

# London Borough of Richmond upon Thames Employment Land Study



*Prepared for:*  
London Borough  
of Richmond upon  
Thames

*Prepared by:*  
URS Corporation  
Ltd  
*With:*  
Knight Frank






# **Employment Land Study**

June 2006  
Final Report

Issue No 5  
44406786 / 5921

**Project Title:** Employment Land Study  
**Report Title:**  
**Project No:** 44406786  
**Report Ref:** 5921  
**Status:** Draft  
**Client Contact Name:** Caroline Steenberg  
**Client Company Name:** London Borough of Richmond upon Thames  
**Issued By:** St George's House  
 5 St George's Road  
 Wimbledon  
 London  
 SW19 4DR

**Document Production / Approval Record**

Issue No: 2	Name	Signature	Date	Position
Prepared by	Trina Gaddes, Robert Salkeld,		1 June 2006	Consultant Project Manager
Checked by	Rory Brooke		1 June 2006	Project Director
Approved by	Rory Brooke		1 June 2006	Project Director

**Document Revision Record**

Issue No	Date	Details of Revisions
1	February 2006	Original issue
2	20 <sup>th</sup> March 2006	2 <sup>nd</sup> Draft
3	3 <sup>rd</sup> April	3 <sup>rd</sup> Draft, Recommendations only
4	4 <sup>th</sup> May	Final Report
5	1 <sup>st</sup> June	Revised Final Report

**LIMITATION**

URS Corporation Limited (URS) has prepared this Report for the sole use of London Borough of Richmond upon Thames in accordance with the Agreement under which our services were performed. No other warranty, expressed or implied, is made as to the professional advice included in this Report or any other services provided by us. This Report may not be relied upon by any other party without the prior and express written agreement of URS. Unless otherwise stated in this Report, the assessments made assume that the sites and facilities will continue to be used for their current purpose without significant change. 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. Information obtained from third parties has not been independently verified by URS, unless otherwise stated in the Report.

Where field investigations have been carried out, these have been restricted to a level of detail required to achieve 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 using this Report.

**COPYRIGHT**

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



**CONTENTS**

	<b>Section</b>	<b>Page No</b>
<b>1.</b>	<b>INTRODUCTION.....</b>	<b>9</b>
1.1.	Context.....	9
1.2.	Study Brief.....	9
1.3.	Study Area.....	10
1.4.	Approach.....	10
1.5.	Report Structure.....	13
<b>2.</b>	<b>POLICIES AND PROGRAMMES.....</b>	<b>14</b>
2.1.	Introduction.....	14
2.2.	National Policies.....	14
2.3.	Regional Policies.....	16
2.4.	Borough Level.....	20
2.5.	Literature Review.....	21
2.6.	Summary.....	26
<b>3.</b>	<b>SOCIO-ECONOMIC STRUCTURE.....</b>	<b>27</b>
3.1.	Introduction.....	27
3.2.	Population.....	27
3.3.	Households.....	27
3.4.	Workforce.....	28
3.5.	Local Economy and Businesses.....	32
3.6.	Summary.....	35
<b>4.</b>	<b>THE EMPLOYMENT LAND MARKET.....</b>	<b>36</b>
4.1.	Introduction.....	36
4.2.	Market Overview.....	36
4.3.	Market Analyses Sub-Region.....	38
4.4.	Market Analysis London Borough of Richmond upon Thames.....	58
4.5.	Conclusion.....	67
<b>5.</b>	<b>QUALITY AND CHARACTERISTICS OF EMPLOYMENT LAND.....</b>	<b>69</b>
5.1.	Introduction.....	69
5.2.	Area, Floorspace and Employees.....	69
5.3.	Transport.....	70
5.4.	Quality of Environment.....	73
5.5.	Access to Facilities and Amenities.....	74
5.6.	Neighbourhood Issues.....	75
5.7.	Topography Issues.....	75
5.8.	Building Condition.....	76
<b>6.</b>	<b>EMPLOYMENT LAND DEMAND FORECAST.....</b>	<b>79</b>
6.1.	Introduction.....	79
6.2.	Stock.....	79

**CONTENTS**

	<b>Section</b>	<b>Page No</b>
6.3.	Historic Floorspace Trends .....	80
6.4.	Macroeconomic Forecast.....	81
6.5.	Synthesis Forecast.....	83
<b>7.</b>	<b>CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>87</b>
7.1.	Conclusions.....	87
7.2.	Recommendations .....	88



---

## EXECUTIVE SUMMARY

### Context

URS together with Knight Frank were commissioned by London Borough of Richmond-upon-Thames (LBRuT) to undertake an employment land study to inform its future approach to the provision, protection, release or enhancement of employment land and premises throughout the Borough. The need for such studies has been emphasised with the advent of the latest revisions to the ODPM's Planning Policy Guidance Note 3 (PPG3) Housing made in January 2005. PPG3 suggests that local planning authorities should review all their non-housing allocations when reviewing their development plan and consider whether some of this land might be better used for housing or mixed-use development.

### Policy and Literature Review

Planning Policy Guidance Notes (PPGs) and Planning Policy Statements (PPSs) which gradually replace PPGs provide a national guidance framework setting out a range of planning principles and objectives on specific topics.

PPS1 emphasises the important role that the planning system has in the delivery of sustainable development. Reference is given to the UK's strategy on sustainable development which emphasises the role of planning to provide attractive places to live and work and development patterns which minimise the need to travel.

PPG3 (Housing) promotes the efficient use of land for housing development through re-use of previously developed land and empty properties and the conversion of non-residential buildings for housing to meet housing demand and minimising the amount of green field land being taken for development. The update to PPG3 in January 2005 has increased the pressure on employment land putting the onus on local authorities to prove the demand for such land.

PPG4 (Industrial, Commercial Development and Small Firms) notes that policies within the development plans should provide for choice, flexibility and competition in allocating land for industry and commerce.

On a regional level the London Plan sets out a number of strategic priorities for South London and those particular to LBRuT include:

- To promote opportunities to increase employment and housing within the sub-region to secure increased self-sufficiency.
- To promote and intensify retailing, services, employment, leisure and housing in town centres and opportunities for mixed-use development.

The draft Industrial Capacity SPG identifies three categories for criteria based land transfer policies in London boroughs.

*Restrictive Transfer* – generally have a limited supply of employment sites requiring a restrictive approach to the transfer of industrial sites to other uses.

*Managed Transfer* - generally have a greater supply of vacant industrial sites relative to demand and should generally take a more permissive approach to transfer.

*Limited Transfer* – intermediate approach between the two above.

LB Richmond-upon-Thames falls into the Restrictive Transfer category.

Small businesses make up a large proportion of businesses in the LBRuT and the draft Industrial Capacity SPG as well as the draft South London Regional Development Framework emphasise the necessity for boroughs to cater for the need of small businesses and start-up companies.

The LBRuT does not identify in its Proposal Map specific employment sites policies in the current Unitary Development Plan encourage the development of new employment premises (EMP 1) and limit the change of uses to specific cases (EMP 4).

A range of studies have been reviewed (Demand and Supply of Business Space in London, 2002; Industrial and Warehousing Land Demand in London, 2003; London Office Policy Review 2004; South London Employment Sites Study, 2004; London Borough of Richmond upon Thames Business Survey and Guides, 2002) which in broad terms all point in the same direction: 1) the LBRuT is a regionally important office location, and 2) the Borough is not a regionally significant industrial location. Furthermore the studies reveal that businesses in the Borough are relatively small and operate out of relatively small premises.

Key findings of the policy and literature review can be summarised as follows:

- increasing pressure on employment land especially from national and regional targets for housing
- national and regional guidance on sustainable communities require for development plans to provide equality of employment and business opportunities for all citizens
- the LBRuT maintains the largest office market in South West London but there seems to be limited supply of good quality office spaces
- industrial employment land (factories, workshops, warehouses etc) is limited in supply
- the draft Industrial Capacity SPG requires a restrictive transfer approach to transfer of industrial sites to other uses for the LBRuT
- most businesses in the Borough are fairly small and have a strong link to the area and the majority of employment space demand is for small units

### **Socio-economic baseline**

The LBRuT is continuing to draw new residents attracted by the area's high standard of living and good quality of life. The Borough's workforce is relatively highly skilled and tends to be employed in professional or semi-professional occupations.

Unemployment in the Borough is relatively low in comparison to Greater London and Great Britain and earnings of local residents are relatively high (£664 per week) with earnings of employees working in the LBRuT being significantly lower (£497 per week).

In 2001 more people commute out of the LBRuT than come into the Borough to work (24% of the working residents would not find a job if all working residents were to be employed in the Borough), which is similar to other South London Boroughs (average of 28%). 38% of working residents work and live within the Borough which is in line with the South London and London average (both 39%).

Overall employment in the Borough has increased by 11% between 1995 and 2004 with the main contributors being the construction industry, transport and communication and business services. In the same time period employment in agriculture and energy and manufacturing have decreased. During the same period the number of economically active residents has increased by 4.7%.

### **The Employment Land Market**

#### *Office*

Following analysis of the market it is clear that the London Borough of Richmond-upon-Thames remains a significant centre within the M25 South West Quadrant. A review of the historical take-up levels has revealed that activity within the London Borough of Richmond-upon-Thames has remained resilient and has been heavily focused in Richmond town. Other sub-markets within the Borough have experienced limited, sporadic take-up since 1998, with the majority of transactions involving lower quality, second-hand Grade B accommodation. Over the stated period take-up in the London Borough of Richmond-upon-Thames has averaged 959 sq m per annum for new accommodation, 2,517 sq m per annum for second-hand Grade A accommodation and 3,162 sq m for second-hand Grade B accommodation.

However it is possible that the quality and size of accommodation available is hampering market development. The situation appears unlikely to change in the medium-term as there is currently no known new office development in the pipeline within the Borough. The area continues to attract potential occupiers although this may not necessarily lead to increased take-up activity due to a lack of suitable product. The London Borough of Richmond-upon-Thames office market has experienced very limited new product available since 1998 and given the lack of development activity in the pipeline it would seem likely that take-up in the short to medium term will be focused on second-hand accommodation. It must be noted that given the relatively small stock level a significant transaction could distort the profile of the market and lead to an exceptional year of take-up. Availability in 2005 was around 21,000 sq m which gives a vacancy rate of about 5 years using current take-up rates.

Although the occupier market continues to strengthen within the M25 area which should lead to increased take-up activity in many of the key M25 centres, at present it is more likely the limited supply of good quality premises rather than the demand or the influence of competing centres which will most affect take-up activity in the London Borough of Richmond upon Thames.

#### *Industrial*

The historic profile of availability and take-up in the London Borough of Richmond-upon-Thames illustrates the limited activity in the industrial sector within the area. Take-up activity in the market has remained robust since 1998 totalling 10,441 sq m. It must be noted that although demand has

remained resilient, average take-up levels are relatively small. This reflects the highly localised nature of the market and the size of product that regularly features in the market. Since 1998 industrial take-up has averaged 1,164 sq m per annum and take-up for warehouse space has averaged only 191 sq m per annum.

However, demand for warehouse accommodation in 2005 has already reached 920 sq m, more than four times the total of the previous year. This may prove to be part of an emerging trend for the market, although once again this may be curtailed by a lack of suitable, available product.

**Employment Land Survey**

The survey covered 445 buildings in employment use in 78 business clusters covering a total of 108 ha of land.

In the majority of the surveyed business clusters building and environmental conditions were very good or good. Of the office floorspace 51% is located in an area with public transport accessibility being good or very good (PTAL 4-6) which is to be expected taking into account the relative low PTAL for large parts of the Borough. The majority of the industrial and warehouse floorspace was in areas with not so good public transport accessibility levels (PTAL 1-3), which seems appropriate as these types of premises generally have low employment densities. Road access and servicing (including parking) has only been identified as a problem in a few business clusters especially where access is through residential areas.

**Employment Land Demand Forecasts**

There are various employment land forecasting approaches that can be used and each approach has its weaknesses as well as strengths. Regional economic forecasting allows account to be taken of wider drivers of change and growth. However these models do not take account the specific circumstances of local economic development. In contrast looking at historic trends on local take-up rates provides a solid record of past performance. Projecting such data forward in to the future does not take account of potential changes from past trends arising from wider regional economic drivers. This study has used a synthesis approach to employment land demand forecasting in Richmond upon Thames that takes account of both the local context and the wider regional macro-economic context. This allows the weaknesses of each individual approach to be tackled.

A summary of the forecasted employment land demand between 2003 and 2016 is given in the table below.

**Employment Land Demand Forecast**

	2003	2016	Changes 2003-2016		Annual Changes 2003-2016	
	ha	ha	ha	%	ha	%
Office	31	40	9	30%	0.7	2.3%
Factories	37	22	-14	-39%	-1.1	-3.0%
Warehouse	38	55	17	46%	1.3	3.5%
Total	105	117	12	12%	0.9	0.9%

Source: URS

Main drivers behind these forecasts are:

- Historic annual increase in office floorspace of 3% per annum between 1998 and 2003 and a predicted annual increase in office based employment of 1.6% between 2003 and 2016.
- Continuing decline in industrial employment
- Significant historic growth rates in warehouse floorspace and predicted annual increase in distribution related employment of 1.4%.

The table above shows an overall demand for employment land of 12 ha between 2003 and 2016. This demand can be provided by intensifying the use of some existing employment locations, redevelopment of some existing sites for continued employment use, and/or redevelopment of windfall and/or other key sites with opportunities for mixed-use development with a significant employment component.

### **Recommendations**

In responding to the predicted increase in demand for employment space and the limited availability of such premises there is a strong case for the LDF to facilitate new development of employment premises especially for office and warehouse.

Transfer of employment sites and premises to alternative uses should be strongly restricted to sites which are inherently unsuitable for their specific employment use.

This study has found – based on policy and literature review, employment land market analysis and employment land demand forecast – strong evidence for an increased demand in employment land for office and distribution between 2005 and 2016. We therefore recommend basing the assessment of the employment land market for decisions on the retention of employment uses on the findings of this report and not on individual marketing efforts for individual sites.

Due to the large amount of small employment sites scattered around the Borough we would not recommend to identify Locally Significant Industrial (LSI) areas or sites. We believe that unless all the sites would be identified – which does not seem practical – the identification of a selection of sites as LSI sites would devalue the other sites in their employment use.



# 1. INTRODUCTION

## 1.1. Context

URS together with Knight Frank were commissioned by London Borough of Richmond-upon-Thames (LBRuT) to undertake an employment land study to inform its future approach to the provision, protection, release or enhancement of employment land and premises throughout the Borough.

The need for such studies has been emphasised with the advent of the latest revisions to the ODPM's Planning Policy Guidance Note 3 (PPG3) Housing made in January 2005. PPG3 suggests that local planning authorities should review all their non-housing allocations when reviewing their development plan and consider whether some of this land might be better used for housing or mixed-use development. Of particular importance to employment land policy and reviews is new paragraph 42(a) which states:

*'Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use in saved policies and development plan documents or redundant land or buildings in industrial or commercial use, but which is no longer needed for such use, unless any of the following apply:*

- *it can be demonstrated, preferably through an up-to-date review of employment land ..., that there is a realistic prospect of the allocation being taken up for its stated use in the plan period...'*

The Council is in the early phases of researching and preparing their Local Development Framework (LDF) and this study forms an element of this work.

## 1.2. Study Brief

The purpose of the employment land study is to assess the Borough's locally important employment sites and provide robust evidence base to support the retention or release of existing employment land where appropriate. The specific requirements of the study are to:

- Set up the baseline stock of employment land and premises in the Borough.
- Provide a comprehensive audit of the existing employment land and premises and future supply.
- Provide a robust analysis of the local economy and forecasts of likely growth and contraction up to the year 2016, including the identification of the qualitative demands of businesses within growth sectors.

- Identify potential gaps in the provision of employment land with regards to use, quality, and location.
- review the current Local Plan policies in the light of the gathered information, government, regional and county planning guidance and provide advice on future policies for the LDF, and
- establish a methodology to allow for updating of the baseline information.

### 1.3. Study Area

The study area included the whole of LBRuT. A broad range of land and premises were surveyed including large industrial estates, factories and breweries along with small single occupier sites.

### 1.4. Approach

#### 1.4.1. Introduction

There are a number of research elements informing this study, which are outlined in more detail below. These include:

- A literature review of relevant planning policy and guidance;
- Labour and business profiling;
- Employment land surveying and appraisal; and
- Market and Demand Assessment.

#### 1.4.2. Literature Review

A desk review of relevant national, regional and local planning strategy and guidance was undertaken to provide the context for employment and employment land in LBRuT. It also included a review of key research reports including those supporting national and regional policy development.

Documents reviewed include the:

- Planning Policy Guidance 3 (Housing), ODPM;
- Planning Policy Guidance 4 (Industrial, Commercial Development and Small Firms), ODPM;
- The London Plan, GLA;
- The Draft Industrial SPG, GLA;
- Demand and Supply of Business Space in London, GLA;
- Industrial and Warehousing Land Demand in London, GLA;
- London Office Policy Review, GLA;
- Draft South London Regional Development Framework;



- South London Employment Sites Study, 2004, LDA;
- LBRuT Business Survey and Guides, Richmond in Business and LBRuT; and
- London Borough of Richmond-upon-Thames UDP.

#### 1.4.3. Labour and Business Profiling

A broader socio-economic analysis was undertaken of LBRuT within the context of London, the South East and Great Britain as a whole in order to provide an in depth understanding of the current population and socio-economic make-up of the borough. A number of information sources were reviewed including:

- Annual Business Inquiry;
- Census Data;
- Local Labour Force Survey; and
- VAT Registrations.

An employment profile of the borough was developed. This profile included:

- An overall socio-economic profile of the borough;
- A review of historical employment information for the borough, including information on workforce characteristics, unemployment, occupation, earnings and travel to work information; and
- A review of the local economy and business trends within the borough.

#### 1.4.4. Employment Land Survey

This work began with the purchase of a commercially available business database containing the geographical reference points of businesses in the borough. A desk-based review was then undertaken of all the existing employment areas within the Borough in order to identify potential sites to be targeted for survey, along with the broad employment areas and constraints.

Following a meeting with the Council it was then agreed that 78 employment clusters, consisting of 445 buildings in employment use, would be surveyed.

##### ***Strategic Site Appraisal Criteria***

Each employment cluster was then revisited and surveyed against an agreed set of strategic site appraisal criteria in order to test sustainability. The criteria used are based on our experience of similar studies and the 2004 ODPM Guidance on employment land reviews<sup>1</sup>. They include:

- Existing employment use / activity;

---

<sup>1</sup> Employment Land Review: Guidance Note, ODPM, 2004

- Strategic Access (external and internal road access and access to public transport);
- Neighbourhood issues (i.e. noise & air pollution, smell, HGV traffic etc);
- Amount of vacant and derelict land and/or buildings (including mapping relevant sites);
- Quality of environment (streets, public realm, lighting etc.);
- Servicing and parking (on or off road, congestion);
- Building conditions (as a percentage of all buildings within the cluster); and
- Proximity to other land uses (i.e. residential, retail etc).

Each building in employment use within the cluster was assessed separately taking into account the building type, the number of storeys per different employment use and the age and condition of the buildings. The surveyors used a pro-forma questionnaire along with a map of each employment area to undertake the survey. The questionnaire included a series of tick-box style and open-ended questions. This approach allowed for a qualitative and quantitative analysis to be undertaken.

Prior to going on site surveyors attended a briefing and were given a survey pack which included guidance on how each of the different questions should be completed to ensure that questions were answered consistently throughout the survey. The strategic site surveys were completed in July 2005.

#### **1.4.5. Market and Demand Assessment**

URS together with Knight Frank undertook a review of trends in employment related development and occupancy rates by sector and location. Historic data was gathered from Richmond Council's planning records, planning files and market information. Data was gathered, where possible, for the time period between 1998 and 2005 in order to provide a fuller picture of potential demand over the next plan period.

An analysis of demand and supply for employment land and premises was undertaken for the local area, sub-region and regional areas. This analysis was structured around a three stage approach focusing on:

- Present market conditions
- Linear forecast change in demand
- New factors affecting future demand

An assessment of net gains and losses was undertaken to identify the proportion of development taking place on currently vacant and unoccupied land, plus development taking place on land or in premises previously in other uses.

Based on the information collected an assessment was undertaken of the current and future allocation of employment within LBRuT, which included:

- An assessment of the ability of the current employment areas and sites to meet demand.
- Review of the current employment allocations in light of the proposed PPG3 and PPS4 changes.
- Assess the impact that the loss of major employment sites would have on the local economy.

## **1.5. Report Structure**

This report sets out our draft final findings and policy recommendations for employment land in LBRuT based on a comprehensive desk review and socio-economic analysis, individual business area appraisals and forecasting exercise.

The remainder of this report is structured as follows:

Section 2 describes the national, regional and local policy context of particular relevance to employment land and related issues in LBRuT. This section also provides a brief overview of relevant research reports supporting the planning policy and guidance reviewed earlier.

Section 3 provides a comprehensive analysis of socio-economic baseline conditions in LBRuT relative to the wider regions of London and Great Britain.

Section 4 describes the employment land market in LBRuT outlining the historical trends in the commercial and industrial property sectors.

Section 5 sets out the key findings of our business cluster appraisals and summarises the key qualitative and quantitative results.

Section 6 sets out our employment land demand forecasts.

Section 7 sets out our conclusions and recommendations.

## 2. POLICIES AND PROGRAMMES

### 2.1. Introduction

This section provides a brief overview of the strategy and policy context relevant to employment and employment land in LBRuT. It also includes a review of key research reports including those supporting national and regional policy development.

### 2.2. National Policies

Planning Policy Guidance Notes (PPGs) provide a national guidance framework setting out a range of planning principles and objectives on specific topics.

#### 2.2.1. PPS1: Delivering Sustainable Development

PPS1 emphasises the important role that the planning system has in the delivery of sustainable development. PPS1 encourages local authorities to recognise wider sub-regional, regional or national benefits of economics development and consider these alongside adverse local impacts.

Reference is given to the UK's strategy on sustainable development<sup>2</sup> which emphasises the role of planning to provide attractive places to live and work and development patterns which minimise the need to travel.

#### 2.2.2. PPG3 and Draft PPS3 on Housing

PPG3 (Housing)<sup>3</sup> has three key objectives: widening housing opportunities and choice; maintaining the supply of housing; and creating sustainable residential environments. The guidance promotes the efficient use of land for housing development through re-use of previously developed land and empty properties and the conversion of non-residential buildings for housing to meet housing demand and minimising the amount of green field land being taken for development. It provides advice on the provision of affordable housing as a means of creating mixed and balanced communities.

The update to PPG3 in January 2005 has increased the pressure on employment land putting the onus on local authorities to prove the demand for such land. The new paragraph 42 (a) states:

*'Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use in saved policies and development plan documents or redundant land or buildings in industrial or commercial use, but which is no longer needed for such use, unless any of the following apply:*

---

<sup>2</sup> Securing the Future, H.M. Government, 2005

<sup>3</sup> PPG3 released in 2000, update January 2005; PPS3 consultation draft released in December 2005

- *the proposal fails to reflect the policies in this PPG (including paragraph 31), particularly those relating to a site's suitability for development and the presumption that previously-developed sites (or buildings for re-use or conversion) should be developed before greenfield sites;*
- *the housing development would undermine the planning for housing strategy set out in the regional spatial strategy or the development plan document where this is up-to-date, in particular if it would lead to over-provision of new housing and this would exacerbate the problems of, or lead to, low demand;*
- *it can be demonstrated, preferably through an up-to-date review of employment land1 (refer to Annex D for practice guidance), that there is a realistic prospect of the allocation being taken up for its stated use in the plan period or that its development for housing would undermine regional and local strategies for economic development and regeneration.'*

The ODPM is in the process of replacing many of their PPGs with Planning Policy Statements (PPS) and whilst writing this report the ODPM has produced their draft PPS3 (Housing). PPS3 has been developed taking account of research into the implementation of PPG3 and a review of PPG3. Once adopted PPS3 will replace PPG3 as the planning strategy for housing in England.

With regard to employment land and employment land review paragraph 41 of the draft PPS3 states:

*'When considering planning applications for housing which are received in advance of the relevant development plan document being reviewed (particularly first development plan document), local planning authorities should take into account the policies in this statement as material considerations, as they may carry greater weight than the relevant policies in the development plan. In these circumstances or for sites not allocated in the development plan, local planning authorities should consider favourably planning applications for housing development:*

- *where there is evidence of an imbalance between housing demand and supply, having regard to affordability issues and housing market conditions;*
- *if the site is suitable for housing development (including land allocated or previously used for industrial or commercial use, which is no longer needed for that use – as demonstrated by an up-to-date review of employment land); and*
- *the planning proposal makes efficient use of land, offers a good housing mix, is of high quality design and does not have an unacceptable impact on the environment.'*

### **2.2.3. PPG4 on Industrial, Commercial Development and Small Firms**

PPG4 (Industrial, Commercial Development and Small Firms) notes that policies within the development plans should provide for choice, flexibility and competition in allocating

land for industry and commerce. The guidance recommends that planning authorities should be realistic in their assessment of the needs of business.

## 2.3. Regional Policies

### 2.3.1. London Plan

The London Plan is the spatial strategy for Greater London spanning the period 2001 to 2016. The London Plan sets out an integrated social, economic and environmental framework for the future development of London.

The London Plan divides London into sub-regions to facilitate the implementation of its strategic policies. LBRuT forms part of the South London Sub-Region along with Bromley, Croydon, Kingston, Merton and Sutton. The Plan sets out a number of strategic priorities for South London and those particular to LBRuT include:

- To promote opportunities to increase employment and housing within the sub-region to secure increased self-sufficiency.
- To promote and intensify retailing, services, employment, leisure and housing in town centres and opportunities for mixed-use development.

The Plan outlines projected demand for future office space and it is projected that the South London sub-region could require an additional 400,000sq.m of office floor space by 2016. The entire region could be expected to provide up to 56,550 new homes by 2016, of which 5,360 are allocated for development in LBRuT.

An overall strategic policy of the Plan provides London suburbs with guidance on the development of their UDPs and states that such strategies should:

- Focus retail, leisure, key commercial activity and services in suburban metropolitan, major, district and local town centres. Where such centres do not already have good levels of public transport accessibility and capacity, improvements should be promoted.
- Promote areas around suburban town centres that have good access by public transport and on foot to the town centre as appropriate for higher-density and mixed-use development including housing.
- Improve the sustainability of suburban residential heartlands by promoting better access to centres, employment and community facilities, improving the public realm, making efficient use of space, and where appropriate, modernising or redeveloping the housing stock.

### 2.3.2. Industrial Capacity SPG

The draft Industrial Capacity SPG was issued in September 2003 and was developed to supplement and aid the implementation of the draft London Plan (DLP) policies. The SPG

defines industrial employment as activities relating to manufacturing and wholesale distribution.

The *SPG* seeks to:

- Ensure that sufficient land is available to meet future industrial needs, including those of existing firms, and
- Bring genuinely surplus industrial land back into more active uses to meet the wider objectives of the DLP, especially those to meet housing and other needs.

The *SPG* uses the same approach as the government and DLP to 'planning, monitoring and managing' development. This approach aims to bring together the demand and supply of industrial land, to allow the stock of premises to be managed so that it provides a competitive offer for different types of occupier. This will involve both improving the quality of provision to meet users' different needs and maintaining lower cost capacity (SPG1).

The draft *SPG* highlights the success of the Strategic Employment Locations Frameworks in protecting London's principal industrial locations. At the same time, it recognises that the SEL frameworks run the risk of being too successful and potentially maintaining land as industrial when there is no longer demand for this use. However, the monitoring aspect of the approach to maintaining industrial land could keep the framework in tune with market requirements and broader planning objectives.

Policy 2 (*SPG 2*) states that boroughs should identify the components of the SEL framework in their strategies, UDPs and other plans; and promote the SELs as the prime locations for industrial activity in London.

Policy 2 (*SPG 2*) goes on to state that:

- through co-ordinated investment, regeneration initiatives, transport and environmental improvements and the use of planning agreements, manage the differing offers of Preferred Industrial Locations (PILs) and Industrial Business Parks (IBP) and provide local planning guidelines to meet the needs of different types of industry.
- Other than as part of strategically coordinated process of mixed use intensification development of non-business uses with the SEL should be resisted except where they provide local, small scale, 'walk to' services for industrial occupiers.

Some boroughs, such as LBRuT, do not have any designated SELs in the London Plan. As a result, Policy 3 (*SPG 3*) addresses *Locally Significant Industrial* sites, which fall outside of the SEL frameworks. Councils are advised to identify sites of particular local importance, which they wish to protect for industrial uses. Once these sites are identified on proposals maps they are awarded the same protection as those under the SEL framework.

Also important to the situation in LBRuT, Policy 4 (*SPG 4*) highlights the need for flexible and criteria based policies to address any remaining industrial sites not included in SELs frameworks or identified on proposals maps, deemed *Other Industrial Sites*. *SPG4* seeks the managed transfer of sites, *which are genuinely redundant for industrial purposes, and where an alternative land use is more suitable in planning terms*.

The SPG identifies three categories for criteria based land transfer policies in London boroughs.

*Restrictive Transfer* – generally have a limited supply of employment sites requiring a restrictive approach to the transfer of industrial sites to other uses.

*Managed Transfer* - generally have a greater supply of vacant industrial sites relative to demand and should generally take a more permissive approach to transfer.

*Limited Transfer* – intermediate approach between the two above.

LB Richmond-upon-Thames falls into the Restrictive Transfer category.

The SPG suggests that when developing land transfer policies outside of the SEL framework and designated sites on proposals maps, boroughs should consider strategic factors, site characteristics and industrial demand factors for inclusion in such policies.

Small businesses make up a large proportion of businesses in LBRuT and *SPG 7 Small Industrial Enterprise* states that boroughs should:

- Protect industrial sites, which meet demonstrable demand for lower cost industrial accommodation.
- Promote the provision of small industrial units suitable for small businesses and start-up companies.
- Secure provision of small and affordable industrial units in appropriate locations as part of larger mixed-use schemes, including commercial developments and residential schemes where careful siting, design and access arrangements can satisfactorily overcome environmental concerns.

### **2.3.3. Draft South London Regional Development Framework**

The Draft South London Regional Development Framework (SRDF) covers the South London sub-region which is made up of the boroughs of Bromley, Croydon, Merton, Sutton, Kingston and Richmond-upon-Thames and was produced to provide guidance on the implementation of policies established in the London Plan. The Draft SRDF is in two parts: Part One sets out the overarching strategic policies for the sub-region and Part Two deals with implementation.

Part one identifies three major challenges for the sub-region. The first challenge concerns the relationship between expected population and employment growth. The second challenge is to manage growth so that it enhances rather than diminishes South London's existing high quality environment and improves areas of deprivation and poor



environment. The third challenge is to identify a clear direction for the sub-regional economy. A number of key growth areas are identified including the continuing strength of the 'western wedge' running through Heathrow and into the Thames Valley.

With regards to employment and offices, further data analyses since the London Plan has established that in 2001 employment in the sub-region was 582,000 rather than the 590,000 estimated in the London Plan, and 70% of workers also lived in the sub-region. The London Plan projected employment growth for the sub-region of 36,000 by 2016. It is noted in the draft SRDF that had the economy been projected to grow along the lines of historical trends, then the expected level employment growth might have been double this. However, due to a changing economy some of the region's historic strength will be less significant. Therefore, an important element of strategic policy is to manage transition in less effective economic activities.

Draft SRDF actions set out for employment and offices are:

- In light of the national requirement to provide justification for retention of commercial and industrial allocations and the need to accommodate new sustainable communities, the sub-regional market analysis should continue to be tested rigorously through strategic and local monitoring with a view to releasing more land for housing and other priority land uses.
- Boroughs and other partners are asked to promote the consolidation and re-positioning of the sub-regional office market in appropriate, viable locations and achieve wider planning objectives including town centre renewal.
- The Mayor will work with LDA, boroughs and other stakeholders to encourage the market to provide and enhance viable, affordable provision for SMEs in appropriate locations and to meet their specific needs for business support and training.
- In partnership with the LDA, boroughs are asked to facilitate the implementation of the Mayor's Economic Development Strategy through Sub-Regional Economic Development Implementation Plan.

The draft SRDF states that South London needs to develop a distinct sub-regional approach to managing office provision, distinguishing between centres where:

- Speculative office development could be promoted on the most efficient and accessible sites.
- Some office provision could be promoted as part of wider residential or residential and leisure mixed use development.
- There is "no purpose in promoting offices" and static or declining demand should be managed.

## 2.4. Borough Level

### 2.4.1. Unitary Development Plan

LBRuT Unitary Development Plan (UDP) sets out the Council's proposals for the development and use of land in the borough. The UDP is made up of two parts. Part one outlines the Council's overarching borough wide strategic policies. Part two establishes more detailed proposals and policies for development and use of land and their reasoned justification. Part two also includes a proposals map identifying the sites or areas affected by the policies and proposals.

With respect to employment land and premises, Strategic Policy STG 8 states that:

*The loss of employment sites will generally be resisted. New development for business, industrial or storage and distribution use will be permitted subject to other policies of the Plan.*

More specifically Employment Policy EMP 4: Retention of Employment Uses states that:

*The Council will require employment land, or sites or premise which were last used for employment purposes to remain in employment use providing they are compatible with the amenity of the surrounding area and access to the site is adequate.*

*Where a particular business operation ceases for environmental or other reasons, re-use or redevelopment of the site for B1 purposes will by definition be acceptable in a residential area and will be a normal requirement. The use of employment land for other purposes would only be acceptable if:*

- i) a property is vacant and is returning to its former residential use such as in the case of upper floors above shops;*
- ii the existing premises has severe site restrictions in terms of access and servicing arrangements which would make its continued employment use inappropriate; or*
- iii the location of the site has poor accessibility by public transport and its continued employment use would generate large numbers of journeys to work by the private car;*
- iv) there is provision of evidence that full and proper marketing of the site at realistic prices both for the existing use and for redevelopment (if appropriate) for other employment purposes over an extended period has been unsuccessful.*

*A mixed-use scheme can maintain or increase employment on the site. Each proposal will be considered on its merits. The Council will take account of the following factors when considering mixed use applications:*

- (a) the amount of employment floorspace;*
- (b) the type and mix of uses;*

*(c) likely access, parking and traffic implications;*

*(d) quality of the design;*

*(e) compatibility with the policies for other land uses;*

*(f) the maintenance and improvement of the quality of the physical environment and the character of the area.*

## **2.4.2. Local Development Framework**

LBRuT Council is in the pre-production phases of their Local Development Framework (LDF). In accordance with Section 15 of the The Planning and Compulsory Purchase Act 2004, the Council has prepared a Local Development Scheme (LDS) that sets out the Council's project plan for the production of documents, plans and policies that are to be included in the LDF by 2008.

The LDF will be a portfolio of Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs). Development Plan documents will include a core strategy setting out the vision, spatial strategy and core policies for the spatial development of the borough. The DPDs will also set out site-specific allocation of land, Area Action Plans and include a Proposals Map.

## **2.5. Literature Review**

### **2.5.1. Demand and Supply of Business Space in London, 2002**

This study was commissioned the GLA to assess London's capacity to accommodate economic growth. The study involved comparing employment forecasts up to the year 2016 to existing economic structure and development proposals to ascertain the amount of employment floorspace would be needed to accommodate the forecasted employment growth. The study focussed on employment in and premises for financial and business services, manufacturing and wholesale distribution.

The study results show projected growth in demand of 462,000 office jobs and the potential for office space to accommodate 558,000 employees, which indicates that office supply is an unlikely constraint to economic growth in London. However, the study does reveal some spatial imbalance between supply and demand in that there is excess supply of proposed office space to the east of London and a shortage of supply in the outer London boroughs, including Croydon, Richmond, Bromley and Kingston.

The study identifies the continued decline in industrial employment throughout London. Manufacturing employment is forecasted to decline by 24% (82,000 jobs) by the year 2016, while employment in the wholesale distribution sector is forecast to increase by 5% (14,000 jobs). This would imply there would be a corresponding decline for industrial land over the same period, yet it was found that there are current proposals for the development of approximately 1,500 ha of new industrial development.

In LBRuT, employment is forecasted to increase by 14,000(18.4%) up to the year 2016, which is 20% of the forecasted growth the South London sub-region. On the supply side the study identified the potential for only a further 444 spaces<sup>4</sup> of B-type jobs within the current stock and the development proposals at the time.

Key policy implications as a result of the study are:

- An additional 636,000 workers would be needed to fill the projected jobs growth in London.
- Workers will need to be drawn from the existing resident workforce, through increased in-commuting or from an increased population.
- In aggregate terms, supply and demand for office space seems compatible even if there may be some spatial inequalities.
- There is excess supply of industrial land and strategic decisions should be made to maintain and invest in the best industrial sites and release those that are better suited for residential or mixed-use purposes.

### **2.5.2. Industrial and Warehousing Land Demand in London, 2003**

The GLA and LDA commissioned this study in December 2003. The purpose of the study was,

*'to assess the scale and nature and, in particular, the [geographical] distribution of future demand for industrial and warehousing land in London and to draw policy implications'.*

The study set out to accomplish two key tasks:

- To assess the balance of demand and supply for industrial and warehousing land, testing the earlier estimate that some 50 hectares per year London-wide could be released to other uses, and providing guidance for individual sub-regions and boroughs.
- To provide a description of current and future requirements for warehousing space, and recommend strategic planning policies for meeting these requirements over the next 15 years, translating into practical recommendations the draft SPG's that planning should take a positive approach to logistics and distribution.

The study highlights that the occupiers of industrial and warehousing land are drawn from a wider spread of Standard Industrial Classification (SIC) sectors than the traditionally used manufacturing and wholesale distribution. Many businesses use warehouses and industrial land to conduct their activities including: transport and storage, construction, recycling and refuse disposal. This study takes account of this change and has

---

<sup>4</sup> Number derived from methodology set out in Section 4 of the Demand and Supply of Business Space in London, 2004. Based on a combination of employment densities and plot ratios.

forecasted a slower reduction<sup>5</sup> in the demand for industrial/warehousing land as many of these sectors have better prospects of employment growth than the traditional manufacturing sector.

### 2.5.3. London Office Policy Review 2004

The London Office Policy Review (LOPR) is an on-going study that provides up to date information on the state of the London office market. The LOPR outlines some of the major issues affecting the present London office market that are very different from those of the past. Of particular importance to outer London boroughs is the issue of "Offshoring". Offshoring has become a high profile and political issue as back office jobs, such as call centres, were once moved to locations in outer London boroughs are more frequently being moved abroad. The LOPR commissioned as study by India Property Research to analyse the phenomenon from the point of view of India. The main findings were:

- India's cost advantages and rapidly maturing BPO<sup>6</sup> industry means that offshoring is here to stay;
- It is not just "low value" call centre type jobs which are being transferred, but increasing numbers of higher added value activities, in a wide range of IT and administrative functions;
- London will be affected, and that perhaps as much as 5 million sq ft of offices currently occupied in London could become surplus to requirements over the next five years as a result of offshoring.

Other threats to the London office market are:

#### ***Decentralisation of the Civil Service***

The LOPR reports on the Gershon and Lyons Reviews of bureaucratic employment and office floorspace occupancy. The Gershon Report states that 'a long office lease to a British Government Department or Agency is a highly prized investment covenant'. If the government downsizes or moves out to the sub-regions implications for the London office market could be:

- The 27,000 jobs identified under the Lyons Review are very much seen as a first tranche. Further dispersal is likely.
- The Lyons Review strongly recommends that Whitehall headquarters should be "radically slimmed down", focusing on policy alone. This is reminiscent of the downsizing of corporate headquarters on which we have reported in previous LOPRs;

---

<sup>5</sup> Compared to the previous study Demand and Supply of Business Space in London.

<sup>6</sup> BPO – Business Process Outsourcing

- The Review recommends that “a presumption against London and the South East locations should be strongly enforced” for new government bodies and for back offices and call centres.

The LOPR states that if the Review achieves its goals, there will be a reduction in occupied offices by the civil service in London in the order of three to four million square feet over the period to 2008.

### ***Mixed Use Policy***

After research by the GLA, the report “*Mixed Use Development and Affordable Housing*” that two policies within the adopted London Plan (Policy 3.124 and 3.125), “*would marginally lower office development potential in certain locations, but not sufficient to damage the competitive position of London as an office market, or sub-markets within London.*”

### ***Structural Change in the Office Market***

The LOPR notes that most significant impact on the future capacity of the London office market will be Alternative Working Strategies (AWS). Past surveys have shown that offices are up to 40% empty most of the time while people are on a combination of holidays, meetings and training. Companies are altering the way they assign people desk “ownership” and are instead introducing “hot desks” where you can come into the office and use a desk when needed but otherwise work from home or other locations. This reduces the amount of space needed for each person and can reduce an organisation’s demand for space by around 20 to 30%.

The LOPR reviews each of the London Sub-regions and as part of the South Sub-region, Richmond-upon-Thames is cited as being one of the few boroughs in outer London where office development is viable, or likely to become so soon.

## **2.5.4. South London Employment Sites Study, 2004**

The South London Employment Sites Study was commissioned by the London Development Agency in December 2003. Its main objective was to:

*‘Scope out the extent to which major or key employment sites in the sub-region are under-utilised and to identify spatial opportunities for economic growth’.*

The Study focussed on vacant and underutilised brownfield sites and established reasons for under use and constraints, identified future aspirations for sites and established a data set to feed a wider database of key sites. A supply and demand analyses was completed followed by development of a series of actions to bring forward sites for development.

Key findings of the study are:

- Manufacturing is slightly over-represented in South London and the office sector is slightly under-represented when compared to the rest of Greater London.

- South London has proportionally more units in the smallest size band employing one to ten people. The larger the unit size the more under-represented the sector.
- Office jobs are concentrated in the South West sub-areas, particularly LB Richmond-upon-Thames, LB Kingston-upon-Thames, Merton and Wandsworth.
- LB Richmond-upon-Thames maintains the largest office market in South West London with 1,461 offices and 390,000sq m of office floorspace. Office floorspace is split between concentrations in Richmond town centre and Twickenham.
- Office market remains tight despite a high overall vacancy rate; there is a limited supply of Grade A<sup>7</sup> office space.
- LB Richmond-upon-Thames is characterised by small stand alone commercial premises located in residential areas.
- All of South London is under pressure from the housing market but LB Richmond-upon-Thames is under the most severe pressure.
- The majority of employment space demand is for small units of up to 1,400sq.m.

#### **2.5.5. London Borough of Richmond upon Thames Business Survey and Guides, 2002**

This Survey and corresponding guide to doing business in LBRuT was produced in partnership between the Richmond in Business Ltd. (RiB) and the London Borough of Richmond-upon-Thames. The survey was completed in 2000 and the guide was produced in 2001. The purpose of the guide was to provide a summary of the business survey results to organisations thinking of starting up a business in the Borough.

Key findings of the survey include:

- Businesses are predominantly sole trader/independent firms.
- Majority of businesses have local clients and national suppliers.
- Many have seen a continued increase in volume of business over the past few years and have increased their staffing numbers.

Key characteristics of the businesses in LBRuT include:

- A third of business activities were in the business services sector.
- 70% reported as being sole traders or independent firms.
- The majority of businesses felt the Borough had not changed over the last few years, the remainder were split between those who considered the Borough had

---

<sup>7</sup> The quality of commercial premises is often indicated by grade. Grade A: New or refurbished premises fitted with up-to-date infrastructure, Grade B: second hand premises.

improved as a location and those who considered the Borough had worsened as a business location. (Common complaints were insufficient parking, traffic management and congestion problems)

- Most businesses operated in premises 250sq.m or less.

## 2.6. Summary

There is increasing pressure on employment land especially from national and regional targets for housing and the provision of new developments on brownfield sites.

At the same time national and regional guidance on sustainable communities require for development plans to provide equality of employment and business opportunities for all citizens. Sustainable communities are seen as residential and workplace surroundings in which people live and thrive, where there is a balance in integration of the social, economic and environmental components that define a community area.

The LBRuT maintains the largest office market in South West London but there seems to be limited supply of good quality office spaces. Richmond and Twickenham are the main office centres within the Borough.

Industrial employment land (factories, workshops, warehouses etc) is limited in supply and the draft Industrial Capacity SPG requires a restrictive transfer approach to transfer of industrial sites to other uses for the LBRuT.

Most businesses in the Borough are fairly small and have a strong link to the area and the majority of employment space demand is for small units.



## 3. SOCIO-ECONOMIC STRUCTURE

### 3.1. Introduction

It is helpful to consider current demand and future provision of employment land in the context of the socio-economic structure of the area. Creating sustainable communities includes providing for employment suitable to the local workforce. Therefore this section analyses the socio-economic structure of LB Richmond-upon-Thames (LBRuT) and makes some comparisons with the entire London region and the rest of Great Britain.

This Section also provides a profile of the prevailing economic and employment conditions in LBRuT. The aim of which is to provide the economic context to employment land demand and supply factors in the Borough. This includes analysis of employment and business sectors in the Borough. We have used a number of sources to gather information on both current and past conditions to get general understanding of where the economy is going in LBRuT. Sources include ONS Census data, Annual Business Inquiry, VAT registrations and de-registrations. This section provides an important input to understanding economic demand/need in the Borough within the context of London and the South East.

### 3.2. Population

Over the past 10 years LBRuT has experienced population growth similar to other London boroughs. In 1994 there were 165,000 residents and by 2004 the population had increased to 182,700 residents, an increase of almost 10%.

According to Census 2001, the average age of LBRuT residents was 38.1 years and 47% of the population was between the ages of 30 and 59 years old. There is a high proportion of young children (under four years of age) and 25 to 44 year olds in the Borough in comparison to the UK average and proportionally fewer of 5 to 24 and 55 and over.

### 3.3. Households

In 2001, there were 76,146 households in LBRuT and the average household size was 2.2 people. Residents of LBRuT tend to live in owner occupied dwellings, with 68.7% of households owner-occupied compared to 55.6% for the London region as a whole. Households in professional groups AB<sup>8</sup> and C1<sup>9</sup> tend to be strongly represented in LBRuT in comparison to the rest of London.

Table 3.1 summarises the current population characteristics of people in LBRuT.

---

<sup>8</sup> AB: Higher and intermediate managerial/administrative/professional

<sup>9</sup> C1: Supervisory clerical junior managerial/administrative/professional

**Table 3.1 Summary of Population Characteristics**

	<b>Richmond-upon-Thames (%)</b>	<b>London (%)</b>	<b>South East (%)</b>
<b>Age Groups*</b>			
0-19	22.6	24.4	24.9
20-59	60.6	59.8	54.0
60-74	10.1	10.1	13.8
75+	6.8	5.8	7.5
<b>Married<sup>10</sup></b>			
	37.5	34.4	43.7
<b>Tenure</b>			
Owner-occupied	71.3	59.6	77.2
Council or RSL	9.5	22.4	11.4
Private Rented	19.2	18.0	11.5
<b>Social Grade</b>			
AB	30.9	20.1	20.3
C1	25.9	25.0	24.7

*Source: ONS Mid-year population estimates (2004), ONS Census 2001*

### **3.4. Workforce**

#### **3.4.1. Working Age**

In 2004, it was estimated that LBRuT had 122,200 working age residents, which accounts for 66.9% of the population. Of that, 90,300 (75.7%) are economically active with 86,200 in employment and 4,100 unemployed.

This is similar to the economic activity rate for the Greater London region, which in 2004 was 74.3%.

#### **3.4.2. Employment by Qualification and Occupation**

The LBRuT workforce is highly skilled with 52% of the workforce having NVQ 4+ and only 4% having no qualifications. This compares to London and the UK, where 39% and 30% respectively have NVQ4+ and 9% and 11% respectively have no qualifications. See Table 3.2 for further details of employment by qualification in the Borough.

<sup>10</sup> Based on all people married, re-married or separated but still legally married.

**Table 3.2 Employment Status by Level of Qualifications**

	Richmond upon Thames		London	UK
	Numbers	%	%	%
NVQ 4+	46,300	52%	39%	30%
NVQ 3	14,100	16%	12%	15%
Trade Apprenticeships	2,400	3%	4%	7%
NVQ 2	6,400	7%	11%	15%
NVQ 1	3,700	4%	10%	14%
Other Qualifications	12,100	14%	15%	8%
No Qualifications	3,500	4%	9%	11%
<b>Total</b>	<b>88,500</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Population Survey Jan 2004 – Dec 2004

In accordance with the level of qualification the resident workforce in managerial, senior official positions and professional occupations is well above the London and UK average and the workforce in elementary occupations is significantly below the London and UK average as shown in Table 3.3.

**Table 3.3 Employment by Occupation**

	Richmond upon Thames		London	UK
	Numbers	%	%	%
Managers and senior officials	23,400	26.1	17.6	14.8
Professional occupations	20,100	22.4	16.3	12.6
Associate prof & tech occupations	20,700	23.1	18.3	13.9
Administrative and secretarial occupations	9,200	10.3	13.2	12.6
Skilled trades occupations	4,700	5.3	7.8	11.3
Personal service occupations	4,400	4.9	6.3	7.7
Sales and customer service occupations	3,700	4.1	6.3	7.8
Process, plant and machine operatives	700*	0.7*	4.8	7.5
Elementary occupations	2,800	3.1	8.9	11.5
Employment with other flexibility	4,500	5.0	5.5	5.1

\*Number too small to be reliable.

Source: Annual Population Survey Apr 2004-Mar 2005

**3.4.3. Travel to Work**

Two indicators can be used to illustrate an area’s balance – net in-commuting and the self-containment rate.

- Net in-commuting – equals the workplace jobs located in the Borough less the number of working residents, expressed as a proportion of working residents;

- Self-containment rate – equals the people who both live and work in the area, expressed a proportion of working residents.

Table 3.4 below presents live and work information for boroughs across London and ranks them in descending order with regards to net in-commuting. Boroughs at the lower end, with negative net in-commuting have more people commuting out of the borough than commuting in.

In 2001, LBRuT had a negative net in-commute of 21,025 (-24%), meaning more people leave the borough to work than come into the Borough to work. LBRuT has an average self-containment rate of 38%, with 33,927 people living and working in the Borough.

**Table 3.4 Travel to Work in London, 2001**

Boroughs	Working Residents	Workplace Jobs	Live and Work in the area	Net In-commuters		Self Containment
				Number	% of working residents	
City of London	4,290	312,178	2,062	307,888	7,177	48
Westminster	89,472	509,943	46,254	420,471	470	52
Camden	91,868	227,669	36,396	135,801	148	40
Tower Hamlets	73,938	157,162	28,900	83,224	113	39
Islington	79,855	138,340	26,656	58,485	73	33
Hillingdon	117,044	175,468	64,868	58,424	50	55
Kensington & Chelsea	75,571	101,744	25,881	26,173	35	34
Southwark	107,868	141,914	36,540	34,046	32	34
Hammersmith & Fulham	83,023	100,118	26,684	17,095	21	32
Hounslow	103,623	109,240	43,218	5,617	5	42
Hackney	79,226	74,282	25,642	-4,944	-6	32
Kingston-upon-Thames	74,893	66,454	33,431	-8,439	-11	45
Lambeth	130,736	113,152	36,385	-17,584	-13	28
Croydon	156,741	128,227	78,408	-28,514	-18	50
Barking & Dagenham	65,864	52,301	24,442	-13,563	-21	37
Newham	86,428	67,222	31,321	-19,206	-22	36
<b>Richmond-upon-Thames</b>	<b>89,408</b>	<b>68,383</b>	<b>33,927</b>	<b>-21,025</b>	<b>-24</b>	<b>38</b>
Ealing	143,776	109,866	54,258	-33,900	-24	38
Brent	118,704	89,859	42,998	-28,845	-24	36
Enfield	121,257	90,012	54,352	-31,245	-26	45
Sutton	90,291	66,707	38,226	-23,584	-26	42
Barnet	145,920	106,906	59,511	-39,014	-27	41
Havering	104,537	75,944	47,262	-28,593	-27	45
Bromley	141,497	102,557	63,942	-38,940	-28	45
Greenwich	91,586	64,739	34,333	-26,847	-29	37
Merton	94,943	66,036	31,261	-28,907	-30	33
Wandsworth	141,191	97,668	40,579	-43,523	-31	29
Harrow	97,759	67,511	37,327	-30,428	-31	38
Haringey	95,732	62,794	28,648	-32,938	-34	30
Bexley	103,629	67,493	41,216	-36,136	-35	40
Redbridge	106,114	68,495	37,636	-37,619	-35	35
Waltham Forrest	97,777	60,647	34,796	-37,130	-38	36
Lewisham	114,583	64,624	35,170	-49,959	-44	31
<b>Average South London</b>					<b>-28</b>	<b>39</b>
<b>Total Average</b>					<b>-4</b>	<b>39</b>

Source: South London Employment Sites Study, LDA, 2004

**3.4.4. Earnings by Residence**

According to the Annual Survey of Hours and Earnings (2005), the average weekly earnings of residents of LBRuT was just under £664, which is 26% higher than the average weekly earnings for London’s residents. The average weekly earnings of employees working in the LBRuT is at £497 significantly lower than the earnings of residents. Table 3.5 below summarises Richmond’s average weekly earnings in comparison to London and the UK. Figures need to be treated with care as the reliability of statistics at a district level is limited due to a small sample size.

**Table 3.5 Average Gross Weekly Earnings**

Borough/Region	By Residents	By Workplace
LB Richmond	£664	£497
London	£527	£555
South East	£468	£450

*Source: Annual Survey of Hours and Earnings, 2005*

**3.4.5. Unemployment**

LBRuT has a relatively low unemployment rate with 4.6% of the working age population reported as unemployed<sup>11</sup>. This figure is low in comparison to the rest of London (7.0%) and Great Britain (4.8%).

As of February 2005, there were 1,679 Jobseeker’s Allowance (JSA) claimants in LBRuT, 1.4% of the working-age population<sup>12</sup>.

**3.4.6. Economically Inactive**

According to Annual Population Survey (April 2004 - Mar 2005) there are 29,000 (24.3%) working age people considered economically inactive in LBRuT and 25,300 (87.2%) of those are considered not to want a job. Economic inactivity in LBRuT is slightly less than that of London (25.7%) but above that of the South East (17.9%).

**3.5. Local Economy and Businesses**

**3.5.1. Employment**

Since 1995 LBRuT has experienced gradual growth in employee jobs in the Borough. The number of people employed in the Borough has increased by 11%, from 60,170 in 1995 to 66,804 in 2004.

Employment in the construction sector experienced the largest percentage increase in employee numbers increasing 38% between 1995 and 2004. In terms of actual employee numbers, employment in the business services sector increased from 16,415

<sup>11</sup> ONS, Annual Population Survey, Apr 2004-Mar 2005

<sup>12</sup> ONS, claimant count with rates and proportions (February 2006)

employees in 1995 to 19,968 employees in 2004. Table 3.6 below summarises the changes in LBRuT employee numbers in each sector between 1995<sup>13</sup> and 2004.

**Table 3.6 Employment by industry sector**

Broad Industrial Categories <sup>14</sup>	1995	1998	2004	Change	
				No	%
Agriculture and Energy	533	420	127	-406	-76.2%
Manufacturing	4,680	4,637	3,935	-745	-15.9%
Construction	1,688	1,984	2,324	636	37.7%
Distribution, hotels and restaurants	16,037	15,756	16,843	806	5.0%
Transport and communication	2,369	2,818	3,023	654	27.6%
Business Services	16,415	33,464	19,968	3,553	21.6%
Public Services	12,851	14,087	14,442	1,591	12.4%
Other Services	5,596	5,492	6,094	498	8.9%
<b>Total</b>	<b>60,170</b>	<b>78,659</b>	<b>66,804</b>	<b>6,634</b>	<b>11.0%</b>

Source: ONS, Annual Business Inquiry 2004

The location quotient is a measure of how strongly different industries are represented in the local economy compared to the wider region. We have compared the proportion of employees in the different industrial sectors in LBRuT with the proportion of employees in the Greater London. A location quotient larger than 1 implies that there are proportionally more employees in this sector in the LBRuT than in Greater London. This might be an indication that there are some comparative locational advantages in the Borough for this sector. A location quotient smaller than 1 indicates that this sector is under-represented in the LBRuT in comparison to the rest of Greater London.

**Table 3.7 Location Quotient**

Broad Industrial Categories	LBRuT (%)	London (%)	Average Annual Growth	Location Quotient
Agriculture, energy and water	0.2%	0.3%	-8.5%	0.7
Manufacturing	5.9%	5.5%	-1.8%	1.1
Construction	3.5%	3.0%	4.2%	1.2
Distribution, hotels and restaurants	25.2%	22.3%	0.6%	1.1
Transport and communication	4.5%	7.7%	3.1%	0.6
Banking, finance and insurance, etc	29.9%	31.6%	2.4%	0.9
Public administration, education & health	21.6%	22.7%	1.4%	1.0
Other Services	9.1%	7.0%	1.0%	1.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.2%</b>	<b>1.0</b>

Source: URS, ONS, Annual Business Inquiry

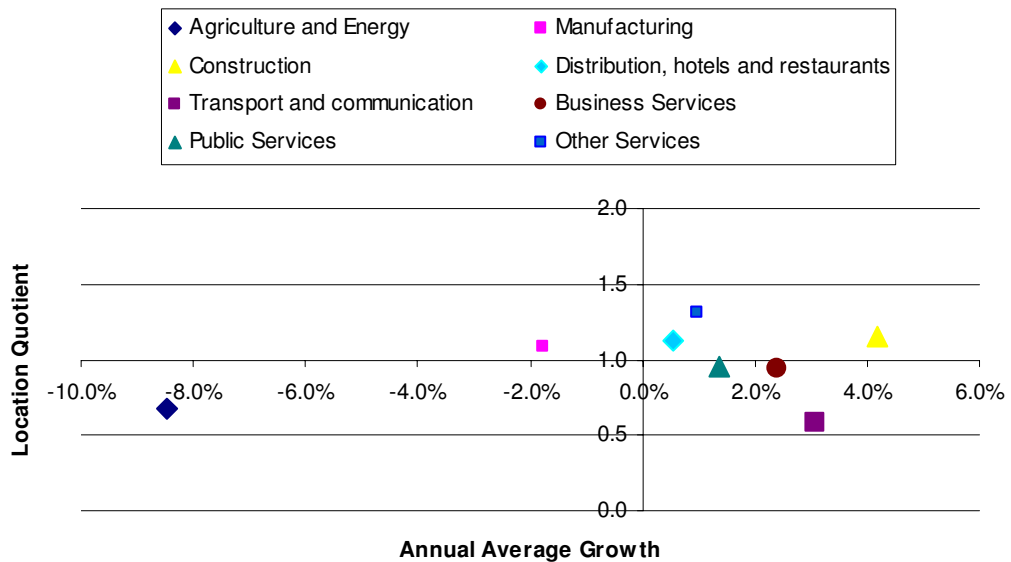
Plotting the location quotient against the sector change identifies the growing sectors with a potential locational advantage. These are the sectors in the top right corner of Figure 3.1, which shows that the distribution, hotels and restaurants, construction and other

<sup>13</sup> The ABI was introduced in 1998 to replace the Annual Employment Survey. Annual datasets were revised back to 1995 to mitigate the discrepancies in the results due to contributor reporting problems more prevalent to the AES. However, there could still be some underreporting of jobs prior to 1998 resulting in a slightly skewed increase to 1998 and then levelling out again. Regardless, the ABI analysis still provides a good indication of employment activity in the Borough. Please see ABI Article 10/04/01, The Launch of the Annual Business Inquiry.

<sup>14</sup> Broad Industrial Categories have been amalgamated in some instances for confidentiality purposes.

services sectors are all growing sectors with a potential locational advantage to being in LBRuT.

**Figure 3.1 Location Quotient and Growth Sectors**



Source: URS, ONS ABI and Revised ABI figures

**3.5.2. Businesses and Sectors**

As would be expected with an increase in employee numbers in the Borough, one would also expect an increase in the number of places to work. As a proxy for workplaces we have used ONS records of VAT registered businesses to obtain a picture of recent business activity in the Borough.

The number of businesses in LBRuT has increased from 7,105 in 1995 to 8,920 in 2004, an increase of 25%. The largest percentage increase was seen in the hotels and restaurants sector (46.9%), followed by the business services sector (43.2%).

Business activity in the Borough. Table 3.8 below sets out the change in workplaces throughout the Borough between 1995 and 2004. Whilst not providing the same broad industrial categories of the ABI data used above the information presented on VAT registered business provides a good indication of the increase in business activity in the Borough.



**Table 3.8 Workplace units by industry sector**

VAT Registration Industrial Categories	1995	1998	2004	Change	
				no	%
Agriculture and energy	40	40	40	0	0.0%
Manufacturing	455	495	435	-20	-4.4%
Construction	330	320	365	35	10.6%
Wholesale and retail	1,290	1,285	1,325	35	2.7%
Hotels and restaurants	320	355	470	150	46.9%
Transport and communication	170	200	210	40	23.5%
Business services	3,090	3,810	4,425	1,335	43.2%
Community services	1,330	1,430	1,500	170	12.8%
Education and health services	80	105	150	70	87.5%
<b>Total</b>	<b>7,105</b>	<b>8,040</b>	<b>8,920</b>	<b>1,815</b>	<b>25.5%</b>

Source: ONS, VAT registrations/de-registrations, stock at end of year.

**3.5.3. Size of Businesses**

The 2002 Business Survey showed that a large amount of businesses are very small with 75% of the businesses responding to the survey had ten or fewer employees and only 1.5% had over 100 employees. According to the same survey a majority of businesses (76%) are working out of premises relatively small premises (250 sq m or less) and only 7% occupy premises of 1,000 sq m or more.

**3.6. Summary**

The LBRuT is continuing to draw new residents attracted by the area’s high standard of living and good quality of life. The Borough’s workforce is relatively highly skilled and tends to be employed in professional or semi-professional occupations.

The Borough’s ease of access into central London and surrounding areas has had an influence on the level of daily out-commuting by residents to other locations for work. To address this issue and in line with national sustainability initiatives, Council development objectives seek to increase local employment opportunities for its residents that will more closely match the skills of the existing population. In the case of the LBRuT this is likely to be office-based employment and the premises required by these types of businesses will impact on the amount and characteristics of land for future development. These factors and the development objectives of the Council will be taken into account throughout this study, in particular during the employment cluster appraisals and in the development of the final recommendations.

## 4. THE EMPLOYMENT LAND MARKET

### 4.1. Introduction

The Research Department of Knight Frank LLP have prepared an Employment Land Study on the London Borough of Richmond-upon-Thames covering the office and industrial sectors (B1, B2 and B8 use classes). The office study reviews the types of commercial property that became available and were let in the London Borough of Richmond upon Thames between 1998 and 2004 by size (due to limited data availability focusing on office premises over 930 sq m and industrial units over 46 sq m), type of use and quality. It needs to be noted that the office size threshold is relatively large in comparison with the current market structure. Nevertheless, this gives some indication on the state of the office market.

Section two of the report provides a regional employment land market overview covering comparative markets within the M25 South West Quadrant. This includes a brief overview of the regional employment land (Office (B1), Industrial (B2) and Warehouse (B8)) and the characteristics of the market.

The third section of the report details the supply of employment land, detailing historic availability and take-up (since 1998) of employment land within selected comparable centres. There is also an overview of the major properties that have featured in the market in the past few years and analysis regarding the current development pipeline within the Borough.

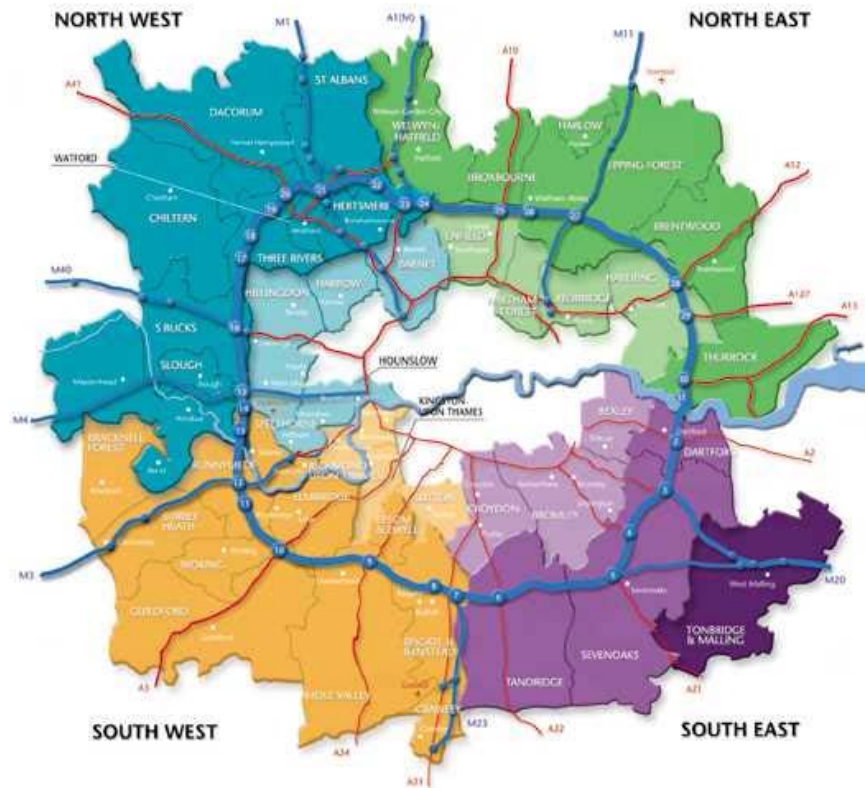
The fourth section of the report focuses upon London Borough of Richmond-upon-Thames and its sub-regions. There is analysis of employment land market detailing historic availability and take-up levels. The final section of the report provides a conclusion detailing current and future demand expectations for the London Borough of Richmond-upon-Thames.

Note that as part of the supply and demand office analysis only units in excess of 930 sq m have been included in the analysis. Given the size and nature of industrial activity within the selected centres, units in excess of 46 sq m have been included.

### 4.2. Market Overview

The London Borough of Richmond-upon-Thames forms part of the inner South West quadrant of the M25 office market. The market is particularly interesting as the key centres in this area are located on the fringe between the central London markets and the larger outer quadrant locations such as Heathrow and Slough.

Figure 4.1 M25 Office Market



Several comparable markets have been selected to help demonstrate land employment activity within the M25 South West Quadrant including Merton, Hounslow, Kingston upon Thames and Sutton. As well as all being located in the same geographical area, each of the selected markets is broadly comparable to Richmond-upon-Thames.

Table 4.1 Current Stock of Office, Industrial and Warehouse Space in 000s Sq m

Local Authority	Offices	Factories	Warehouse
Richmond upon Thames	239	141	152
Hounslow	653	458	1,015
Kingston upon Thames	309	111	219
Merton	232	350	279
Sutton	251	202	301

Source: Knight Frank/Valuation Office Agency, Commercial and Rateable Value Statistics

Table 4.1 details the current stock of office, industrial and warehouse space within each of the selected centres. From the table it is clear that in terms of office space the markets of Richmond-upon-Thames, Merton and Sutton are all of a very similar size. The table also highlights how the industrial sector is smallest within Richmond-upon-Thames

compared to any of the other selected markets. Hounslow is clearly the largest of the chosen centres and this is reflected in the stock figures for office, factories and warehouse floor space.

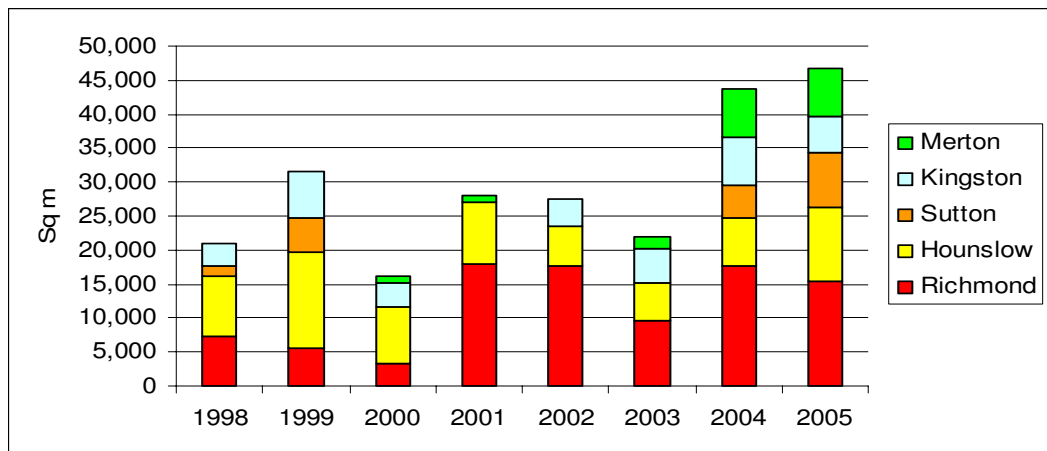
The occupier profile in the London Borough of Richmond-upon-Thames reflects a reasonable diversity, particularly given the size of the town. The office market in the London Borough of Richmond-upon-Thames continues to prove successful due to the town's attractive location and potential occupiers' strong positive perceptions of the area. Historically regarded as a market town, Richmond town has developed a modern office market while protecting the pleasant surroundings and atmosphere which occupiers continue to value very highly. Richmond-upon-Thames' location on the outer reaches of London is also an important factor, both in terms of communication links as well as accessibility to a highly skilled labour pool.

### 4.3. Market Analyses Sub-Region

#### 4.3.1. Office Availability Sub-Region

##### Overview

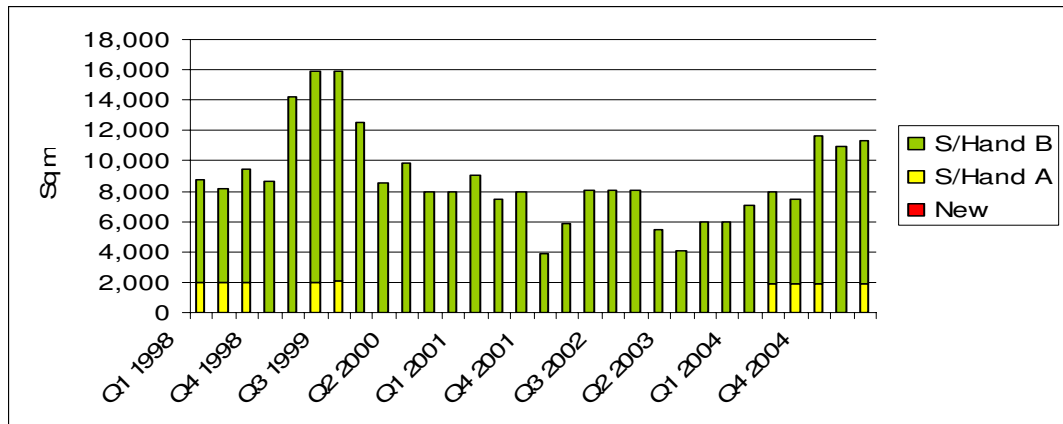
Figure 4.2 Annual Office Availability by Centre



Source: Knight Frank/Focus/Commercial Property Register

Hounslow Office Availability

Figure 4.3 Hounslow Quarterly Office Availability



Source: Knight Frank

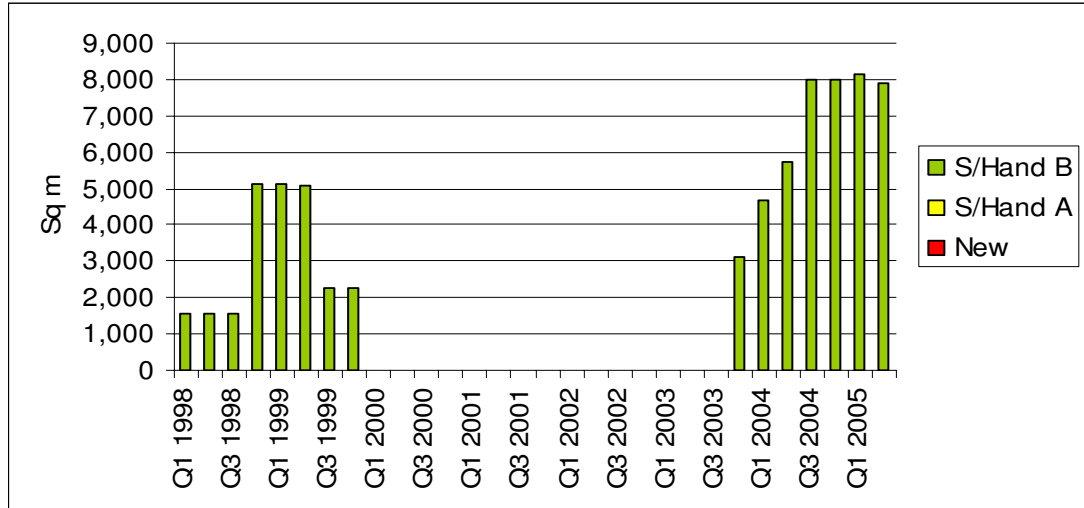
The Hounslow Local Authority includes the key centres of Brentford, Chiswick, Feltham, Isleworth and Hounslow. Figure 4.3 illustrates availability within the market is dominated by poorer quality second-hand Grade B accommodation. The market has not offered any new space since 1998 and only a very limited supply of second-hand Grade A accommodation has been available intermittently over the same period. However the market does reflect the supply profile of the broader M25 office market.

Availability peaked at the close of 1999 with a total of 15,920 sq m of space available, dominated by poorer quality Grade B accommodation. The market entered a boom period which led supply to decline until Q4 2001 when availability totalled 3,910 sq m, representing a fall of 75% from its peak. Following the low-point in available space experienced in Q4 2001, the market stabilised and availability remained at circa 6,513 sq m over the next two years.

Since Q1 2004 availability levels have slowly increased and between Q2 and Q4 2004 there was 1,858 sq m of second-hand Grade A accommodation available on the market for the first time since Q3 1999. Since Q4 2004, availability has remained relatively high for the area totalling 11,377 sq m at the end of Q2 2005, of which 16% comprises second-hand Grade A quality accommodation.

Sutton Office Availability

Figure 4.4 Quarterly Office Availability in Sutton



Source: Knight Frank

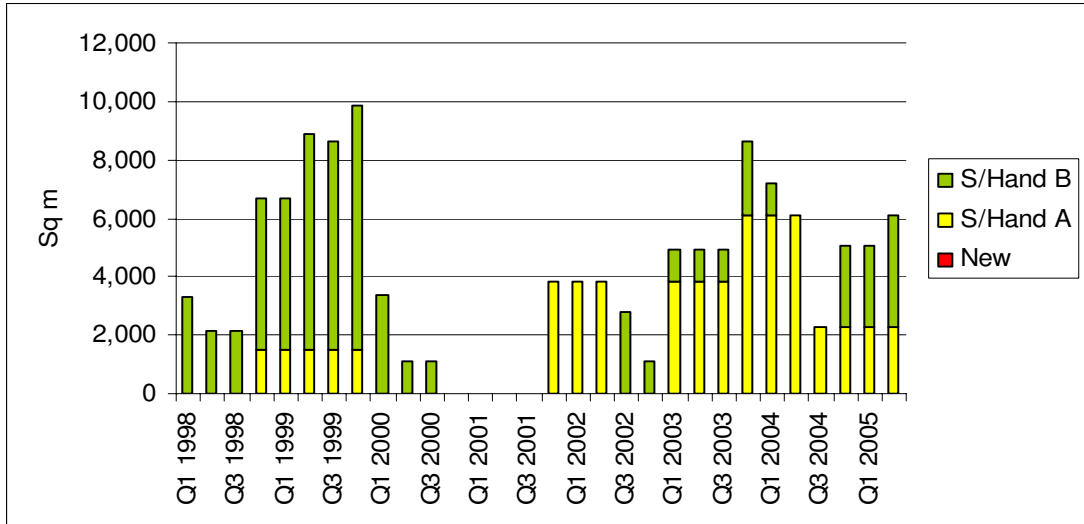
The availability profile for the Sutton office market again demonstrates the dominance of poorer quality second-hand Grade B accommodation and clearly illustrates the lack of supply within the market between Q1 2000 and Q3 2003. This reflects the relatively small size of the market, with an office stock of 250,836 sq m and a general lack of development activity within the market.

Availability within the market remained low until Q4 1998, totalling just 1,553 sq m. The amount of available space rose considerably in Q4 1998 with the introduction of 819 London Road totalling 3,552 sq m. Availability within the market then fell by over 50% in Q3 1999 to total 2,257 sq m where it remained for two consecutive quarters. Supply proceeded to fall to zero in Q1 2001 and the market remained without any available accommodation in units of over 930 sq m until Q3 2003.

Availability returned to the market in the following quarter with the introduction of 3,100 sq m of second-hand Grade B accommodation. The amount of space available in Sutton has increased steadily to levels considerably above those experienced before 2000. Sutton availability currently totals 7,871 sq m, all of which is categorised as poorer quality Grade B accommodation comprising four buildings, the largest of which is Quadrant House totalling 3,084 sq m.

Kingston Office Availability

Figure 4.5 Kingston upon Thames Quarterly Office Availability



Source: Knight Frank

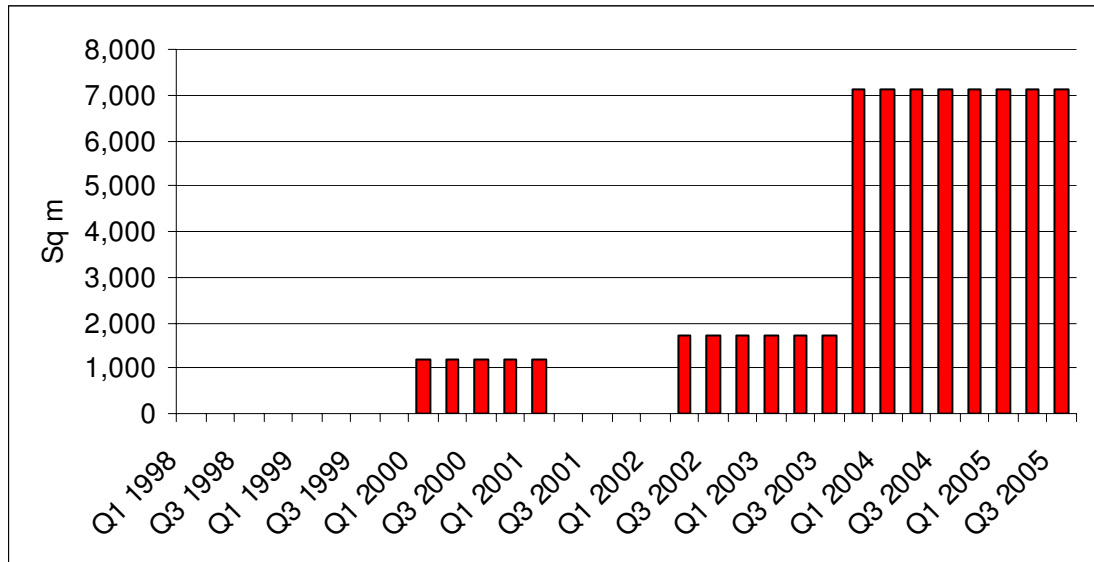
Figure 4.5 illustrates the supply profile for the Kingston upon Thames office market since 1998. Figure 6 highlights the domination of second-hand quality available office space, although demonstrates a change in the quality of supply since 1998.

Between Q1 1998 and Q3 2000 the majority of office accommodation available within Kingston upon Thames was categorised as poorer quality Grade B accommodation supplemented sporadically by units of higher quality Grade A accommodation.

However, following a period of zero availability in the market between Q4 2000 and Q3 2001, availability returned principally based on second-hand Grade A accommodation with considerably reduced levels of Grade B accommodation available. Although availability within the market peaked in Q4 1999 at 9,838 sq m, the majority of space was poorer quality Grade B accommodation. Levels increased in availability from Q3 2002 and peaked in Q4 2003 totalling 8,651 sq m of which over 70% was good quality Grade A accommodation. More recently the balance between Grade A and B accommodation has become more even, although current availability comprises of 63% second-hand poorer quality Grade B accommodation.

**Merton Office Availability**

**Figure 4.6 Merton Quarterly Office Availability**



Source: Knight Frank/Focus/Commercial Property Register

Figure 4.6 illustrates the quarterly availability in Merton between 1998 and 2005. Supply of office accommodation between 1998 and 2000 was very limited with no office properties available on the market in excess of 930 sq m. This situation continued until Q1 2000 when a single property became available at Surrey House and North House offering 1,173 sq m. The property remained on the market until Q1 2001 when it was withdrawn.

The office market experienced another period of limited supply which lasted until Q3 2002. In Q2 2002 Brook House, The Cricket Green entered the market offering 1,735 sq m of office accommodation. The property remained on the market until Q3 2003 when it was acquired by Mowlem Construction.

In Q4 2003 the supply of accommodation increased significantly with the arrival of Dover House comprising four separate floors, collectively offering 7,118 sq m. Dover House has remained on the market to the current day, although no other accommodation over 930 sq m has been registered as available.

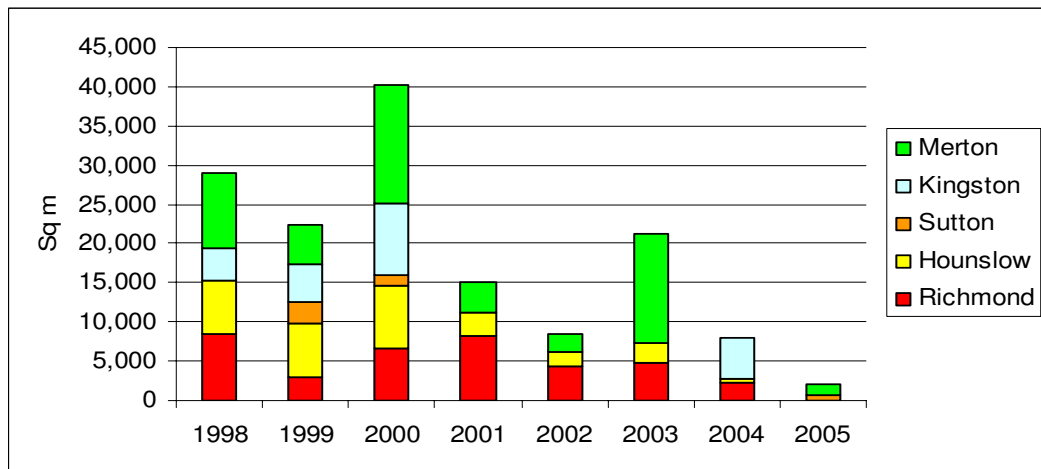
**4.3.2. Office Take-up Sub-Region**

**Overview**

This section details competing markets to the London Borough of Richmond upon Thames placing the office market in context. Figure 4.7 illustrates the strength of the office markets in each of the competing centres and from the graph it is evident that Merton has experienced the highest levels of annual take-up since 1998.



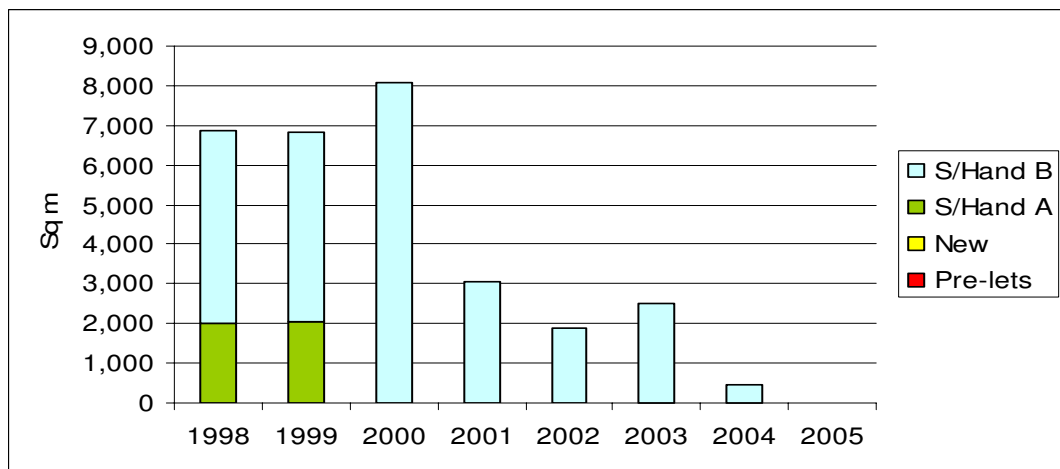
**Figure 4.7 Annual Office Take-up by Centre**



Source: Knight Frank/Focus/Commercial Property Register

**Hounslow Office Take-up**

**Figure 4.8 Hounslow Annual Office Take-up**



Source: Knight Frank

Figure 4.8 illustrates the demand profile of the Hounslow market since 1998. Following analysis of the supply profile in Figure 4.3 it is clear that office market in Hounslow is dominated by poorer quality Grade B accommodation with higher quality Grade A space rarely on the market.

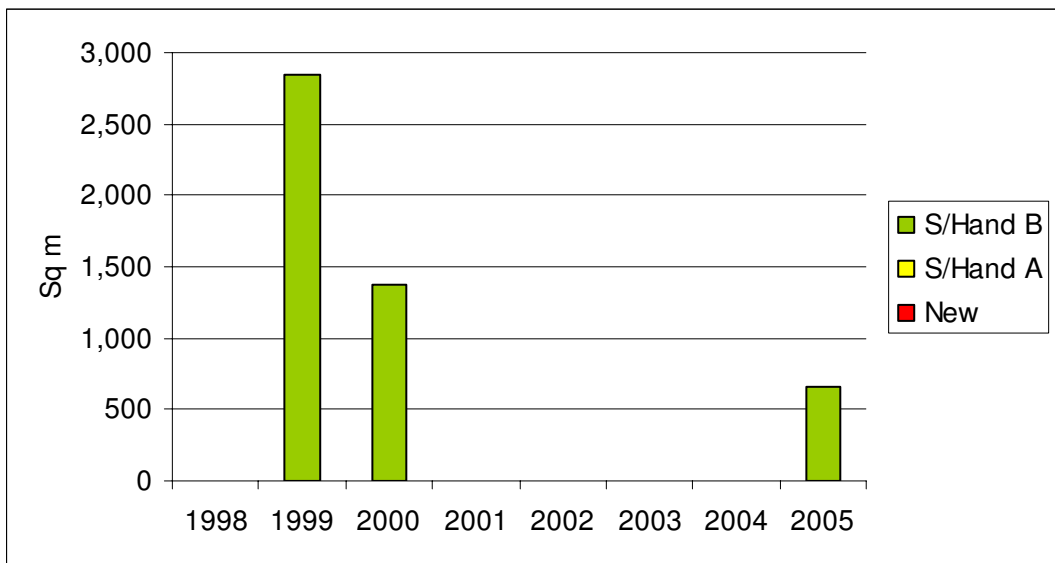
These characteristics are borne out in the graph which provides further evidence of the role of poorer quality Grade B accommodation in the market. The market witnessed transactions involving Grade A accommodation in 1998, when Global First Limited acquired 2,029 sq m at Pegasus House in Q4 1998 and in 1999 when 2,064 sq m of

accommodation was taken by Campbells. This was the most recent transaction within the Hounslow market involving Grade A accommodation.

Take-up in Hounslow peaked in 2001 when 8,086 sq m of space was acquired, 152% more than the annual average of 3,202 sq m for the market. The largest single transaction to occur in the market since 1998 took place in Q1 2000 when Eaton House totalling 3,250 sq m was sold to a confidential purchaser.

**Sutton Office Take-up**

**Figure 4.9 Annual Office Take-up in Sutton**



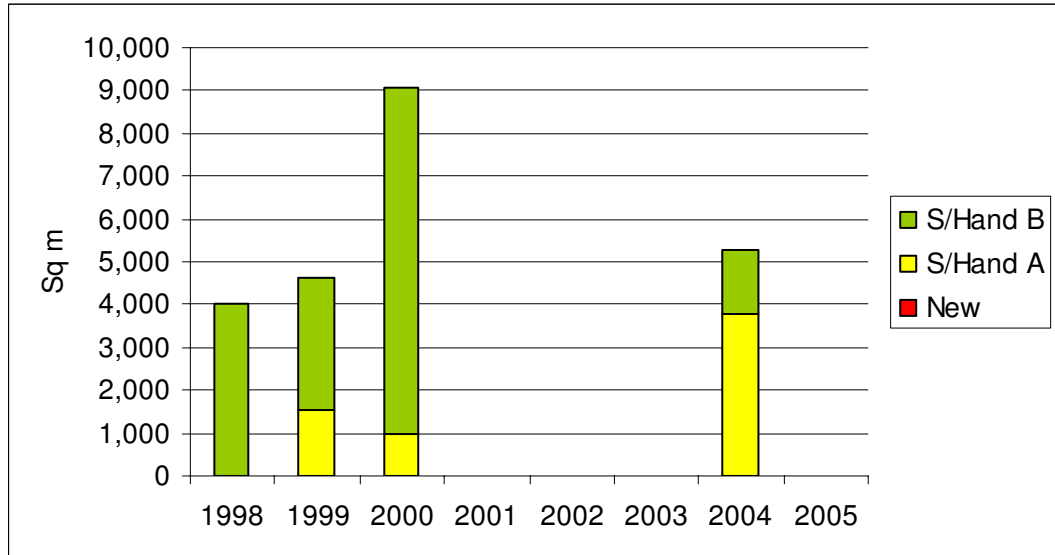
Source: Knight Frank

Figure 4.9 above illustrates limited and sporadic take-up activity per annum in Sutton since 1998. Average annual take-up levels within the market total 610 sq m per annum. However Figure 4.9 confirms that activity in the market was concentrated in 1999 when take-up levels reached 2,848 sq m, comprising two transactions, the largest of which was the sale of Tunall House in Q3 1999. This is in line with the trend witnessed within the M25 office market at that time.

The following year witnessed take-up of 1,373 sq m of poorer quality Grade B accommodation by Newsquest. The market experienced no take-up activity of units between 2001 and 2004, although in 2005 to date the market has witnessed 657 sq m of take-up contained in two small transactions.

Kingston upon Thames Office Market

Figure 4.10 Kingston upon Thames Annual Office Take-up



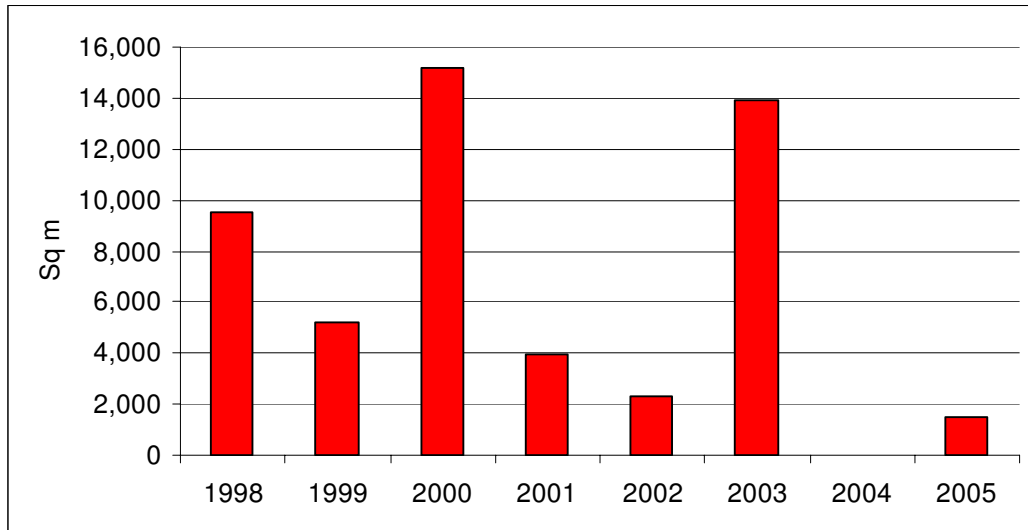
Source: Knight Frank

Figure 4.10 illustrates annual take-up activity in the Kingston upon Thames market since 1998. The profile of the graph indicates that take-up activity within the market was most prominent in 2000 in line with the trend within the M25 office market when annual take-up in Kingston upon Thames peaked at 9,071 sq m. During this period the market witnessed five transactions, the largest of which was at International House and totalled 3,029 sq m of Grade B accommodation, which equated to almost a third of annual take-up. The market experienced no take-up activity over the following three years.

However, in 2004 take-up totalled 5,259 sq m, the majority of which was of Grade A quality. The most notable transaction during this period involved the acquisition of Conquest House totalling 3,795 sq m by Surrey County Council in Q3 2004. There has been no take-up recorded in the market in 2005 to date.

**Merton Office Take-up**

**Figure 4.11 Merton Annual Office Take-up**



Source: Knight Frank/Focus/Commercial Property Register

Figure 4.11 illustrates office take-up levels for the Local Authority of Merton which includes the centres of Wimbledon, Morden and Mitcham. It is clear from Figure 10 that the market in Merton peaked in 2000 with take-up totalling 15,195 sq m per annum. There were only two transactions during 2000 both involving 125 Tower, High Street where Brown and Root Ltd acquired 7,581 sq m of office accommodation taking parts of the ground, first, second, third and fourth floors.

Take-up levels within the area declined in 2001 by almost 75% with two transactions collectively totalling 3,923 sq m. A further decline in annual take-up was evident in 2002 which fell to 2,291 sq m, again with only two transactions in excess of 930 sq m recorded in the market. 2003 take-up increased considerably totalling 13,884 sq m comprising four separate transactions. During 2003 the market witnessed the largest single transaction accounting for 9,755 sq m which was acquired during Q3 2003 at Buildings 1-5, Miles Road, Mitcham. The transaction was clearly the largest acquisition to be recorded in the market during the specified timeframe.

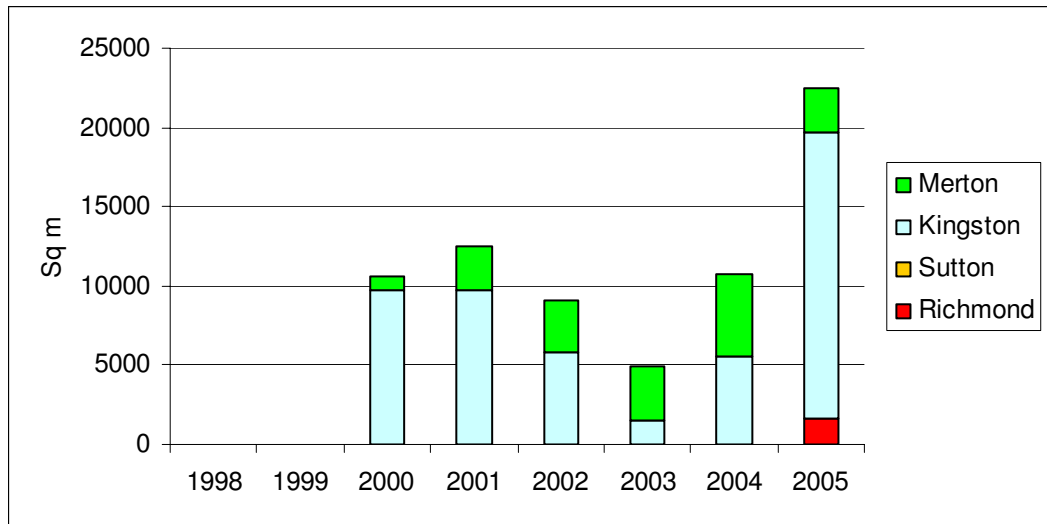
Following the considerable take-up activity in 2003, the market experienced a year without a single transaction in excess of 930 sq m.

In 2005 take-up activity to the market in Q1 2005 when 1,456 sq m of accommodation was acquired at the Willows Business Centre. Throughout the specified time period it is clear that given the size and nature of the market a few exceptional transactions account for a considerable proportion of take-up. Since 1998 take-up totalled 51,462 sq m, the four largest transactions in the market accounted for over 56% of total take-up.

4.3.3. Industrial Availability Sub-Region

Overview

Figure 4.12 Annual Industrial Availability by Centre



Source: Knight Frank/Focus/Commercial Property Register

**Hounslow Industrial Availability**

There are currently no historic figures for industrial availability for Hounslow.

**Table 4.2 Current Hounslow Industrial Supply**

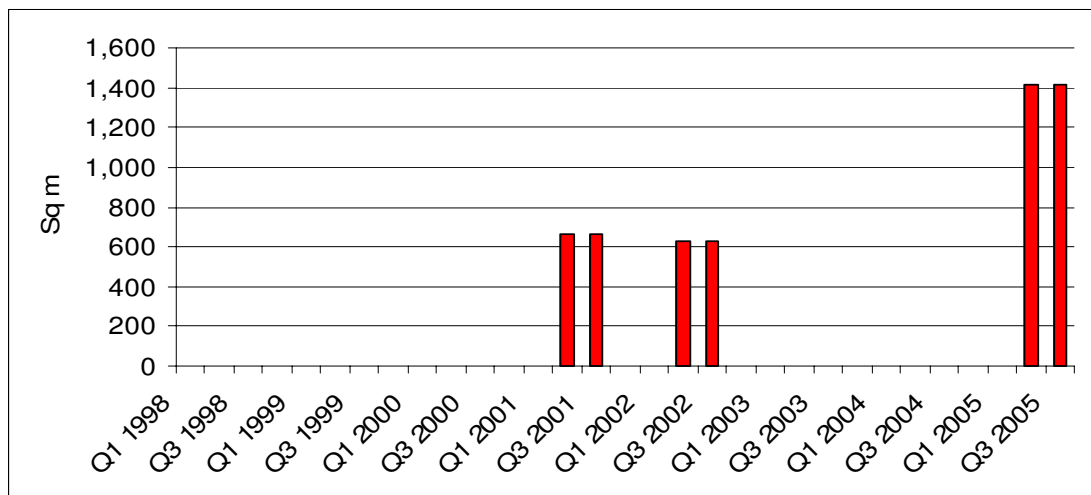
<b>Name</b>	<b>Address</b>	<b>Size (Sq m)</b>	<b>Grade</b>	<b>Quoting Rent (£ Per Sq m)</b>
Data Centre	Green Lane	9,290	Second-hand	Not Quoting
3 Hatton Cross Estate	Eastern Perimeter Road	7,709	Second-hand	Not Quoting
Airport Works	Green Lane	5,760	Second-hand	Not Quoting
12 Haslemere Heathrow Estate	Silver Jubilee Way	5,187	Second-hand	126.48
Unit D1	Tamian Way	1,682	Second-hand	86.11
Heathrow Corporate Park	Green Lane	1,218	Second-hand	188.37
2 Heathrow Causeway Estate	Ariel Way	836	Second-hand	115.17
2 Ebury Business Centre	Staines Road	668	Second-hand	Not Quoting
6 Heathrow Causeway Estate	Ariel Way	639	Second-hand	129.81
Doculink House	Viscount Way	465	Second-hand	102.26
7 Airlinks Industrial Estate	Spitfire Way	416	Second-hand	Not Quoting
11 Maple Grove Business Centre	Lawrence Road	382	Second-hand	Not Quoting
2 Inwood Business Park	Whitton Road	335	Second-hand	113.13
Unit 1	Amberley Way	320	Second-hand	187.19
5 Inwood Business Park	Whitton Road	282	Second-hand	150.37
Unit 13 Millfarm Business Park	Millfield Road	230	Second-hand	57.80
4 Maple Grove Business Centre	Lawrence Road	221	Second-hand	Not Quoting
12 Derby Road Industrial Estate	Derby Road	188	Second-hand	91.49
18 Derby Road Industrial Estate	Derby Road	187	Second-hand	91.49
5a and 19-20 Mill Farm Business Park	Millfield Road	117	Second-hand	107.64
17 Derby Road Industrial Estate	Derby Road	112	Second-hand	91.49
16 Derby Road Industrial Estate	Derby Road	110	Second-hand	91.49

Source: Knight Frank

Table 4.2 details the current supply of industrial accommodation in Hounslow which totals 36,356 sq m and is dominated by second-hand space. Although there are currently 22 separate units available, the largest four units account for over 75% of total availability. It must also be noted that 16 of the units currently available in Hounslow are under 930 sq m, with several smaller units available on the Derby Road Industrial Estate.

**Sutton Industry Availability**

**Figure 4.13 Sutton Historic Industrial Availability**



Source: Knight Frank

Figure 4.13 illustrates the very limited levels of industrial supply recorded in Sutton since Q1 1998.

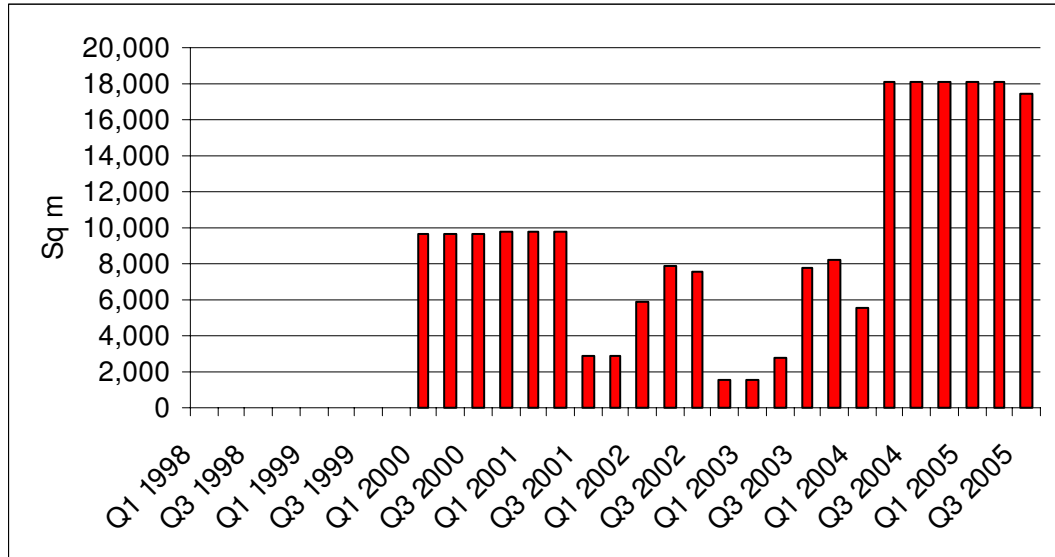
It is clear that the supply of industrial accommodation in Sutton was minimal between Q1 1998 and Q2 2001. In Q2 2001 only one unit of industrial accommodation was registered on the market totalling 665 sq m at Unit 3, Kimpton Trade & Business Centre, Minden Road. The unit remained available on the market until Q3 2001.

The market experienced a further gap in supply during 2000 when no industrial accommodation was listed available until Q2 2002 following the release of 10 Sandiford Road offering 631 sq m. The unit remained available on the market for a limited period until it was withdrawn in Q3 2002. Between Q4 2002 and Q2 2005 the supply of industrial accommodation was negligible.

In Q2 2005 supply returned to the market with four separate units becoming available collectively offering 1,418 sq m of industrial accommodation. The largest single industrial unit currently available on the market is located at Sandiford Road and totals 611 sq m.

Kingston upon Thames Industry Availability

Figure 4.14 Kingston upon Thames Historic Industrial Availability



Source: Knight Frank

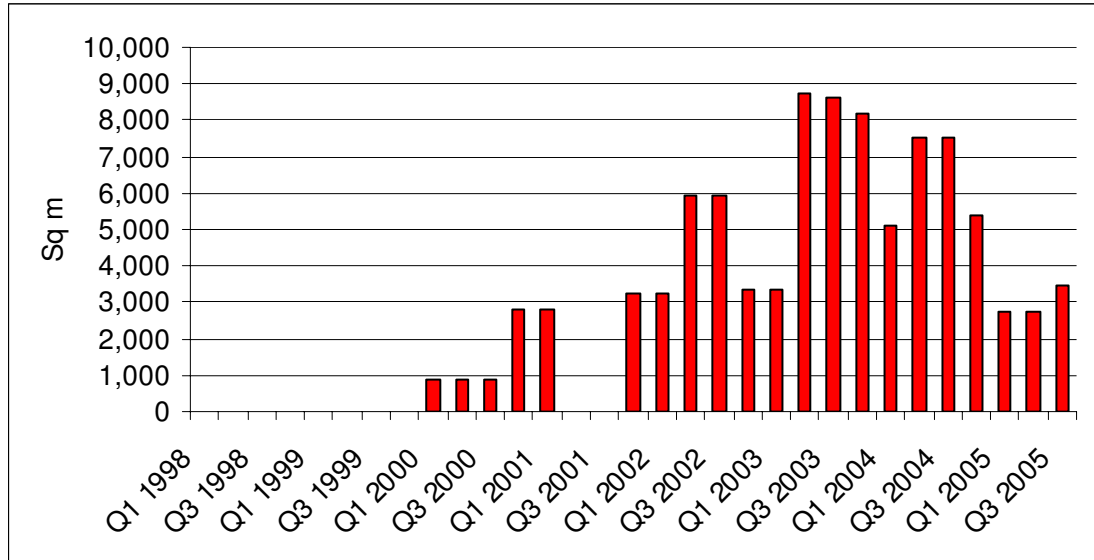
Figure 4.14 illustrates the varying levels of availability of industrial accommodation within the Kingston upon Thames market recorded between 1998 and 2005. Supply within the market remained relatively constant between Q1 2000 and Q2 2001 at 9,683 sq m. Supply within the market experienced a brief downturn during Q3 2001 as availability decreased to 2,923 sq m.

The market experienced a steady increase in supply moving through 2002 although the availability levels experienced in 2000 did not return to the market until Q3 2004. It was during this time that availability levels rose dramatically, totalling 18,066 sq m. This increase was largely due to the release of Gateway 3 on Davis Road which offers a total of 12,290 sq m of industrial accommodation. The property remains on the market and represents over 70% of current total availability.



**Merton Industry Availability**

**Figure 4.15 Merton Historic Industrial Availability**



Source: Knight Frank/Focus/Commercial Property Register

Figure 4.15 illustrates the supply profile of industrial accommodation in Merton since 1998. Compared to Figure 4.13 it is clear that the industrial market in Merton is considerably larger than that of Sutton. The profile demonstrates the increasing supply of accommodation in the market from 2000 when availability totalled 866 sq m comprising two units which remained on the market until Q3 2000.

However supply increased to 2,787 sq m with the release of Unit 8 Deer Park Road which remained on the market until the close of Q1 2001. There followed a brief period where supply was very limited until the release of 3,240 sq m at Tramlink Park. This marked the beginning of a substantial increase in industrial availability in the area which peaked in Q2 2003 totalling 8,749 sq m comprising eight separate units, the largest of which was the 3,140 sq m of industrial accommodation at Tramlink Park. Since Q2 2003 supply levels have steadily fallen and supply currently totals 3,472 sq m, comprising three separate buildings with the largest single unit of accommodation available at 22 Mitcham Industrial Estate totalling 1,918 sq m.

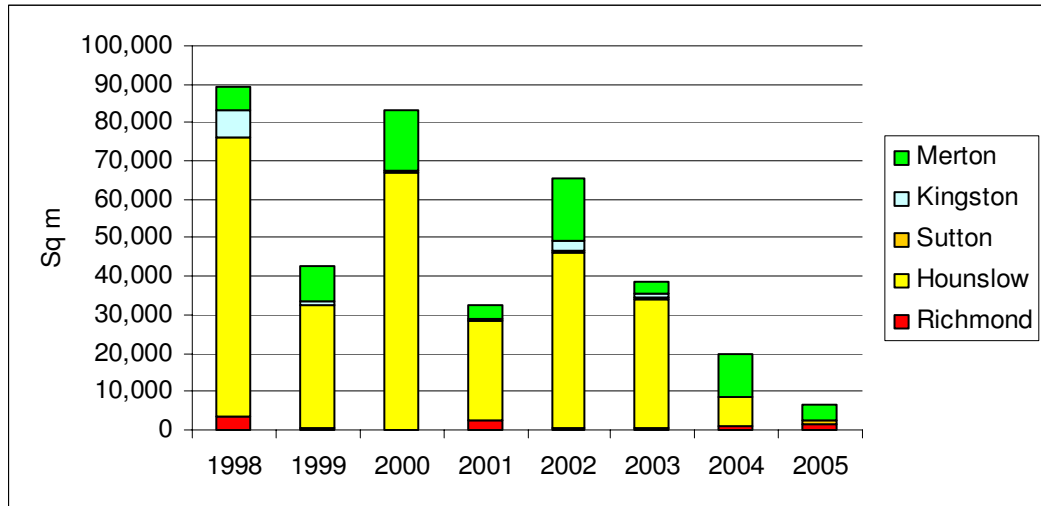
**4.3.4. Industry Take-up Sub-Region**

**Overview**

Figure 4.16 illustrates the annual industrial take-up levels experienced in each of the competing markets. From the graph it is clear that overall Hounslow has experienced significantly more take-up activity than any other of the selected markets. However, it must be noted that take-up levels in Hounslow have declined since 2002 to such an extent that in 2004 Merton achieved the highest level of industrial take-up of any of the

selected centres. Based on take-up levels in 2005 to date, this trend appears set to continue.

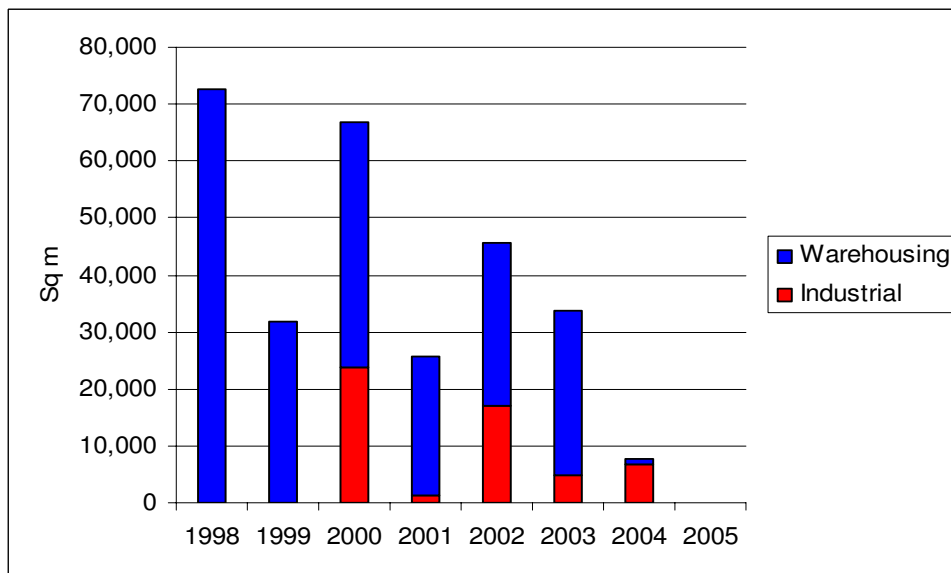
**Figure 4.16 Industrial Take-up by Centre**



Source: Knight Frank/Focus/Commercial Property Register

**Hounslow Industry Take-up**

**Figure 4.17 Hounslow Annual Take-up by Industrial Use**



Source: Knight Frank/Focus/Commercial Property Register

Figure 4.17 illustrates the levels of industrial take-up experienced in the Hounslow market since 1998. It is clear that take-up levels of industrial space in Hounslow are significantly higher than any of the other Local Authorities under analysis.

From the profile of Figure 4.17 it is clear that take-up peaked in 1998 totalling 72,594 sq m. The largest single transaction during the year involved the purchase of the Jumbo Olympus site on Green Lane totalling 33,073 sq m, the former Ministry of Defence site was acquired by BAA Lynton for over £22m. Take-up decreased in 1999 by over 50% to total 31,782 sq m, once again the total market take-up was dominated by a single purchase involving the Jumbo Olympus development site with Prologis Kingspark acquiring 18,580 sq m from BAA Lynton.

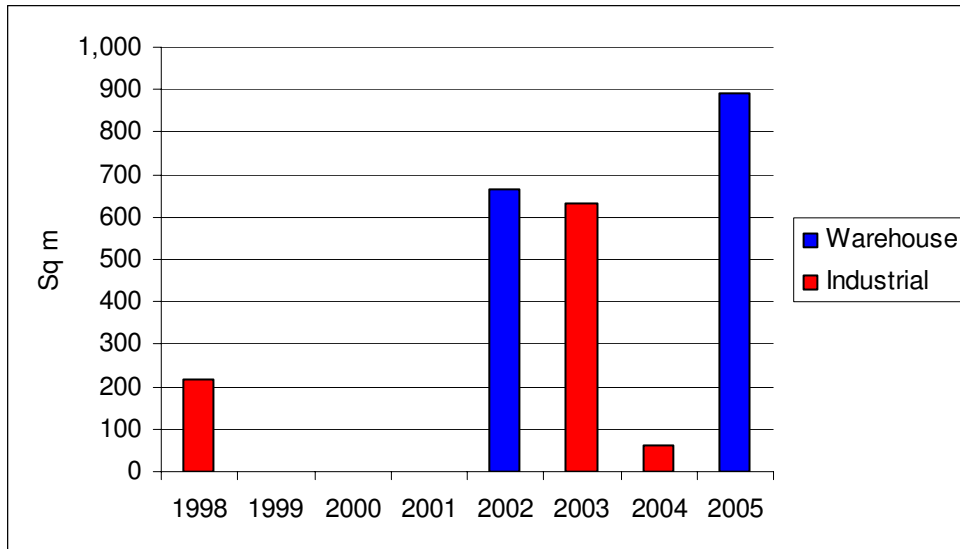
Take-up increased significantly in 2000, totalling 66,918 sq m with the most significant transaction of the year totalling 37,160 sq m at the Western International Market. Take-up levels in the market fell considerably in 2001 to total 25,592 sq m with the Jumbo Olympus site playing a significant role.

Take-up in the market increased in 2002 although this comprised of just two transactions, the most notable of which involved the purchase of 28,799 sq m on the Silver Jubilee Way on the Haslemere Heathrow Estate. Since 2003 take-up levels declined notably within the market, largely due to the lack of major transactions within the market.

Take-up fell to 703 sq m in 2004 comprising four separate transactions, the largest of which totalled 4,459 sq m at the National Works Building. This proves a more realistic perception of the annual take-up levels experienced in the market since 1998 discounting the exceptionally large development transactions which dominated demand in the preceding years.

Sutton Industry Take-up

Figure 4.18 Sutton Annual Take-up by Industrial Use



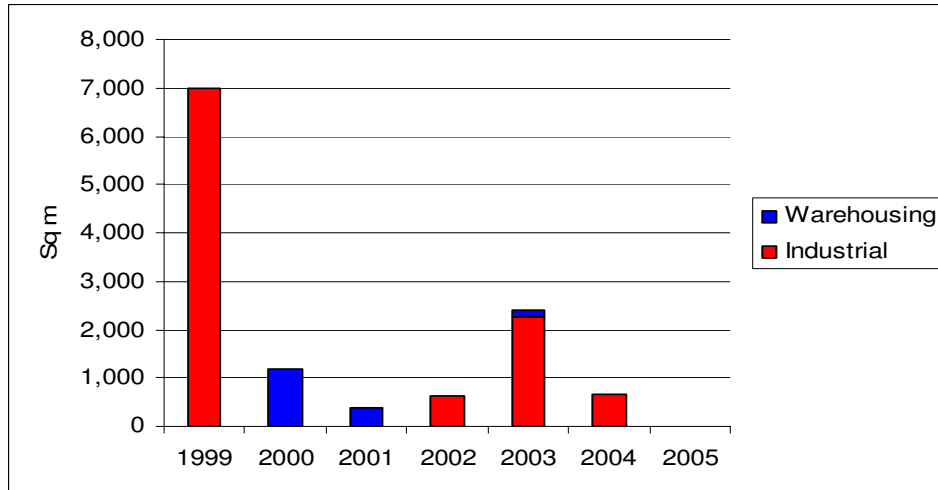
Source: Knight Frank/Focus/Commercial Property Register

Figure 4.18 illustrates annual industrial take-up levels in the Sutton market since Q1 1998. It is clear from Figure 4.18 that take-up over the given time-period has remained low with no take-up activity recorded between 1999 and 2001 and the highest annual total achieved in 2005 to date of 890 sq m in three separate transactions.

Since 1998 the market has been characterised by small, localised, take-up activity. Recorded transactions have remained low, averaging 342 sq m per annum and have been heavily concentrated in the Kimpton Industrial Estate. This trend is reflected in the largest transaction completed in the market since 1998 which was the acquisition of Unit 3, 40 Kimpton Road by Nu Flame Ltd in Q2 2002 which totalled 665 sq m.

**Kingston upon Thames Industry Take-up**

**Figure 4.19 Kingston upon Thames Annual Take-up by Industrial Use**



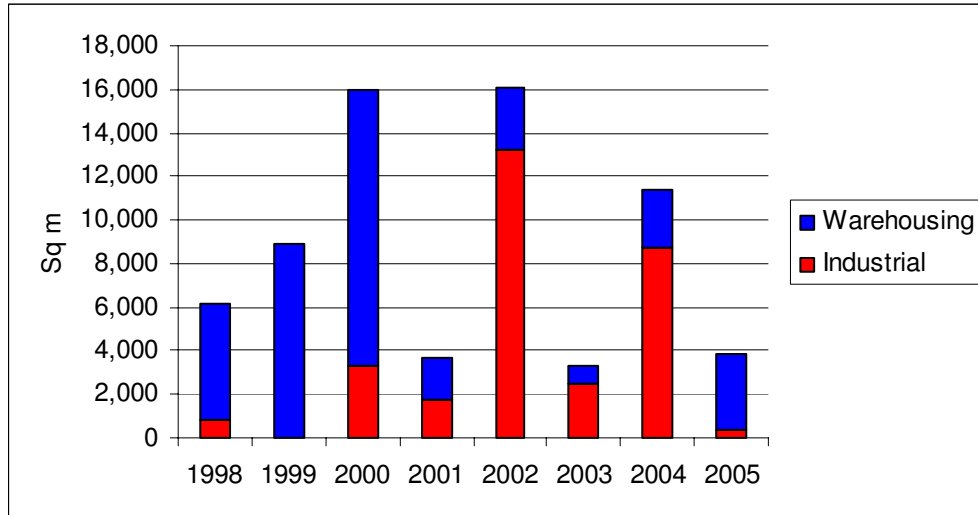
Source: Knight Frank/Focus/Commercial Property Register

Figure 4.19 details the industrial take-up in Kingston upon Thames since 1998. From Figure 4.19 it is clear that take-up peaked in 1999 and the market has witnessed limited activity since that time. It is also important to note that take-up in Kingston upon Thames in 1999 was the product of one single transaction at Villiers Road on the Fairfield Industrial Estate totalling 6,982 sq m. From 2000 onwards the market has experienced relatively few transactions on an annual basis and all of them have been below 1,208 sq m.

Although take-up in 2003 represented approximately a third of the 1999 total, the market experienced seven transactions, the largest of which was at 177 Hook Road totalling 693 sq m. It is clear that aside from the major transaction recorded in 1999 the market has experienced very limited take-up activity, most of which has been concentrated around the Kingston Business Centre with an average transaction size of 477 sq m. Including the 1999 transaction, the average transaction size is raised to a rather more unrepresentative 1,019 sq m. The market has experienced no take-up in 2005 to date.

**Merton Industry Take-up**

**Figure 4.20 Merton Annual Take-up by Industrial Use**



Source: Knight Frank/Focus/Commercial Property Register

Figure 4.20 illustrates annual take-up levels recorded in Merton since 1998. From the profile of the graph it is clear that annual activity within the market increased significantly between 1998 and 2000 reflecting a 158% increase over the two years. The most significant transactions recorded at this time involved the acquisition of 10,934 sq m of warehousing space at 19/23 Streatham Road, Mitcham by Liverpool Victoria. This was the second largest transaction to occur in the market over the specified timeframe.

The largest transaction achieved in the market completed in 2002 when 13,006 sq m of industrial accommodation was acquired by City & Provincial Group plc on Windmill Road on the Windmill Trading Estate from Marylebone Warwick Balfour Group plc in Q4 2002. This single transaction accounted for over 80% of industrial take-up recorded in 2002.

Following a downturn in total take-up in 2003 the market experienced another strong year in 2004 with take-up totalling 11,404 sq m. However, during 2004 take-up was dominated by several medium sized transactions rather than a small number of exceptional details, as was the case in 2000 and 2002. The largest single transaction recorded in the market during 2004 totalled 3,344 sq m. Take-up in 2005 to date appears to be following a similar trend comprising five transactions and totalling 3,885 sq m.

**4.3.5. Summary Sub-regional Employment Land Market**

Property and land markets are not bound to political boundaries and it is therefore informative to analyse the wider market.

Supply of office premises in the sub-region was dominated since 1998 by supply in Richmond and Hounslow. Overall supply in the sub-region has increased since 2003 and

since 2004 office supply in Kingston and Merton has risen to a significant share of the overall supply.

The effects of the 'dot-com-bubble' bursting in 2001 and its subsequent effect on the office market can be clearly seen in the sub-regional take-up figures. Office take-up in the sub-region has continuously decreased since 2000 – with the exception of large take-up in 2003 in Merton.

This is a clear indication of a mismatch between office demand and supply in the sub-region. A more detailed analysis of the type of office availability reveals that supply is predominantly poor second hand quality and that there is limited new or good quality second hand office space available in the sub-region.

Industrial availability in the sub-region has been fairly constant between 2000 and 2004. A significant rise in availability in Kingston in 2005 has resulted to an overall increase in industrial availability in the sub-region in 2005. The supply of industrial premises in the sub-region has been concentrated in Kingston and Merton.

Take-up of industrial premises in the sub-region has continuously declined since 1998 with a mixed picture of the split between industrial premises and warehouses in the different boroughs in the sub-region.

Richmond's availability and take-up of industrial land hardly contributes to the overall supply and take-up of industrial land in the sub-region.

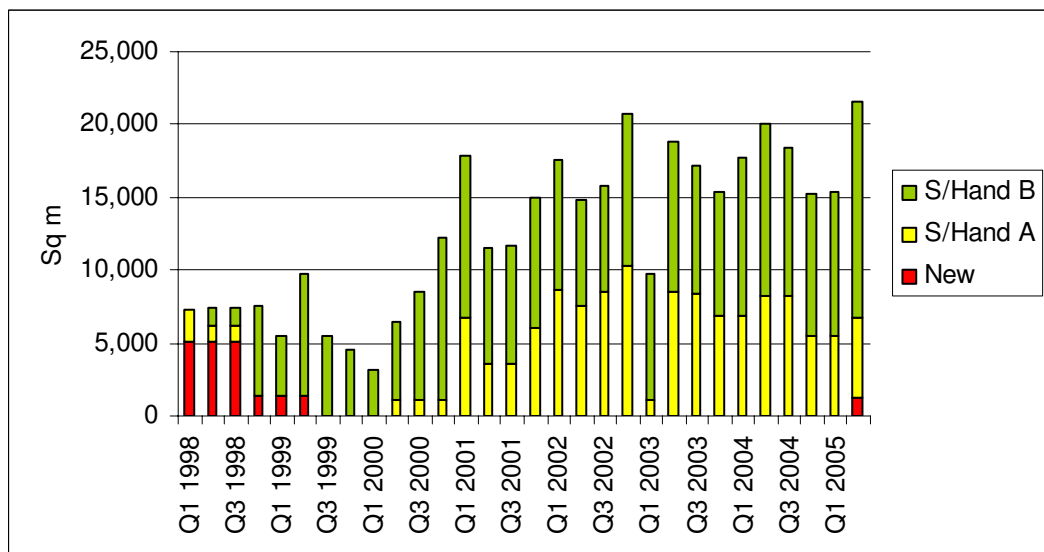
An analysis of Richmond's position within the sub-regional market is given in section 4.4.

#### 4.4. Market Analysis London Borough of Richmond upon Thames

Due to data availability the employment land market analysis is focussed on office units in excess of 930 sq m and industrial units in excess of 46 sq m.

##### 4.4.1. Office Availability

**Figure 4.21 London Borough of Richmond upon Thames Quarterly Office Availability**



Source: Knight Frank

Figure 4.21 illustrates the supply of office accommodation in Richmond-upon-Thames since 1998. From the graph it is clear that the supply profile reflects the broader M25 office market trend, with availability declining from 1998 as the office market peaked towards 2000 and rising once again as demand in the market weakened. It is important to note that while the office market in the London Borough of Richmond-upon-Thames has experienced relatively high levels of availability given the size and nature of the market, minimal new accommodation available has been evident due to constraints on the local development pipeline. Apart from 1 Victoria Villas, offering 1,253 sq m, which arrived on the market in Q2 2005, the last unit of new accommodation available in the London Borough of Richmond-upon-Thames was at Parkshot House in Q2 1999 totalling 1,320 sq m.

Figure 4.21 underlines the dominance of second-hand office accommodation within the market, most notably since the end of 2001. Since the end of 2001 the market has



experienced on average 7,110 sq m of second-hand Grade A<sup>15</sup> accommodation and 9,853 sq m of poorer quality second-hand Grade B accommodation.

Availability in Q1 1998 totalled 7,272 sq m, of which of almost 70% was new accommodation. However this was quickly absorbed and by Q4 1999 only second-hand Grade B accommodation was available on the market. As the property market approached its peak in 2000, the amount of second-hand Grade B accommodation rose dramatically with an additional 6,627 sq m coming on stream in 2000. Notable additions to supply during the year included Heathgate House, Twickenham, Boat Race End, Mortlake High St.; and Regal House, Twickenham collectively offering an additional 6,432 sq m of accommodation.

Although the market witnessed a fall in availability in 2003 when the majority of accommodation available was categorised as poorer Grade B quality, availability rose the following year and totalled 17,743 sq m in Q1 2004, 39% of which was Grade A accommodation. The market witnessed a further brief increase in Q2 2004 proceeded by a fall of 8% in availability to total 18,464 sq m in Q3 2004. However Q2 2005 marked the most dramatic change in the amount of accommodation available in the Borough when availability rose 40% to total 21,566 sq m.

Table 4.3 details the average size of units available on the market on an annual basis since 1998.

**Table 4.3 Average Office Unit Size by Grade since 1998**

Year	New (Sq m)	Second-hand Grade A (Sq m)	Second-hand Grade B (Sq m)	Overall Average (Sq m)
1998	2,517		6,289	
1999	1,320	0	1,509	1,487
2000	0	1,052	1,817	1,690
2001	0	2,204	1,730	1,872
2002	0	2,403	1,783	2,027
2003	0	2,827	1,736	2,133
2004	0	2,870	1,715	2,045
2005	1,253	2,748	1,542	1,758

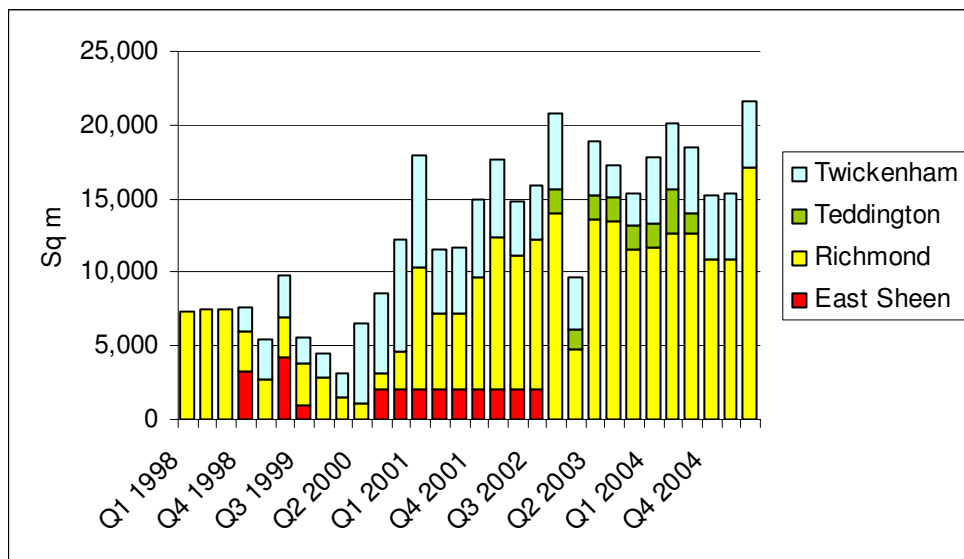
Source: Knight Frank NB Only deals above 920 sq m

Table 4.3 illustrates the average unit size of second-hand Grade A accommodation increased year on year between 2000 and 2004. The average Grade B accommodation has not experienced the same increase, remaining consistently around 1,672 sq m.

<sup>15</sup> Grade A: New, high quality office accommodation. Second hand Grade A: refurbished to a high quality with modern infrastructure. Grade B: Previously occupied, older and poorer quality accommodation

Figure 4.22 illustrates the proportion of office space available in the London Borough of Richmond-upon-Thames and provides evidence that the vast majority of office accommodation found in the Local Authority is located within Richmond town. Figure 4.22 highlights the limited offering of office accommodation available within the towns of Teddington, Twickenham and East Sheen.

**Figure 4.22 Office Availability London Borough of Richmond-upon-Thames by Centre**



Source: Knight Frank

Table 4.4 details the largest single units of office accommodation that have entered the market within the Richmond-upon-Thames Local Authority since Q1 2002 over 2,000 sq m. The largest single unit of accommodation to enter the Richmond-upon-Thames market since Q2 2002 is the Gateway at 28 The Quadrant, Richmond, offering a total of 4,214 sq m and remains vacant at current day.

**Table 4.4 Major Properties featuring in the Richmond-upon-Thames Office Market Since 2002**

Town	Address 1	Grade	Size	Entered Market	Let
Richmond	Gateway, 28 The Quadrant	A	4,215	Q2 2002	Remains Available
Richmond	Hotham House, Heron Square	A	3,271	Q4 2002	Q1 2003
East Sheen	Avalon House, Lower Mortlake Road	A	2,638	Q2 2002	Q4 2004
Richmond	Heathgate House, The Green	B	2,282	Q1 2002	Remains Available
Richmond	Ambassador House, Paradise Road	B	2,099	Q4 2002	Q3 2003
Twickenham	Regal House, London Road	B	2,162	Q1 2002	Remains Available
East Sheen	Boat Race End, Mortlake High Street	B	2,045	Q1 2002	Q3 2002

Source: Knight Frank

The other units that feature on the list are considerably smaller than 28 The Quadrant, a more representative sample of the larger sizes of units available on the market. The second largest available unit that has featured in the market since 2002 was at Hotham House, offering 3,271 sq m of Grade B accommodation which entered the market in Q2 2002 and was withdrawn in Q1 2003. Avalon House became available in Q2 2002 and remained on the market until Lost Wax Media acquired 803 sq m in Q4 2004. Heathgate House, offering Grade B accommodation has featured in the market in recent years, the building remained available during 2002 and was withdrawn at the beginning of 2003. The property returned to the market in Q1 2004 and remained available in Q2 2005.

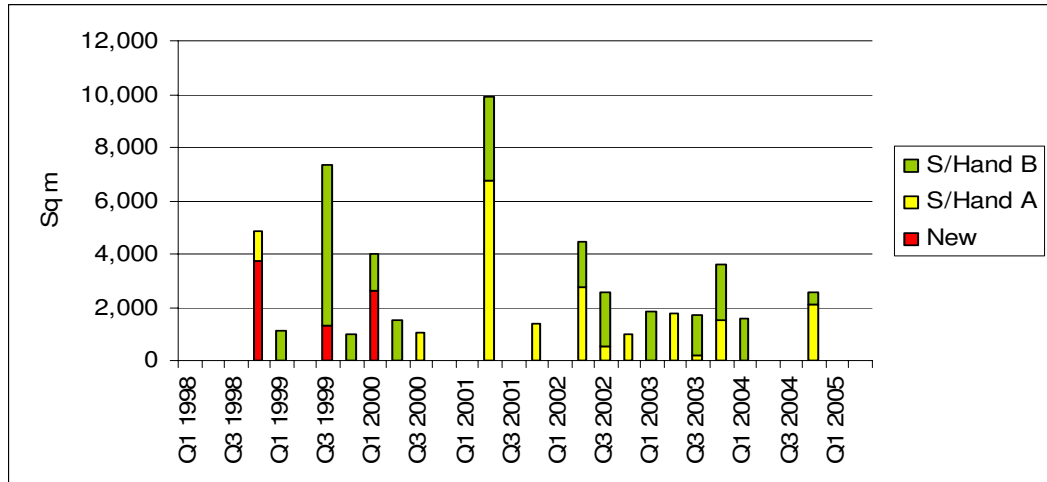
Opportunities to acquire new or good quality second-hand Grade A accommodation in the London Borough of Richmond-upon-Thames are very limited at present. At the time of this research the availability profile for even good quality second hand Grade A accommodation above the research threshold of 930 sq m comprises only two buildings.

Limited supply of good quality accommodation has been a consistent issue within the London Borough of Richmond-upon-Thames market for several years. Demand for accommodation within the town has remained relatively resilient, although the quality and size of the sites available are restricting the market's development. Given the attractive nature of the town, occupiers are keen to locate in the area, however their requirements for accommodation are not being satisfied by the current product supply.

The London Borough of Richmond-upon-Thames market has not offered any new accommodation in excess of 2,787 sq m since 1998 when the 3,716 sq m at Parkshot House was available.

4.4.2. Office Take-up

Figure 4.23 Quarterly Office Demand for the London Borough of Richmond upon Thames



Source: Knight Frank

Figure 4.23 illustrates the range of take-up levels for office space above 930 sq m in the London Borough of Richmond-upon-Thames market since 1998. From the graph it is clear that the London Borough of Richmond-upon-Thames market has followed a similar pattern to most other centres within the M25 office market. It is significant that 1998 witnessed the highest level of take-up for new office accommodation within the London Borough of Richmond-upon-Thames market, totalling 3,716 sq m. Take-up of new accommodation in 2000 totalled 2,638 sq m, although this was the last year that any new space was acquired within the market. There have been no recorded pre-lets in the market between 1998 to date, due to the relatively small rise of the office market and lack of development opportunities.

During 2001 and 2002 the office market in the London Borough of Richmond-upon-Thames was dominated by the acquisition of Grade A accommodation. Moving towards 2003 and 2004 the borough experienced rising levels of activity in Grade B second-hand office accommodation acquired. Take-up in 2004 totalled 4,129 sq m, over 50% of which was second-hand Grade B space. The most recent transactions in the market are outlined in Table 4.5.

**Table 4.5 Recent Leasing Transactions in the London Borough of Richmond-upon-Thames**

Quarter	Name	Size	Grade	Rent (£)	Incentives
Q4 2004	Avalon House, Lower Mortlake Road	803	A	226.04	12 months rent free
Q4 2004	Avalon House, Lower Mortlake Road	928	A	226.04	
Q2 2004	Centenary House, 3 Water Lane Hill Street	1,571	B		
Q4 2003	37/39 Kew Foot Road	1,668	A	274.50	
Q4 2003	Ambassador House, Paradise Road	2,099	B		
Q2 2003	Hotham House Hill Street	1,740	A	322.92	6 months rent free

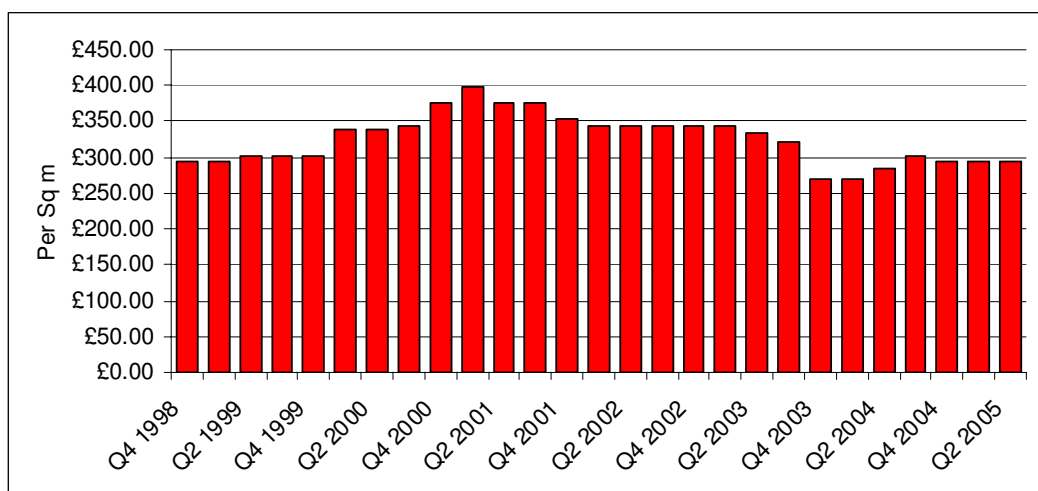
Source: Knight Frank

Table 4.5 exemplifies the size and to a certain extent the type of accommodation acquired in the London Borough of Richmond-upon-Thames market since the beginning of 2003. The average transaction size since 1998 has been 1,239 sq m, considerably smaller than many of the other centres within the M25 market.

Table 4.5 above illustrates that where space has been taken, incentives have rarely been required and those that have been offered were comparatively low reinforcing the perception of the London Borough of Richmond-upon-Thames as a highly desirable office location.

**4.4.3. Prime Office Rents**

**Figure 4.24 London Borough of Richmond-upon-Thames Best Rents**

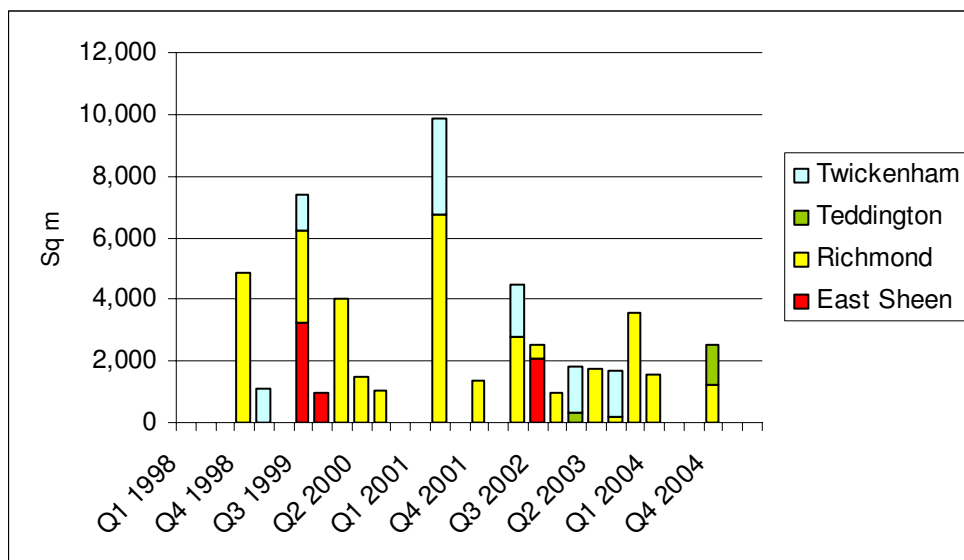


Source: Knight Frank

Figure 4.24 provides evidence of the changing rental profiles experienced in the London Borough of Richmond-upon-Thames market since 1998. The rental levels on Figure 4.24 follow a similar profile to the majority of key markets in the M25 with rental levels peaking in 2001 at £398.27 per sq m. This was achieved in June 2001 at Renaissance when Dynergy acquired 4,203 sq m on a 15-year lease. The Renaissance transaction was by far the largest to occur in the London Borough of Richmond-upon-Thames market in recent years, with the second largest leasing transaction totalling only 2,784 sq m.

Following the peak in 2001 rental levels slowly declined until Q4 2003 when they fell to £269.10 per sq m. However the market witnessed an upturn in rental levels moving into 2004 although levels have fallen back marginally to currently total £296.00 per sq m, a reflection of the lack of large quality space available in the area. Demand for accommodation in the town remains very strong and this is reflected in the volume of active enquiries maintained.

**Figure 4.25 London Borough of Richmond upon Thames Demand by Centre**



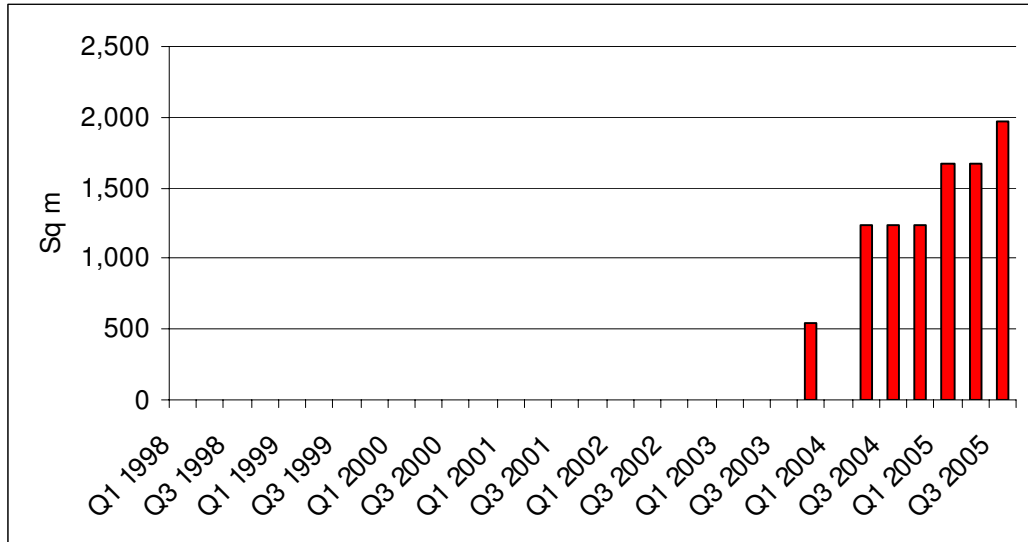
Source: Knight Frank

Figure 4.25 illustrates that Richmond town has consistently remained the key office market area of leasing activity within the London Borough of Richmond-upon-Thames and has accounted for 66% of total take-up since 1998. Twickenham is the second most significant area in terms of take-up, accounting for 19% of total take-up since 1998.

From Figure 4.25 it is clear that East Sheen proved most popular towards the end of 1999, which was likely due to the take-up of the Vinyard Heights scheme and since that time the town has witnessed limited activity. Teddington, accounts for the smallest proportion of take-up activity within the Borough totalling only 1,647 sq m since 1998. While Teddington has a relatively large amount of office space it is likely made up of smaller sized units that do not appear to change hands often.

**4.4.4. Industry Availability**

**Figure 4.26 London Borough of Richmond-upon-Thames Industrial Quarterly Availability**



Source: Knight Frank/Focus/Commercial Property Register

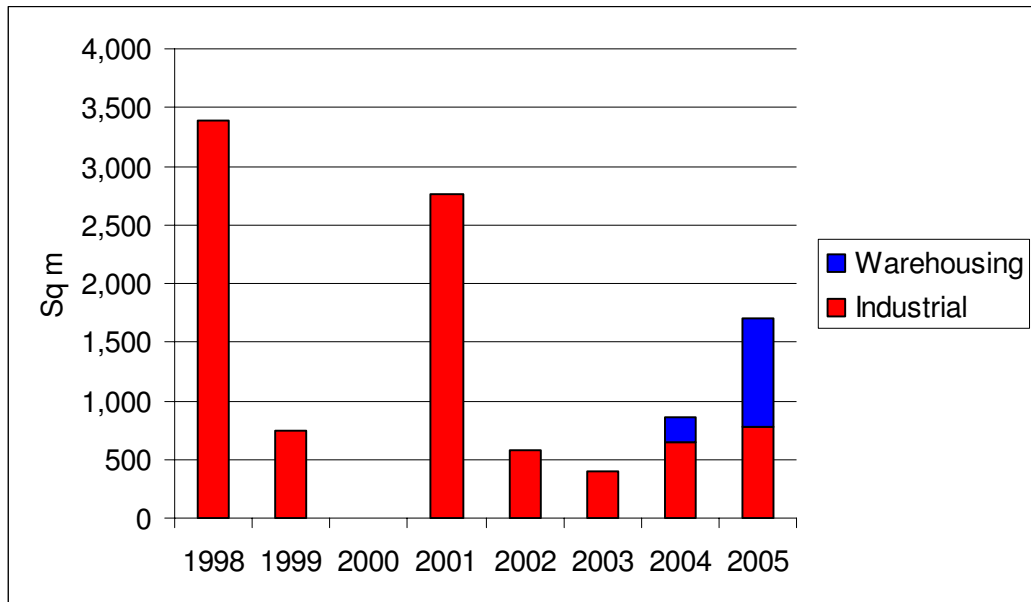
Figure 4.26 illustrates quarterly industrial availability in the London Borough of Richmond-upon-Thames since 1998. It is clear from the graph that the supply of industrial accommodation was very limited in the London Borough of Richmond-upon-Thames between Q1 1998 and Q3 2003.

**4.4.5. London Borough of Richmond-upon-Thames Industrial Development Pipeline**

As far as we know there is currently no industrial development in the pipeline for the London Borough of Richmond upon Thames.

4.4.6. Industry Take-up

Figure 4.27 London Borough of Richmond upon Thames Annual Industrial Take-up



Source: Knight Frank/Focus/Commercial Property Register

Industrial take-up in the London Borough of Richmond-upon-Thames totalled 3,394 sq m in 1998, comprising two transactions, the largest of which was the acquisition of St Margaret’s Business Centre, Moor Mead Road, Twickenham totalling 2,697 sq m by the Grainger Trust from Blacket Tuner for two million pounds. In 1999 take-up decreased significantly with only two transactions totalling 738 sq m. The largest transaction of the year totalled 582 sq m at 29-35 Holly Road.

There were no transactions recorded in the London Borough of Richmond-upon-Thames during 2000 although the following year demand returned strongly to the market. Take-up of industrial accommodation in 2001 totalled 2,761 sq m which was the result of a single transaction at St Clare Business Park. Demand levels fell considerably in 2002 when annual take-up totalled just 586 sq m in two transactions. The market witnessed a further fall in 2003 when take-up levels fell to 400 sq m.

In 2004 the market witnessed a slight increase as take-up levels increased to 859 sq m with three separate transactions. The majority of take-up in 2004 was located at the 32-34 Candler Mews where two transactions completed at the beginning of the year totalling 651 sq m. The recovery of the market has continued into 2005 where annual take-up to date totals 1,703 sq m following two separate transactions both in excess of 743 sq m. The largest deal in the London Borough of Richmond-upon-Thames in 2005 to date involved the acquisition of 920 sq m by DDI Ltd at the Heathlands Industrial Estate from Impact Marcom Ltd in Q3 2005.



## 4.5. Conclusion

### 4.5.1. Office

Following analysis of the market it is clear that the London Borough of Richmond-upon-Thames remains a significant centre within the M25 South West Quadrant. A review of the historical take-up levels has revealed that activity within the London Borough of Richmond-upon-Thames has remained resilient and has been heavily focused in Richmond town. Other sub-markets within the Borough have experienced limited, sporadic take-up since 1998, with the majority of transactions involving lower quality, second-hand Grade B accommodation. Over the stated period take-up in the London Borough of Richmond-upon-Thames has averaged 959 sq m per annum for new accommodation, 2,517 sq m per annum for second-hand Grade A accommodation and 3,162 sq m for second-hand Grade B accommodation.

However it is possible that the quality and size of accommodation available is hampering market development. The situation appears unlikely to change in the medium-term as there is currently no known office development in the pipeline within the Borough. The area continues to attract potential occupiers although this may not necessarily lead to increased take-up activity due to a lack of suitable product. The London Borough of Richmond-upon-Thames office market has experienced very limited new product available since 1998 and given the lack of development activity in the pipeline it would seem likely that take-up in the short to medium term will be focused on second-hand accommodation. It must be noted that given the relatively small stock level a significant transaction could distort the profile of the market and lead to an exceptional year of take-up.

Although the occupier market continues to strengthen within the M25 area which should lead to increased take-up activity in many of the key M25 centres, at present it is more likely the supply of product rather than the market or the influence of competing centres which will most affect take-up activity in the London Borough of Richmond upon Thames.

### 4.5.2. Industrial

The historic profile of availability and take-up in the London Borough of Richmond-upon-Thames illustrates the limited activity in the industrial sector within the area. Take-up activity in the market has remained robust since 1998 totalling 10,441 sq m. It must be noted that although demand has remained resilient, average take-up levels are relatively small. This reflects the highly localised nature of the market and the size of product that regularly features in the market. Since 1998 industrial take-up has averaged 1,164 sq m per annum and take-up for warehouse space has averaged only 191 sq m per annum.

However, demand for warehouse accommodation in 2005 has already reached 920 sq m, more than four times the total of the previous year. This may prove to be part of an emerging trend for the market, although once again this may be curtailed by a lack of suitable, available product.



## **5. QUALITY AND CHARACTERISTICS OF EMPLOYMENT LAND**

### **5.1. Introduction**

This section provides a summary of the key findings of the employment land survey. Results are summarised to provide a quantitative and qualitative overview.

### **5.2. Area, Floorspace and Employees**

The survey covered 445 buildings in employment use in 78 business clusters covering a total of 108 ha of land.

**Table 5.1 Floorspace by Type**

<b>Type of Floorspace</b>	<b>Sq m</b>
<b>B class uses</b>	<b>398,750</b>
Office	300,740
Industry	71,763
Warehouse	10,693
Vacant	15,554
<b>Other uses</b>	<b>74,253</b>
Sui Generis	10,084
Residential	7,572
Retail	13,629
Other	42,968
<b>Total</b>	<b>473,002</b>

*Source: URS LBRuT Employment Land Survey*

The Valuation Office Agency (VOA) reported in 2004 a total of 709,000 sq m of commercial floorspace in the Borough made up of 375,000 sq m of office space, 141,000 sq m of factory space and 193,000 sq m of warehouse space. Caution is required in comparing the VOA figures with the survey findings. The VOA data is collected for the purpose of calculating business rates and is derived from detailed internal surveys. For the employment land survey, floorspace was calculated on the bases of the footprint of the building (derived from OS base maps) and the number of floors. Furthermore the employment land survey covered only employment business clusters with 20 or more employees. The comparison of the VOA data with the results of the survey provide assurance that a representative sample of commercial buildings were included in the survey.

**Table 5.2 Range of Building Types Surveyed**

<b>Building Type</b>	<b>Number of Clusters with one or more units</b>	<b>% of Clusters with one or more units</b>
Factory	4	5.1
Farm / Barn	0	0
Light Industrial	22	28.2
Live Work Unit	2	2.5
Managed Workspace	8	10.2
Mixed Use Office / Residential	20	25.6
Office Above Shop	15	19.2
Railway Arch	0	0
Stand Alone Office	66	84.6
Studio	3	3.8
Warehouse / Storage / Depot	15	19.2
Workshop	16	20.5
Yard	1	1.2

*Source: URS LBRuT Employment Land Survey*

### **5.3. Transport**

#### **5.3.1. Public Transport Accessibility**

Transport for London maintains indicators of the level of public transport accessibility throughout London, called PTAL ratings, which stands for Public Transport Accessibility Level. Ratings are based on the frequency, choice of services and choice of destination offered by the local public transport network.

By analysing the PTAL ratings throughout the LBRuT, ranging from a rating of six for the best accessibility to one for the worst, it is possible to ascertain the level of accessibility to each of the businesses throughout the borough.

Of the surveyed clusters, 30% were found to have a PTAL rating of four or better. Offices were generally more accessible than other employment uses, with 50% of office floorspace having a PTAL rating of four or better.

**Table 5.3 Public Transport Access by Cluster, Building and Floorspace**

		PTAL						Total
		1	2	3	4	5	6	
<b>Clusters</b>	#	6	30	18	8	5	11	78
	%	8%	38%	23%	10%	6%	14%	100%
<b>Floorspace</b>								0
Total B class	m sq	24,346	15,2674	56,227	71,906	21,425	72,171	398,749
	%	9%	48%	20%	22%	5%	18%	100%
Office	m sq	8,604	101,082	36,735	66,066	18,918	69,334	30,0740
	%	3%	34%	12%	22%	6%	23%	100%
Industry	m sq	10,489	46,198	11,773	3,303	0	0	71,763
	%	15%	64%	16%	5%	0%	0%	100%
Warehouse	m sq	2,699	3,092	2,611	1,039	1,251	0	10,693
	%	25%	29%	24%	10%	12%	0%	100%
Vacant	m sq	2,553	2,303	5,108	1,498	1,255	2,837	15,554
	%	16%	15%	33%	10%	8%	18%	100%

Source: URS LBRuT Employment Land Survey

**5.3.2. Road Access**

As part of the survey, road access was assessed in terms of both external and internal access and ease of circulation. The majority of clusters (84%) were recorded as having adequate road access for the uses within the cluster. Table 5.4 provides further detail.

**Table 5.4 Road Access**

Road access perceived as	Number of Clusters	%
Adequate	66	84
Don't know	3	4
Limited HGV Access	3	4
Not Adequate	6	8

Source: URS LBRuT Employment Land Survey

Half of all the sites surveyed were no more than 10 meters away from the nearest A road with the maximum distance recorded being 850m.

**5.3.3. Servicing**

Servicing provision to businesses within each cluster was assessed based on the type and adequacy of access available. Types of servicing included roadside un/loading, offroad un/loading and loading bays. Businesses could have multiple types of servicing which is reflected in the percentages listed below.

**Table 5.5 Servicing Type**

<b>Type of Servicing</b>	<b>Number of clusters</b>	<b>%</b>
Roadside loading and unloading	35	45
Off road loading and unloading	55	71
Loading Bays	10	13

*Source: URS LBRuT Employment Land Survey*

The adequacy of the servicing was then assessed based on the types of business activities undertaken in the cluster. Out of 78 clusters, 65 (83%) were found to have adequate servicing.

**Table 5.6 Servicing Adequacy**

<b>Clusters with adequate servicing</b>	<b>Number of clusters</b>	<b>%</b>
Adequate	65	83
Not Adequate	6	8
Don't Know	7	9

*Source: URS LBRuT Employment Land Survey*

**5.3.4. Parking**

Most clusters tend to provide dedicated (78%) or on street parking (37%) for employees and clients. The majority of clusters (67%) were found to have adequate parking while 21% of clusters were recorded as having too little parking for the cluster use. Most clusters (62.8%) provided dedicated or on street parking for employees and clients. Table 5.7 and Table 5.8 below provide further details.

**Table 5.7 Type of Parking**

	<b>Number of Clusters</b>	<b>%</b>
Dedicated parking within cluster	61	78
On street parking	29	37
Yellow / double yellow lines	25	32
Red route	14	18
Controlled parking zone/paid parking	15	19

*Source: URS LBRuT Employment Land Survey*

**Table 5.8 Parking Provision**

	<b>Number of Clusters</b>	<b>%</b>
Adequate	52	67
Too Little	16	21
Too Much	2	3
Don't Know	4	5

*Source: URS LBRuT Employment Land Survey*

## **5.4. Quality of Environment**

The quality of environment for each cluster was assessed using the following criteria:

- Very Good - the quality of the streets and the public realm within and surrounding the business cluster are of very good quality (no potholes, no litter, no uncollected rubbish, well maintained street furniture). There is enough street lighting and no perceived safety issues. The business cluster is not polluted by noise or air pollution from neighbouring uses and/or heavy street traffic.
- Good - the quality of the streets and the public realm within and surrounding the business cluster are of good quality. Nothing in the local environment seems disturbing but it does not reach the 'very good' standard (some litter, street furniture shows signs of age, etc)
- Poor - the quality of the streets and the public realm within and surrounding the business cluster are of poor quality (some potholes, some 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 some noise or air pollution from neighbouring uses and/or heavy street traffic.
- Very Poor - the quality of streets and the public realm within and surrounding the business cluster are of very poor quality (potholes, litter on street, not collected rubbish, etc.) there is noise and/or air pollution from neighbouring uses and/or heavy street traffic.

Of the surveyed clusters, 94% were reported as having a very good or good environment while 6% were reported to have a poor environment. None of the surveyed clusters were found to be in a very poor environment.

**Table 5.9 Quality of Environment**

	<b>Number of Clusters</b>	<b>%</b>
Very Good	42	54
Good	31	40
Poor	5	6
Very Poor	0	0

*Source: URS LBRuT Employment Land Survey*

**5.5. Access to Facilities and Amenities**

Another factor of the cluster environment taken into account as part of the survey was the accessibility to facilities and amenities.

The following criteria was used to assess the clusters access to amenities:

- Very Good -Shops, restaurants and/or cafes and personal services within the business cluster or can be reached within a five minute walk. There is a selection of places for lunch; there is the possibility to do some shopping during lunch.
- 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 more than a fifteen minute walk. No or very limited selection of places for lunch

The survey found that the majority (87%) of clusters had very good or good access to facilities and amenities while only one cluster was reported as having very poor access to near by amenities.

**Table 5.10 Access to Amenities**

	<b>Number of Clusters</b>	<b>%</b>
Very Good	39	50
Good	29	37
Poor	9	12
Very Poor	1	1

*Source: URS LBRuT Employment Land Survey*



## 5.6. Neighbourhood Issues

Clusters were surveyed for any signs of potential neighbourhood issues resulting from the activities within the cluster<sup>16</sup>. Surveyors were asked to assess whether businesses within the cluster were contributing to pollution and congestion in the area, though traffic generated from businesses within the cluster would not be regarded as bad neighbourhood uses.

Of the clusters surveyed, 56 clusters (72%) were recorded as having no potential neighbourhood issues.

**Table 5.11 Potential Neighbourhood Issues**

	<b>Number of Clusters</b>	<b>%</b>
None	56	72
Noise	9	12
Air	2	2
Smell	4	5
HGV Traffic	2	2
Significant Car Traffic	1	1
Other	8	10

*Source: URS LBRuT Employment Land Survey*

## 5.7. Topography Issues

The cluster locations were assessed with respect to their topographical layout and surroundings. Key characteristics to look out included the gradient of the cluster site and access roads and whether development of cluster was constrained by physical boundaries like rivers, valleys or lakes. Surveyors were requested to comment on any topographical issues they identified through the survey. The five clusters identified as having topographical issues are set out below along with the corresponding survey comments.

<sup>16</sup> Clusters could have more than one potential neighbourhood issue.

**Table 5.12 Sites with Topographical Issues**

Cluster ID	Issues
26	Cluster is located on an island.
70	Adjacent to River Thames.
74	River borders eastern border of site. Railway broad bridge borders northern & southern boundaries of site.
75	Eastern boundary constrained by river.
79	Steep bank in centre of island.

*Source: URS LBRuT Employment Land Survey*

### **5.8. Building Condition**

The condition of buildings was assessed using the following criteria:

- Very Good - building in immaculate state, no signs of paint coming off, windows and window frames in very good condition, immediate surrounding / grounds well kept.
- Good - Building in good condition, small areas where paint might come off, grounds in reasonable state.
- Poor - paint coming off, some cracks, windows in poor state, surroundings are poorly kept.
- Very Poor - 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.

Of the surveyed clusters, 42 clusters were recorded as having some or all of the buildings in very good or good condition. Only four clusters were recorded as having all buildings in poor or very poor condition.

**Table 5.13 Clusters with Buildings in Good or Very Good Condition**

<b>Cluster ID</b>	<b>Number of Buildings in Good or Very Good Condition</b>
2	2
3	14
4	9
5	17
9	8
12	2
14	2
15	2
18	19
21	1
23	2
25	10
28	5
29	1
30	4
32	6
36	5
37	20
38	3
39	6
42	1
43	1
44	4
45	2
46	4
47	4
48	3
51	2
53	1
54	20
55	4
60	2
62	3
63	2
67	4
69	2
70	5
71	1
75	3
80	4
81	9
83	2

*Source: URS LBRuT Employment Land Survey*

**Table 5.14 Clusters with Buildings in Poor or Very Poor Condition**

Cluster ID	Number of Sites in Poor or Very Poor Condition
65	5
66	4
76	3
85	1

*Source: URS LBRuT Employment Land Survey*

## 6. EMPLOYMENT LAND DEMAND FORECAST

### 6.1. Introduction

As outlined in the ODPM's 'Employment Land Reviews: Guidance Note' there are various forecasting approaches that can be used. Each approach has its weaknesses as well as strengths. Regional economic forecasting allows account to be taken of wider drivers of change and growth. However these models do not take account the specific circumstances of local economic development, including the availability and nature of sites, and the range of local economic development initiatives and company plans. In contrast looking at historic trends on local take-up rates provides a solid record of past performance. Projecting such data forward in to the future does not take account of potential changes from past trends arising from wider regional economic drivers and any changes to local property market characteristics and policies.

We have applied a synthesis approach to employment land demand forecasting in Richmond upon Thames that takes account of both the local context and the wider regional macro-economic context. This allows the weaknesses of each individual approach to be tackled.

### 6.2. Stock

Employment land within the Borough is scattered across a large number of relatively small sites. It was therefore outside the scope of this study to actually identify and quantify all the employment land through the survey. We have therefore estimated the total employment land stock in the London Borough of Richmond upon Thames using Valuation Office Agency (VOA) floorspace data and applying generally accepted plot ratios (ODPM 'Employment Land Reviews: Guidance Note'). We have used high, medium and low values from the range of values of plot ratios presented in the Employment Land Review to calculate a high, best and low case. The amount of vacant land was estimated on the bases of our field survey<sup>17</sup>.

---

<sup>17</sup> Vacant land was assumed to be mainly located on larger sites which were included in the survey.

**Table 6.1 Employment Land Stock 2004**

	Office	Factory	Warehouse	Vacant Land	Total
Floorspace (msq)	375,000	141,000	193,000		709,000
<b>Best Case</b>					
Plot Ratio	1.21	0.40	0.50		1.53
Land (ha)	31.1	35.3	38.6	3.4	108.4
<b>High</b>					
Plot Ratio	0.41	0.35	0.40		2.59
Land (ha)	91.5	40.3	48.3	3.4	183.4
<b>Low</b>					
Plot Ratio	2.00	0.45	0.60		1.21
Land (ha)	18.8	31.3	32.2	3.4	85.7

Source: VOA and ODPM Employment Land Review: Guidance Note

### 6.3. Historic Floorspace Trends

The VOA data allows assessing changes in floorspace between 1998 and 2003. Although this covers a relatively short time period it has been judged as representative as it includes to buoyant period between 1998 and 2001 and the downturn of the market between 2001 and 2003.

There has been a modest increase in office floorspace between 1998 and 2003 and a decrease in factory floorspace during the same time period. Warehouse floorspace has significantly (56%) increased from 1998 to 2003 as shown in Table 6.2.

**Table 6.2 Floorspace Change 1998-2003**

	1998	2003	Change 1998-2003		Average Annual Change	
	msq	msq	msq	%	msq	%
Offices	324,000	372,000	48,000	14.8%	9,600	3.0%
Factories	163,000	146,000	-17,000	-10.4%	-4,250	-2.6%
Warehouses	121,000	189,000	68,000	56.2%	13,600	11.2%
<b>Total</b>	<b>608,000</b>	<b>707,000</b>	<b>99,000</b>	<b>16.3%</b>	<b>19,800</b>	<b>3.3%</b>

Source: VOA

## 6.4. Macroeconomic Forecast

Historic employment trends show an annual average increase between 1993 and 2003 of 2.6% in the LBRuT with the largest growth rates in the business service sector. Employment has fallen over the same time period in the primary and utilities sector, the financial services sector and in public administration as shown in Table 6.3.

**Table 6.3 Historic Employment Trends LBRuT**

Industry	1993	2003	1993-2003		Annual Average	
	#	#	#	%	#	%
Primary and utilities	739	190	-550	-74.4%	-55	-7.4%
Manufacturing	4,930	5,397	467	9.5%	47	0.9%
Construction	3,104	4,439	1,335	43.0%	134	4.3%
Wholesale	3,544	3,730	187	5.3%	19	0.5%
Retail	8,132	8,132	0	0.0%	0	0.0%
Hotels and restaurants	4,420	7,103	2,683	60.7%	268	6.1%
Transport & communication	3,104	3,884	780	25.1%	78	2.5%
Financial Services	2,563	1,688	-875	-34.1%	-87	-3.4%
Business Services	11,775	22,086	10,311	87.6%	1,031	8.8%
Public administration	4,832	2,602	-2,230	-46.2%	-223	-4.6%
Health & Education	10,006	11,536	1,530	15.3%	153	1.5%
Other Services	6,583	9,439	2,855	43.4%	286	4.3%
<b>Total</b>	<b>63,732</b>	<b>80,225</b>	<b>16,494</b>	<b>25.9%</b>	<b>1,649</b>	<b>2.6%</b>

Source: Experian Business Strategies and ONS Crown Copyright, Volterra, (provided by GLA), URS

Employment forecasts used in this report are based on data published by GLA Economics in *Working Paper 11: Working in London, 2004* and *Current Issues Note 4: Interim Borough Level Employment Projections to 2016*. The GLA requires boroughs to use these figures for forward planning purposes which include self-employed<sup>18</sup>.

Table 6.4 shows employment projections for Greater London for 12 sectors supplied by Volterra Consulting for the Greater London Authority. Essentially the projections are based on standard models of economic growth. An average historic long-term growth of total output of 2.5% (measured in Gross Value Added, GVA) has been projected into the future. To derive employment growth by sector historic changes in productivity in each sector have been analysed and projected into the future assuming an overall increase of 2.5% of total output.

<sup>18</sup> Data presented on employment in section 3 do not include self-employed.

**Table 6.4 Employment Projections by Sector ('000s)**

Broad Sectors	Actual		Projections		Changes 2002-2016	
	2002	2006	2011	2016	Nu	%
Primary and utilities	21	20	18	17	-4	-19%
Manufacturing	285	258	228	199	-86	-30%
Construction	201	181	159	138	-63	-31%
Wholesale	247	250	254	258	11	4%
Retail	403	413	425	438	35	9%
Hotels & restaurants	298	327	367	410	112	38%
Transport & comms	354	346	337	327	-27	-8%
Financial services	322	331	342	354	32	10%
Business services	1116	1234	1354	1471	355	32%
Public administration	221	205	188	170	-51	-23%
Health & education	639	652	668	685	46	7%
Other services	373	418	484	554	181	49%
<b>Total</b>	<b>4480</b>	<b>4634</b>	<b>4825</b>	<b>5021</b>	<b>541</b>	<b>12%</b>

*Employment figures include self-employed*

*Source: Working Paper 11: Working in London, GLA Economics, 2004*

Manufacturing, of which most jobs are on industrial land, is forecasted to decrease in Greater London by 30% between 2002 and 2016 and wholesale, accounting for a large part of warehouse related employment, is projected to rise by 4% in the same time period. Financial, business and other services, which account for most of the office jobs, are projected to grow significantly during this time period.

GLA Economics has been developing a set of borough level employment projections incorporating the following factors:

- structural trends evident in the boroughs
- assumed transport accessibility improvements
- the availability of current, and the development of new, business sites and related premises

This so called “Triangulation Model” is currently unavailable but figures based on structural trends and the availability of premises have been published by GLA Economics in *Current Issues Note 4: Interim Borough Level Employment Projections to 2016*. The forecast for the London Borough of Richmond is show in Table 6.5.

**Table 6.5 London Borough of Richmond Total Employment Projections ('000s)**

Borough	Actual		Projections			Change 2001-2016	
	2001	2002	2006	2011	2016	#	%
Richmond upon Thames	82	80	82	84	87	5	6%

*Source: Current Issues Note 4: Interim Borough Level Employment Projections to 2016, GLA Economics, 2005*



To obtain employment forecasts for broad sectors on a borough level the relative distribution of current sectors has been forecasted in accordance with the overall growth of this sector while holding the total number of employees by borough and the total number of employees by sector across London constant<sup>19</sup>.

**Table 6.6 London Borough of Richmond Employment Forecast by Sector**

Industry	2016	2003-2016		Annual Average	
	No	No	%	No	%
Primary and utilities	332	142	75.0%	11	5.8%
Manufacturing	4,338	-1,059	-19.6%	-81	-1.5%
Construction	2,947	-1,492	-33.6%	-115	-2.6%
Wholesale	4,572	841	22.6%	65	1.7%
Retail	8,130	-2	0.0%	0	0.0%
Hotels and restaurants	7,737	634	8.9%	49	0.7%
Transport & communication	4,458	574	14.8%	44	1.1%
Financial Services	1,753	65	3.9%	5	0.3%
Business Services	26,542	4,456	20.2%	343	1.6%
Public administration	2,409	-193	-7.4%	-15	-0.6%
Health & Education	11,420	-116	-1.0%	-9	-0.1%
Other Services	12,362	2,923	31.0%	225	2.4%
<b>Total</b>	<b>87,000</b>	<b>6,775</b>	<b>8.4%</b>	<b>521</b>	<b>0.6%</b>

Source: Experian Business Strategies and ONS Crown Copyright, Voltera, (supplied by GLA), URS

In the London Borough of Richmond employment in Manufacturing is forecasted to decline by 20% between 2003 and 2016 where as the wholesale sector is projected to grow the 23%. Financial and especially business and other services are forecasted to grow significantly within the Borough.

## 6.5. Synthesis Forecast

### 6.5.1. Office

Between 1998 and 2003 there has been an annual average increase in office floorspace of 3%. During the same time period employment in the Business Service<sup>20</sup> sector increased by 2% annually. The Business Sector is forecasted to increase by 1.6% annually between 2003 and 2016. Taking the historic floorspace trends as a base for the future demand in office space and adjusting for the reduced employment growth in the

<sup>19</sup> This approach fulfils the GLA's requirements that employment forecasts used for planning purposes need to be based on the projections published by the GLA.

<sup>20</sup> Data analysis of historical trends in the Valuation Office floorspace data over recent years correlated most closely with the employment changes in the Business Services sector. Therefore this sector has been used in the forecast as an indicator for office demand.

relevant sector results in an annual demand for land for offices of 2.3% as shown in Table 6.7.

**6.5.2. Factories**

Between 1998 and 2003 there has been an annual average decrease in factory floorspace of 2.6%. During the same time period employment in manufacturing<sup>21</sup> sector increased by 2% annually. The manufacturing sector is forecasted to decrease by 1.5% annually between 2003 and 2016. Taking the historic floorspace trends as a base for the future demand in factory space and adjusting for the reduced employment growth in the relevant sector results in an annual reduction of demand for land for factories of 3% as shown in Table 6.7.

**6.5.3. Warehouses**

Between 1998 and 2003 there has been an annual average increase in warehouse floorspace of 11.2%. During the same time period employment in the sectors wholesale and transport & communication<sup>22</sup> increased by 0.8% annually. These sector are forecasted to increase by 1.4% annually between 2003 and 2016. Taking the historic floorspace trends as a base for the future demand in warehouse space and adjusting for the increased employment growth in the relevant sectors results in an annual increase of demand for land for warehouses of 21.3%. This demand cannot be met within the LBRuT and has to be adjusted for supply constraints. An average annual demand of 3-4% seems realistic.

**Table 6.7 Synthesis Forecast**

	Historic Annual Floorspace Changes 1998-2003 (%)	Average Annual Change in Employment (Relevant Sectors)		Adjustment Term	Adjusted Average Annual Floorspace Demand
		1998-2003	2003-2016		
<b>Best Case</b>					
Office	3.0%	2.0%	1.6%	-0.6%	2.3%
Factories	-2.6%	-1.3%	-1.5%	-0.4%	-3.0%
Warehouse	11.2%	0.8%	1.4%	2.1%	3.5%

Source: URS

Applying these annual growth rates to the current stock of employment land in LBRuT indicates an overall demand for employment land in 2016 of 117 ha. This is an increase

<sup>21</sup> Data analysis of historical trends in the Valuation Office floorspace data over recent years correlated most closely with the employment changes in the Manufacturing sector. Therefore this sector has been used in the forecast as an indicator for office demand.

of 12 hectares between 2003 and 2016 or an annual increase of almost 1 ha. The majority of this demand is for land for offices (9 ha between 2003 and 2016). The reduced demand in land for factories is slightly overcompensated by the demand for land for warehouses.

**Table 6.8 Employment Land Demand Forecast**

	<b>2003</b>	<b>2016</b>	<b>Changes 2003-2016</b>		<b>Annual Changes 2003-2016</b>	
	<b>ha</b>	<b>ha</b>	<b>ha</b>	<b>%</b>	<b>ha</b>	<b>%</b>
Office	31	40	9	30%	0.7	2.3%
Factories	37	22	-14	-39%	-1.1	-3.0%
Warehouse	38	55	17	46%	1.3	3.5%
<b>Total</b>	<b>105</b>	<b>117</b>	<b>12</b>	<b>12%</b>	<b>0.9</b>	<b>0.9%</b>

*Source: URS*

<sup>22</sup> Data analysis of historical trends in the Valuation Office floorspace data over recent years correlated most closely with the employment changes in the sector wholesale and transport & communication. Therefore this sector has been used in the forecast as an indicator for office demand.



## 7. CONCLUSIONS AND RECOMMENDATIONS

### 7.1. Conclusions

#### 7.1.1. Supply

Employment premises in the LBRuT are generally in good condition. The majority of the office sites with high density employment are located in areas with good public transport access. Some office and industrial sites have poor road access resulting in neighbourhood issues from traffic on small residential roads.

The market analyses has revealed in accordance with the findings of the South London Employment Sites Review that the LBRuT is an important office location within the region with relatively high levels of availability and take-up in comparison with the surrounding boroughs. Currently there seems to be a mismatch between office supply and demand with the relatively poor quality office space on the market not meeting the demand for high quality office space. The office based sectors (mainly business services) are predicted to grow significantly in London over the next few years and there is no reason why the LBRuT should not have a share in this increase.

In contrast the industrial land market (including factories, workshops and warehouses) is relatively limited in comparison with the surrounding boroughs. There are few large industrial estates and the main activities are in small premises scattered around the borough.

#### 7.1.2. Demand

There is a demand for additional office space between 2003 and 2016. Our forecast has estimated that this is in the region of 9 ha or 0.7 ha per annum. This is in line with the office market analysis which has revealed a demand for good quality office space in the LBRuT.

As a result of the decline in manufacturing the demand for factory space is predicted to weaken. This decline is forecasted to be slightly overcompensated by an increased demand in warehouse space resulting in a net demand of industrial land of 3 ha between 2003 and 2016 or 0.2 ha per annum. This demand is most likely to occur in areas with good access to the trunk road system. This is in line with the market analyses which revealed a relatively small but robust industrial market with growing demand in the warehouse sector.

Businesses in the LBRuT tend to be small and there are few large employers in the Borough. The average unit size of office and industrial premises on the market in the LBRuT is relatively small.

## 7.2. Recommendations

### 7.2.1. Office

An additional demand for land for office space of approximately 0.7 ha per annum has been identified. There is therefore a strong case for the LDF to protect all existing office space within the Borough. Transfer of office sites and premises to alternative uses should be carefully managed and strongly restricted to sites which are inherently unsuitable for office use. This might be the case where offices are located away from good public transport access and are contributing significantly to traffic in residential areas.

Due to the limited availability of employment sites, the lack of any significant amount of vacant employment land or other land appropriate for new office development the additional demand for office space will have to be predominantly absorbed on existing employment sites. There is therefore a strong case for the LDF to facilitate improvement in the quality of the supply of office sites and premises. This can be achieved through a combination of measures such as:

- Robust LDF policy on protection of office premises. This will reduce hope values and increase the viability of refurbishing existing office premises.
- Intensifying the use of some existing employment locations.
- Redevelopment of some existing sites for continued employment use to meet more appropriately current demand (e.g. high quality office space).
- Redevelopment of some existing employment sites for employment-led mixed use development subject to providing at least the same amount of employment floorspace.

Richmond town and Twickenham are the focus of the office market in the Borough. There is a case for the LDF to ensure that these centres together with the smaller town centres in the Borough keep and where possible increase their attractiveness as office locations. Further research could inform the strength and weaknesses of these centres and the locational requirements of the local businesses.

### 7.2.2. Industry and Warehouses

The predicted reduced demand in land for industrial uses is compensated by an increased demand in land for warehouses. This results in a net demand for industrial land of around 0.2 ha per annum.

Policies on sustainable waste management may result in additional demand for industrial land.

In line with the draft Industrial Capacity SPG we therefore recommend a very restrictive approach to the transfer of industrial land to alternative uses which should be limited to sites which are inherently unsuitable for industrial, warehouse or waste and recycling uses.

### 7.2.3. Towards Employment Land Policies

#### **New Development**

In responding to the predicted increase in demand for employment space and the limited availability of such premises there is a strong case for the LDF to facilitate new development of employment premises.

In general terms high density employment such as offices should be located in areas with good public transport accessibility and access to local amenities and facilities. New developments with low employment densities, potential bad neighbourhood uses and the need for good access to the trunk road system, such as B2, B8 and waste and recycling, should be located on sites where their potential negative impact on residential areas from bad neighbourhood uses and traffic are limited.

Where appropriate the council should encourage new developments to provide premises suitable for small firms and start-up companies.

#### **Retention of Employment Uses**

Transfer of employment sites and premises to alternative uses should be strongly restricted to sites which are inherently unsuitable for employment use.

In the light of the predicted demand for good quality office space we recommend that premises last in B1 use are expected to remain in this use class unless they are in an area with poor public transport accessibility and connectivity and the traffic generated by the use has a significant negative impact on other uses (e.g. residential) in the area.

Where appropriate in terms of public transport accessibility and local character the redevelopment of land and/or premises in B1 use should intensify the current use (i.e. redevelopment at a higher employment density).

In the light of the predicted reduced demand for industrial premises and the increased demand for warehouses a transfer of B2 to B8 should be considered in the first instance subject to traffic and neighbourhood issues. Where traffic considerations and neighbourhood issues make a transfer to B8 not acceptable a transfer to B1 or mixed use with a strong employment element is recommended. Only if a site is inherently unsuitable for employment uses due to public transport, road access or servicing arrangements a transfer to other employment generating uses such as health centres, sports and leisure, hotels and childcare facilities should be considered.

#### **Mixed Use**

To improve the existing stock of office premises the redevelopment of existing B1 employment sites for employment-led mixed use development should be encouraged subject to providing at least the same amount of employment floorspace.

Mixed use schemes on sites last in B2 or B8 uses should re-provide at least 50% of the employment floorspace or 100% of the employment (measured in full time jobs) whichever is larger.

**Marketing Evidence**

This study has found – based on policy and literature review, employment land market analysis and employment land demand forecast – strong evidence for an increased demand in employment land for office and distribution between 2005 and 2016. We therefore recommend basing the assessment of the employment land market for decisions on the retention of employment uses on the findings of this report and not on individual marketing efforts for individual sites.

We believe this to be a more appropriate approach for the following reasons:

- Planning decisions should be made on the bases of long-term demand and supply analysis. Marketing efforts of individual sites only reveal the short-term demand for the premises in question and their value for long term planning decisions is therefore limited.
- The loss of employment premises due to a short term trough in demand is more or less irreversible.
- It is very difficult to judge if marketing efforts have been appropriate with regards to price, terms and conditions, and the extent and quality of the marketing effort.

**Locally Significant Industrial Areas**

Due to the large amount of small employment sites scattered around the Borough we would not recommend to identify Locally Significant Industrial (LSI) areas or sites. We believe that unless all the sites would be identified – which does not seem practical – the identification of a selection of sites as LSI sites would devalue the other sites in their employment use.

**River Related Uses**

The use of the River Thames for tourism and leisure is part of the distinct quality of the LBRuT and contributes to the local economy. These uses depend to a certain degree on the availability of boat yards for maintenance and repairs and on boathouses and clubs with river access and room for storage. Although this study has not analysed the market situation of these river related uses we assume that at least some of these uses might have difficulties in paying market rents for their waterfront premises. As they contribute to the local economy and the distinct quality of the Borough there is a case for a stronger policy in the LDF to protect these river related uses similar to the protected wharves policy in the London Plan.