Gateway SIL, thus further lending parcels in the Blackhorse Lane SIL to being more appropriate for B1 land-uses than the Lea Bridge Gateway SIL. The redevelopment of the Station Hub area to the immediate south of the SIL will improve this accessibility further.

The re-opening of Lea Bridge Train Station in 2014 will significantly improve public transport accessibility in the Lea Bridge Gateway SIL. This is also expected to increase the attractiveness of the area as an employment location, thus potentially leading to increased demand from businesses.

In terms of the parcels' suitability for B2/B8 uses, the field survey and desk assessment established that all of the sites possess the characteristics suitable for B2/B8 employment use. Both SILs offer good connectivity to the strategic road network, as well as being for the most part in good condition, and with adequate parking and servicing provision.

Vacancy rates are low on both sites. Our field survey identified six vacant units (two office and four warehouse) within Blackhorse Lane and 23 vacant units (two office, 16 warehouse and five industrial) within Lea Bridge Gateway. The majority of these sites are in good condition, and are being actively marketed. The notable exception to this is Silver Birch House, a large office building within Parcel BHL3, which has no on-site advertising hoardings to indicate it is available.

5 PROPERTY MARKET ANALYSIS

5.1 Introduction

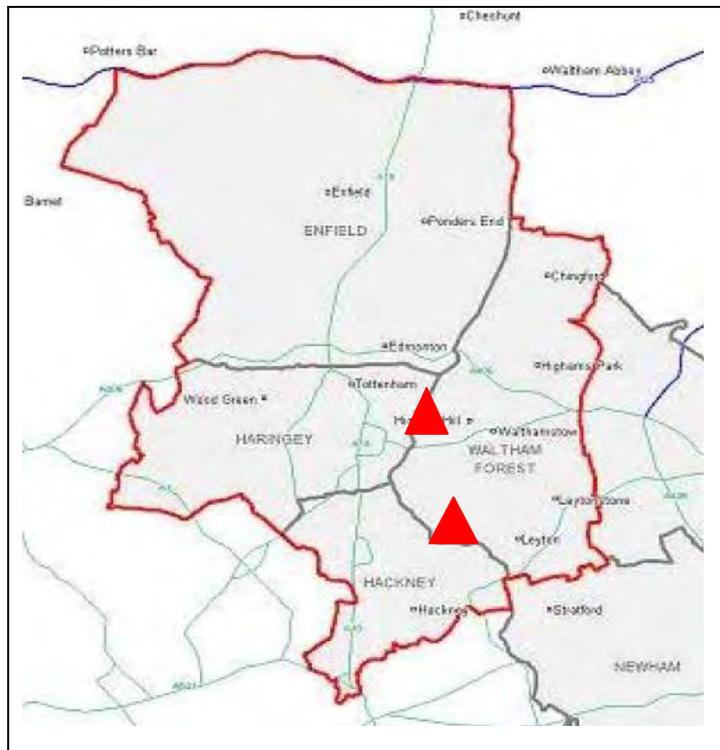
In this chapter, we define and describe the appropriate property market area for the purposes of our analysis. Using transactions data from Estates Gazette Interactive (EGi), we present evidence on the market for commercial property by use type and by size, looking first at the property market area, and then focusing on the two SILs. Reviewed in combination with market rents data and the findings of our consultations, this allows us to draw conclusions about the level of market activity on the two sites, their desirability/affordability, and the rate of churn.

5.2 The Lee Valley Property Market Area

Industrial and office property markets rarely correspond to local government administrative boundaries. Businesses searching for sites or premises will typically consider a number of similar locations spread across several local authorities. This area is termed the 'property market area' (PMA). The PMA will often have similar characteristics, such as the labour market structure, access to market areas and suppliers, rental values, appropriate size and grade of stock.

The most appropriate PMA relevant to LB Waltham Forest is based on the Lee Valley, as described in the Land for Industry and Transport SPG (2012)¹². **Figure 5.1** below shows the two SILs in this wider market context; the Lee Valley PMA (LVPMA) spans the London Boroughs of Enfield, Hackney, Haringey and Waltham Forest.

Figure 5.1 The Lee Valley Property Market Area

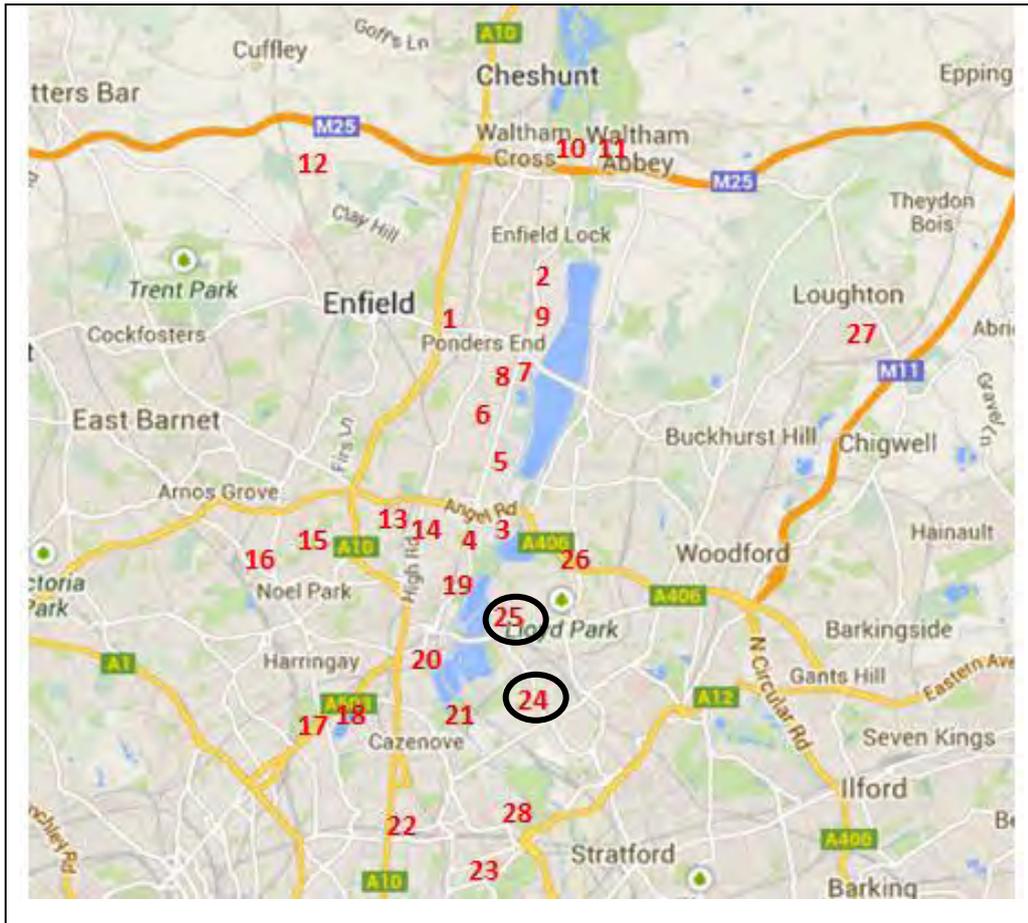


Source: AspinalVerdi and URS 2009 Employment Land Study

¹² GLA, Land for Industry and Transport SPG (2012), Paragraph 5.13 and Annex 4.

Figure 5.2 is a map of the key employment sites across the LVPMA, and shows that LVPMA has a strong north-south axis of employment use development that stems from the access that canals originally provided. The two subject SIL sites are at the southern end of this axis. The key transport connections now include the A406 North Circular road and the M25. London Underground and Overground services are also important, though only in terms of access to labour.

Figure 5.2 LVPMA Strategic Employment Sites



Source: AspinalVerdi, 2013

Key

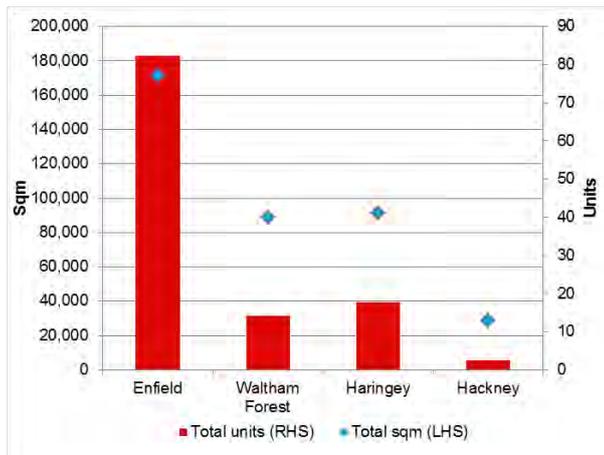
| | | | | | |
|----|-------------------|----------|-----------|------------------------|-----------------------|
| 1 | Southbury Road | Enfield | 15 | White Hart Lane | Haringey |
| 2 | Mollison Avenue | Enfield | 16 | Mayes Road | Haringey |
| 3 | Harbet Road | Enfield | 17 | Green Lanes | Haringey |
| 4 | Glover Drive | Enfield | 18 | Eade Road | Haringey |
| 5 | Meridian Way | Enfield | 19 | Watermead Way | Haringey |
| 6 | Claverings Estate | Enfield | 20 | Hale Road | Haringey |
| 7 | Morson Road | Enfield | 21 | Theydon Road | Hackney |
| 8 | Woodall Road | Enfield | 22 | Dalston Lane | Hackney |
| 9 | Mollison Avenue | Enfield | 23 | Pritchard's Road | Hackney |
| 10 | Abbey Road | M25 | 24 | Lea Bridge | Waltham Forest |
| 11 | Cartersfield Road | M25 | 25 | Blackhorse Lane | Waltham Forest |
| 12 | Cattlegate Road | M25 | 26 | Billet Road | Waltham Forest |
| 13 | Shaftesbury Road | Haringey | 27 | Chigwell Lane | Waltham Forest |
| 14 | Shells Park | Haringey | 28 | Hackney Wick | Hackney |

5.3 Property Market Dynamics

5.3.1 Industrial Space

Figure 5.3 shows the current supply (availability) of industrial floorspace in LVPMA. It shows that Enfield has the largest stock of available industrial space, with a total supply of 183,000sqm (approx. 2 million sqft) over 77 units. Industrial floorspace availability in the other three boroughs is much lower; in Hackney there are currently only 13 available units, with a total floorspace of 5,500sqm (60,000sqft). In Waltham Forest 40 units are advertised, amounting to 32,000sqm (340,000sqft) of space.

Figure 5.3 Current availability of Industrial Land in LVPMA



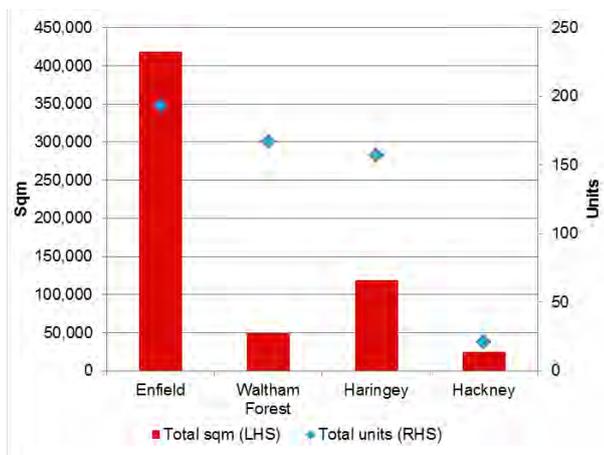
Source: *Estates Gazette, 2013 (Properties available as of October 2013)*

The Brimsdown Estate, London’s second-largest industrial estate, is located in Enfield, and the fact that it offers large spaces, coupled with its proximity to the strategic road network, explains why the borough dominates the LVPMA industrial land supply figures.

We use data on take-up of units and floorspace as measures of market demand.

Figure 5.4 shows take-up volumes across the four boroughs that make up the LVPMA.

Figure 5.4 Demand for Industrial Space in LVPMA



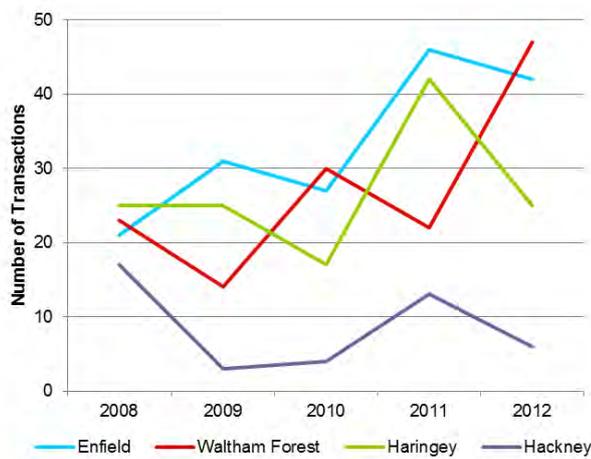
Source: *Estates Gazette, 2013. Data is for all transactions between Jan 2007 and Oct 2013*

Unsurprisingly given its much larger supply of industrial land, Enfield was by far the most active industrial area of the four over the period, with total take-up of 420,000sqm (4.5 million

sqft) across 193 units. But Waltham Forest’s industrial property market is very active for its size, with a comparable number of units transacted to Enfield over the period. Further, the ratio of floorspace to units suggests that Waltham Forest’s industrial property market is dominated by smaller spaces: the average size of a unit transacted over the period in Waltham Forest was 500sqm (5,400sqft), compared with 2,400sqm (26,000sqft) in Enfield, 1,200sqm (270,000sqft) in Hackney, and 1,000sqm (11,000sqft) in Haringey.

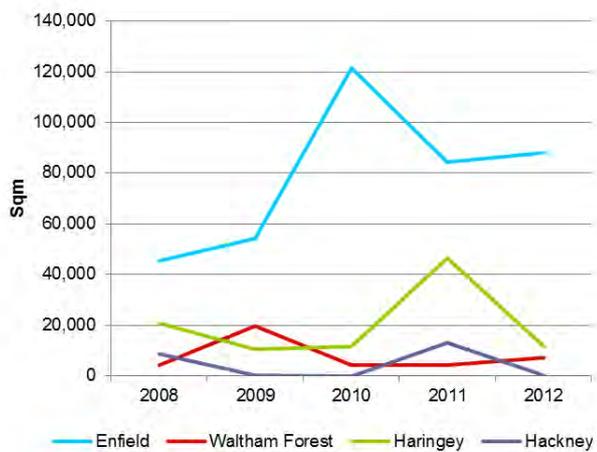
Figure 5.5 shows the number of industrial property transactions over time. Market activity in Waltham Forest has been on a broadly upward trend since 2009, and in 2012 was more active in transactions terms than Enfield. This could indicate a trend for downsizing among users of industrial space; the quantum of space transacted in Enfield fell back in 2011, and remained at broadly the same level in 2012 (Figure 5.6).

Figure 5.5 Industrial Property Transactions in LVPMA



Source: *Estates Gazette*, 2013

Figure 5.6 Volume of Industrial Space Transacted in LVPMA



Source: *Estates Gazette*, 2013

Since 2013 is not yet complete, we don't present 2013 data in the charts above. But looking at the number of transactions between January and October 2013, the quantum of floorspace transacted in Enfield has shrunk by almost 60% compared to the same period a year earlier: 17,000sqm (183,000sqft) of floorspace has been transacted so far this year in the borough, versus 39,000sqm (410,000sqft) over the same period in 2012. The average unit size, meanwhile, has shrunk from 1,200sqm to 800sqm. Over the same period, Waltham Forest has seen a 140% increase in the amount of space transacted, with the average size of a transacted premises rising from 120sqm to 320sqm.

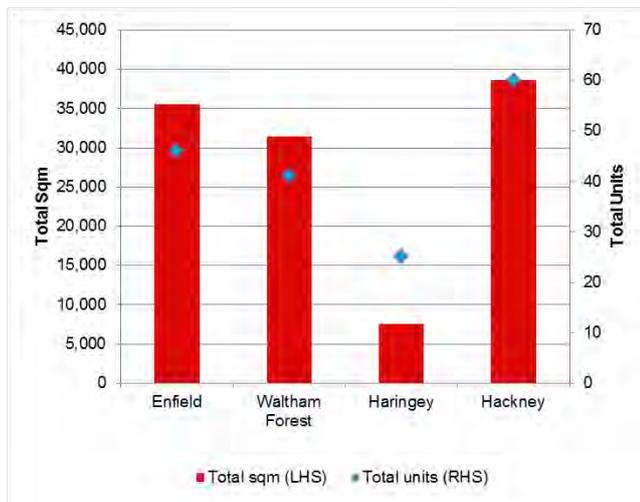
The data therefore provides tentative evidence that businesses within the LVPMA are downsizing, and potentially choosing the smaller spaces offered within Waltham Forest as their destination.

5.3.2

Office Space

Figure 5.7 shows the total volume of office floorspace currently available. It shows that Hackney has the largest amount of available office space: approximately 39,000sqm (420,000sqft) over 60 units. Given its proximity to central London/ the City, and its status as a creative and tech hub, we would expect the commercial property market in Hackney to be more weighted towards office uses than the other three boroughs, and this is borne out by the data.

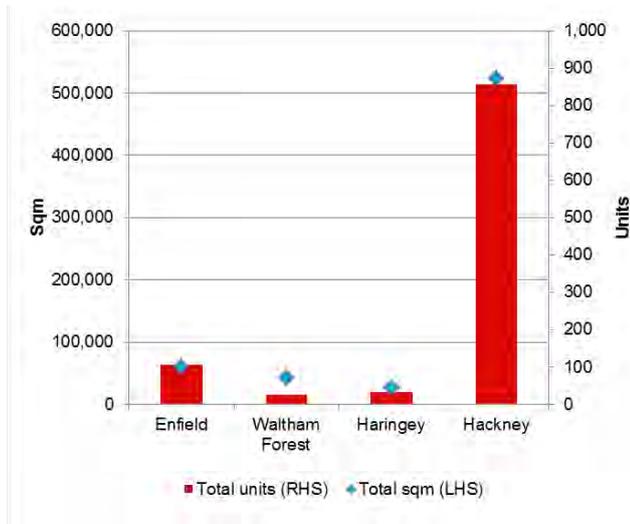
Figure 5.7 Current Availability of Office Space in LVPMA



Source: *Estates Gazette, 2013 (Properties available as of October 2013)*

The relative vibrancy of the office market in Hackney is even clearer from the historical take-up data, with over 500,000sqm (5.5 million sqft) of office floorspace transacted over 871 units since 2007 (**Figure 5.8**). In contrast, Waltham Forest saw only 71 units transacted over the same period.

Figure 5.8 Demand for Office Space in LVPMA



Source: Estates Gazette, 2013. Data is for all transactions between Jan 2007 and Oct 2013

5.4 The Market Value of Commercial Space

We can deduce much about the desirability of an area by looking at the rents businesses are willing to pay to locate there. The transactions data summarised in **Table 5.1** shows that rents for industrial space (B2/B8 uses) are highest on average in Waltham Forest, and cheapest in Enfield, though Hackney has the lowest median market rent. It should be noted that average rent data is skewed by inclusive rents (where service charges are included within the recorded information). Further, provision of smaller workspace is often let on a monthly basis, which results in relatively high annual rental equivalents. The lower levels of rental in the value range are likely to be representative of rental only deals.

Table 5.1 Market Rents for Industrial Space in LVPMA

| Location | Average Rent (£/sqm) | Average Rent (£/sqft) | Value Range (£/sqm) | Median (£/sqm) | No. of Transactions |
|----------------|----------------------|-----------------------|---------------------|----------------|---------------------|
| Enfield | 77.60 | 7.20 | 43 – 145 | 82 | 28 |
| Waltham Forest | 95.70 | 8.90 | 52 – 159 | 103 | 28 |
| Haringey | 88.60 | 8.20 | 40 – 147 | 98 | 20 |
| Hackney | 92.50 | 8.60 | 54 – 145 | 81 | 11 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
 Data are rounded to the nearest 10

Market rents data by quality suggest again that Waltham Forest is a desirable borough for both new and second-hand industrial space (**Table 5.2**). Our sample suggests that new space is most expensive in Hackney, which although based on a small sample, is consistent with the borough being more metropolitan and therefore having a smaller average unit size.

Table 5.2 Market Rents for Industrial Space by Quality of Premises

| Location | New | | Second-hand | |
|----------------|--------|--------|-------------|--------|
| | £/sqm | £/sqft | £/sqm | £/sqft |
| Enfield | 106.40 | 9.90 | 70.70 | 6.60 |
| Waltham Forest | 113.10 | 10.50 | 70.10 | 6.50 |
| Haringey | 103.10 | 9.60 | 57.60 | 5.40 |
| Hackney | 117.60 | 11.00 | 69.80 | 6.50 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
Data are rounded to the nearest 10

In **Table 5.3** we break down the rental data for Waltham Forest by the size of the premises. It shows that the price of industrial space varies by the size of the space. Smaller sites are the most expensive per sqm – diseconomies of scale mean smaller spaces will tend to cost more per area of space, plus smaller sites are more likely to be serviced in some way, which will be included in this data. Sites between 500sqm and 1,000sqm are popular with warehousing and distribution occupiers; this is reflected in the rental data.

Table 5.3 Market Rents for Industrial Space by Size (Waltham Forest)

| Size Category | Average Rents (£/sqm) | Average Rents (£/sqft) |
|----------------|-----------------------|------------------------|
| 0 - 250sqm | 104.50 | 9.70 |
| 251 - 500sqm | 69.40 | 6.40 |
| 501 - 1,000sqm | 83.00 | 7.70 |
| > 1,001sqm | 82.40 | 7.60 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
Data are rounded to the nearest 10

The office rents data presented in **Table 5.4** suggests that office space is cheapest in Waltham Forest. Since the borough is better-placed for central London than Enfield, this suggests the quality of the office stock in Waltham Forest is relatively low. Hackney is significantly more expensive than the other three boroughs in the LVPMA.

Table 5.4 Market Rents for Office Space in LVPMA

| Location | Average Rent (£/sqm) | Value Range (£/sqm) | Median (£/sqm) | No. of Transactions |
|----------------|----------------------|---------------------|----------------|---------------------|
| Enfield | 132.60 | 88 – 224 | 131 | 11 |
| Waltham Forest | 111.30 | 52 – 139 | 116 | 8 |
| Haringey | 131.20 | 82 – 162 | 135 | 6 |
| Hackney | 276.80 | 93 – 537 | 2724 | 156 |

Note: data is for transactions between Jan 2012 and Oct 2013
Data are rounded to the nearest 10

The data on rents by premises quality again suggest rents are much higher in Hackney, as we might expect. On the evidence of recent transactions, Waltham Forest is the cheapest borough in the LVPMA for both new and second-hand office space.

Table 5.5 Market Rents for Office Space by Quality of Premises

| Location | Prime (New) | | Second-hand | |
|-----------------------|---------------|--------------|--------------|-------------|
| | £/sqm | £/sqft | £/sqm | £/sqft |
| Enfield | 148.70 | 13.80 | 99.90 | 9.30 |
| Waltham Forest | 113.70 | 10.60 | 83.20 | 7.70 |
| Haringey | 143.30 | 13.30 | 94.70 | 8.80 |
| Hackney | 398.00 | 37.00 | 211.50 | 19.60 |

*Note: data is for transactions between Jan 2012 and Oct 2013
Data are rounded to the nearest 10*

In **Table 5.6**, we split the rental data for Waltham Forest by size of premises, which shows that smaller premises commanded the highest rent, which is again likely to be a consequence of diseconomies of scale, the likely inclusion of a service charge on smaller premises, and more flexible lease terms, as well as strong demand.

Table 5.6 Market Rents for Office Space by Size (Waltham Forest)

| Size Category | Average Rents (£/sqm) | Average Rents (£/sqft) |
|---------------|-----------------------|------------------------|
| 0 - 100sqm | 316.50 | 29.40 |
| 101 - 250sqm | 164.50 | 15.30 |
| 251 - 500sqm | 92.60 | 8.60 |
| > 501sqm | 122.80 | 11.40 |

*Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
Data are rounded to the nearest 10*

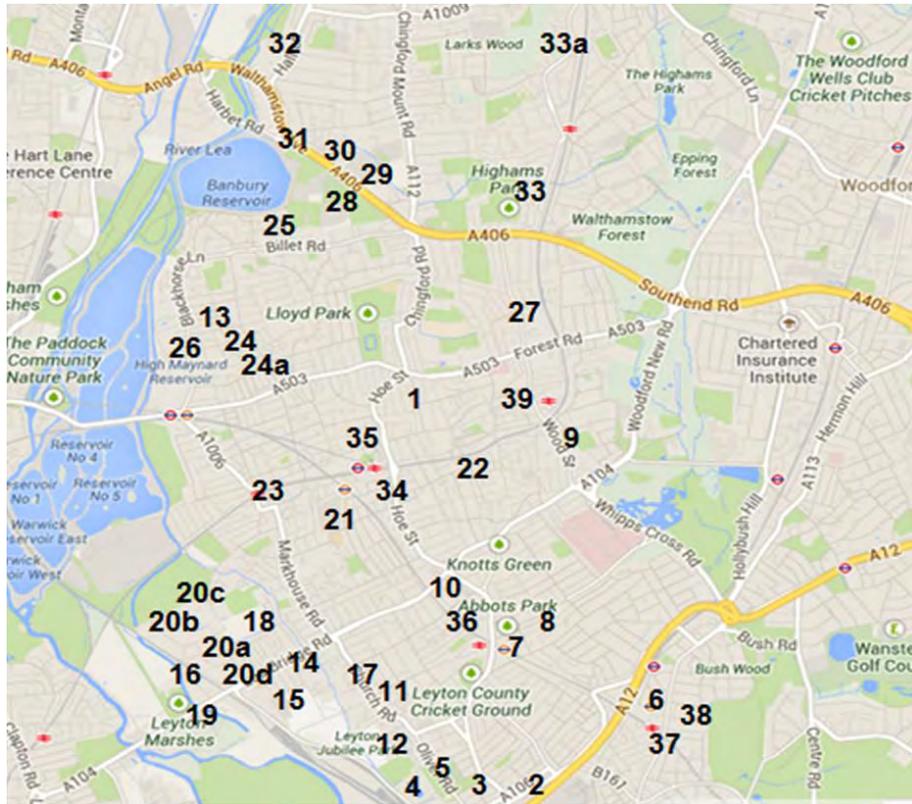
5.5 The Waltham Forest Property Market

Waltham Forest is divided into 12 districts and 20 wards. The borough comprises urban districts in the south with inner-city characteristics and more affluent residential developments in the north, with a number of green spaces including the Walthamstow Wetlands, forests and playing fields. In terms of settlement patterns, the main population centres are Chingford in the north, Walthamstow in the centre and Leyton and Leytonstone in the south.

In terms of transport links, the south of the borough is served by the Central Line, with stations at Leyton and Leytonstone. The Victoria Line runs through the middle of the Borough, with stations at Blackhorse Road and Walthamstow Central. The A406 North Circular Road crosses the borough and provides access to the national strategic road network, including the M25 and M11.

There are 45 strategic employment clusters in the Waltham Forest Borough¹³, with significant clusters focused in the west and south west (**Figure 5.9**). Blackhorse Lane is one of the five major clusters: the others are Sherrin Road, Foxwell Trading Park, Sutherland Road and Highams Park.

Figure 5.9 Employment Sites in Waltham Forest



Source: *Aspinall Verdi, 2013, using 2009 ELR data*

Key

| No | Employment Site | Area (ha) | No | Employment Site | Area (ha) |
|-----|-------------------------|-----------|-----|------------------------|-----------|
| 1 | Howard Road | 1.5 | 21 | Lennox Road | 0.2 |
| 2 | Temple Mills Lane | 2.7 | 22 | Ravenswood Estate | 0.5 |
| 3 | Ruckholt Road | 0.8 | 23 | Brunner Road | 1.7 |
| 4 | Sherrin Road | 11.9 | 24 | Sutherland Road | 6.2 |
| 5 | Auckland Road | 5.2 | 24a | Hilly Field Road | 3.9 |
| 6 | Joseph Ray Road | 1.6 | 25 | Billet Works | 2.5 |
| 7 | Norlington Ind Estate | 1.4 | 26 | Blackhorse Lane | 21.6 |
| 8 | Hainault Road | 1.4 | 27 | Clifford Road | 2.6 |
| 9 | 245-273 Wood Street | 0.8 | 27a | Fulbourne Road | 0.6 |
| 10 | Dunton Road | 1.0 | 28 | Waltham Park Way | 2.9 |
| 11 | Shaftesbury Court | 0.3 | 29 | Justin Road | 3.2 |
| 12 | Eltoe Road | 2.1 | 30 | Cabinet Way | 2.2 |
| 13 | Church Road | 5.4 | 31 | North Circular Road | 4.4 |
| 14 | Lea Bridge Gas Works | 2.5 | 32 | Hall Lane | 1.9 |
| 15 | Former Town Gas Works | 3.7 | 33 | Highams Park | 5.7 |
| 16 | Lammas Road | 2.0 | 33a | Larkshall Road | 4.8 |
| 17 | Church Road | 1.0 | 34 | Hatherly mews | 0.2 |
| 18 | Heybridge Way | 2.1 | 35 | E London Office Centre | 0.0 |
| 19 | Rigg Approach | 5.1 | 36 | Skeltons Lane | 2.2 |
| 20a | Argall Avenue Extension | 2.5 | 37 | Lancaster Road Arches | 0.6 |
| 20b | Forest Business Park | 13 | 38 | Montague Road | 0.4 |

¹³ URS London Borough of Waltham Forest Employment Land Study October 2009 page 43

| | | | | | |
|-----|------------------------|-----|--------------|-------------|--------------|
| 20c | Foxwell Trading Park | 9.5 | 39 | Wood Street | 0.5 |
| 20d | Eastgate Business Park | 5.5 | Total | | 151.7 |

Consultation with commercial agents suggests that B8 occupiers constitute the majority of demand for industrial sites. Although B2 uses are also found on most employment sites in the borough, there has been a decrease in the volume of B2 premises demanded, which agents attribute to businesses downsizing their operations with the economic downturn. Consultation with landowners supports this perception; they report a shift in the sectoral mix of occupants away from manufacturing and towards warehousing and distribution activity. Landowners are also seeing increasing demand for smaller units from start-ups looking for space on flexible and short-term leases.

According to agents, businesses seeking space in the borough tended to be motivated by price, prioritising cheap rents over location or building quality (though this could be a function of the quality of stock on offer). Conversely, those looking for a higher-quality site could potentially be put off locating in the borough by the investment and time required to bring a premises up to standard.

In terms of specific facility requirements, the B2/B8 sectors typically require good access, proximity to major transport links, high eaves height to accommodate racking, ample parking/yard space, and roller shutter doors to enable ease of delivery and collection. The preferred unit size for B2/B8 occupiers is typically between 500 sqm and 1,000 sqm (approx. 5,000-10,000 sqft). The site survey found that both SILs scored highly for business servicing, access to the road network, and parking facilities, suggesting that they are a good match for businesses' requirements.

If looking to rent, industrial occupiers generally require at least a 5-year lease, but most occupiers tend to look for freehold premises.

B1 occupiers looking for space within the borough tend to place a higher priority on proximity to both public transport connections and an urban centre, though they are similarly price-sensitive. Office occupiers tend to require units sized below around 100 sqm (approx. 1,000 sqft). Landowners and agents agreed that the poor quality and dated nature of available office premises within the borough was a key reason for subdued demand for that type of space. Landowners also thought that the large size of available premises was likely to be off-putting to potential tenants, particularly smaller enterprises.

Competitor locations outside the Borough include Angel Road in Hackney, sites along the M25, the east of Enfield, Meridian Way, and areas of Ilford and Leighton due to their combination of good accessibility and relatively low asking rents. New developments around Stratford were expected to exert a considerable pull, although they are likely to be more expensive than Waltham Forest's offering.

The last Employment Land Study of the borough as a whole was conducted in 2009. **Figure 5.10** shows the breakdown of the employment land stock by use type.

Figure 5.10 Employment Land by Use Type in Waltham Forest

| Use Type | Land Stock (Ha) | Land Stock (%) |
|---|-----------------|----------------|
| B1 Office Total | 6.0 | 2.7 |
| B2 Factory | 77.0 | 34.1 |
| B8 Warehouse | 65.0 | 28.8 |
| 'Wider Employment Uses' including waste management & recycling, transport functions, utilities and wholesale market | 73.6 | 32.6 |
| Vacant Land | 3.9 | 1.8 |
| Total | 225.5 | 100.0 |

Source: 2009 Employment Land Review, LBWF

5.5.1

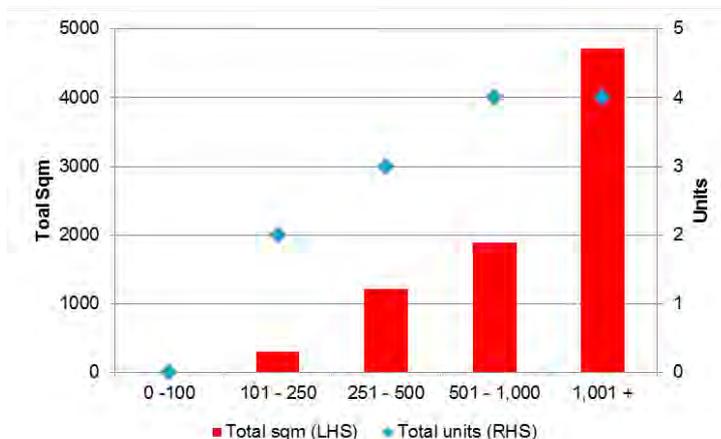
Blackhorse Lane SIL

Blackhorse Lane SIL is one of the most active sites for property transactions in Waltham Forest. The site saw 12 transactions in industrial property (excluding de-designated areas), and seven for offices, between October 2007 and October 2013. To put these figures in context, Highams Park saw 2 transactions over the same period, while one transaction was conducted at Sherrin Road (although both of these sites are smaller).

The commercial agents we spoke to described Blackhorse Lane as one of the best sites in the borough for industrial property, on account of its good location – it is connected to major transport links via the A503, and is close to industrial sites in Enfield – facilities, and accessibility. The site was generally unaffected by the economic downturn, and those occupiers forced to downsize often chose to relocate within the SIL if a suitable property was available. Business churn on the Uplands Business Park was estimated by the landowner at between 15% and 23%, with the most common reasons for businesses leaving the site being either expansion, or business failure, rather than the quality of premises or public realm.

Figure 5.11 shows the sites currently available on Blackhorse Lane, split by size. Available units tend to be on the larger side, though even the sites in excess of 1,000sqm (10,000sqft) are modest in size when considered in the context of distribution and warehousing space.

Figure 5.11 Current Availability of Industrial Premises in Blackhorse Lane SIL



Source: Estates Gazette, 2013 (Properties available as of October 2013)

Detailed data on the size of the industrial properties being taken up on Blackhorse Lane is unavailable from the Estates Gazette for 11 of the 12 transactions, in all likelihood because the sales were conducted by auction. However, transaction dates and site details for those auctioned sites are provided in **Table 5.7** below.

Table 5.7 Industrial Property Transactions in Blackhorse Lane SIL (2007-2013)

| Auction Date | Address | Use Type |
|--------------|--|--|
| 29/10/2012 | 13 Norfolk Road, London, E17 5QS | Land, Garage / Workshop |
| 10/09/2012 | 89 Southcote Road, London, E17 7AX | Garage / Workshop |
| 21/05/2012 | 57 Ickworth Park Road, London, E17 6LN | Garage / Workshop |
| 20/02/2012 | 119-121 Gloucester Road, London, E17 6AF | Office, General Industrial, Warehouse & Distribution |
| 12/05/2011 | Hardyng House, 58 Blackhorse Road, London, E17 7BD | Self Storage, Garage / Workshop |
| 12/05/2011 | Hardyng House, 58 Blackhorse Road, London, E17 7BD | Garage / Workshop, Self Storage |
| 06/12/2010 | 57 High Street, London, E17 7AD | General Retail, Warehouse & Distribution, General, Flats |
| 28/10/2010 | Suffolk Park Road, Walthamstow, London, E17 6LH | Garage / Workshop, Self Storage |
| 17/02/2010 | Suffolk Park Road, Walthamstow, London, E17 6LH | Self Storage, Sui Generis, Garage / Workshop |
| 29/10/2009 | 96 Bramley Close, London, E17 6EG | Garage / Workshop, Office |
| 08/12/2008 | 1 Higham Hill Road, London, E17 6EA | Advertising hoarding |

Source: *Estates Gazette, 2013*

There is a small amount of office space available on the SIL, and seven office property transactions were conducted over the period 2007-2013. Size information is only available for four of these, and all were between 140sqm and 510sqm (approx. 1,500-5,500 sqft). Most of the units bought were stated to be B1a, though one unit was B1c (industrial process).

Agents commented that office units of around 100sqm/ 1,000sqft are in greatest demand; potential occupiers tend to want refurbished industrial space that can be rented cheaply, though this type of property is in short supply. Proximity to the Blackhorse Road Underground station is an attraction for those seeking office space.

Currently two office spaces are available at Blackhorse Lane: 2,600sqm (28,000sqft) of second-hand space at Landmark House, and the entire 4,500sqm (48,000sqft) of space within Silver Birch House. Both have been on the market for some time, although the asking price may have been a factor in this; in June 2013, Landmark House was being advertised at a relatively high price (£16/sqft) given the quality of the building and its location. Silver Birch House is currently for rent at £12.50/sqft, which is more realistic, but still higher than the average letting price for prime office space across the borough (£10.60/sqft – see **Table 5.5**).

According to agents, the size of the properties is likely to deter SMEs from considering them. At the same time, the buildings' condition means they are probably unattractive to larger companies. One relatively inexpensive way of widening the appeal of these buildings could be

to invest in refurbishing and splitting them into smaller units for individual let, although without an internal inspection it is difficult to say for sure how feasible or viable that would be.

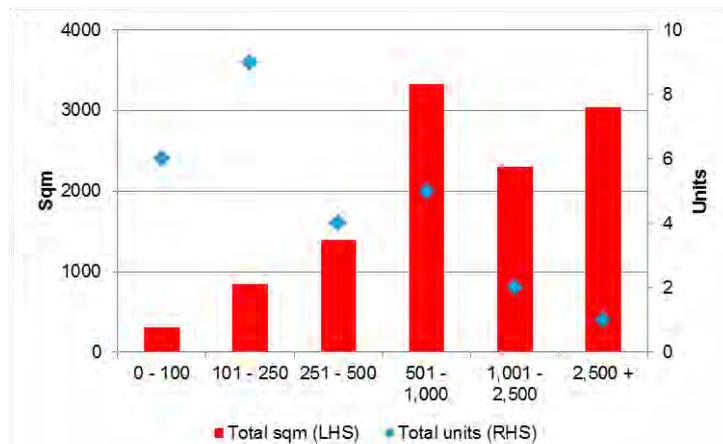
5.5.2 **Lea Bridge Gateway SIL**

The view of the agents we spoke to is that the Lea Bridge Gateway SIL is in demand, though to a lesser extent than Blackhorse Lane. The units available tend to be low-cost, and therefore attract occupiers looking for low rents. The site’s proximity to other industrial employment sites, such as Hackney Wick, is seen as a positive, but the poor-quality public realm, and limited access to public transport, both put the site at a disadvantage. With the A12 nearby, the site has good access to the strategic road network, however.

One landowner on the site estimated the rate of business churn as being between 18% and 23% in recent years, with businesses moving either to downsize or expand. The landowner’s view was that the low rents the SIL offers continue to attract tenants to the site, although some potential occupiers were put off by the poor quality of the premises on offer.

The Lea Bridge Gateway SIL currently offers 27 units for occupation. In total 11,200sqm of industrial property is currently available, including one unit in excess of 2,500sqm (**Figure 5.12**).

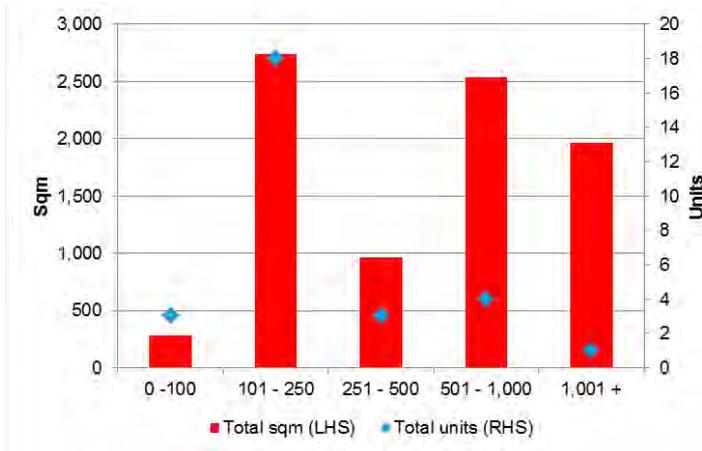
Figure 5.12 Current Availability of Industrial Land in Lea Bridge Gateway SIL



Source: Estates Gazette, 2013 (Properties available as of October 2013)

The industrial property market on the site is active, with 29 transactions recorded between 2007 and 2013. Most of the sites changing hands were on the smaller side, with 18 transactions being for the purchase of space between 100sqm and 250sqm (**Figure 5.13**). These are likely to be the units under the railway arches.

Figure 5.13 Demand for Industrial Land in Lea Bridge Gateway SIL



Source: Estates Gazette, 2013. Data is for all transactions between Jan 2007 and Oct 2013

As we might expect given the industrial character of the SIL, very few transactions in office property were conducted over the period. The Estates Gazette records three transactions, all for spaces under 500sqm (approx. 5,500 sqft). According to the agents consulted, Lea Bridge is currently unattractive for those seeking office space, due to its location and quality of the space available. With the reopening of the Lea Bridge station, however, they believed demand from potential occupiers would rise. Accompanying improvements to the public realm could help facilitate this shift in the sectoral composition of demand for sites on the SIL.

5.6 Market Rents for Premises on the SILs

According to transactions data, average rents for B2/B8 premises within Lea Bridge Gateway SIL are slightly higher than those paid at Blackhorse Lane, though both are below the borough average. **Table 5.8** shows average rents for transactions agreed between January 2012 and October 2013.

Table 5.8 Market Rents for Industrial Space in the SILs

| Location | Average Rent | | Range | |
|-----------------|--------------|--------|----------------|-------------|
| | £/sqm | £/sqft | £/sqm | £/sqft |
| Blackhorse Lane | 78.60 | 7.30 | 74.30 – 91.50 | 6.90 – 8.50 |
| Lea Bridge | 80.20 | 7.50 | 75.40 – 102.30 | 7.00 – 9.50 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
 Data are rounded to the nearest 10

The agents and landowners we consulted gave a slightly broader range than the above, with typical rents on the two sites starting at around £55/sqm (£5/sqft) for low-quality premises, and going up to around £130/sqm (£12/sqft) for new premises, with the most common rent being around £75-£95/sqm (£7-9/sqft). Agents estimated the average yield for B2/B8 property on both SILs at 10%.

As we have seen, office stock on the sites is limited, meaning that rental data is also limited, but it tentatively suggests that office space is cheaper at Lea Bridge, consistent with its inferior location in relation to public transport, and poor-quality public realm (**Table 5.9**). Recalling that

the average rent for office space in Waltham Forest is £111.30/sqm, rents at both Blackhorse Lane and Lea Bridge look to lie in a range below that average.

Table 5.9 Market Rents for Office Space in the SILs

| Location | Average Rent | | Range | |
|-----------------|--------------|--------|----------------|--------------|
| | £/sqm | £/sqft | £/sqm | £/sqft |
| Blackhorse Lane | 112.50 | 10.50 | 87.70 – 137.80 | 8.10 – 12.80 |
| Lea Bridge | 76.40 | 7.10 | 67.80 – 79.70 | 6.30 – 7.40 |

Source: EGi. Note: rental data is the average over the period Jan 2012 – Oct 2013
Data are rounded to the nearest 10

According to agents familiar with the area, B1 office occupiers should only expect to pay marginally higher rents than B2/B8 occupiers. They gave a typical rental range for an office premises on either SIL of £85-110/sqm (approx. £8-10/sqft), due to the nature and quality of the stock. The average rental yield for B1 property on both SILs was again estimated at 10%. It is also worth noting that these higher rentals can reflect smaller units which are often let on a flexible 'per month' basis, meaning that per-annum rents are relatively high.

5.7 Conclusions

5.7.1 Office (B1)

Waltham Forest has a modest level of office market activity. Other boroughs within the PMA, notably Hackney, offer a superior location, though this is reflected in higher rents. The high rates of business formation within Waltham Forest, and its socio-economic profile, indicate that demand exists for the right kind of space, but tapping into that demand requires a coordinated approach, and the delivery of the right kind of space for the right price, in the right location.

In considering the type and size of space to provide, the Council should take into consideration competition and supply from the wider area. From the work that has been undertaken we consider that opportunities in Waltham Forest can be described as being:

- Provision of flexible 'workshop' space from which companies can conduct a mixture of office and production/storage activities.
- Office accommodation that comprises both co-working space and cellular offices. This space should be focussed at smaller micro- and small businesses that are looking to grow and expand. The success of such space will depend on a combination of factors which include (in no order of preference)
 - Location to public transport
 - Ability to network with other businesses
 - Receive business support
 - Enjoy flexible terms (licence agreements)
 - High quality communications/ICT (e.g. broadband and telephony)
 - Attractive functional space
 - Enjoy amenities such as shops, coffee shops etc.
- The size of units is likely to be a mix up to 100sqm, although some larger units could be made available to provide grow-on space.

In terms of locations, the workshop space could be located with existing industrial locations including the SILs. The specification of the space will be critical, as will the terms upon which it is let. We would consider that 'hybrid' space could be attractive to businesses looking for premises in Waltham Forest. Such space could be described as being industrial in nature; however it would enable occupiers to 'fit-out' and adapt the space to create a mix of office and production space. The eaves height would be generous, and it would have a roller shutter door for larger vehicle access.

With respect to offices, the critical issue is being located close to excellent public transport links to Central London. Therefore locations very close to Underground and to a lesser extent overground stations will be preferable.

Existing office space within the SILs, such as Landmark House and Silver Birch House, are unlikely to be attractive to potential occupiers, although the relatively high prices at which both sites have been marketed in the past may have made it more difficult to gauge the true level of demand. There is the possibility that if the space could be sub-divided, it would better meet demand in the area for smaller offices (i.e. below 100sqm). Further analysis is required to test whether the offices can actually be sub-divided and if so, whether undertaking such works be financially viable. It also important note that the location within an industrial estate is likely to be less attractive to many occupiers.

5.7.2

Industrial/Distribution (B2/B8)

Demand for industrial property on Blackhorse Lane is good, as the indicated by the high number of market transactions on the site between 2007 and 2013. The SIL currently has limited availability of B2/B8 units, though around a third of the units available are above 1,000sqm (10,000 sqft). Blackhorse Lane remains a popular site for B2/B8 occupiers due to its strategic location and access to national road networks.

Lea Bridge Gateway SIL has experienced considerable demand over the same period, with a total of 29 transactions. However, the site currently has a supply of 27 available units, most of which are smaller industrial units.

A significant proportion of the B2/B8 stock on both SILs is of low grade. This can be an opportunity, as it provides businesses with relatively inexpensive accommodation. However, as obsolescence increases, developers may seek a higher return than could be achieved by providing new industrial accommodation.

Many of the larger industrial buildings would be difficult to adapt to create smaller units. The floorplate depth, the need for individual loading bays/roller shutters and availability of car parking/yard space are all factors which could negate re-use.

The SIL status of the two areas means there is limited 'hope value' built in, which could be a useful tool for ensuring that a wide range of employment-related investments are kept financially viable. Conversely, any uncertainty around the future designation of the sites is likely to push up land prices and reduce the range of activities that the sites could viably host.

The Council may wish to consider initiatives which encourage re-investment, such as the use of a Local Development Order (LDO) to enable occupiers to undertake adaptations and development within short timescales. An LDO is a potential selling point for an industrial estate, as it helps to speed up the planning process, allowing occupiers to focus on their core business. It also allows landowners the flexibility to respond quickly to a potential occupier's needs and make changes to premises.

6 DEMAND FORECAST AND GAP ANALYSIS

6.1 Introduction

In this chapter we project likely future demand for employment land in LB Waltham Forest over the planning period to 2026.

The output of our demand analysis is a forecast for the quantum of both industrial land and office space that will either be required over and above existing provision, or conversely could be released, for each year of the forecast period. We then compare our updated forecast with both previous assessments of the appropriate pace of industrial land release, and the actual quantum of land released since those assessments were made. This is intended to help to guide decisions on planning designations at Blackhorse Lane and Lea Bridge Gateway SILs.

6.2 Demand forecasting approach

Our approach to estimating demand for industrial land and office space is compliant with the National Planning Policy Framework (NPPF), Employment Land Reviews: Guidance Note (2004) and the GLA Land for Industry and Transport SPG (Sept 2012). It is also compliant with the draft National Planning Practice Guidance (NPPG). The methodology is set out in more detail in **Figure 6.1** below.

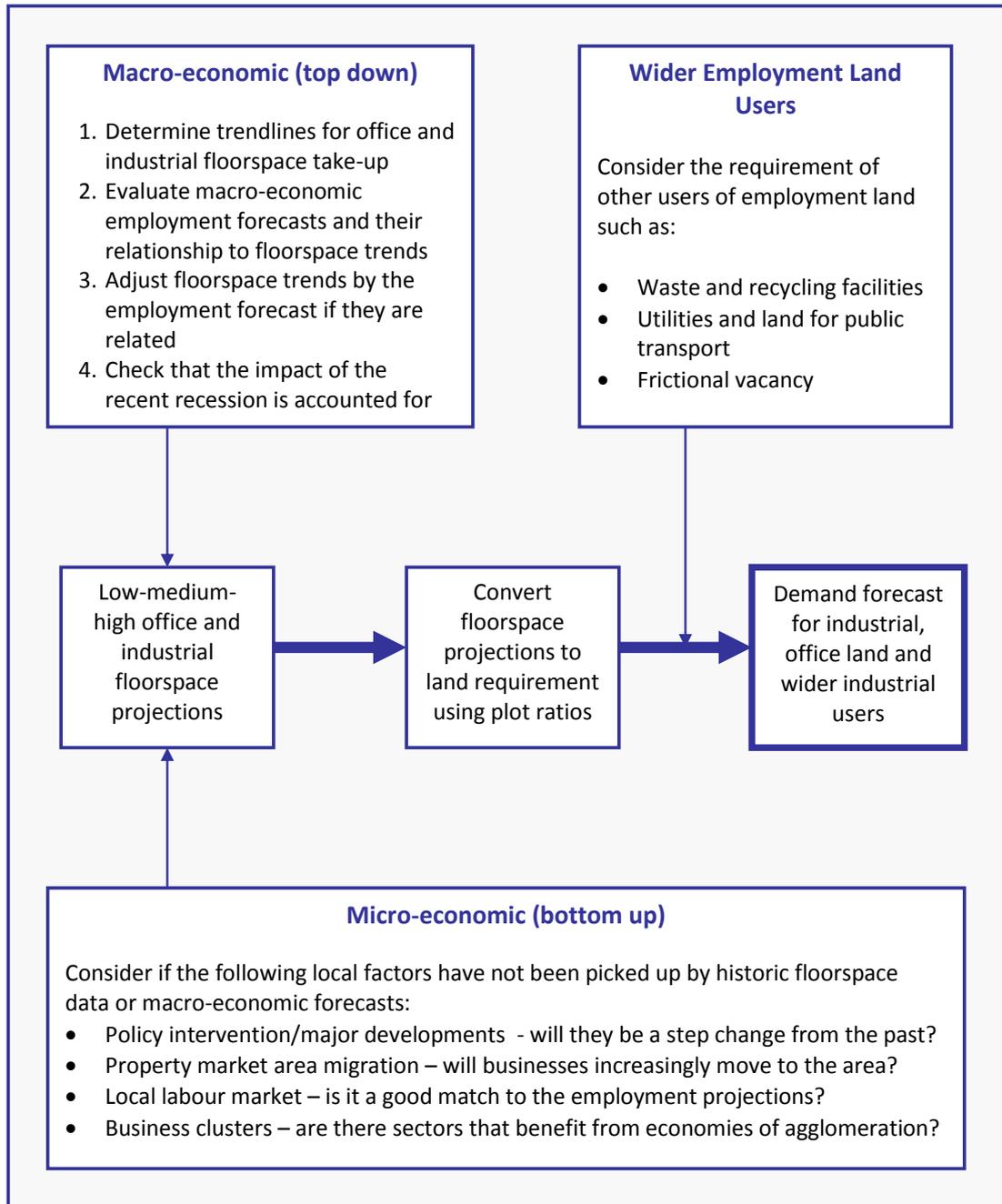
The Employment Land Reviews: Guidance Note (DCLG, 2004) describes how different approaches can be used to project demand for employment land. Each approach has its relative strengths and weaknesses and so a tailored approach is generally recommended to capture local circumstances.

One typical approach is to take employment predictions based on macro-economic forecasts. However, applied at a local (borough) level these models do not usually take account of the specific micro economic circumstances affecting local economic development. An alternative approach is to consider historic trends in employment floorspace take-up and project those trends forward. The downside to this approach is that it does not take account of potential future changes arising from wider economic drivers. Further, the fact that B2 floorspace has declined rapidly over the last 20 years due to deindustrialisation may in fact imply a shallower decline in future, given the extent to which the stock of land has been depleted.

To maximise the strengths and overcome the weaknesses of these approaches we have developed a forecasting method that uses elements of both. We base our forecast of future demand for employment premises on the historic trends of employment and floorspace and make adjustments to this projection based on changes in the macroeconomic employment forecasts (top down approach) and consideration of micro-economic factors (bottom up approach).

Due to the nature of the employment market in LB Waltham Forest, as observed during the field survey and as confirmed by property market agents in the Property Market Assessment (Chapter 6), factories (B2) and warehouses (B8) are both categorised as 'industrial' in this ELS. These uses are generally interchangeable on LB Waltham Forest industrial estates and many buildings perform dual uses that are difficult to differentiate. For example, a large industrial building may have elements of storage and distribution alongside assembly or manufacturing areas. Also, the GLA employment forecasts which form an important element of the overall demand forecast differentiate by office and industrial only.

Figure 6.1 Industrial and Office Land Demand Forecasting Methodology



Source: URS (2013)

6.3 Property Market Area

As discussed in the previous chapter, the relevant PMA for office and industrial uses incorporates the following boroughs:

- Waltham Forest
- Enfield
- Hackney
- Haringey

As discussed in **Chapter 5**, this is the Lea Valley Property Market Area (LVPMA). Data on historic business floorspace, historic employment and forecast employment is analysed for each of the four PMA boroughs. The trends across the LVPMA for each of these factors then feeds into the overall employment land demand forecast.

6.4 Historic floorspace trends

The Valuation Office Agency (VOA) records the amount of floorspace in an area for tax purposes (the assessment of business rates) by building type. VOA data is considered to be a reliable source of data between 1998 and 2008. However, difficulties can occur in comparing raw VOA data due to the revaluation of properties that occurred in 2004. This causes discontinuities in the quantum of floorspace between 2004 and 2005. In addition, 2008 is the latest available data point, which is five years old at the time of writing. Importantly this means we do not have floorspace data for the post-2009 recession period.

To counter these issues we have used experimental commercial floorspace data released by the VOA in May 2012 and covering the period 2000 to 2012¹⁴. Although the VOA states that it is currently evaluating this data set, it is considered robust enough to analyse trends in employment floorspace across the LVPMA for the purposes of this report.

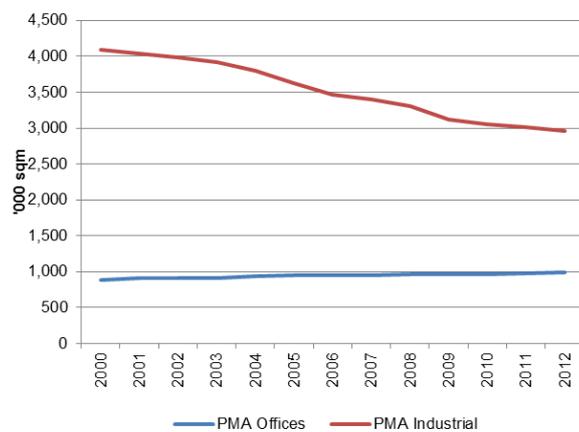
The historic employment floorspace trends across the LVPMA and LB Waltham Forest are shown in **Table 6.1**. **Figure 6.2** shows the trend over time for the LVPMA.

Table 6.1 Change in Industrial and Office Floorspace 2000 to 2012

| Area | Business Type | 2000 '000m ² | 2012 '000m ² | Diff (%) | Compound Annual Growth Rate (CAGR) |
|----------------|---------------|----------------------------|----------------------------|----------|------------------------------------|
| Waltham Forest | Office | 102 | 101 | -1.0 | -0.1% |
| | Industrial | 782 | 575 | -26.5 | -2.8% |
| LVPMA | Office | 892 | 990 | +11.0 | +1.0% |
| | Industrial | 4,099 | 2,956 | -27.9 | -2.9% |

Source: URS; VOA 2012 (Figures may not sum due to rounding)

Figure 6.2 LVPMA Industrial and Office Floorspace



Source: VOA (2012)

¹⁴ This is available at: http://www.voa.gov.uk/corporate/statisticalReleases/120517_CRLFloorspace.html

Taken together, **Table 6.1** and **Figure 6.2** show that Waltham Forest has lost an average of 2.8% of its industrial employment land per annum since 2000: a loss rate broadly in line with the LVPMA average. For office space, Waltham Forest has bucked the wider PMA trend: office floorspace across the LVPMA has increased by 11%, while in Waltham Forest it has fallen by 1%. This is consistent with the conclusions of the GLA London Office Policy Review 2012, which found that Waltham Forest had experienced one of the largest losses of B1 space of any London borough in recent years.

The industrial and office trends for the LVPMA feed into the synthesis demand forecast as shown in **Section 6.7** below. This includes the CAGR of -2.9% for industrial uses and +1.0% for offices.

6.5 Historic Employment Trends

Historic employment data are drawn from the Annual Business Inquiry (ABI) between 2000 and 2008 and the Business Register and Employment Survey (BRES) between 2008 and 2012. Both datasets are compiled by the Office for National Statistics (ONS). They are both expressed at a Standard Industrial Classification (SIC) level, not by use class.

To estimate employment by use industrial land class (office, industry and warehousing uses) we have identified those sectors that typically operate from B1, B2 and B8 use class premises. The linking of sector to use class draws upon our work for other London boroughs in which we have determined employment land by relevant sector¹⁵. Using this approach, we estimate employment by use class as set out in **Table 6.2** and **Figure 6.3**.

Although this is only an approximate measure of employment by premises type, it suggests that industrial employment within Waltham Forest has been relatively resilient, with an overall loss of 14.8% of industrial jobs between 2000 and 2012, compared with a loss of 21.8% of jobs across the LVPMA. Cross-referencing this with the sectoral labour demand data discussed in **Chapter 3**, and the views of agents regarding demand for B2 and B8 space discussed in **Chapter 5**, the majority of the industrial job losses are likely to be from manufacturing rather than distribution and warehousing activities.

Table 6.2 Historic Employment (1999-2012)

| Area | Business Type | 1999 ¹⁶ | 2000 | 2012 | Diff % | CAGR |
|----------------|---------------|--------------------|--------|--------|--------|-------|
| Waltham Forest | Office | | 12,880 | 12,288 | -4.6% | -0.4% |
| | Industrial | | 13,243 | 11,288 | -14.8% | -1.4% |
| LVPMA | Office | 77,100 | | 81,244 | -5.9% | 0.4% |
| | Industrial | | 60,499 | 47,318 | -21.8% | -2.2% |

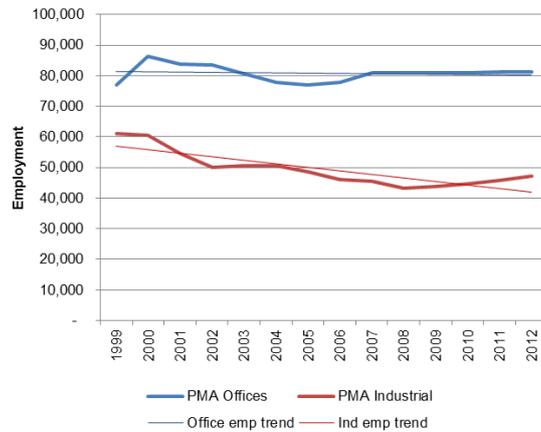
Source: URS; ONS 2013¹⁷. Figures may not sum due to rounding.

¹⁵ For example see the London Industrial Land Release Benchmarks and North East and South East Baseline, URS (2007)

¹⁶ To calculate the CAGR for offices for the LVPMA, data is taken from the base year of 1999 as there appears to be an unexplained anomaly in the data for Hackney in the year 2000 which results in a large spike in office employment in that year and then significant decline over the next few years. If the base year of 2000 were taken this would result in a negative CAGR between 2000 and 2012 which would not be indicative of the long term trend.

¹⁷ Note: The BRES data SIC codes are not identical to the ABI SIC codes so to ensure consistency the actual rate of change for each year between 2008 and 2011 in the BRES data was applied to the known ABI data from 2008 onwards.

Figure 6.3 LVPMA Employment by Premises Type



Source: URS; ONS 2013

The historic employment trend CAGRs used to inform the synthesis employment land demand forecast are 0.4% for office and -2.2% for industrial uses.

6.6 Employment Forecasts

GLA Economics produces employment forecasts by London borough. The most recent forecasts were issued in May 2013 and are considered to be the most robust information available on future employment trends at the borough level. They are based on a 'triangulation' process, which marries macro-economic employment forecasts on a regional level to micro-economic factors at borough level. These include:

- Trend analysis of the major employment sectors in each borough taking account of the effects of the recent recession and prospects for future growth;
- Transport improvements planned for each borough; and
- The availability of land for the development of new office employment sites in each borough (the forecasts assume that vacant industrial sites become residential over the time period).

The May 2013 GLA forecasts take account of the recent recession, which has led to less optimistic projections of future employment growth¹⁸. **Table 6.3** presents the employment forecasts both in Waltham Forest and across the LVPMA, while **Figure 6.4** shows the LVPMA employment forecast graphically.

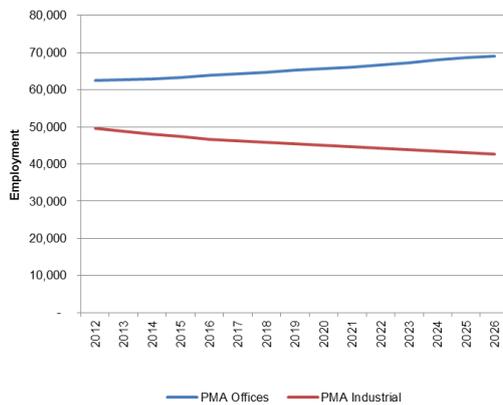
¹⁸ May 2013 GLA forecasts only publishes overall borough employment forecasts and does not produce forecasts by industrial or office uses. Therefore to cover the overall employment forecasts to industrial and office land uses the relevant proportion of industrial and office employment of total forecast employment from the London Employment Time Series publication (GLA, 2010) is taken and then applied to the overall employment forecasts as shown in the May 2013 GLA paper.

Table 6.3 Employment Forecasts LB Waltham Forest and LVPMA (2012-2026)

| Area | Business Type | 2012 | 2026 | CAGR 2012-26 |
|----------------|---------------|--------|--------|--------------|
| Waltham Forest | Office | 7,531 | 8,872 | +1.3% |
| | Industrial | 10,360 | 9,053 | -1.0% |
| LVPMA | Office | 62,594 | 69,022 | +0.8% |
| | Industrial | 49,555 | 42,630 | -1.2% |

Source: URS; GLA Borough Employment Projections (May 2013);
 Figures may not sum due to rounding. Note: The methodology GLA use to define industrial and office employment is slightly different to the ABI data as shown in Table 7.2 above. This explains the differences in employment numbers between 2011 and 2012 as shown in the two tables. However, the growth trends are what are used in the forecast and these are considered robust.

Figure 6.4 LVPMA Employment Forecast by Premises Type



Source: GLA (2011/13)

Table 6.3 shows that office employment in LB Waltham Forest is forecast to grow at a higher rate than the LVPMA (1.3% per annum compared with 0.8%), while B2/8 employment in the borough is expected to contract at a marginally slower rate than the LVPMA (-1.0% and -1.2% respectively). However these ‘top down’ economic trends do not build in a ‘bottom up’ understanding of likely future local circumstances. These ‘bottom up factors’ are considered in Section 6.8 below.

The LVPMA employment forecast trend CAGRs used to inform the synthesis employment land demand forecast are +0.8% for office and -1.2% for industrial uses.

6.7 Top-Down Synthesis Forecast

Our approach to producing a synthesis forecast takes trends in historic floorspace provision as a basis for forecasting future employment land demand. The historic floorspace trends are projected by a linear function, and then an adjustment factor is applied to take account of regional economic changes. The adjustment factor is the ratio of forecast employment to historic employment.

The adjustment factor is then applied to the historic change in floorspace to determine the ‘top-down’ floorspace forecast. The results are shown in Table 6.4.

Table 6.4 LVPMA Synthesis Forecast for Employment Floorspace

| Business type | Floorspace CAGR | Employment CAGR | | Adjusted average annual floorspace demand |
|--------------------|-----------------|-----------------|-----------|---|
| | 2000-2012 | 2000-2012 | 2013-2026 | |
| Office (LVPMA) | 1.0% | 0.4% | 0.8% | 1.6% |
| Industrial (LVPMA) | -2.9% | -2.2% | -1.2% | -1.5% |

Source: URS calculations 2013. Figures may not sum due to rounding

The table shows our demand forecast for office and industrial space across the LVPMA between 2013 and 2026. Demand for office space is projected to rise at a rate of 1.6% a year. Demand for industrial space is projected to fall at a rate of 1.5% a year.

The next step in the process is to perform a ‘bottom up’ assessment of likely demand across the LVPMA, and then to consider whether the top down estimates should be revised up or down to reflect local factors.

6.8 Bottom-up Adjustment of Synthesis Demand

The bottom-up demand assessment is derived from market intelligence gained through the literature review, local research and consultation with local property market agents and key stakeholders as discussed in previous chapters. Factors considered include the following:

- The impact of regeneration and growth initiatives
- Property market trends within the PMA; and
- Impact of the recession

We summarise below the comparative advantages or disadvantages of LB Waltham Forest in relation to the wider LVPMA, to illustrate the degree to which Waltham Forest could compete for economic growth and the inward investment arising across the LVPMA.

6.8.1 Impact of Regeneration Initiatives within the Borough

There are two major regeneration and growth initiatives in LB Waltham Forest that if successful should help to boost demand for employment space in the borough. These initiatives are focussed on LB Waltham Forest’s two SILs at the Northern Olympic Fringe, of which the Lea Bridge SIL is a part, and at the Blackhorse Lane SIL. These are now discussed:

Northern Olympic Fringe Growth Initiatives

The Northern Olympic Fringe is the predominantly industrial area to the south east of the borough which includes the Lea Bridge Gateway SIL. Numerous planning policy frameworks and growth initiatives aim to build on the success of the Olympics and the major growth that has occurred at Stratford over the last decade. These include: the Northern Olympic Fringe Area Action Plan (NOF AAP); the Upper Lea Valley Opportunity Area Planning Framework (ULV OAPF); and identification of the area as a location for employment space growth in the LB Waltham Forest Core Strategy (2012). Specific policies include the decision made in January 2013 to reopen the Lea Bridge Station.

The Northern Olympic Fringe Area Action Plan (NOF AAP) sets out policies and proposals for the Northern Olympic Fringe Area with the aim of stimulating development interest and

encouraging regeneration projects whilst protecting those areas sensitive to change. The NOF AAP recognises the importance of retaining the SIL to provide planning certainty for prospective developers and investors. It specifically encourages and provides opportunities for green industries and waste management facilities.

The Upper Lea Valley Opportunity Area Planning Framework (ULV OAPF) was adopted by the Mayor of London in July 2013. It will help to stimulate interest from developers in the area by promoting infrastructure and environmental improvements and through specific initiatives such as the opening of Lea Bridge Station. It aims to create over 15,000 new jobs by 2031 across a range of industries and a green industrial hub creating greater learning and employment opportunities.

Blackhorse Lane AAP

The Blackhorse Lane AAP Proposed Submission sets out a framework for how growth should be co-ordinated to secure a sustainable pattern of development and maximum community gains. It sets out where new housing and businesses should go, and proposed infrastructure improvements to support this growth. The AAP identifies eight objectives to achieve this vision, a key one of which is to create ‘a place for creative and green industries’ by ensuring that ‘Blackhorse Lane continues to provide a range of jobs for our residents, and support the retention and growth of creative and green industries in the area.’

Policy BHL6: Employment recognises the need to ensure that the role of the Blackhorse Lane area as a major employer of local people is maintained and enhanced. It seeks to achieve this through a set of criteria including by directing general industrial (including green industries), storage, manufacturing and distribution uses to land designated as SIL. The AAP is clear that non industrial uses within the area’s SIL will be rejected on the basis that they will compromise the function of SIL.

6.8.2 ***Impact of Regeneration Initiatives Elsewhere in London***

In **Enfield**, Meridian Water is a £1.3bn redevelopment of an 85-hectare site within the Central Leaside Business Area, and is expected to involve the loss of a large amount of industrial land, although the masterplan retains the same quantum of SIL as is currently within the site.

The exact composition of the final development is still not fully known, but the 2012 Employment Land Review¹⁹ suggests that there will be demand for both large warehousing space and smaller industrial units which may not be met by the development. Further, the area to be retained as SIL within the masterplan²⁰ – called Meridian East – is to be split in two, with retail and residential units potentially occupying the main east-west route through the area. This is likely to mean the activities on certain areas of the SILs are restricted to light industry.

The Kenninghall Estate also falls within the scope of the masterplan; it currently accommodates waste and recycling businesses, but has been designated for mixed-use development, which the ELR suggests could be incompatible with its current use.

There is therefore scope for SIL-compatible businesses to be displaced from the site. Waltham Forest’s SILs could absorb some of this displaced activity.

In **Haringey**, Tottenham Hale is undergoing an extensive programme of redevelopment, with the objective of creating 10,000 homes, retail and office space to accommodate 5,000 jobs,

¹⁹ Enfield Council, *Enfield Employment Land Review 2012*, April 2012 (Roger Tyms and Partners). Link: http://www.enfield.gov.uk/downloads/file/7776/enfield_employment_land_review_2012

²⁰ Enfield Council, *Meridian Water Masterplan*, July 2013. Link: http://www.meridianwater.co.uk/wp-content/uploads/Meridian_Masterplan.pdf?bcsi_scan_E956BCBE8ADBC89F=0&bcsi_scan_filename=Meridian_Masterplan.pdf

and community space and facilities, by 2025²¹. Although the development is likely to have less of an impact on SIL-compatible businesses than Meridian Water, Waltham Forest could be an alternative location for those businesses displaced by the new development.

Although not within the LVPMA, the extent of regeneration activity taking place to rejuvenate the 58-hectare Kings Cross Opportunity Area (or Kings Cross Central) in LB **Camden** (with a small section in the LB Islington boundary) could have an impact on demand for industrial land within Waltham Forest. Camden's last ELR, published in 2008, estimated that more than 9,000sqm of industrial land was to be lost at the Kings Cross Central site between 2006 and 2026, although much of that space was judged not to be in active use²², and it is likely that, given the speed at which the development of the site is taking place, much of what was in use has already been lost. However, in considering the broader picture for SIL-compatible employment land in Camden, the study predicted that, 'industrial and warehousing activities will be pushed out or priced out of Camden by higher-value uses, as the Borough does not provide land for them.'²³

Taken together, the regeneration activity occurring within the borough, the LVPMA, and further afield in Kings Cross, and the demand this is likely to create, justifies an upward adjustment of the top down demand forecast for industrial and office uses in the borough over the planning period.

6.8.3 *Property Market Trends within the LVPMA*

Consultation with property market agents, as described in the property market assessment in **Chapter 5**, suggests that relative to the LVPMA, LB Waltham Forest is broadly in line with the average in terms of its attraction for potential industrial occupiers. Enfield has a greater 'critical mass' as an industrial location, and its industrial sector dominates the LVPMA, but Waltham Forest has a better offering than Haringey or Hackney, and has a comparative advantage over Enfield in the market for smaller industrial units. For this reason no adjustment is made to the projections for industrial uses in Waltham Forest. However, for office demand in Waltham Forest the bottom up assessment is positive compared to the LVPMA and so a positive adjustment is made.

6.8.4 *Impact of the Recession*

Local property market agents suggested that demand for employment land in LB Waltham Forest was relatively positive and that the effects of the recent economic downturn could be benefitting the borough as businesses downsize. The relative lack of spare capacity and vacant developable land in LB Waltham Forest is also likely to provide support to the market for commercial property.

In the national context, London's economy has emerged from recession relatively quickly. Observations around vacancy made during the field survey, and impressions of agents as summarised in the property market analysis chapter (**Chapter 5**), suggest that LB Waltham Forest has weathered the recession relatively well, that the market for employment land is relatively healthy, and that the borough is now in a good position to start to grow again. The effects of the economic downturn are already contained in the top-down data, therefore we see no need to make further downward revisions to the top down employment forecasts.

²¹ http://www.haringey.gov.uk/a_plan_for_tottenham.pdf

²² Camden Employment Land Review, Roger Tym & Partners, 2008: www.camden.gov.uk/ccm/cms-service/download/asset?asset_id=1169072

²³ pp. 7.53 of ELR

6.9 Bottom-up Demand Factor Summary

Table 6.5 presents the combined effects of the bottom-up local factors on the demand forecasts described above. This is presented in the form of either a positive impact on demand (↑), a negative impact on forecasts (↓) or no overall impact (↔). Each factor is given a weighting of +/-5% of the CAGR, depending on the direction of the arrow, a weighting which is based on professional judgment. The result of this exercise is an adjusted forecast.

Table 6.5 Summary of 'Bottom up' Factors and Impact on Synthesis Forecast for LBWF

| | <i>Office</i> | <i>Industrial</i> |
|---|---------------|-------------------|
| <i>Top down CAGR Forecast</i> | +1.6% | -1.5% |
| <i>Regeneration and Growth Initiatives</i> | ↑ | ↑ |
| <i>LVPMA internal trends</i> | ↑ | ↔ |
| <i>Recession</i> | ↔ | ↔ |
| <i>Adjustment %</i> | +10% | +5% |
| <i>Adjusted CAGR Forecast for LBWF</i> (<i>'top down' + 'bottom up'</i>) | +1.8% | -1.4% |

Source: URS (2013)

6.10 Sensitivity Analysis

To account for the risks to our projections, we introduce high- and low-growth scenarios to our demand projections for the borough, which are +/-10% either side of our best estimates (the 'medium-growth' scenario).

Our low- and high-growth scenarios also account for uncertainty in gauging the impact on demand (up or down) of, for example, variations in plot ratios and employment densities, or the realisation of regeneration plans at Blackhorse Lane and the Northern Olympic Fringe. The impact of some or a combination of the current development proposals could imply changes in demand in either direction, and it is therefore recommended that the Council monitor employment land demand and supply to account for this.

The three growth scenarios, including the impact of local factors, are presented in **Table 6.6**.

Table 6.6 LBWF Growth Projections with Local Factors and Sensitivity

| | <i>Adjusted CAGR</i> | |
|-------------------------------|----------------------|-------------------|
| | <i>Office</i> | <i>Industrial</i> |
| <i>Low Growth Scenario</i> | 1.6% | -1.6% |
| <i>Medium Growth Scenario</i> | 1.8% | -1.4% |
| <i>High Growth Scenario</i> | 2.0% | -1.3% |

Source: URS (2013)

6.11 Borough-Wide Industrial and Office Space Forecast

The net growth in demand for office and industrial floorspace over the planning period, 2012 to 2026, is set out in The table shows that the net requirement for additional employment floorspace in LB Waltham Forest by 2026 is estimated to be between 25,600sqm and 32,100sqm for office space, and -96,600sqm to -115,900sqm for industrial. Given the stage of

the current economic cycle it is likely that short-term growth will be lower than the long-term average.

Table 6.7 LBWF Office and Industrial Floorspace Forecast

| | Additional Floorspace Requirements at 2026 ('000 sqm) | | |
|-------------------|---|------------------|-------------------|
| | Net Low Scenario | Net Med Scenario | Net High Scenario |
| <i>Office</i> | 25.6 | 28.8 | 32.1 |
| <i>Industrial</i> | -115.9 | -106.3 | -96.6 |
| Total | -90.2 | -77.5 | -64.5 |

Source: VOA; URS 2013

6.12 Other Users of Industrial or Office Land

6.12.1 *Waste Management and Recycling*

Based on the borough waste apportionment outputs in the London Plan and making allowance for re-use of surplus waste transfer capacity, the SPG on Land for Industry and Transport estimates the likely future land requirement for new waste facilities in each borough 2011-2031²⁴. Land requirement depends on a number of factors including, the number, type, scale and location of waste treatment and recycling facilities selected to manage the apportionment in collaboration with neighbouring boroughs where appropriate.

The Council could go further than what is recommended in the SPG, and seek to attract additional sustainable and green technology industries into the borough. The Sustainable Industries Park in LB Barking & Dagenham is a good example of a government-led scheme to develop an environmental industries cluster on a previously under-used site. The 60-acre site is owned by the GLA, and GLA investment has been combined with European funding (via the European Regional Development Fund) to improve the public realm, upgrade the site's infrastructure, and provide serviced plots suitable for green businesses.

The site will eventually provide 150,000 m² of employment land, with the aim of creating a 'closed loop' system, in which environmental businesses interact and trade with one another. Current or future occupants of the site include a Closed Loop recycling plant, a TEG Group organic waste processing plant, and a Chinook Sciences plant for recovery of metal and energy from waste.

One crucial difference between this site and the two SILs in Waltham Forest is that the SILs are currently well-utilised, meaning it would be very challenging to do a top-down 'retrofit' of large scale industrial change onto the sites. Such a move would mean displacing the existing business activity, and would be detrimental to employment in the borough. Further, waste management activities tend to have significant noise and visual impacts, making them unsuitable for sites close to residential areas.

The Upper Lea Valley Economic Assessment 2011, referenced in Chapter 2, comes to the conclusion that the opportunities for developments around green industry in the Blackhorse Lane SIL are fairly limited due to low vacancy rates and limited space for further development.

²⁴ GLA, Land for Transport and Industry SPG (2012) Annex 2

However, the report notes that both areas could provide an appropriate location for a sub-set of activities towards the 'lighter' end of the green industry spectrum.

For the purposes of our baseline forecast, we assume a future land requirement for waste management and recycling purposes in line with the draft SPG, which states that the net additional indicative land requirement for LB Waltham Forest to 2031 is +3.4ha, equivalent to an annual average requirement (2011 to 2031) of 0.17ha. Over the ELS period (2013 to 2026) this would equate to 2.2ha of total additional demand. This figure is added to our demand forecast.

6.12.2 *Utilities, & Land for Public Transport*

The GLA London's Industrial Land Baseline (2010) measured 57.5 of land for utilities and public transport, made up mainly by the 37ha of land for utilities. Our observations did not identify any new land allocated for utilities or public transport since the 2010 study.

6.13 **The Forecast for Industrial Land to 2026**

The 2004 CLG ELR guidance states that where possible employment floorspace should be converted to employment land using plot ratios²⁵. Office development can vary considerably (from three to ten plus storeys) so it is not possible to convert the demand projections from floorspace into office land requirements with any certainty. Development density (plot ratio and storeys) tends to be relatively static for industry and warehousing premises, however, and a plot ratio of 1:0.45 (land to premises, over one storey) can be applied. This ratio means that over one hectare of land one can typically expect the footprint of an industrial or warehouse building to take up 0.45 hectares. Using this ratio we calculate that the additional demand for industrial floorspace is the equivalent of -14.8ha, -17.1ha or -19.3ha (low-, medium- and high-growth scenarios respectively).

The demand forecasts set out in **Table 6.8** take into account the demand for waste and recycling land and the need to retain an appropriate level of vacant or derelict land while sites are prepared for new occupiers (termed frictional vacancy²⁶).

²⁵ Page 47 of the Guidance

²⁶ See paragraph 3.7 of the Land for Industry and Transport Draft SPG (Mayor of London; February 2012) for a fuller explanation of frictional vacancy

Table 6.8 LBWF Industrial Employment Land Demand, 2013-2026

| <i>Additional elements of demand for industrial land</i> | <i>Low</i> | <i>Medium</i> | <i>High</i> |
|---|--------------|-------------------|--------------|
| | | (hectares) | |
| 1. Supply of occupied industrial land ²⁷ | | 207.6 | |
| 2. Vacant industrial land (3%) | | 5.0 ²⁸ | |
| 3. Gross industrial land (1+2) | | 212.6 | |
| 4. Land demand to 2026 (at 45% plot ratio) | -25.7 | -23.6 | -21.5 |
| 5. Additional demand for waste recycling to 2026 | | 2.2 | |
| 6. Normal levels of vacant land for 'friction' in 2026 at 5% ² (includes 5% of occupied land + land demand + 2.2 ha waste) | 9.2 | 9.3 | 9.4 |
| 7. Excess vacant land (includes normal levels of frictional land (line 6)) minus vacant land (line 2)) | 4.2 | 4.3 | 4.4 |
| 8. Gross demand for industrial land 2013-2026 | 188.2 | 190.5 | 192.8 |
| 9. Net change (Gross industrial land (line 3) minus gross demand 2013- 2026 (line 8)) | -19.3 | -17.1 | -14.8 |
| 10. Net change per annum (ha) | -1.5 | -1.3 | -1.1 |

*Source: URS; GLA London's Industrial Land Baseline (2010); Land for Industry and Transport SPG (2012)
Figures may not sum due to rounding*

The implication of this analysis is that, over the forecast period, there is expected to be a surplus of industrial employment land in the region of between -14.8ha and -19.3ha, depending on the demand scenario. The median scenario is for -17.1 between 2013 and 2026 or -1.3 p.a. This is deemed the most likely to occur and so is the foundation for the policy recommendations outlined in **Chapter 8**.

6.14 The Forecast for Office Floorspace to 2026

Table 6.9 shows that up to 2026 there is additional (net) demand for between approximately 26,742sqm and 33,519sqm of office floorspace in LB Waltham Forest.

Because of the mix of densities of office developed in Waltham Forest, and the fact that many offices are coming forward as part of mixed-use development, it is not meaningful to translate floorspace (sqm) into land requirements (hectares). Office space is therefore represented in terms of floorspace (per square metre) in **Table 6.9** below. This takes account of existing vacancy rates (assumed to be approximately 10,000sqm) and frictional vacancy rates (5%).

²⁷ This is the estimate presented in the 2012 Land for Industry and Transport SPG, which based its assessment of supply on the London Industrial Land Baseline 2010

²⁸ The 5.0 ha of developable vacant land is from the 2010 GLA Industrial Land Baseline

Table 6.9 LBWF Office Floorspace Demand 2012-2026

| | <i>Low</i> | <i>Medium</i> | <i>High</i> |
|--|---------------|---------------|---------------|
| Demand for office floorspace | | (sqm) | |
| A. Actual 2012 (Gross) B1 Floorspace | | 101,000 | |
| B. Current Vacant Floorspace (approx 10%) in excess of optimum rate (5%) | | -4,950 | |
| C. Demand for B1 floorspace | 25,609 | 28,799 | 32,064 |
| D. Floorspace required for frictional demand | 6,083 | 6,242 | 6,406 |
| E. Revised gross demand for B1 floorspace 2013-2026 | 127,742 | 131,091 | 134,519 |
| F. Revised net demand for B1 floorspace 2013-2026 | 26,742 | 30,091 | 33,519 |

Source: URS: Figures may not sum due to rounding

6.15 Comparison of Demand Forecasts

The assessment of likely future employment land demand in LB Waltham Forest to 2026 made in this chapter is based on the latest available data. This includes data from 2012 for historic employment and floorspace, and from May 2013 for employment forecasts. The market intelligence informing the bottom-up element of the demand forecast was gathered in November 2013, and so also represents the latest picture of likely future demand. To help inform decisions on whether to retain or release further land at the Blackhorse Lane and Lea Bridge Gateway SILs as per the objectives of this study, we compare our demand forecasts with the 2009 Employment Land Review (ELR), which informed the 2012 Waltham Forest Core Strategy.

We also compare our demand forecasts with the indicative industrial land release figure for Waltham Forest made in the GLA Land for Industry and Transport SPG (2012). This will help to demonstrate how any policy decisions surrounding the allocation of land at the SILs based on the latest projections might comply with London Plan policy 2.17 and the effective industrial land release target for the borough contained within the SPG. This is particularly relevant in terms of the policy towards the SILs at Blackhorse Lane and Lea Bridge Gateway because the GLA would need to approve any redrawing of the SIL boundaries, and the 2012 SPG and London Plan policy 2.17 criteria would be material considerations in their decision.

6.15.1 2009 ELR findings

The 2009 ELR recommended that approximately 22.9 ha of land should be released in the 17 years between 2009 and 2026. This represents approximately -1.3 ha p.a. It was recommended that this employment land should be released at 14 industrial employment clusters across the borough. The clusters that were recommended for release were all non-SIL, with the exception of 5.5 ha of land to the south of Blackhorse Lane, which has subsequently been released for redevelopment under the Core Strategy. The vision for the area is also set out in the Mayor's Upper Lee Valley OAPF.

6.15.2 2012 GLA Land for Industry and Transport SPG findings

The SPG places Waltham Forest in the limited category of industrial land release and identifies that 28 ha of land could be released in the twenty years between 2011 and 2031. This equates to -1.4ha per annum.

6.15.3 **2013 Demand Exercise**

The 2013 demand forecasting and gap analysis exercise set out in this report identifies that between 2013 and 2026 around 17.1ha could be released. This is 1.3ha per annum: in line with the 2009 ELR and slightly more positive than the SPG.

Table 6.10 Comparison of 2013 Industrial Land Release with Historic Assessments

| | 2009 ELR (ha. release) | 2012 SPG (ha. release) | 2013 Demand Exercise (this study) |
|--|-----------------------------------|-----------------------------------|--|
| Total Release (ha. with period) | 22.9 (2009 to 2026) | 28 (2010 to 2031) | 17.1 (2013 to 2026) |
| Average Annual release | -1.3 p.a. | -1.4 p.a | -1.3 p.a. |

Table 6.10 shows that there is minimal difference between the three demand forecasts. In policy terms it implies that there is not sufficient evidence or justification, looking purely at the outlook for demand, for further release of SIL land at either Blackhorse Lane or Lea Bridge Gateway.

6.16 **Recent Release of SIL and other Industrial Land**

The Council’s Core Strategy, adopted in March 2012, released 5.5ha of SIL land to create the Station Hub area at Blackhorse Lane, and 1.4ha of SIL from Lea Bridge Gateway. In addition, the Council estimates that 3.1ha of employment land across the borough was released from employment uses to allow residential and other development in the two years between April 2010 and April 2012, and that an additional 15.2ha of employment land is to be released through permissions yet to be implemented (though this includes some of the land at Station Hub mentioned above).

These figures suggest that, depending on how quickly the permitted schemes come forward, release of employment land looks set to outpace the rate of release recommended in the 2012 SPG.

6.17 **Conclusions**

This chapter has assessed likely future demand for industrial and office employment land and premises in LB Waltham Forest in the period 2013 to 2026. The demand forecasts are informed by a combination of top-down and bottom-up approaches to demand trend information and data collection.

The conclusion of this exercise is that between 14.8ha and 19.3ha of industrial land could be released over the planning period, and between 27,000sqm and 34,000sqm of new office floorspace required.

It should be noted that unlike a typical review of the borough’s entire employment land portfolio, our supply-side analysis focusses specifically on land designated in the Core Strategy as SIL. Nevertheless, several facts taken together strongly suggest that no further release of industrial land is necessary at the two SIL sites:

- Our updated forecast for demand shows little demand-side change compared to the forecasts produced as part of recent comprehensive employment land studies for the borough, including the 2009 ELR and GLA’s 2012 Land for Industry and Transport SPG
- As set out in Chapter 2, studies have revealed a pattern of over-release of industrial land in recent years, with almost 6ha more land in Waltham Forest being released

for non-industrial uses between 2006 and 2010 than was recommended in the 2007 London Industrial Land Release Benchmarks Report

- Council data on the quantum of industrial land permitted for release suggests that there is a significant risk of continuing to outpace the recommended rate of release in the years ahead: 15.2ha of industrial land has permission to be converted to other uses
- Our site surveys and discussions with agents suggest the two SILs are in demand and functioning well as employment sites, with no evidence to suggest that SIL-incompatible development is the only viable option for the sites.

Any future release decisions over and above those set out in the Core Strategy should therefore focus on non-SIL land close to sensitive uses, with SIL land being considered only once all other industrial land options have been exhausted or discounted.

7 NON-INDUSTRIAL SOURCES OF DEMAND

7.1 Introduction

Although evidence suggests the industrial sector in Waltham Forest has been resilient to decline, in generic terms demand for industrial land for traditional manufacturing uses is on a downward trend. As has been explored in Chapter 6, this trend is likely to continue as the UK's structural adjustment in response to global economic forces continues.

Structural change presents both a challenge and an opportunity for policy makers; they need to manage industrial transition rather than attempting to reverse it, while at the same time ensuring that the working-age population still has access to good-quality employment opportunities. In this section we consider some of the alternative employment uses for which the sites could be suitable.

7.2 Education Providers

The Blackhorse Lane SIL already accommodates one educational establishment: the Waltham Forest College, which offers a range of vocational courses, as well as English for Speakers of Other Languages (ESOL), teacher training, and English and maths courses for adult learners. The college has three sites on the Blackhorse Lane SIL.

We spoke to two higher education providers – UCL and UEL – to explore their selection criteria when reviewing potential destinations for expansion.

UCL is currently looking for a large site in which to create a £1bn 'university quarter' combining research, teaching and residential facilities. The university was in negotiations with Newham Council regarding a site within the Greater Carpenters Neighbourhood in Stratford between 2011 and early-2013, and produced a document in 2012 outlining its vision for the Carpenters Estate²⁹. However, in April 2013 the university and Newham Council jointly announced that, due to a failure to agree on the commercial terms of the project, negotiations had ended without agreement.

More recently, the university has investigated Blackhorse Lane as a potential location, meeting with Council officials at the beginning of September 2013. According to our interviewee³⁰, however, UCL would still like to secure a site in Stratford, because of its superior transport connections, the quantum and affordability of space potentially available (the university would like to develop between 1.5m and 3m sqft of teaching and residential space), and the quality of the public realm. To our knowledge the university is yet to make a decision on a site, and this could merit further investigation by LBWF.

UEL has just opened a campus in Stratford jointly with Birkbeck; UEL already had premises in Stratford, and decided it was the best location in which to expand, for several reasons:

- **Price:** given its transport connections, land is very cheap
- **Location:** it's very well-connected for central London and Essex. The law school, which has moved to Stratford, has a high proportion of students who commute in from Essex and/ or work full-time in central London. The Stratford connections mean easy transit out-of-hours for those students. The university plans to move the MBA programme to the new campus for the same reason

²⁹ UCL Stratford: An update for residents of Carpenters Estate:

<http://www.newham.gov.uk/Documents/Environment%20and%20planning/UCL-Stratford-Info-for-Carpenters-residents.pdf>

³⁰ Adam Harman, Project Director at UCL

- **Demographics:** Newham bucks the trend in terms of changes in the 18-25 year old age group. Most of the country is experiencing a dearth of university-age young people, which, coupled with the introduction of higher fees, is greatly reducing the universities' 'consumer base'
- **Partnership opportunities:** Birkbeck was interested in moving to the area, and partnership offered good economies of scale for both universities
- **Social infrastructure:** the area is already well-served by coffee shops and other social support – this reduces the obligation on the university to invest in that type of provision (though they still have)
- **Other cultural attractions:** Stratford has the Theatre Royal, a Victorian theatre. This is an attraction for students on the drama and arts courses
- **Economies of scale:** it is more expensive to manage a dispersed portfolio of campus sites. UEL has in the past had sites in Waltham Forest, as well as Barking and Dagenham and other parts of Stratford – but its approach now is to consolidate its holdings.

Connectivity and proximity to a young population were listed as the key selection criteria by our consultee. There is a momentum behind Stratford at present, partly generated by the Olympic investments, but the behaviour of the inner-London property market also looks to be a key driver; as land prices continue to rise, London's universities are compelled to look further afield for affordable expansion opportunities, particularly in a tough funding environment.

Stratford's popularity could present an opportunity to the Lea Bridge Gateway SIL in particular, given that it will be just one stop away from Stratford with the re-opening of the Lea Bridge Road railway station. However, trains from that station, at least initially, will be relatively infrequent (two per hour), and the station will not provide a direct link to central London, which is one of Stratford's key selling points for universities.

7.3 Creative uses, including artists' studios

Artists' studios tend to cluster where rents are cheap, where the right kind of space is available (large floor area to ceiling ratios and good natural light are usually popular) and in areas perceived as 'edgy' or outside the mainstream – often those abandoned by other uses and lying vacant or underused. Victorian former industrial buildings and warehouses are highly in demand for conversion, and a canal-side location is also desirable.

Our work to investigate the migration of artistic space over time suggests that the centre of gravity of east London's artistic cluster has shifted since the 1970s from Shoreditch, Bethnal Green and Hackney to the Lower Lea Valley, with sites opening up in former industrial buildings in Stratford and Hackney Wick. The cluster currently forms an arc to the north and east of Shoreditch at a distance of about three miles.

Information from Space Studios, one of the major providers of affordable space for artists within London, indicates that the growth of the Lea Valley cluster is an important emerging trend; in addition to the strong growth around Bow, Stratford and Hackney Wick, the most pioneering artists had also moved further north along the valley, as far as Tottenham Hale, Walthamstow and Edmonton.

Space Studios are currently considering investing up to £1million in a new building, and Waltham Forest is on their list of potential locations (though not necessarily the SIL). They prefer to purchase their premises, but would consider leasing, though they only tend to take on longer-term leases (10 years or longer) that make improvements during occupation financially worthwhile, and they insist that service charges are capped. Previously the organisation has

worked with local authorities to open up affordable creative workspace, and have been funded through Section 106 contributions.

In terms of premises specifics, Space's premises average 1,081m², hosting 28 studios, at an average of 39sqm per studio. They look to pay £4-5/sqft rent, which they then offer to artists for £8-15/sqft (with an average rent of £12/sqft). The quality of the space is crucial; Space will only lease a building if they believe they will be able to attract tenants to locate there (or if its affordability and lease terms mean they can make their own improvements).

In general, demand for affordable studio space outstrips supply, and as a result, providers of studio space are looking for ways in which to expand their offering. Acme Studios, the other major provider of artistic space in London, with 546 studios in 14 buildings, currently has a waiting list of 800 artists seeking space. Acme has previously partnered with private developers to include artistic space as part of a new development, and markets this to developers as a good way of meeting Section 106 requirements to provide both employment space and benefits to the local community.

Acme currently charges artists an average rent of £10.33/sqft, a rate that includes business rates, insurance and service charges.

7.4 Managed workspace

A managed workspace is a privately-rented business space that offers services in addition to the use of the space itself, and is generally targeted at small enterprises.

The level of service varies by type of managed workspace. At the *laissez-faire* end of the spectrum is a serviced premises providing basic amenities, such as waste management, security and reception services. These spaces tend not to have any conditions on the type of business allowed to locate there, and nor is tenure limited. The public sector does provide this kind of managed workspace, acting as a 'first mover' to create the right environment to attract businesses to a deprived area, but more often this kind of space is run as a private, profit-making enterprise.

At the interventionist end of the spectrum are incubator and accelerator spaces, where the offer includes a broader range of assistance to help new businesses grow, such as training, access to technological infrastructure, mentoring and even access to funding. This more interventionist approach often (though not necessarily) includes an element of public subsidy, and is selective about the type of businesses allowed to use the space. Businesses are expected to use the space only temporarily, moving on as they become established. A wide range of providers with a wide range of motivations (philanthropic; entrepreneurial; academic; venture capital) provide managed workspace.

A recent report by Shared Intelligence, commissioned by the Council, made an assessment of the managed workspace currently provided within the borough, and the steps the Council could take to facilitate further provision of such space. It found that most of the managed workspace currently on offer in Waltham Forest is geared towards light-industrial uses (such as the Lee Valley Estates and Workspace Group sites), wholesale, and transport and storage, and has high occupancy rates (85-95%).

New sites, such as the Blackhorse Workshop to be opened in early-2014 at Sutherland Road with support from the GLA Outer London Fund, CREATE, and LBWF, will broaden out the managed workspace offer and target a new generation of entrepreneurs and artisans. For office space, publicly-funded programmes include Waltham Forest College's forthcoming 'Market Place' initiative, part of a £4.9m programme of investments by the college with help from the Skills Funding Agency, and which will include a start-up business centre for new enterprises. The Council has also played an active role in developing new managed space for

office uses, including work to refurbish Chestnut House to provide office space, and plans for redevelopment of Webb's Industrial Estate, which will include B1 workshop space.

The report concludes that demand from emerging business tends to be for 'small units and modern office space in convenient locations'. In considering the potential demand for small office spaces, the report notes Waltham Forest's high rate of new business creation as evidence of potential demand, and that low business survival rates are an issue that the provision of managed workspace could help to counter.

The agents we consulted typically receive one or two enquiries per month regarding available space in managed workspaces within the borough. Businesses in the area generally understand that there is a limited provision of this type of space at present, which is likely to reduce the volume of enquiries. One agent stated that occupiers usually look for small multi-use workshops for light industrial purposes.

All agents thought that demand exists for managed workspaces. Units offering inclusive (affordable) rates, and facilities such as kitchens, wifi and conference rooms, were believed to be of particular interest to potential occupiers. One agent thought there was a market for the provision of different-sized units to cater for a mix of business uses. Flexible lease terms were also cited as a key element of the offer.

Within the Blackhorse Lane SIL, Silver Birch House and Landmark House could both be viable locations for new managed workspace provision. They offer excellent access to amenities and public transport, and through conversion and refurbishment could potentially offer a more cost-effective way of creating new managed business space than building a new site from scratch, as well as making a positive contribution to the vibrancy of the area. Our assessment of the sites was only of the exteriors, and a full survey would need to be undertaken to establish the viability of such a conversion, however.

7.5 High-growth sectors

Research by the National Endowment for Science, Technology and the Arts (NESTA) suggests that although high-growth businesses³¹ make up only 6% of the total business base, they generated half of all new jobs created within existing businesses between 2002 and 2008³².

It is important to note that 'high-growth' is not the same as 'high-value', when discussing sectors. High-growth businesses exist across all sectors, and are roughly evenly split across 'high-tech' and 'low-tech' sectors, with their common trait being their tendency to innovate; firms that introduced a product innovation in the period 2002-04 grew on average at a rate of 4.4% in the period 2004-07, compared with a growth rate of 2% for those that didn't innovate.

As we might expect, a broad brush review of high-growth firms across sectors indicates that office-based business sectors have tended to exhibit higher growth rates than the manufacturing sector over the past decade. Financial services, real estate and business services have the highest proportion of high-growth businesses (9%, 8% and 8% respectively) compared with 2-3% of manufacturing firms.

However, looking ahead, certain manufacturing sub-sectors are likely to display strong growth in the decades to come, as a result of technological advances, the evolution of incomes, lifestyles and demographics, and other changes such as tougher regulatory standards for

³¹ The OECD definition of a high-growth business is one that experiences annual average employment growth of 20% or more over three years

³² NESTA, *The vital 6 per cent*, October 2009

environmental products and processes. The Department for Business, Innovation and Skills identifies the following manufacturing sectors as being particularly well-placed to grow strongly in the coming decades³³:

- **Advanced manufacturing, including aerospace:** rising incomes mean increased demand for air travel, which in turn implies demand for aircraft. The UK is well-placed to capitalise on this trend, with several strong global brands including Airbus and Rolls-Royce;
- **Automotive:** with an increasing proportion of the world's population able to afford a motor vehicle, the outlook for demand in this sector is positive. In addition, the move to low-carbon alternatives will drive innovation in this sector;
- **ICT:** the sector is not only innovative in its own right, but also drives innovation across all sectors, and in so doing, boosts whole-economy productivity. The UK will have comparative advantage at the high-skilled end of the market, for example in R&D, design and marketing, although there will also be opportunities for manufacturing, including software-enabled electronics, and autonomous robotics;
- **Green industries and low-carbon construction:** demand for environmental goods and services will rise as countries introduce progressively tighter environmental standards. The UK is investing heavily in green-tech, with the £400m of venture capital invested in 2011 being the third-highest worldwide. Similarly, pressure for new buildings to have minimal environmental impact, and for the retrofitting of older buildings, will drive low-carbon building products and processes;
- **Life sciences:** demand for pharmaceuticals, medical technology and medical biotechnology is likely to increase as incomes rise and much of the world experiences an ageing population.

The measures to enhance the public realm already planned by the GLA, with £1m of funding awarded through the Outer London Fund, are certainly a step in the right direction if the goal is to attract higher-value activities onto the SILs. The businesses currently resident on the sites commented on the need for improvements to the public realm, including street lighting and signage, pavements, and road access, and such improvements would certainly help to increase the sites' appeal to a broader range of businesses.

The offer for businesses could also be enhanced by improving technological connectivity: Tech City Investment Organisation (TCIO) recently partnered with EE to provide super-fast mobile broadband in the area, and to give access to programming interfaces for TCIO-accredited businesses³⁴. Although this measure is directed first and foremost at the high-value knowledge-based sectors rather than manufacturers, technological infrastructure is of increasing importance for businesses across all sectors.

It is important to note that the opportunities offered by higher-value activities may not be a match for the local population's skill set – but this does not necessarily mean that low-skilled workers would not ultimately benefit from changing the mix of activities that takes place on the SILs. Work by Enrico Moretti, for example, has found that knowledge-intensive industries, and the high-technology sector in particular, generate higher spillover effects to their local region than low value-added activities³⁵, meaning that even if local residents didn't possess the skills required by the new businesses that settled on the SILs, they would still stand to benefit from the resultant boost to the local economy, both through the supply chain and expenditure within the local economy on the part of new employees.

³³ BIS Economics Paper No. 18: *Industrial Strategy: UK Sector Analysis*, September 2012. Link: <http://www.bis.gov.uk/assets/biscore/economics-and-statistics/docs/i/12-1140-industrial-strategy-uk-sector-analysis>

³⁴ http://www.uswitch.com/broadband/news/2013/06/ee_partners_with_tech_city_to_boost_mobile_broadband/

³⁵ See for example 'The New Geography of Jobs', Houghton Mifflin Harcourt, May 2012

7.6 Employment land-led residential schemes

Although their marketability for residential uses is not immediately apparent, and evidence gathered in this study suggests a continued demand for SIL from employment uses, both sites could in theory accommodate mixed-use developments, with the right public realm enhancements.

However, there is clearly a tension between allowing residential development as part of a strategy to boost employment, and interfering with the SILs' core purpose, which is to provide a space in which industrial activity, including those characterised as 'bad neighbourhood' uses, can operate without the risk of impacting on residential areas. On the SILs currently, 17 of the 25 parcels – and all but one of the parcels in the case of Lea Bridge Gateway – accommodate businesses engaged in bad neighbourhood uses. Residential development would either need to occur well away from these uses, or be postponed until the economic make-up of the area had changed sufficiently that bad neighbourhood uses were contained and/or reduced.

Even if the situation were such that residential development could be considered, the Council would need to control such development very carefully to ensure the core purpose of the land as providing employment opportunities were retained, potentially by requiring a certain quantum of employment space to be created before construction of the residential portion of the development could begin.

7.7 Conclusions

We spoke to two universities: UCL and UEL, to get their views on Waltham Forest as a potential location for a new campus. UCL is still evaluating its options regarding the location of a new 'university quarter', and has held discussions with the Council. Education providers are clustering around Stratford, however, in view of its superior transport connections and public realm. Stratford's popularity could present an opportunity to Lea Bridge Gateway SIL, with the opening of Lea Bridge station the site will be one stop away from Stratford. However, the relative infrequency of the trains, and the fact that the connection will not provide a direct link to central London, may limit its impact.

Space Studios, a provider of affordable studio space for artists, is looking for a new site, and is interested in Waltham Forest. Acme Studios is another major provider of space, and currently has a waiting list of 800 artists seeking studio space.

Providers of this kind of space would require any site they leased to be in a refurbished condition and attractive to tenants, and tend to look to pay rents of between £4/sqft and £10/sqft, which is comparable to the average market rents for industrial space on the SILs.

The SILs could host more managed workspaces, in order to make the sites more suitable for micro- and small businesses. The agents we spoke to said they received one to two enquiries a month about available managed workspace within the borough, although the limited stock of such space is likely to mean fewer enquiries.

The features tenants look for in a managed space, according to agents, include kitchen facilities, wifi and conference rooms, offered at an affordable rate. Within the SILs, the two vacant or partially-vacant office buildings, Silver Birch House and Landmark House, could both be viable locations for new managed workspace, although a full site survey of the interiors would need to be undertaken for this to be determined with certainty.

Key to attracting higher-value activities onto the SILs will be improving the quality of the public realm. The £1m awarded to Blackhorse Lane from the Outer London Fund will go some way towards making the necessary enhancements. The offer for tech businesses could also be

enhanced by improving technological connectivity, for example through ensuring high-speed broadband infrastructure is in place.

Whilst the presence of bad neighbourhood uses, and the primary purpose of land designated as SIL are not conducive to residential development, with the right public realm improvements, both SILs have the potential to accommodate mixed-use developments. The intensity of activity within the SILs is low in places, meaning that the quantum of employment land could feasibly be retained or even increased, and still combined with an element of residential development.

However, residential development would either need to occur well away from bad neighbourhood uses, or be postponed until the economic make-up of the area had changed sufficiently that bad neighbourhood uses were contained and/or reduced. Any such development would need to be managed very carefully to ensure that the employment-land component of the development was not used as a 'fig leaf' for large-scale residential development.

8 CONCLUSIONS AND POLICY RECOMMENDATIONS

8.1 Introduction

In this chapter we present our thoughts on the sites we identified through the site survey as offering greatest potential for investment. We then tie together the various strands of analysis set out in previous chapters to produce a set of conclusions, and our recommendations for the Council.

8.2 Sites with Investment Potential

We have reviewed those sites within the two SILs judged to have the greatest potential for investment. Our conclusions are summarised in **Table 8.1** below. To draw any firm conclusions on financial viability, however, further work would be required.

Table 8.1 Details of the Sites Identified as Having Investment Potential

| URS Parcel No. | SIL | Parcel Area (ha) | Parcel Description | Potential for investment |
|----------------|--------------------|------------------|---|---|
| BHL1 | Blackhorse Lane | 1.18 | This parcel comprises a mix of light industrial, warehouse, office units and two college buildings. The parcel is bounded by residential uses to the north and east, the Lockwood Reservoir to the west and a recently redeveloped employment area immediately to the south. | There is a significant level of parking provision within the parcel, much of which appears to be underutilised. The car park located between the Council building and Waltham Forest College building in the north east of the parcel has potential for redevelopment. The site is located in close proximity to residential uses therefore B2 uses are not considered ideal. Redevelopment of the car park area to B1a/B8 uses is considered more appropriate. |
| BHL3 | Blackhorse Lane | 1.55 | This parcel comprises two large, dated office buildings: Silver Birch House (entirely vacant) and Landmark House (still partially in use but with some vacant floor space). A large area of car parking encompasses the north-western corner of the parcel. | The majority of the parcel is currently vacant and possesses potential to be reconfigured and intensified for B1a uses. Whilst more detailed viability work would be necessary to inform this, it is considered likely that the provision of managed workspace for small businesses could be achieved with a relatively low level of intervention. |
| BHL9 | Blackhorse Lane | 1.32 | This vacant corner site forms part of a parcel comprising largely of warehouse units and fronts onto Blackhorse Lane. The site is bounded by residential uses to the east and south and warehouses uses to the north and west. A substation is located immediately north of the site. The Sutherland Gateway site which will involve the redevelopment of the area for a mix of uses including residential and retail is located on the opposite side of Blackhorse Lane. | Redevelopment of this frontage would help to improve the attractiveness of the estate and create a more inviting gateway into it. Given its frontage onto the roadside, it is considered that the site has potential for trade counter type units. |
| LB6 | Lea Bridge Gateway | 2.14 | This parcel comprises of an industrial/business area with | The overall parcel could be more intensely developed for B2/B8 |

| | | | | |
|------|--------------------|------|---|---|
| | | | small low rise aging units (largely warehouse uses) of varying quality. Heavier industrial uses are located on the far eastern end of the parcel. Three commercial/warehouse units are currently on the market for let and one is for sale. | uses. Several of the units are older, and redevelopment would mean the demolition of old structures to make way for new units. |
| LB13 | Lea Bridge Gateway | 5.06 | This parcel comprises a large industrial/business area with several wholesaler units, car repairs and a waste management facility. Craig Plant occupies the south-western corner of the parcel. There is also a large parking area at the northern end of parcel. | The Craig Plant site on the south-western corner of the parcel is in a key gateway location into the estate from the south. If the occupier could be relocated to an alternative location, this corner site possesses potential to be redeveloped for a more intense B2/B8 use to help create a presence onto Lea Bridge Road and an important gateway into the estate. |

The site survey found that a number of parcels in the SILs, such as BHL7, have poor quality public realm. In particular the roads and pavements are in poor condition, which has resulted in a degraded physical environment.

Targeted public realm improvements would help to improve the quality of the environment for businesses within these areas and would be likely to attract new businesses to the SILs. Given that Parcel BHL7 has low levels of pedestrian movement, kerbs and pavements could be removed and the road upgraded to create a shared surface. Less expensive measures such as regular street cleaning would also help to improve the quality of the public realm, while the planting of trees would help to define parking areas and improve the quality of the streetscape.

The site survey only took into account present-day factors in weighing up the investment and intensification potential of sites; with the re-opening of Lea Bridge Station in 2014, sites closest to the station within the Lea Bridge Gateway SIL and not included within **Table 8.1**, including LB12, LB14 and LB15, could become attractive to a wider range of use types than currently occupy the sites, including B1 uses.

8.3 Conclusions

Waltham Forest has an active property market for smaller industrial spaces, with a comparable number of transactions in recent years to the much larger market in Enfield. In fact, for the period Jan-Oct 2013, whilst market activity has declined in Enfield, it has increased in Waltham Forest. The borough’s office market is less successful and currently enjoys relatively low demand within the LVPMA, though this is likely to be a product of a significant proportion of the office stock on offer being dated in nature.

Looking at market data suggests that rents for industrial space are on average highest in Waltham Forest, of the four boroughs within the LVPMA, at £95.70/sqm or £8.90/sqft. This could be a consequence of the smaller average size of units changing hands in the borough: smaller units tend to cost more metre-for-metre than larger spaces, are often leased on more flexible (and therefore expensive) terms, and can often include a service charge within the rental price. Rental data by size suggests that a unit of 250sqm or less rents for an average of £104.50/sqm (£9.70/sqft) in Waltham Forest.

Office rents in Waltham Forest are the lowest in the LVPMA, which is what we might expect given what we know of the office market in the borough. Second-hand office space in Hackney costs £211.50/sqm (£19.60/sqft) – more than double the price of second-hand space in Waltham Forest.

The two Strategic Industrial Locations (SILs) in Waltham Forest are active employment sites which are in demand with businesses. Occupancy rates are high, and the majority of vacant units are recently refurbished and being actively marketed, with two notable exceptions being the two large office buildings at Blackhorse Lane: Silver Birch House and Landmark House.

Our site survey found that both SILs scored highly against the criteria for suitability for B2/B8 uses, providing good access to the road network, good parking provision, and adequate servicing for businesses. However, they performed less well against the criteria for office use suitability, with all but one parcels judged to have poor access to public transport, and more than a third of both SILs judged to have buildings and/or land in poor condition.

The sites offer many of the attributes agents told us businesses look for in an industrial site: good access, proximity to major transport links, high eaves to accommodate racking, and ample parking. The industrial sector is increasingly weighted towards warehousing and distribution (B8) with demand for manufacturing (B2) space declining. Agents described Blackhorse Lane SIL as one of the best sites in the borough for industrial property, whilst Lea Bridge Gateway was found to be suitable for third-tier distribution that could include internet retailers allocating goods for delivery to the end user. Agents also advised that the opening of Lea Bridge Station could broaden the appeal of Lea Bridge Gateway SIL to further business sectors.

The data suggests that market values of space on the two SILs are slightly lower than for the borough as a whole: agents gave a range of £5/sqft - £12/sqft, depending on the quality of the premises. Agents estimated the average yield on a property on the SILs at 10%, and churn at 15-25%.

The current SIL designation limits the value of the land on the two sites, which could be a useful tool for ensuring that a wide range of employment-related activities is kept viable. Conversely, any uncertainty around the future designation of the SILs is likely to create 'hope value', impacting on the viability of proposed developments.

Our demand analysis concluded that an appropriate amount of industrial land to be released over the period covered by the Core Strategy would be 17.1ha, equivalent to 1.3ha per annum. This is an almost identical pace of release to that recommended in the 2009 ELR, and slightly slower than the assessment made in the 2012 Land for Industry and Transport SPG.

The quantum of industrial land either already released or committed for release since the 2012 SPG assessment (which used 2010 supply data) is estimated by the Council at 15.2ha; depending on how quickly the permitted schemes come forward, release of employment land therefore looks set to outpace both the rate of release recommended in the 2012 SPG, and our assessment. Taken together, therefore, our analysis suggests that no further release of SIL land is necessary.

There are several possible alternative sources of demand for industrial space, should the Council choose to allow them to locate on the SILs. Educational providers expressed a preference to be located in Stratford, where a university cluster is forming, though they could be attracted by the new link to Stratford that Lea Bridge station will provide when it opens in 2014. UCL has considered Waltham Forest as a possible location for a new campus.

Space Studios are also looking at Waltham Forest as a possible location for new artists' studio space.

Managed workspace availability within the borough is limited at present, and agents felt that the demand would be there if suitable space were provided, with the key services businesses look for including conference rooms, wifi and kitchen facilities.

8.4 Recommendations

Recommendation 1: Retain Current Policy Position

Our assessment of future demand for industrial land did not suggest further release of SIL land was necessary. Current borough-level policy, as set out in the 2012 Core Strategy and 2013 Blackhorse Lane AAP Proposed Submission, is consistent with the pace of release recommended in the 2012 Land for Industry and Transport SPG, and before that in the 2009 ELR, and in fact there is evidence to suggest that recent releases and permissions may have gone substantially further than the recommended release rate.

It should be noted that this study has only assessed the quality and quantum of the two SIL sites, not all employment land across the borough as a traditional ELR would. However, we are confident that there is no case for releasing further SIL, given our findings on the characteristics of the sites surveyed; our discussions with agents; updated demand projections; the level of release the borough has already planned for; and recent levels of release.

Recommendation 2: Consider Local Development Orders to Encourage Reinvestment

A Local Development Order (LDO) would enable occupiers to undertake adaptations and development to their premises within short timescales. It is a potential selling point for an industrial estate, as it helps to speed up the planning process, allowing occupiers to focus on their core business. It also allows landowners the flexibility to respond quickly to a potential occupier's needs and make changes to premises. **The Council should investigate the potential for using LDOs to incentivise investment into the SILs.**

Recommendation 3: Public Realm and Infrastructure Investment

Both SILs have high occupancy, and are a good source of local employment opportunities, which suggests that the quality of the public realm is not significantly impacting on the *level* of economic activity, though it may be having an impact on the *quality* of activity attracted to the two sites.

Thinking longer-term, the Council may wish to attract a higher-value mix of business, uses to the sites, in keeping with its vision for the borough. Rather than large-scale reinvention of the sites in the style of the Dagenham Sustainable Industries Park, **the Council should focus on making improvements to the public realm, such as improving the roads, street lighting and walkways**, in order to make the sites attractive to a wider range of higher value businesses. The enhancements planned for the wider area with the £1m of funding awarded from the Outer London Fund will be a positive step in this direction.

Technological infrastructure is increasingly important to all businesses, not just those in the technology sector. Tech City Investment Organisation (TCIO) recently partnered with EE to provide super-fast mobile broadband in the area, and to give access to programming interfaces for TCIO-accredited businesses. **The Council should investigate the options for upgrading its infrastructure offer on the SILs, and the potential for offering super-fast and mobile broadband as an incentive to businesses considering locating on the sites.**

Recommendation 4: Provision of Light Industrial and Workshop Space

Waltham Forest is a borough of micro- and small businesses, and although new enterprises are a relatively high proportion of the business base, survival rates are poor compared to the London average, with only 40% surviving 4 years.

A significant proportion of the building stock on both SILs is of low grade, and although this means the accommodation is relatively inexpensive, it is also likely to mean it doesn't meet the needs of a modern micro-business. **The Council could support micro- and small businesses engaged in light industry by facilitating the provision of good-quality mixed B1/B2 workshop space suitable for small enterprises.** Such 'hybrid' space would have generous ceiling heights, and have a roller shutter door for larger vehicle access.

Potential vehicles for doing this could include grant funding, encouraging developers to develop this kind of space through pre-application discussions, and potentially providing a financial incentive to do so through reduced developer contributions.

The Blackhorse Workshop, a joint Council, GLA and CREATE initiative opening in January 2014, will test the water in this regard, and should provide useful intelligence on the level of demand for such space in the immediate vicinity of the Blackhorse Lane SIL. The Council should monitor the new workshop closely, to establish its occupancy rate, and the number and type of enquiries it receives from potential occupiers.

Recommendation 5: Provision of Managed Office Workspace

Waltham Forest offers some options for managed workspace, but these tend to be industrial in nature, and there is only a small amount of small, flexible managed office space. Consultation with agents suggests the demand for such space would be there if it were provided, and existing spaces, such as the Hiltongrove Business Centre, and Legacy Business Centre, have occupancy rates of 95%. Publicly-funded programmes include Waltham Forest College's forthcoming 'Market Place' initiative, part of a £4.9m programme of investments by the college with help from the Skills Funding Agency, and which will include a start-up business centre for new enterprises, shortly to become fully operational.

Judging by the small amount of managed office space the market currently provides, however, commercial developers either don't currently see the provision of additional space as being economically viable, or have been unable to find a suitable space to convert. **The Council could act as a 'first mover' in this regard, and facilitate the opening of a new managed workspace in an area not currently viewed as attractive or suitable for businesses, in order to provide small businesses with affordable, serviced office space.** There is a spectrum of possible approaches to managing such space, from the interventionist to the laissez-faire, which the Council could adopt in creating such a facility.

Blackhorse Lane SIL would be the more suitable venue for such a space, given that it has vacant office space (Silver Birch House and Landmark House), and better access to amenities and public transport than Lea Bridge Gateway SIL. BHL1, BHL3 and LB1 were identified by our site survey as containing Council-owned property; other sites not identified here are likely to be within Council ownership, and could offer the potential for conversion. Further out, once the Lea Bridge station has opened, Lea Bridge could also become a suitable location for this type of intervention.

Recommendation 6: Facilitation of Studio Space

There are several successful and established providers of artists' studio space, and demand for the services they provide tends to outstrip supply. Our work has established that at least one such provider is currently looking for a new venue. The rents they look to pay are commensurate with the market rents offered on the two SILs, suggesting there could be a

match, but they have strict requirements around the quality of the space they will lease, and it is possible that the right kind of space isn't currently available on the sites.

The Council should have follow-up conversations with the main providers of studio space in London – Acme Studios and Space Studios – to establish what would motivate them to choose to locate on the SILs, and whether S106 could be a possible source of funding.

APPENDIX A: SITE SURVEY CRITERIA

Criteria for suitability for B2/B8 employment use

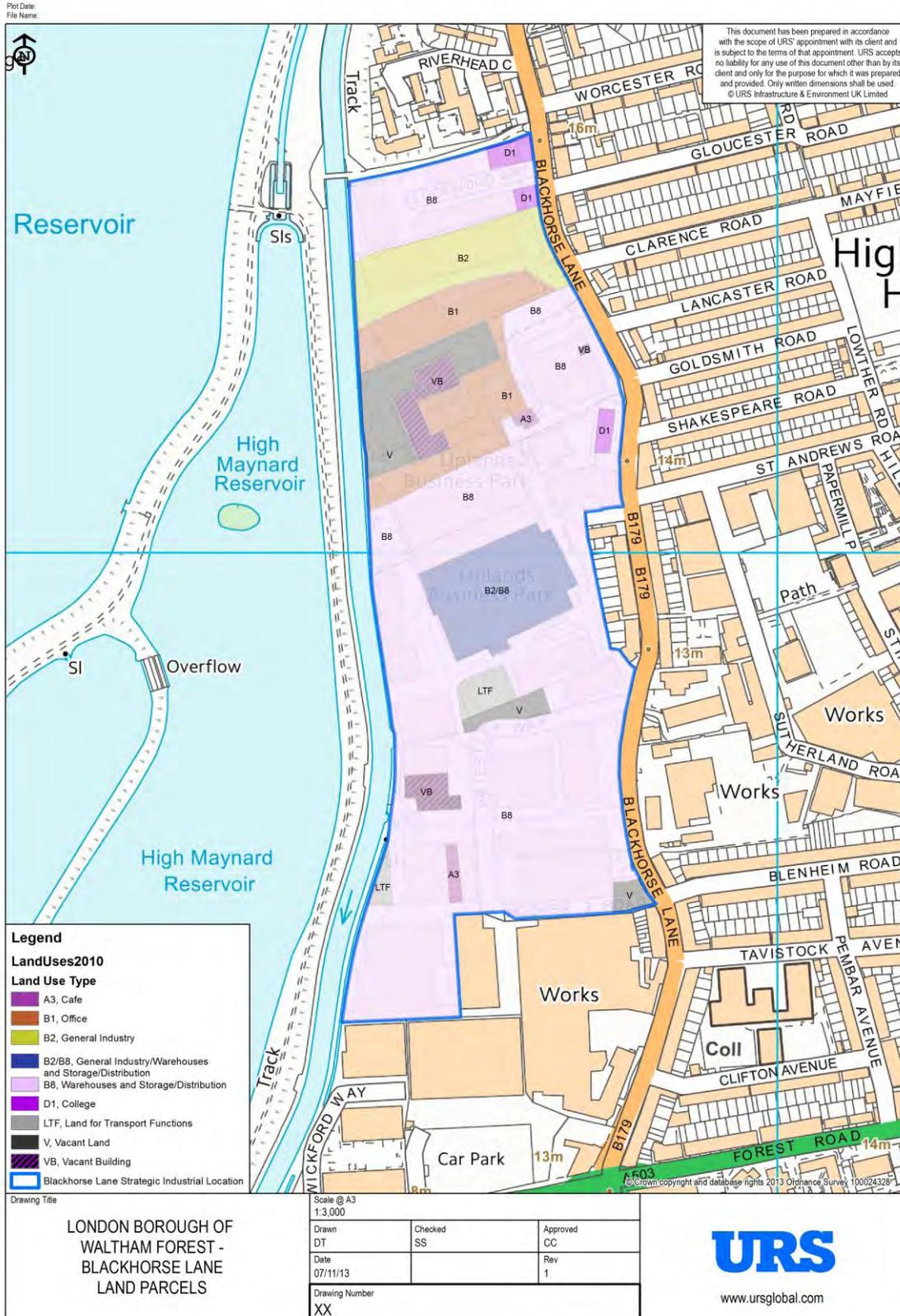
| Parcel Ranking Criteria | Criteria and Scoring |
|---|---|
| Strategic Road Access | <ul style="list-style-type: none"> • Direct: 1 point • Indirect: 0 point |
| Access to waterways and wharves | <ul style="list-style-type: none"> • Direct: 1 point • No access: 0 point |
| Access to railhead | <ul style="list-style-type: none"> • Direct: 1 point • No access: 0 point |
| Quality of Environment | <ul style="list-style-type: none"> • >75% of environment in good or very good condition: 1 point • 50-75% of environment in good or very good condition: 0.67 point • 25-49% of environment in good or very good condition: 0.33 point • 0-24% of environment in good or very good condition: 0 point |
| Condition of Buildings | <ul style="list-style-type: none"> • >75% of buildings in good or very good condition: 1 point • 50-75% of buildings in good or very good condition: 0.67 point • 25-49 of buildings in good or very good condition: 0.33 point • 0-24% of buildings in good or very good condition: 0 point |
| Physical site constraints | <ul style="list-style-type: none"> • 1 point if there are no physical site constraints • 0 points if there are site constraints |
| Bad neighbourhood issues | <ul style="list-style-type: none"> • Employment areas start with 1 point and minus 0.2 for each bad neighbourhood use (Noise pollution, air pollution, smell, HGV traffic, significant car traffic, other) To maximum of - 0.2. • Additional - 0.5 point if employment area in close proximity to existing or proposed residential |
| Servicing of businesses in parcel | <ul style="list-style-type: none"> • Adequate: 1 • Not adequate: 0 |
| Parking Facilities | <ul style="list-style-type: none"> • Adequate: 1 • Not adequate: 0 |
| Level of utilisation for active employment uses (B use class) | <ul style="list-style-type: none"> • More than 75% parcel currently actively used for employment uses: 1.5 points • 50-74% parcel currently actively used for employment uses: 1 point • 25-49% parcel currently actively used for employment uses: 0.5 points • Under 25% parcel currently actively used for employment uses: 0 points |

Criteria for suitability for B1 employment use

| Parcel Ranking Criteria | Criteria and Scoring |
|--|---|
| Access to Public Transport | <ul style="list-style-type: none"> • Poor or Very Poor = PTAL level 0-3: 0 points. • Moderate = PTAL level 3: 0.25 points • Good = PTAL level 4-5: 0.5 points • Very Good = PTAL level 6a & 6b: 1 points |
| Quality of Environment | <ul style="list-style-type: none"> • >75% of environment in good or very good condition: 1 point • 50-75% of environment in good or very good condition: 0.67 point • 25-49% of environment in good or very good condition: 0.33 point • 0-24% of environment in good or very good condition: 0 point |
| Condition of Buildings | <ul style="list-style-type: none"> • >75% of buildings in good or very good condition: 1 point • 50-75% of buildings in good or very good condition: 0.67 point • 25-49 of buildings in good or very good condition: 0.33 point • 0-24% of buildings in good or very good condition: 0 point |
| Physical Site Constraints | <ul style="list-style-type: none"> • 1 point if there is no site constraints • 0 points if there are at least one physical site constraint |
| Proximity to compatible land use | <ul style="list-style-type: none"> • 1 point if adjacent to compatible land uses (other office, residential, retail) • 0 point if adjacent to incompatible land uses (industrial, waste) |
| Servicing of businesses in parcel | <ul style="list-style-type: none"> • Adequate: 1 • Not adequate: 0 |
| Parking Facilities | <ul style="list-style-type: none"> • Adequate: 1 • Not adequate: 0 |
| Access to facilities and amenities | <ul style="list-style-type: none"> • 1 points for very good access • 0.5 point for good access • 0 points for poor/very poor access |
| Level of utilisation for active employment uses (B1 use class) | <ul style="list-style-type: none"> • More than 75% parcel currently actively used for employment uses: 1.5 points • 50-74% parcel currently actively used for employment uses: 1 point • 25-49% parcel currently actively used for employment uses: 0.5 points • Under 25% parcel currently actively used for employment uses: 0 points |

APPENDIX B: LAND USE MAPS

Blackhorse Lane SIL



Lea Bridge Gateway SIL

