

Appendix 3 – Summary of Lambeth-specific evidence relating to office floorspace in the Central Activities Zone (CAZ)

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

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

A. Demand for office space in the CAZ in Lambeth

GLA London Office Policy Review 2017

For Lambeth as a whole, the forecast demand for net additional office floorspace 2016-2041 based on office employment projections, with allowance for vacancy, is 160,627sqm.

The Lambeth part of the CAZ is projected to be able to accommodate 10,836 additional office jobs over the period 2016 to 2041, which equates to approximately 80% of the total projected office jobs growth in the borough for this period.

Bourne Capital in Waterloo

To illustrate the current active demand for office space in the Waterloo part of the CAZ in Lambeth, Bourne Capital have recently refurbished around 35,000 sq ft in Mercury House and around 70,000 sq ft in Capital tower. These spaces are close to being fully let. There is some vacancy as businesses move in and out but in general terms there is high demand for this office space. In terms of rental profile achieved in Capital Tower for conventional spaces (i.e. a tenant taking a normal lease over space) Bourne Capital have achieved rents in the early £60s / ft (beginning/mid 2017).

B. Supply of office space in the CAZ in Lambeth

Lambeth Commercial Development Pipeline Report 2016/17

Completions

The completion of developments during 2016/17 resulted in the net loss of 25,623 sqm of B1a office floorspace across Lambeth as a whole. For the CAZ area in Lambeth only, there was a net loss through completions of 2,834 sqm B1a office floorspace.

Lambeth as a whole has experienced a net loss of B1a office space in each of the past eight years. Since March 2007 this has resulted in a total net loss of over 116,000 sqm of B1a.

Table 5 - Rolling Annual Summary of Commercial Floorspace Completed 2007-2017 (source: Lambeth commercial development pipeline reports 2007/08 to 2016/17)

Year	B1a
2007/08	3,300
2008/09	2,825
2009/10	-9,683
2010/11	-7,674
2011/12	-2,157
2012/13	-9,767
2013/14	-10,775
2014/15	-27,670
2015/16	-28,791
2016/17	-25,623
Total	-116,015

Under construction

162,624 sqm of new B1a office floorspace was under construction at the end of 2016/17, which once completed will result in a net gain of 24,201 sqm of floorspace. This included eight prior approval schemes for change of use from B1a to C3 under permitted development rights (outside of the CAZ area), resulting on completion in a net loss of 2,679 sqm of B1a floorspace for those schemes.

For the CAZ area of Lambeth only, the figures were 134,232 sqm of new B1a office floorspace under construction at the end of 2016/17 resulting on completion in a net gain of 23,342 sqm.

Approvals

In 2016/17, a net additional total of 6,996 sqm of new B1a office floorspace was approved across Lambeth. However over five years, there has been a net loss of 35,285 sqm as shown in Table 3 below.

Table 3 - Rolling Annual Summary of Commercial Floorspace Approved 2012/13 to 2016/17 (source: Lambeth commercial development pipeline reports 2012/13 to 2016/17)

Year	B1a Approvals		
	Existing	Gross	Net
2012/13	18,829	7,872	-10,957
2013/14	81,060	39,409	-41,651
2014/15	123,365	119,909	-3,456
2015/16	107,459	121,242	13,783
2016/17	52,890	59,886	6,996
Total	383,603	348,318	-35,285

In 2016/17, a net additional total of 14,113 sqm of new B1a office floorspace was approved across the Lambeth portion of the CAZ.

Unimplemented Permissions

Unimplemented permissions in 2016/17 would result in a net gain of 22,861 sqm of office floorspace across Lambeth. 85% of this is from a single scheme - the redevelopment of Elizabeth House in Waterloo (within the Lambeth part of the CAZ).

For the Lambeth part of the CAZ alone, unimplemented permissions at the end of 2016/17 would result in a net gain of 44,932 sqm.

The three most significant permissions for new office floorspace in Lambeth are all in the CAZ area. These are:

Elizabeth House (44,153sqm of office floorspace) – not yet under construction

The Shell Centre (28,434sqm of office floorspace) – now under construction

Vauxhall Square (16,514sqm of office floorspace) – now under construction

In total these schemes will result in a net gain of just under 34,000sqm of office floorspace within the CAZ in Lambeth.

C. Jobs in the CAZ in Lambeth

Between 2011 and 2016, in Waterloo and Southbank, total employment increased by 14%. There are currently over 43,000 people employed, working in 1,400 businesses. The area accounts for around 30% of all employment in Lambeth. The area's economy has been growing at a strong rate, with an additional 3,800 jobs (+14%) compared to 2011, and around 700 (+83%) new businesses since 2012.

Area	Employment (2016)	Businesses (2017)	Employment Growth (2011-16)	Business Growth (2012-17)
Waterloo and Southbank	43,300	1,400	+14%	+83%
LB Lambeth	145,500	14,700	+11%	+47%
Central Activities Zone	1,535,000	95,600	+14%	+29%
Inner London	3,134,000	251,000	+17%	+39%
<i>London</i>	<i>5,146,000</i>	<i>506,000</i>	<i>+15%</i>	<i>+41%</i>

Source: ONS BRES, 2016; ONS UK Business Count, 2017

Since 2012, 700 new businesses have opened in Waterloo and Southbank, a growth of 80%. A large proportion (86%) of the 1,400 businesses are micro in size, employing fewer than ten people. There are also around 20 businesses employing more than 250 people.

Size of Businesses, 2017

Business Size	Waterloo and Southbank		Inner London	CAZ	London
	Number	%	%	%	%
Micro (0-9)	1,225	86.0%	88.7%	84.2%	90.9%
Small (10-49)	140	9.8%	8.9%	12.3%	7.3%
Medium (50-249)	35	2.5%	1.8%	2.7%	1.4%
Large (250+)	20	1.4%	0.5%	0.9%	0.4%

Source: ONS UK Business Count, 2017

D. Impact of the permitted development right

Lambeth data up to and including January 2018

Since the introduction of the original permitted development right in May 2013, Lambeth has received 311 prior approval applications for change of use from office to residential. Of these 166 (54%) have been approved, 111 (36%) refused and 34 (11%) withdrawn.

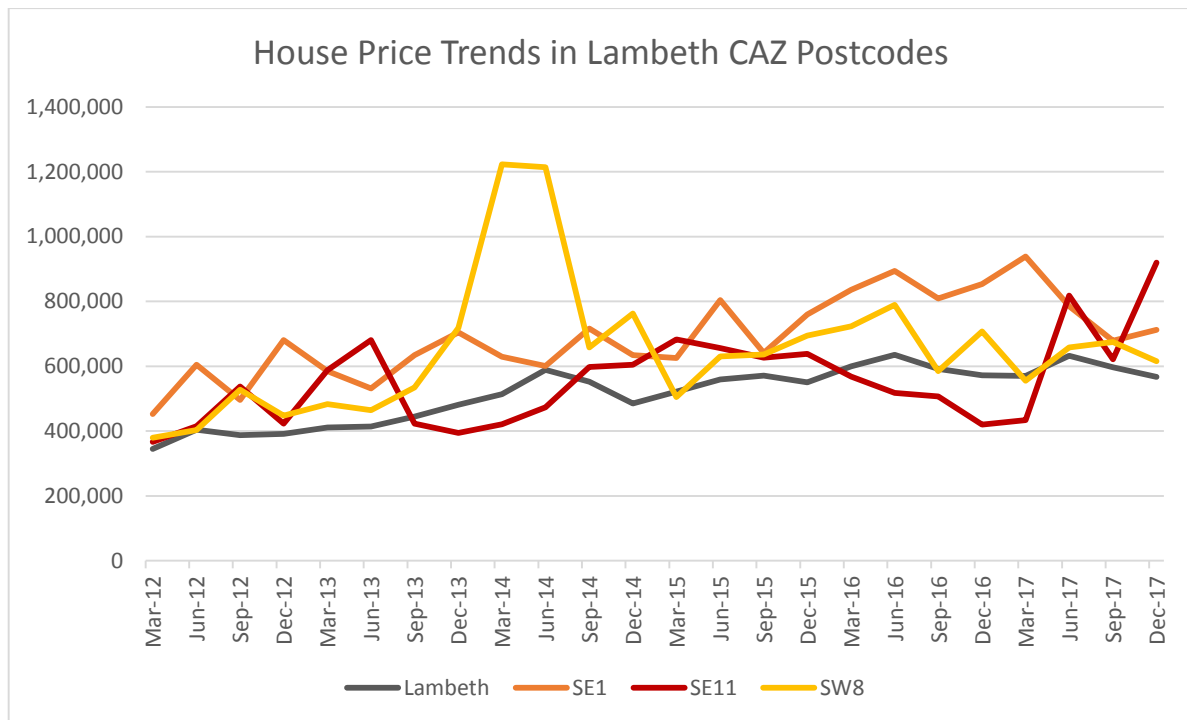
By March 2017, the rate of implementation for approved prior approval applications since May 2013 was 66%.

For the period to January 2018, the approvals would equate to the loss of approximately 48,167sqm of B1(a) office floor space and the creation of 744 new residential units, if they were all implemented. At an employment density ratio of 11.3sqm per worker (source: London Office Policy Review 2017), the loss of 48,167sqm of B1(a) floor-space equates to 4,262 jobs.

Given the high rate of implementation of prior approvals, it can be expected that a significant proportion of these jobs had already been lost by March 2017 and that more will be lost in the period after that date.

E. House price trends in the CAZ in Lambeth

The following data is taken from the Land Registry.

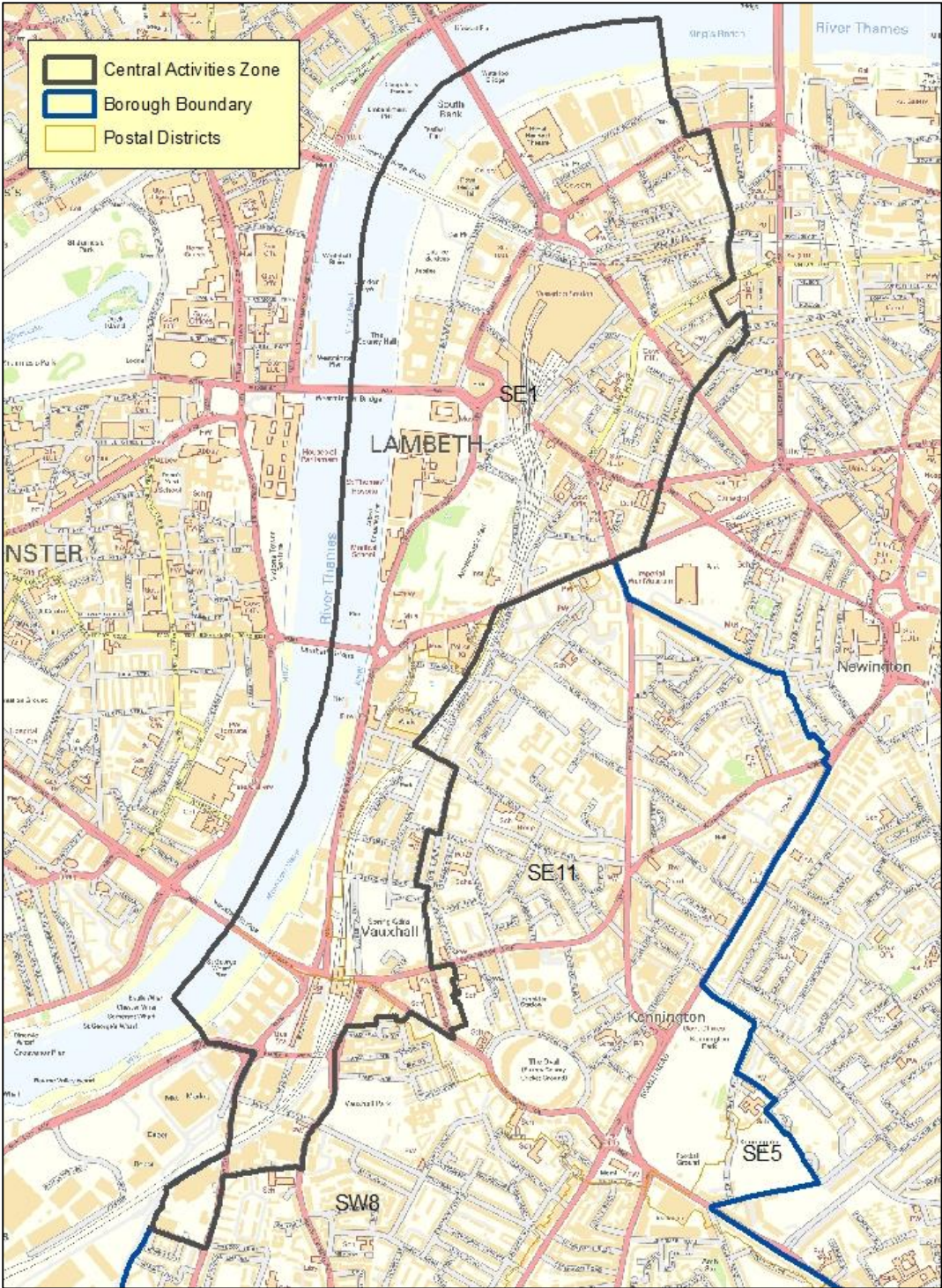


Source: Land Registry

The graph above shows three-month average house prices in Lambeth CAZ postcodes since 2012. The data relates to postcode districts. These are not co-terminous with the boundaries of the CAZ direction but can be used to give an indication of the house price trends in those areas.

House prices in these postcode districts are consistently high and on an upward trend over the past five years. SW4 (Waterloo) and SW8 (South Lambeth CAZ) have prices that are well above the average for the borough. House prices in SE11 (Vauxhall) are generally also above the average for the borough.

The map below outlines the extent of the CAZ in Lambeth and shows the postcode districts referred to above.



Map 1: Lambeth Central Activities Zone (CAZ) and relevant postcode areas