

Appendix 2 – Summary of evidence

This document summarises data and findings from the sources named in relation to:

- A Demand for office space
- B Supply of office space
- C Impact of the permitted development right
- D House price trends in Lambeth

A. Demand for office space

London Office Floorspace Projections, Peter Brett Associates for GLA July 2014 (update to the London Office Policy Review 2012)

For London as a whole, office jobs are projected to increase by 575,000 over the period 2011-36, an average of 23,000 a year. At an employment density ratio of 10.8 sq m per worker this would imply a net addition to stock of 6.2 million sq m. If an 8% vacancy factor is added, this would increase to 6.7 million sq m (p 15).

For Lambeth, office jobs are projected to increase by 14,000 over the period 2011-36, an average of 560 a year. At an employment density ratio of 10.8 sq m per worker this would imply a net addition to stock of 149,000 sq m. If an 8% vacancy factor is added, this would increase to 161,000 sq m (table 4-1, page 16).

Lambeth Employment Land Review Update Atkins February 2013

Summary of findings:

Employment forecasts identify a net growth of 11,600 additional B Use Class jobs under the Baseline Scenario, 4,100 under the Lower Growth Scenario and 16,200 under the Higher Growth Scenario.

In all scenarios the job growth is anticipated to be largely in the B1 class jobs (office based jobs), whilst B1(c) and B2 jobs (general industrial and manufacturing jobs) are forecast to decline.

This translates into additional need for B1 (a) employment floor-space in the period to 2026. In gross terms, this ranges from 82,700 sq m under the Lower Growth Scenario, up to 166,300 sq m under the Baseline Scenario and 268,500 sq m under the Higher Growth Scenario.

Demand for office floor-space is equivalent to a 10-33% increase in the overall stock of B1 (a)/ (b) premises. Much of the potential B1a floor-space is in the Vauxhall and Waterloo Opportunity areas and the Town Centres. This provides office based premises of over 1,000 sq m and is likely to meet the needs of those businesses that require large Grade A office accommodation.

Despite the large amount of potential floor space that could come forward, protection of existing B1a floor space will continue to be important. In particular protection of existing premises in KIBAs and other smaller sites will help to provide a choice of flexible and affordable accommodation for SMEs.

Lambeth Business Survey 2015

Lambeth Council undertook a detailed survey of 381 businesses based in the borough in 2015. This found that approximately 47% of respondents had been trading in Lambeth for more than 10 years at the time of the survey. The vast majority of respondents (87%) thought it likely or very likely they would still be trading in Lambeth in three years' time, while 7% thought it unlikely or very unlikely. This suggests a good level of confidence among businesses.

6 out of 10 businesses (61%) rated Lambeth as a 'good' or 'very good' place to do businesses, only 6% rating Lambeth as 'poor' or 'very poor' as a place to do business and one in three as average. This showed an improvement on the previous 2011 Lambeth Business Survey, when 38% rated Lambeth as 'good' or 'very good' and 22% as 'poor' or 'very poor'.

Being near to good transport links (30%), being a generally 'good location' (29%) and being close to central London (21%) were considered strengths of Lambeth as a business location.

Reflecting Lambeth's (and London's) highly skilled and diverse labour pool, the majority of respondents (66%) said they do not face any challenges when it comes to recruiting.

Approximately 60% were planning to grow their business over the next three years, 35% were planning to maintain the existing size of their operations, and only 2% were planning to reduce the scale of their operations. In terms of the number of staff they employ, 21% of respondents said it had increased over the past 12 months, 9% said it had decreased and 69% said it had stayed about the same. Looking ahead, 32% of respondents anticipated an increase in the number of staff they employ to increase over the coming 12 months, 63% anticipated no change, and only 2% to decrease. These figures are similar to those reported in the 2011 Lambeth Business Survey where 60% expected to see growth and 5% to reduce the scale of their operations.

Lack of office space or difficulty in finding commercial units ranked 5th amongst responses. This issue was most frequently raised by those in the 'Information, Communication, Property, Finance and Insurance' sectors (9%).

The findings of the business survey show that Lambeth is a good business location and that there is a good level of confidence among businesses based in the borough. The majority of businesses had plans for growth and expansion over the coming years. This is expected to lead to additional demand for employment floor space, including office floor space.

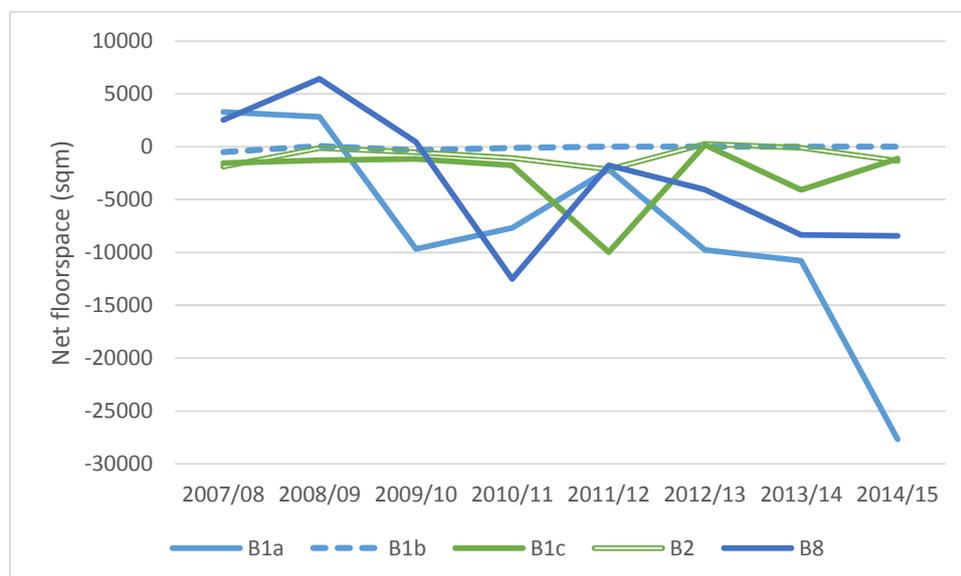
B. Supply of office space

For the market to function efficiently and to allow effectively for churn, choice and flexibility, it is necessary for pipeline supply to exceed projected levels of demand. To allow employment growth to materialise through new development, a surplus in supply of employment floor space is required to ensure that actual demand can be met in terms of location, type, timing, quality and size.

Lambeth Commercial Development Pipeline Report 2014/15

Completions

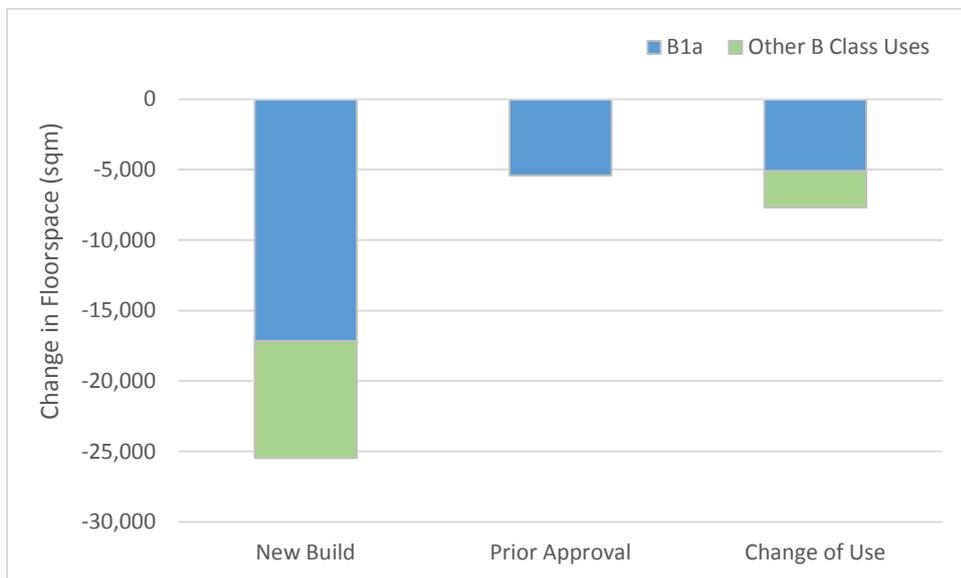
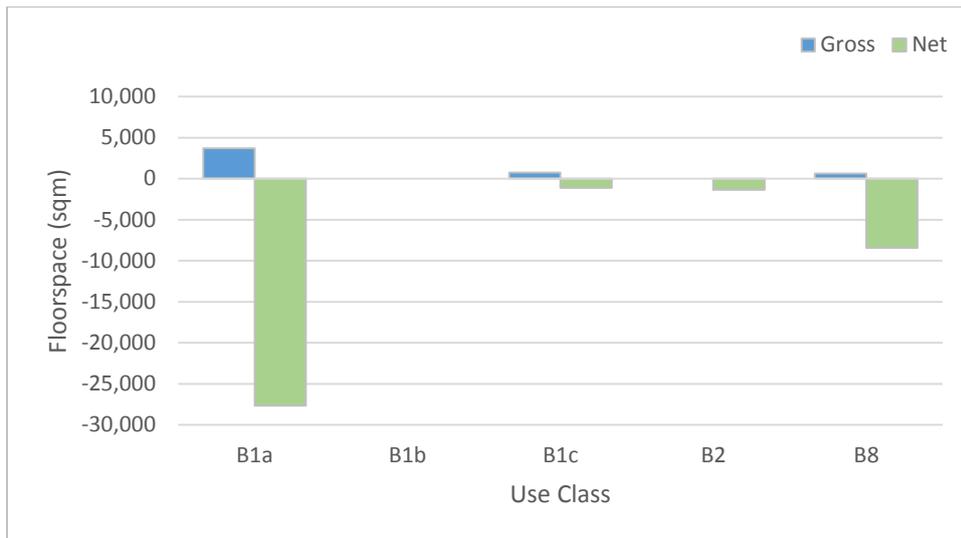
Since 2009 there has been a trend towards the loss of employment floor space in Lambeth. Completed developments during 2014/15 resulted in the net loss of 38,585 sqm of commercial floor space across all B use classes. The majority of this was B1a (office) floor-space (27,670 sqm): 72% of the total. The gross quantum of B1a floor-space completed was 3,709sqm, one of the lowest amounts since monitoring began in 2006/07.



The majority of B1a floor-space lost was through demolition prior to new build (62%).

Residential schemes permitted through the prior approvals process (B1a to C3) accounted for the loss of 5,413 sqm of office floor-space.

A total of 827sqm of office space was lost in KIBAs, all to residential dwellings through prior approvals.



Under construction

Within KIBAs, there was 14,533 sq m of office floor space under construction (12% of the total across the borough), which equates to a net gain of 11,854 sqm.

There were five Prior Approvals schemes under construction, resulting in a net loss of 7,056sqm of B1a floor-space. None of these were in KIBAs.

Approvals

The majority of new commercial floor space approved was offices, at 119,909 sqm. This equates to one of the lowest net losses of approved B1a floor space for several years at -3,456 sqm.

Within KIBAs, approvals resulted in a net loss of 13,052sqm of office floor-space and 5,322 sqm of B1c (light industry) floor-space – both the most significant losses in several years.

Unimplemented permissions

Unimplemented permissions resulted in a net gain of 7,701sqm of office floor-space (the highest since 2008/09).

Within KIBAs, unimplemented permissions resulted in an overall net gain of B class floor-space of 942sqm but a slight loss in B1a of 9sqm.

Outside of KIBAs unimplemented permissions resulted in a net gain of 7,710sqm of B1a office space.

Brixton Town Centre Economic Strategy (Draft June 2016)

Summary of findings:

- Brixton town centre has a comparatively low proportion of office floor space in the core town centre area. An estimated 7% of floor space is in office use. This is significantly lower than in other major town centres which have an established reputation for office and employment activities– such as Angel (19%), Whitechapel (17%), and Camden (10%).
- Evidence from Estates Gazette shows that in December 2015 there was only 100 sq m of office space on the market. This is lower than all other comparator town centres and significantly lower than in town centres with an established office market (such as Angel, Shoreditch and Camden, each of which have availability of over 2,000 sq m). Availability of a range of different types of office space is seen as a critical factor in successfully functioning commercial market – allowing for churn in the occupier base and giving incoming businesses choice when it comes to making investments.
- Additional pressure is being placed on the existing stock by office to residential changes of use under permitted development rights.
- Brixton’s jobs growth rate from 2010 to 2014 has exceeded that across areas such as Bethnal Green, but falls behind areas such as Shoreditch and Dalston. Its business growth rate over the same period has exceeded that in areas such as Peckham, but falls behind areas such as Dalston. Business start-up rates are below those seen in the North of Lambeth and area also lower than in comparator town centres such as Dalston and Camden Town.
- There are around 2,400 professional service, ICT & digital, and other business service jobs (20% of all town centre jobs) and 585 businesses in these sectors (40% of all town centre business units) within the Brixton area. There are around 500 creative and media & broadcasting jobs (4% of all town centre jobs) and 215 businesses in this sector (15% of all town centre business units).
- Jobs in professional services in Brixton have grown 24% between 2009 and 2014. The ICT & digital sector in Brixton has seen a 74% growth in jobs over the same period.
- Recent growth in professional and creative service activities in Brixton demonstrates that there is demand for office space within the town centre.
- While these are higher value sectors which are projected to grow across London in coming years, the ability of Brixton to accommodate strong growth in these activities is constrained by the supply of suitable space.
- Given the low level of supply and availability, Brixton’s ability to grow its economy is likely to largely depend on the provision of additional and appropriate employment floor space. This will include space to accommodate inward investment from established businesses and flexible space to support businesses to start-up and grow.
- The Strategy identifies ‘Areas for intervention’ with one of these project areas aiming to ensure new space for business growth to meet the needs of the growing and evolving Brixton economy, in particular for ‘office focused’ sectors. The ultimate goal is an increase in the amount and variety of commercial space in Brixton.

C. Impact of the permitted development right

Lambeth data

Since the introduction of the original permitted development right in May 2013, Lambeth has received 235 prior approval applications for change of use from office to residential. Of these 137 (58%) have been approved, 75 (32%) refused and 23 (10%) withdrawn. For the period to April 2015, the approvals would equate to the loss of approximately 14,000 m² of B1(a) office floor space and the creation of 508 new residential units, if all the approvals were implemented (by March 2015, the rate of implementation for those granted since May 2013 was 73%).

At an employment density ratio of 10.8 square metres per worker (source: London Office Policy Review update 2014), the loss of 14,000m² of B1(a) floor-space equates to 1,296 jobs.

The impact of the permitted development right for office to residential conversions - London Councils 2015

Summary of findings:

- Figures submitted by London boroughs indicate that approval has been granted for at least 100,000 sq m of wholly occupied office floorspace between May 2013 and April 2015, and 834,000 sq m total office floorspace has been lost.
- Some boroughs have reported that the permitted development right has had an impact on land values for scarce office stock, threatening the viability of office redevelopment and refurbishment even in areas where there is clear demand.
- Eleven boroughs reported at least 10 separate fully occupied office spaces being approved for conversion.

The following is based on data supplied to the Greater London Authority by the London boroughs up to May 2015.

- At least 2,639 office to residential prior approval applications had been received by London boroughs between May 2013 and April 2015. Approval has been granted for at least 16,600 new dwellings through office-to-residential permitted development rights since May 2013.
- Prior approval had been granted for at least 322 fully occupied office spaces across London – around 39 per cent of those approvals granted for which occupancy information is available.
- Office floor space information was available for 1,232 prior approvals. The floor space lost through these schemes totals 834,000 sq m, or around 675 sq m per scheme.
- The largest single space to have received approval for conversion was Delta Point in Croydon town centre. If implemented, this would see 29,000 sq m of office space converted to 348 residential dwellings. Had this gone through the planning process it alone could have delivered more than 50 new affordable homes on a conservative estimate.
- At least 12 other schemes of 90 units or more have been granted permission for residential conversion since May 2013, with at least 55,000 sq m of office space being lost through these 12 schemes alone. Eight of these office spaces were partly occupied and two were fully occupied (one comprising 7,500 sq m of office space).

City Hall data on prior approvals released 3 June 2016

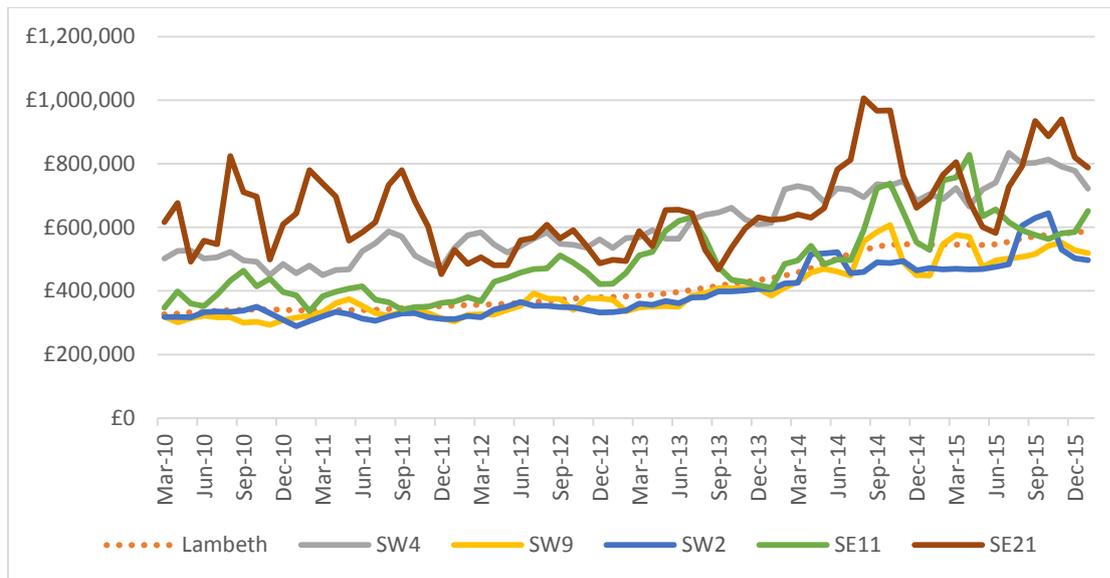
www.london.gov.uk/press-releases/mayoral/protection-for-small-businesses)

Under permitted development rights:

Permission Financial Year	Sum of Residential units from offices	Sum of Net B1a Floorspace (Square mts lost)
FY2013	5,200	-348,550
FY2014	10,922	-806,442
FY2015	5,512	-323,811
Grand Total	21,634	-1,478,803

There is approximately 1.5 million square meters of office floor space in London that could potentially be lost in prior approvals. Using the assumption of one job per 16 square metres, this equates to space for 93,750 jobs. Based on occupancy data provided by London boroughs on prior approvals up to 31st March 2015, 38 per cent of these would have been fully occupied at the time consent was requested, representing 35,600 jobs. A further 18 per cent are recorded as part occupied.

D. House price trends in Lambeth (Land Registry data)



This chart shows three-month average house prices in Lambeth since 2010. The data relates to postcode districts. These are not co-terminous with the boundaries of the areas to be covered by the Article 4 direction but can be used to give an indication of the house price trends in those areas.

The graph shows that house prices in these postcode districts are consistently high and on an upward trend over the past five years. SW4 (Clapham), SE21 (West Dulwich, location of the Park Hall trading estate) and SE11 (location of Kennington Business Park) have prices that are well above the average for the borough. House prices in SW9 and SW2 (Brixton) are generally in line with the average for the borough.