

GVA

29 January 2014

Southwark Industrial & Warehousing Land Study

Business Engagement Workshop



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Agenda

- Welcome and introductions
- GVA presentation
- Roundtable discussion
- Any other business
- Close



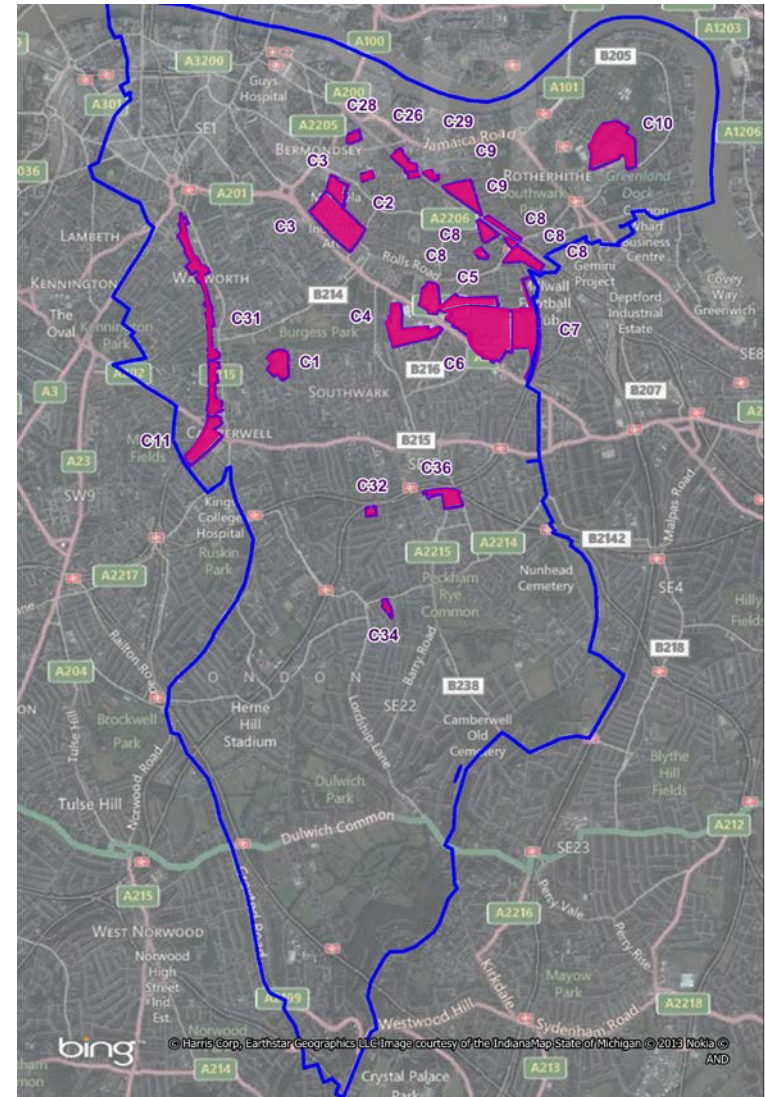
Purpose of the Workshop

- Explain the purpose of the Study and why it is needed
- Provide an overview of the emerging findings and themes
- Test our understanding of Southwark as a business location
- Provide you with the opportunity to
 - Inform the Study
 - Highlight the strengths and weaknesses of the borough
 - Influence future policy decisions



Context

- Nature of 'industrial activity changing
- Central London is growing – gross and as a share of London economy
- Needs to be serviced, but creates pressure on service areas
- Major schemes and rising values displacing businesses and demand from around the core
- Southwark serves central London and outer London
- Highly dynamic context



Why is this Study Needed?

- Nature of occupiers changing
 - Noticeable shift away from 'traditional' sectors
 - Have different needs and requirement
- LB Southwark seeking to understand current dynamics better
 - Stock needs
 - Infrastructure
 - Business types and needs
 - Business 'reach'
- Understand the barriers, challenges & opportunities for businesses
 - Land competition – other uses
 - Attractiveness to businesses
 - 'Non-b' encroachment
- Basis for future policy



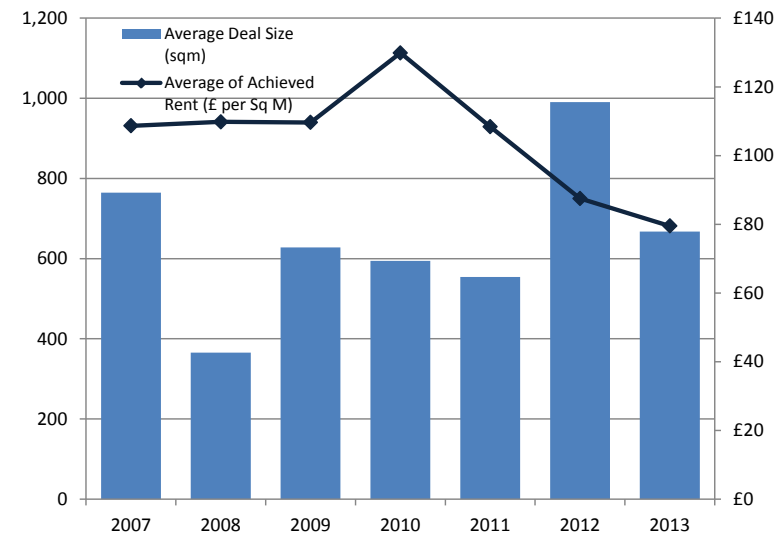
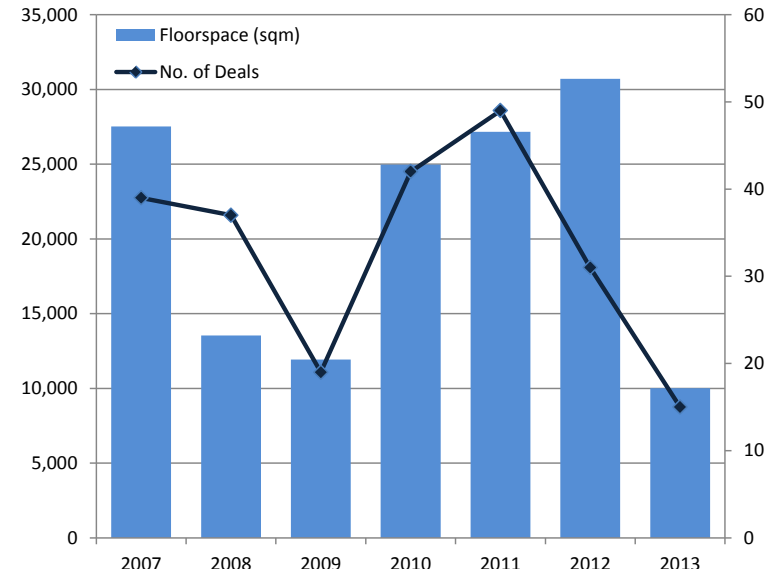
Study Approach

- Market baseline
 - Property market data
 - Values, activity
 - Agent consultation
- Land and premises review
 - Desktop review
 - Site surveys
- Business view
 - Survey
 - Business workshop
- Recommendations
 - Role and function across Borough
 - Future needs
 - Supply chains and linkages



Property Market Activity - Demand

- Demand Drivers
 - Driven from other areas e.g. Nine Elms
 - Requirement is for quality
 - Important to deliver the right stock in the right place
 - Local authority a key influence
- Clear 'recession' impact
 - Declining transactions level
 - Declining values
- Recovery in gross floorspace
- Consistency in unit sizes
- Old Kent Road key focus – dominates market



Occupiers and Activities

- Greater servicing role
 - London-wide 'admin'
 - Central city services
 - Local service
- Clustering
 - Relatively 'mixed areas' but some evidence
 - Arts
 - Printing
 - 'Distribution'
- Encroachment of non-B class
 - Places of worship
 - Leisure
 - Retail



Property Market Activity - Availability

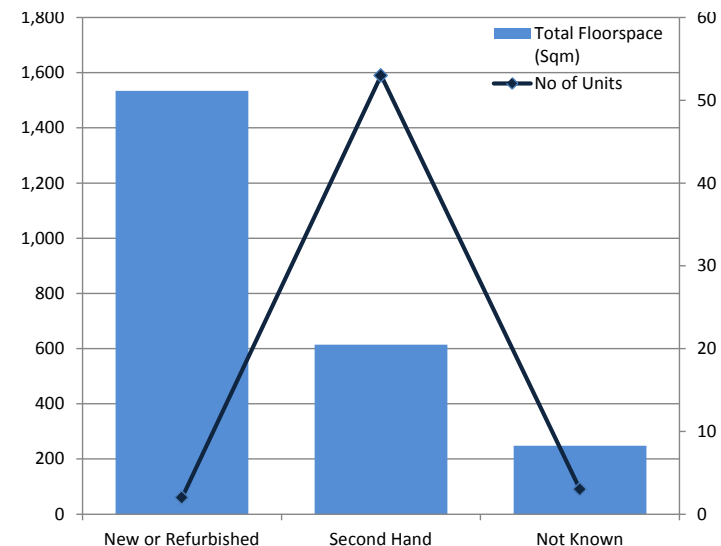
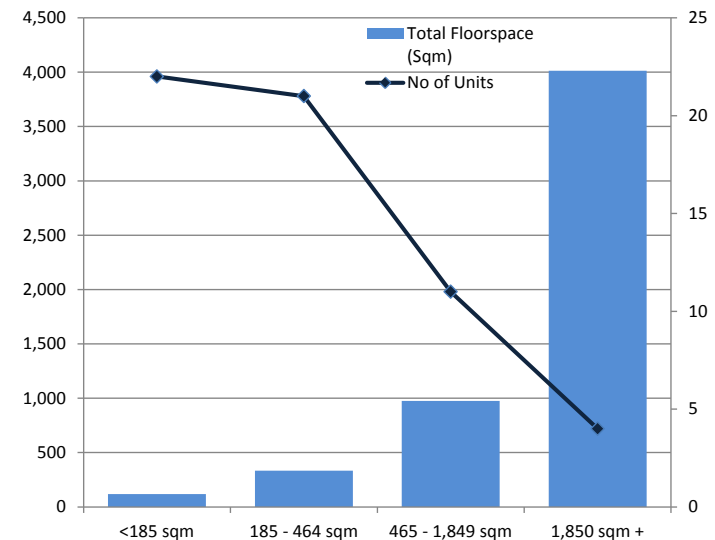
- Supply
 - Old Kent Rd, Mandela is key component
 - Scarcity of larger units
 - Lack of space for development
 - Quality is considered to be poor
 - Constrained by access

- Purpose built
 - High proportion are lower quality
 - Little new development
 - Low B8 provision

- Arches
 - Key stock supply
 - Mixed quality

- Low supply of large units

- High supply of very small



Stock Supply and Quality

- Limited stock investment
 - Low rate of return
 - Affecting quality
 - Refurbishment
 - Redevelopment
- Residential development challenging sites
 - Land value pressure
 - Conflicting uses
 - Hours of operation
- Access
 - Density of residential development
 - Routes to trunk roads
 - Quality of roads



Property Market Conclusions

- Market Overview
 - Not a 'major' industrial location
 - Constrained by access
 - Sub-areas play different roles
- Changing focus
 - Arts/creative uses
 - Service function
 - Greater 'office' component
- The future?
 - Losing the 'quirky' spaces that encourage new uses
 - Residual is not fit for purpose
 - Access and loading key issues
 - Perception of wider area – safety and security



Southwark as a Business Base

- **Stable Core Occupier Base**
 - Long term commitments
 - Locally operated business
 - Majority from Southwark or other London Boroughs
 - Low level of planned relocations
- **Reported Advantages**
 - Access to markets
 - Transport links
 - Cost
 - Proximity to staff
- **Reported Disadvantages**
 - Congestion
 - Business rate costs
 - Lack of space to grow
 - Energy costs



Business Prospects and Expectations

- Labour Force
 - Focus on SMEs
 - 40% based within Southwark
 - 33% in South East London
 - Predominantly lower skilled categories
 - Some recruitment issues – skilled/managerial
 - Skills shortages – literacy, ICT, management
- Business Prospects
 - Core market is Southwark and Central London
 - Some national coverage
 - No 'exporting'
 - Supply chains not locally based
- Half expect to grow next 12 months
 - Not necessarily increase staffing



Core Messages

- Market is diverse
 - Central city facing – outer London facing
 - Requires different stock in different locations
- Attractive for 'creative' businesses
 - Moving from Hackney / Deptford
 - Live – work locally
- Significant employment contribution
 - Range of job roles
 - Strong link between business and location
- Remains a demand for 'industrial' stock
 - Not a major distribution location
 - Retaining 'manufacturing' activity
 - Attracting occupiers from other places
- Stock quality can be poor
 - Still meeting some business needs
 - Drives other uses in sites



Group Discussion – Southwark as a business location



- Does this reflect your experience of Southwark?
- If not, what are the key issues for your business in terms of:
 - Your decision to locate in Southwark
 - Your current premises
 - Your ability to recruit and retain staff
 - Your ability to access clients and markets
 - Future decisions on business location
- What impacts do new 'types' of occupiers have on Southwark's industrial estates?
- What can support and encourage future economic growth in Southwark?
- What will limit growth?

