



**New Southwark Plan  
BACKGROUND PAPER**

**Offices**

**December 2019**

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## Appendix 1 - LDD

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## Glossary

AAP – Area Action Plan

CAZ – Central Activities Zone

CIL – Community Infrastructure Levy

ELR - Employment Land Review

FTE – Full time equivalent

GIA – Gross Internal Area

GEA – Gross External Area

GLA – Greater London Authority

LDD – London Development Database

MSEs – Micro and Small Enterprises

NIOD – Northern part of the Isle of Dogs

NPPF – National Planning Policy Framework

NSP – New Southwark Plan

NSP PSV – New Southwark Plan Proposed Submission Version

PDR – Permitted Development Rights

SPD – Supplementary Planning Guidance

## 1. Executive Summary

- 1.1 There is a need for employment floorspace, specifically new offices (B1a) across London, especially in the Central Activity Zone (CAZ) and key strategic locations like the Northern part of the Isle of Dogs (NIOD). In Southwark we welcome office development in the CAZ, town centres and opportunity areas predominately. As set out in the New Southwark Plan (NSP) Policy P29 and key locations set out in our site allocations, Southwark, along with the GLA and other boroughs has created an Article 4 direction to protect the employment floorspace in the CAZ, to prevent the change of use from office to residential which has had a significant impact on floorspace availability in the borough.
- 1.2 This needs to be balanced with the provision of a range of size and types of office floorspace to meet changing need. P29 encourages the renewal of existing office stock and the delivery of flexible floorspace to meet demand. Section 106 and CIL planning obligations are used to deliver affordable workspace and skills training when a loss of employment floorspace has occurred, this is set out in a separate SPD.
- 1.3 To meet this growing demand for new office space, flexible employment space and affordable workspace, Southwark needs to deliver 460,000 sqm of new office space in the period of 2014-2036<sup>1</sup>. Our strategy to meet this demand involves retaining and increasing employment floorspace.
- 1.4 This will be achieved by requiring the redevelopment of specific site allocations to develop employment floorspace, and more specifically most site allocations require the reprovision of at least the amount of employment floorspace B class currently on the site. In the CAZ and Parkhouse Street, Camberwell, the site allocations require either reprovision or at least 50% of the development as employment floorspace, whichever is greater. This wording and these interventions are designed to create an uplift in employment floorspace to meet these targets. By requiring this, it ensures reprovision is achieved as a minimum and encourages an uplift of employment floorspace on site. This prioritises B use class, whilst also encouraging mixed use development.
- 1.5 Southwark Council recognises the major increases in the cost of commercial premises across the borough. To mitigate against this, and the subsequent displacement of businesses and business activity. This significantly impacts micro and small enterprises (MSEs). Southwark Council in the NSP therefore aims to retain small and independent B use class businesses and mitigate

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<sup>1</sup> Southwark Employment Land Review Part 1 Final Report (Page 7)

against the loss of potential affordable workspace where it can not be provided, through requiring payments in lieu towards off site provision. All development proposing at least 500sqm GIA gross employment floorspace must deliver at least 10% of the proposed employment floorspace as affordable workspace on site at discounted market rents, or an in lieu payment. These discounted rents vary by area and have been recommended in our evidence base, in a report by Avison Young entitled Southwark Council Affordable Workspace Evidence of Needs (2019). Affordable workspace is vital in supporting the growth of Southwark's growing and vibrant economy, and there are a number of ways affordable workspace can be secured in new schemes.

- 1.6 This background paper sets out Southwark's approach to office development in the borough. This relates specifically to Policy P29 in the New Southwark Plan (renumbered from P26 in NSP PSV).
- 1.7 This background paper comprises eight sections. The Executive summary sets out the Southwark's approach to office and business development. This paper then goes on to set out the policy background at a national, regional and local level, then it tracks the policy changes in Southwark's approach to Office and Business Development in Southwark. The paper goes on to set out the research and evidence for London and Southwark. The paper then goes on to analysis the completions and approvals in Southwark and identifies what the need is for stronger policies to ensure the increase of office and business floorspace. The paper is then surmised.

## 2. Policy Background

### National Context

#### National Planning Policy Framework (NPPF)

*National Planning Policy Framework (NPPF; Ministry of Housing, Communities & Local Government; 19<sup>th</sup> February 2019)*

- 2.1 The NPPF sets out the Government's overarching planning policies on the delivery of sustainable development through the planning system.
- 2.2 Chapter six, on 'Building a Strong Local Economy' places emphasis on the need to support economic growth and productivity.
- 2.3 Paragraph 80 emphasises the role of policymakers in supporting local business needs and wider opportunities for development. To address current and future need, strengths and weaknesses. Innovation should be a key consideration of this.
- 2.4 Paragraph 81 sets out planning policies should set out a clear economic vision and strategy to proactively encourage sustainable economic growth. To achieve, a strong local economy, criteria should be set, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period. Potential barriers to investment should be addressed and flexible working spaces are encouraged to meet the needs of different sectors.
- 2.5 Paragraph 81 sets out the need for planning policy to be flexible enough to allow for new and flexible working practices, and ensure a rapid response to changes in economic circumstances.
- 2.6 Paragraph 82 regards emerging and existing clusters should be noted, as providing locational benefits to offices.
- 2.7 Chapter seven, on 'Ensuring the vitality of town centres outlines how planning policies and decisions should support town centres in being the heart of local communities.
- 2.8 Paragraph 85 addresses the need for a diversity of uses, including office floorspace provision in town centres to promote viability and vitality. The establishment of a hierarchy should inform and allow a suitable mix of uses that reflects distinctive character to meet the scale and type of office development likely to be needed, looking at least ten years ahead; taking into consideration town centre boundaries and their review were necessary.

- 2.9 Paragraph 86 and 88 sets out Local Planning Authorities (LPAs) should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be prioritised for town centre uses and edge centre location should only be used where alternative sites are unsuitable.
- 2.10 Paragraph 90 sets out where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the considerations in paragraph 89, it should be refused.

### Regional Policy

#### London Plan Inspector's Report

*Report of the Examination in Public of the London Plan 2019 to the Mayor of London (GLA, October 2019)*

- 2.11 The Inspector's Report sets out that around 60% of additional office space expected to be required in the CAZ. Population and economic growth is expected to lead to a need for additional office floorspace. The Inspector's report proposes the modification of Policy E2 Providing suitable business space. Modify part A of policy E2 as set out in the Mayor's further suggested change but with the deletion of: "at an appropriate range of rents". The report also reinforces the need for mixed use development in town centres including B use class, where suitable.
- 2.12 It further sets out that significant growth in office-based activity is expected. Between 4.7 million and 6.1 million square metres of additional office space is likely to be needed over the plan period.
- 2.13 Policy E1 sets out that additional office floorspace is needed. Existing viable stock should be protected and additional B use class provided.
- 2.14 The report clarified that policy E1 supports the redevelopment, intensification and change of use of surplus office space to housing and other uses. This is subject to the consideration of options to provide affordable workspace, in accordance with E2 and E3 and the re-use of surplus floorspace to meet demand for small and affordable units. Non-viable surplus floorspace should be used for housing.
- 2.15 Policy SD5 sets out an approach to ensure new residential and mixed use development does not compromise strategic functions of the CAZ. Namely, the provision of B uses class floorspace to support business growth in London.

Policy SD5B Modify as follows: "... (Areas to be identified detailed boundaries to be defined by boroughs in development plans)."

The Emerging London Plan (July 2019)

*The London Plan: Draft London Plan – Consolidated Suggested Changes (Greater London Authority; July 2019)*

- 2.16 Chapter 6, 'Offices', sets out the importance of strategic activities and land uses (for example offices and other commercial, cultural and leisure uses) or erode the mixed-use character of an area should be avoided.
- 2.17 Policy E1 Offices details the need for improvements to the competitiveness and quality of office space of different sizes, which should be supported by new office provision, refurbishment and mixed-use development. The increase in office stock is supported in areas where there is detailed evidence of for office-based employment and floorspace to 2041 see Table 6.1.

**Table 6.1 - Projected office employment and floorspace demand 2016-2041**

Location	Office employment growth 2016-2041		Office floorspace demand 2016-2041
	Total	% of total growth	Gross Internal Area (million sqm)
Outer London	142,200	23%	0.3 – 1.5
CAZ and NIOD	367,700	59%	3.5
Inner London (outside CAZ+NIOD)	109,400	18%	1.0 – 1.1
London total	619,300	100%	4.7 – 6.1

Source: Ramidus Consulting, 2017 (Note: numbers may not sum due to rounding)

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- 2.18 There is a need therefore, in London to retain or increase the amount of employment floorspace. Southwark meets this need with site allocations both in and outside of the CAZ promoting the increase of employment floorspace in site allocations.
- 2.19 In compliance with Policy SD4 (The Central Activities Zone (CAZ)) and Policy SD5 (Other strategic functions and residential development in the CAZ), agglomerations and clusters should be developed and promoted. These should be reinforced by active and public travel improvements to connectivity and capacity in town centres, strategic outer London officer locations, other town

<sup>2</sup> Draft New London Plan 2019 (page 226) (Table 6.1)

centre office locations, existing urban business parks and locally oriented town centre office provisions to make local needs.

- 2.20 The plan sets out the need to consider the diverse range of office markets, when considering office supply and location. Specifically the emerging numbers of micro, small and medium-sized enterprises (SMEs), changing work styles supported by advances in technology, and new forms of accommodation such as flexible and co-working. Table 6.1 sets out a monitoring benchmark to ensure this deliverance.
- 2.21 The CAZ boroughs and some parts of inner London will continue to see growth in office employment and development of new office floorspace, driven by agglomeration economies, high value-added activities and viability of new space. Again, this should be supported by transport infrastructure improvements to address sustainability issues.
- 2.22 Paragraph 61.6 sets out the need for PDR exemption. Outside of the exemption area, more than 1.9 million sqm of office space had received prior approval to change to residential by March 2018.
- 2.23 Policy E2 'Providing suitable business space' sets out that boroughs should support the provision and protection of a range of B use class business space. Development proposals that involve the loss of existing B Use Class business space in identified areas in the local Development Plan document should: demonstrate that there is no reasonable prospect of the site being used for business purposes. These should also ensure the equivalent B use class space is reprovided, and where possible include affordable workspace. Development of over 2500 sqm should provide flexible workspace or smaller units for smaller business development.
- 2.24 Provisions should be made to support the growth of new start-up companies and to accommodate SMEs, including lower-cost and affordable business space. Development Plans and development proposals should support the provision of space suitable for SMEs in light of strategic and local assessments of demand and supply. Southwark is complying with this, by supporting the extension of the Bakerloo Line, to support the growth of employment floorspace throughout the borough, especially in the CAZ and Opportunity Areas.
- 2.25 To combat disproportionate impacts of office to residential PDR, the London Plan supports boroughs to consult upon and introduce Article 4 Directions for the areas currently exempted in and around the CAZ (see Policy SD2 Collaboration in the Wider South East) and for geographically-defined parts of other existing and viable strategic and local office clusters, to ensure that their office functions are not undermined by office to residential PDR.



- 2.26 Policy E8 Sector growth opportunities and clusters, sets out the need to be aware and plan for the changing diversity of London's sector and ensure it is supported by providing suitable workspaces. Namely, diverse spaces for micro, small and medium-sized enterprises, flexible and co-working spaces, conventional space for expanding businesses, creative and affordable workspaces.
- 2.27 Policy SD4: The Central Activities Zone, as The CAZ is an internationally and nationally significant office location, complemented by the Northern Isle of Dogs and Tech City. It sets out the role of CAZ, and its wider range of functions that should be promoted and enhanced. The nationally and internationally significant office functions of the CAZ should be supported and enhanced by all stakeholders, including the intensification and provision of sufficient space to meet demand for a range of types and sizes of occupier and rental values. This is applicable in Southwark in Opportunity Areas London Bridge, Borough and Bankside and Elephant and Castle, and to specialist clusters: Southbank, Bankside and London Bridge, Southbank University and King's College London Guy's Campus.
- 2.28 Policy SD5: Offices, other strategic functions and residential development in the CAZ, sets out offices and other CAZ strategic functions are to be given greater weight relative to new residential development in all other areas of the CAZ, with the exception of the Elephant and Castle Opportunity Areas, where offices and other CAZ strategic functions are given equal weight relative to new residential; and wholly residential streets or predominantly residential neighbourhoods (with exceptions in appropriate circumstances – for example clusters of specialist CAZ strategic functions, Special Policy Areas and CAZ retail clusters).
- 2.29 In the CAZ, the Mayor will work with boroughs and support them to introduce Article 4 Directions to remove office to residential permitted development rights. Mixed-use office/residential proposals are supported in principle in areas defined in parts C and D above where there is an equivalent or net increase in office floorspace.
- 2.30 In the CAZ, office floorspace should not be lost to residential development proposals unless there is reasonable and demonstrable prospect of the site being used for offices or an alternative provision is made, including swaps and credits.
- 2.31 In the CAZ, Local approaches to mixed-use development of offices with housing should take into account the potential to use Land use swaps, credits and off-site contributions, should be considered to sustain strategically-important clusters of

commercial activities, in local approaches to mixed use development of housing and offices.

- 2.32 Intensification, redevelopment and refurbishment should all contribute to the provision of a range (size, cost and quality) of office floorspace. New residential development should not compromise agglomerations of offices. Offices should be given greater weight than new residential development in core commercial areas of the CAZ.
- 2.33 Elephant and Castle has the potential to deliver new housing alongside employment, and therefore offices and other CAZ strategic functions should have relative equal weight to new residential development. Development plans should set out appropriate offices policies for the CAZ striking a balance between CAZ strategic functions (including offices) and residential in mixed-use areas and identify where residential development is appropriate. This local balance should be managed with Land use swaps, credits and off-site contributions.

#### The Current Adopted London Plan (March 2016)

- 2.34 Chapter 5: Delivering a sufficient supply of homes seeks to increase the supply of homes through setting requirements for making strategic policies and decision making.
- 2.35 Paragraph 60 confirms that strategic policies should be informed by a local housing need assessment, using the standard guidance in the national planning policy guidance.
- 2.36 Paragraph 61 sets out that the size, type and tenure of housing needed for different groups should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.
- 2.37 Chapter 4: London's Economy seeks to ensure that London meets the challenges of economic and population growth and remains an internationally competitive and successful city. These policies are designed to support sustainable development and growth of London's diverse economy.
- 2.38 Policy 4.1: Developing London's Economy sets out the Mayor's commitment to working with partners to promote and enable a diverse and sustainable development.

- 2.39 Point A1 sets out the commitment to ensuring the availability of sufficient and suitable workspaces with regard to type, size and cost, supporting infrastructure and suitable environments for larger employer, and small and medium sized enterprises, including the voluntary and community sectors.
- 2.40 Point C sets out that outer London is an attractive location for relatively affordable workspace and a desirable location for national government and businesses.
- 2.41 Point F sets out the emphasis on enterprise and innovation.
- 2.42 Paragraph 4.2 confirms that provisions need to be made for different sectors of the economy and their workspace requirements, to support new and emerging economic sectors and contribute to a connected economy.
- 2.43 Paragraph 4.3 confirms the role of planning is to facilitate change to ensure that all parts of London and all kinds of enterprise can flourish and contribute to city wide prosperity.
- 2.44 Paragraph 4.4A sets out that investment in new infrastructure is critical to securing sustainable growth.
- 2.45 Paragraph 4.5 sets out the intentions for the plan to provide the basis of success for all kinds and sizes of enterprise.
- 2.46 Paragraph 4.6 confirms the Mayor's wish to continue to support the success of economic sectors like financial and business services. Simultaneously, creating the conditions for the emergence of new sectors, namely technology, media and telecommunications (TMT). The Plan seeks to deliver workspaces, skilled workforces and infrastructures for all types and sizes of enterprise to develop and innovate in London.
- 2.47 Paragraph 4.7 sets out the need for the promotion of these aforementioned business practices to be low carbon.
- 2.48 Paragraph 4.8 sets out that there is currently sufficient market provision and availability of suitable and affordable workspaces for small and medium enterprises (SMEs), and it is important that this continues particularly in central Locations. London's economy is disproportionately based on larger employers.
- 2.49 Policy 4.2 Offices sets out the Mayor's strategy for office development.

- 2.50 Paragraph Aa confirms the Mayor's support of mixed use development and redevelopment of office provision to improve London's competitiveness and enhance attractions of businesses of all types and sizes.
- 2.51 Paragraph Ab addresses the strategic and local differences in policy implementation. This means recognizing the needs of the central London office market and the focusing new development on viable locations that are accessible. Mixed use redevelopment and the managed conversion of surplus capacity to more viable uses are also supported.
- 2.52 Paragraph Ac encourages the improvement of quality and flexibility of offices space, through the renewal and modernization of existing stock.
- 2.53 Paragraph Ad confirms the increase in existing stock must be founded in robust evidence of demand for office space.
- 2.54 Paragraph Ae confirms that boroughs should be monitoring the impact of Permitted Development rights for changes of use from offices to residential.
- 2.55 Paragraph Ba outlines that LDFs should enhance the environment and offer of office locations, namely with regard to attractiveness, amenities, ancillary, services, accessibility, safety and security.
- 2.56 Paragraph Bb outlines the need for boroughs to provide the basis for work with the GLA Group and other stakeholders to bring forward and renew development capacity efficiently.
- 2.57 Paragraph Bc, outlines the need for boroughs to work with sub-regional partners to develop coordinated and phased strategies to manage long term structural changes in the office market, both in terms of capacity, modernisation and ensuring the viability of office space locations.
- 2.58 Paragraph Bd sets out the need to examine the scope for re-use of otherwise surplus large officer spaces for smaller units.
- 2.59 Paragraph 4.11 sets out that office based employment may grow 303,000 between 2011 and 2031. The Mayor has set a monitoring benchmark of 3.9 million sqm of office floorspace to ensure demand is met with supply and that potential growth is not compromised. London might need an additional 3.9 million sqm of office floorspace by 2031, as set out in table 4.1. Please see below.
- 2.60 Paragraph 4.12 sets out standards for office stock, through renewal and modernization, office stock in outer London (not in CAZ or opportunity areas)

should include: mid-urban business parks; town centre based office quarters; conventional business parks; science and innovation parks; linear office developments; and locally oriented office space provisions.

**Table 4.1 Demand for office based employment and floorspace, 2011–2031**

Location	Office based employment growth		Demand for office floorspace (million sqm)		
	Total	% of total growth	Net floor-space	Gross floor-space (75% ratio)	Gross floor-space (85% ratio)
Outer London	59,000	20	0.77	1.03	0.91
Inner London*	67,000	22	0.86	1.15	1.01
CAZ and the north of the Isle of Dogs	177,000	58	2.30	3.07	2.71
<b>London total</b>	<b>303,000</b>	<b>100</b>	<b>3.93</b>	<b>5.24</b>	<b>4.62</b>

\* Excluding CAZ and north of Isle of Dogs

Source: GLA; derived from London Office Policy Review 2009

125 Ramidus Consulting Limited, Roger Tym & Partners. London Office Policy Review 2009. GLA, 2009  
 126 Ramidus Consulting Limited 2009, op cit

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- 2.61 Paragraph 4.13 sets out the need for local plans to support the conversion of surplus offices to promote mixed use development.
- 2.62 Paragraph 4.14 sets out that demand in the CAZ remains strong for long term office lets and a pipeline for further office development.
- 2.63 Policy 4.3 Mixed Use Development and Offices sets out a strategy for increasing office floorspace and provide a mix of uses in the CAZ and Opportunity Areas. Outside of these areas, mixed use development should enhance the quality of office stock to standards set out in 4.12. It further sets out, the need to develop approaches to mixed use development and office provision including land use swaps, housing swaps and off-site contributions. In areas justified by local and strategic office demand and supply assessments in areas identified as having need for local office provision, protection is needed for small scale offices (under 500 sqm) in the CAZ.
- 2.64 Paragraph 4.15 sets out the need for mixed use development, with varied approaches suited to context.
- 2.65 Paragraph 4.17 sets out that within the CAZ and Opportunity Areas, differential office and residential values has led to concern over the loss of office space to residential, despite liberalization of Permitted Development Rights. Generally housing should be included in development to promote more mixed

<sup>3</sup> London Plan 2016 (page 147) (Table 4.1)

neighbourhoods. Exemptions to this should be permitted where mixed uses compromise broader objectives, in clusters of business activity or areas of strategic cultural importance.

- 2.66 Paragraph 4.17a sets out concerns over loss of office space to housing even though the area is exempt from government’s liberalisation of Permitted Development Rights. The current development pipeline is sufficient to support demand for new employment floorspace provisions, but there are concerns loss of more affordable existing floorspace could reduce competitiveness in the CAZ. Therefore, boroughs should encourage mixed use development to achieve office renewal and contribute to housing provision. Southwark aligns with this, through promoting mixed land uses in site allocations and in policy.
- 2.67 Paragraph 4.35 sets out that each borough should be working with a range of partners to deliver cultural quarters to meet the need for affordable workspace for creative industries, as a catalyst for local regeneration.

The London Plan summary

- 2.68 The New London Plan is emerging, it has been to Public Examination and the Inspector’s report was released in October 2019.
- 2.69 The GLA’s stance remains mostly unchanged, promoting mixed use development and setting out concerns over loss of employment floorspace. The table below shows the spatial variation of office based employment growth and demand for office floorspace, despite both of these increasing. There is an evident increase in demand for office floorspace in the CAZ and NIOD. This demand is owed to the agglomeration benefits of being located in the CAZ and NIOD.

Table 1: The change in office based employment growth and demand for office floorspace in 2011 and 2016<sup>4</sup>

Location	2011		2016		Difference	
	Office based employment growth total	Demand for Office Floorspace (million sqm) Net floorspace	Office based employment growth total	Demand for Office Floorspace (million sqm) Net floorspace	Office based employment growth total	Demand for Office Floorspace (million sqm) Net floorspace

<sup>4</sup> Adopted London Plan 2016 (page 147) and Draft New London Plan E4: Offices Table 6.1 (page 18)

<b>Outer London</b>	<b>59,000</b>	<b>0.77</b>	<b>142,200</b>	<b>0.3-1.5</b>	<b>+83200</b>	<b>+0.47-0.73</b>
<b>CAZ and NIOD</b>	<b>67,000</b>	<b>0.86</b>	<b>367,700</b>	<b>3.5</b>	<b>+300700</b>	<b>+2.64</b>
<b>Inner London (outside CAZ + NIOD)</b>	<b>177,000</b>	<b>2.30</b>	<b>109,400</b>	<b>1.0-1.1</b>	<b>- 67,600</b>	<b>-1.3-1.4</b>
<b>London total</b>	<b>303,000</b>	<b>3.93</b>	<b>619,400</b>	<b>4.7-6.1</b>	<b>-316,400</b>	<b>+0.77-5.33</b>

2.70 The adopted London Plan sets out suitable locations for employment floorspace as town centres, Opportunity Areas and the CAZ. In the New London Plan, policy is strengthened to retain and grow employment floorspace in the CAZ by supporting the exemption of PDR for office to residential units. Southwark is in compliance with this through the implementation of the Article 4 direction removing PDR for office to residential units. This recognises and addresses the need for B1a floorspace as set out in the London Plan evidence base and Southwark's Employment Land Review (ELR).

#### Central Activities Zone SPD

*Central Activities Zone Supplementary Planning Document (CAZ SPD; Greater London Authority Adopted 2016)*

2.71 This SPD sets out the importance of protecting London's nationally and internationally significant business locations in and around the CAZ, specifically from national proposals to liberalise office to residential permitted development rights. It supports the implementation of the London Plan 2015 and its policies related to the CAZ.

2.72 Between 2011 and 2036, the ten CAZ boroughs are projected to accommodate a further 460,000 jobs of which 58% are in the CAZ itself. The population of the ten CAZ boroughs is anticipated to rise by over 450,000 during the same period. These drivers of change demonstrate the pressures and challenges of accommodating growth in the CAZ. The CAZ therefore needs to be protected to ensure that it can continue as a key economic centre and employment hub.

2.73 This SPG supports London Plan (2015) policy (2.10-2.12) to realise development capacity and improve infrastructure, movement and services in the CAZ to: sustain and enhance its varied strategic functions whilst sustaining the attractions of residential neighbourhoods where more local uses predominate; and secure a quality environment that benefits the core of a world city.

- 2.74 Table 1 (page 3) set out the indicative list of CAZ strategic functions. Mixed use development is promoted in the CAZ. With regard to office and business development, agglomerations of nationally and internationally significant offices and company headquarters connected with finance, business, professional bodies, associations and institutions, and uses connected with science, technology, media, communications and cultural sectors, and higher and further education and research.
- 2.75 This SPD promotes the CAZ as a competitive business location, including guidance on the appropriate balance of office and residential uses and guidance to support specialist economic clusters and to manage industrial capacity to meet the distinct needs of the zone.
- 2.76 Policy should promote and incentivise office and other CAZ strategic functions. Regard must also be given to how business floorspace is being used, to include new technologies, employment densities and working practices.
- 2.77 With regard to office to residential permitted development rights, the Mayor supports their removal and is providing strategic support for a coordinated approach to the introduction of Article 4 Directions by the relevant boroughs to ensure that London's nationally and internationally significant business locations are safeguarded.
- 2.78 In Southwark, the SPD sets out that the area where offices and other CAZ strategic functions should be given greater weight relative to new residential uses should be prioritised in CAZ Opportunity Areas namely Elephant and Castle and Old Kent Road.

### Local Policy

#### Area Action Plans in Southwark

##### Adopted Peckham and Nunhead AAP

*Peckham and Nunhead Area Action Plan (Peckham and Nunhead AAP; Southwark Council Adopted November 2014)*

- 2.79 Theme 1 – Enterprise and Activity: A Vibrant town centre and local centres, and shopping are assets out Southwark's approach to Peckham and Nunhead town centre. The aim is to maintain it as a major town centre for local people.
- 2.80 Policy E1: Creating an accessible, distinctive and vibrant town centre at Peckham that meets the variety of needs for local residents and is a destination for visitors aims to encourage new retail in Peckham town centre. This will be



achieved by working with landowners to support the improvement of shopping floorspace.

- 2.81 Policy E2: Ensuring mixed-use development in the town centre helps to increase the range of shops, restaurants and cafes aims to ensure a balance of mix uses to ensure Peckham town centre can thrive. This will be encouraged through the promotion of cultural and arts events and spaces.
- 2.82 Policy E3: Protecting and enhancing local shopping areas in Peckham and Nunhead so that they are successful and meet local needs aims to continue to use borough-wide policies to protect our local services.
- 2.83 Policy E4: Ensuring development in town and local centres supports successful business of different types and sizes including, offices, workshops and creative industries, aims to encourage a new generation of jobs and businesses in Peckham core action area. This includes supporting new small scale business floorspace in Peckham and Nunhead and requiring new business space to be designed flexibly to accommodate a range of unit sizes including where appropriate, units suitable for occupation by artistic and creative enterprises.
- 2.84 Policy E5: Supporting development that provides employment and businesses opportunities for local people aims to encourage a strong local economy.

#### Adopted Canada Water AAP

*Adopted Canada Water Area Action Plan (Canada Water AAP; Southwark Council Adopted November 2015)*

- 2.85 Section 4.7 Enhanced social and economic opportunities sets out the importance of social and community infrastructure. It aims to provide more local employment opportunities in Canada Water, and provide enhanced educational, health and community facilities to meet the needs of the growing population.
- 2.86 Southwark Council has identified a need to provide between 25,000 sqm and 30,000 sqm of new office space in Southwark by 2026. A good proportion of this is suitable for Canada Water. This development will stimulate growth in the local area and promote the development of SMEs. The creation of a cluster at Canada Water will meet demand for non-residential uses and be delivered with mixed use development to create a viable and vibrant town centre. B1 floorspace may not be appropriate for every phase of development.
- 2.87 Policy P25: Jobs and business space will promote a business cluster in the core area by requiring around 12,000 sqm of new office and industrial space to meet local office need. This must be designed flexibly to accommodate a range of unit

sizes to meet the needs of different sizes and types of business. Consideration must be given to future growth, and it is hoped that delivery of at least 12,000 sqm of office space will support the growth of Canada Water.

2.88 The aim is to create a sustainable business cluster that is able to share resources and knowledge. This is expected to be in relatively high densities and be supported by infrastructure improvements in the area.

#### Adopted Aylesbury AAP

*Adopted Aylesbury Area Action Plan (Aylesbury AAP; Southwark Council Adopted January 2010)*

2.89 Section 6.1 Community sets out the need to create work opportunities in mixed use communities in the area.

2.90 Com2 Opportunities for new business sets out the need for 2500 square metres of employment floorspace will be located at the junction of Thurlow and East Street. The aim here is to create flexible spaces to suit businesses of all sizes especially to meet the needs of small and medium sized businesses. This includes the provision of incubator units to aid the development of businesses, social enterprise and the cultural industry sector. This will aim to address unmet need in the area for small, flexible office employment accommodation for new local businesses.

#### Adopted Elephant and Castle OAPF

*Adopted Elephant and Castle Opportunity Area Framework (Elephant and Castle OAPF; Southwark Council Adopted 2012)*

2.91 The SPD provides guidance on the mix of shops and other activities which will be provided.

2.92 SPD 25: Land Uses sets out that development on the Heygate development site and 50 New Kent Road should provide a mix of residential and town centre uses, including offices (B class use). The railway arches can be used for a range of A, D and B class uses. Elsewhere in the character area, development should retain business space as part of mixed use development unless replaced by a suitable town centre use. A range of town centre uses are also promoted. Offices are promoted through mixed use development and are classed as town centre uses.

## Draft Old Kent Road AAP

### *Draft Old Kent Road Area Action Plan 2017 (OKR AAP; Southwark Council Emerging Policy)*

- 2.93 Section 3 sets out how a Strong local economy will be developed in the Old Kent Road.
- 2.94 Policy AAP6 Businesses and workspace aims to strengthen vibrant business community of Old Kent Road and promote an innovative mix of uses. This will increase job provision and provide different sizes and types of workspaces including light industrial, maker spaces and warehouse and distribution. The aim will be to work alongside the community and business owners to generate opportunities together. Development must retain or increase the amount of employment floorspace and accommodate existing businesses on site or in the Old Kent Road opportunity or at the least support them in relocating. Development must also deliver affordable workspace, or a financial contribution where that is not possible.
- 2.95 The aim is to develop existing businesses and managed workspace to support their growth and provide new jobs and training opportunities. The aim is to also promote mixed use development to strengthen the special characteristics of Old Kent Road as a creative and productive part of London.

## Supplementary Planning Documents

### Section 106 and Community Infrastructure Levy (CIL) SPD

#### *Section 106 and CIL Supplementary Planning Document (S106 & CIL SPD; Southwark Council Adopted 2015)*

- 2.96 CIL is paid at two levels, to Southwark Council and to the Mayor. These rates are different and allocated to different projects etc.
- 2.97 Southwark Council's CIL will be used to address site specific impacts of development. This could include public realm improvements or transport infrastructure. It can also be used when developers do not meet their planning policy requirements, in the case of offices, the provision of affordable workspace.
- 2.98 Section 106 planning obligations will be negotiated where items sought are clearly linked to the development site and are needed to make that particular development acceptable.

- 2.99 CIL, however, will be used to fund local and strategic infrastructure to support growth across the borough. The amount of CIL to be paid depends on the size and type of the development.

Employment and enterprise: Loss of employment floorspace and jobs and skills training

- 2.100 The Employment and enterprise section of the SPD sets out how a loss of employment floorspace may be mitigated against through planning obligations in exceptional circumstances. Southwark will seek to secure a section 106 planning obligation from developers who cannot meet the policy requirements of NSP Policy P29. The planning obligation is used to fund skills and employment programmes.
- 2.101 There is also a need for lasting jobs for residents and with this, skills and training development. This aims to develop training facilities to reduce deprivation and improve the skills of local people to match the demand in London's economy. NSP Policy P27 (Access to employment and training) sets out these requirements.
- 2.102 The Employment and Enterprise plan for skills, training and employment. It sets out a skills and employment plan. For business use (B class) floorspace a target for the number of jobs lasting a minimum of 26 weeks for unemployed Southwark residents will be calculated at 10% of the estimated Full Time Employee (FTE) employment on site according to Homes and Community Agency (HCA) employment densities or an alternative measure agreed by the council. This ensures that development increases employment and economic growth in Southwark. This aligns with policy P29 Office and Business Development, that requires development that results in a loss of employment floorspace to provide a financial contribution towards training and jobs for local people.

Employment and enterprise: Loss of employment floorspace

- 2.103 This section sets out the need to secure section 106 planning obligation from developers who cannot meet the criteria set out in saved Southwark Plan Policy 1.4. Table 2 sets out the employment densities, and details how much space per FTE is required for each use class. It aims to mitigate against the loss of employment floorspace. This aligns with policy P29 Offices and Business Development which aims to promote the creation of new jobs in Southwark.

Table 2: Area per FTE for each use class<sup>5</sup>

<b>Use Class Industrial</b>	<b>Use Type</b>	<b>Area per FTE (m2)</b>
<b>B2</b>	General	36
<b>B1 (c)</b>	Light Industry	47
<b>Warehouse and Distribution</b>		
<b>B8</b>	General	70
<b>B8</b>	Large scale and high bay warehousing	80
<b>Office</b>		
<b>B1 (a)</b>	General office	12
<b>B1 (a)</b>	Call centres	8
<b>B1 (a)</b>	IT/Data centres	47
<b>B1 (a)</b>	Business park	10
<b>B1 (a)</b>	Service office	10

Employment and enterprise: Other obligations

- 2.104 Southwark Council also seeks to secure further planning obligations. The nature and development of the scheme dictates which planning obligations are appropriate for each scheme. These obligations could include: affordable business or retail units provision, local procurement and supply chain measures, and relocation assistance for existing businesses.
- 2.105 The threshold is for these development schemes providing a new increase of 100 sqm or more of non-residential floorspace (GIA). For mixed use schemes, the threshold would count the combined total of floorspace. For residential, it is schemes providing 10 or more units or 1000 sqm or more of floorspace (GIA), whichever is the smaller one.
- 2.106 There is a need in Southwark for these planning obligations due to the large number of small and medium sized enterprises (SME). It is identified in Southwark's Economic Well-being Strategy (2017), the need for better quality, flexible and better managed affordable workspace. This is crucial in supporting the growth of small businesses in Southwark.
- 2.107 This is calculated and the provision of affordable small business or retail units delivered, where it is specifically required in a development plan or relevant area-based supplementary document. Access to tender opportunities for these new businesses will be created by the planning obligation to aid the growth of

<sup>5</sup> Section 106 Planning Obligations and SPIL Supplementary Planning Document 2015 (page 28).

SMEs in the borough. Displaced small businesses needing support for relocation may also be secured through a planning obligation.

### 3. Southwark’s approach to office and business development

3.1 This section sets out how the policy requirement of P29: Offices and Business Development of the New Southwark Plan has evolved at different stages of the Plan and the key changes at each stage. A summary of consultation feedback at each stage is also provided.

Table 3: sets out the evolution of the Policy P29 in relation to office and business development

Policy	Pre-Options Version	Options Version	Preferred Options Version	Proposed Submission Version	Proposed Submission Version Amended Policies	Submission version
P28 P29 Office and Business Development	Business, employment and enterprise’ sets out requirements for offices, Railway arches, small businesses, employment and training. A question is also asked about how the preferred industrial locations should be protected and developed.	Policy DM 21 Office and business development: Development of businesses floorspace (B1) is permitted in CAZ, OA, CAA, town and local centres, strategic cultural areas and Camberwell Action Area. The policy promotes mixed use development.	Policy DM24 Office and business development: focuses more on office and business development in regeneration areas. The focus is still granting permission for B1 floorspace by retaining or increasing B1 floorspace.	Policy P26: Office and business development: Offices should be intensified in CAZ, town centres, OAs and site allocations, mixed use development are promoted and the Marketing Strategy has been strengthened to protect B use class floorspace.	P26: Offices and Business Development was not consulted on in the amended policies version of the NSP.	Policy P29: Office and business development. No Material changes.

## 4. Research and Evidence Base for London

### London Plan EiP: Matter 59 Offices

*Mayor of London Written statement for examination in public draft new London Plan (Greater London Authority, 2019)*

- 4.1 Policy E1 supports the increase in current office stocks in accessible locations, in particular the CAZ, town centres and existing urban business parks with good access to walking, cycling and public transport connectivity. This increase in office floorspace will help to build a strong, competitive economy, support the vitality and viability of town centres and enable the deliver of sustainable development in accordance with the NPPF.
- 4.2 The monitoring in the London Plan for office floorspace provides a clear benchmark for office floorspace demand. These should be set against other drivers, such as development trends, employment densities, rents, take-up and vacancy.
- 4.3 Permitted development rights allowing the change of use from office to residential, could result in a reduction in the capacity of available office floorspace to meet demand. Policy E1 supports the removal of permitted development rights to protect existing office clusters. Southwark is therefore in compliance with the London Plan as it has implemented an Article 4 direction to protect employment floorspace in the CAZ to encourage strong economic growth. This also protects existing viable office floorspace.
- 4.4 Policy E1 supports the redevelopment, intensification, and change of use of surplus office space to other uses including houses, if the office capacity is genuinely and demonstrably surplus to requirements.

### London Office Policy Review

*Ramidus Consulting Limited in association with CAG Consulting (Greater London Authority; June 2017)*

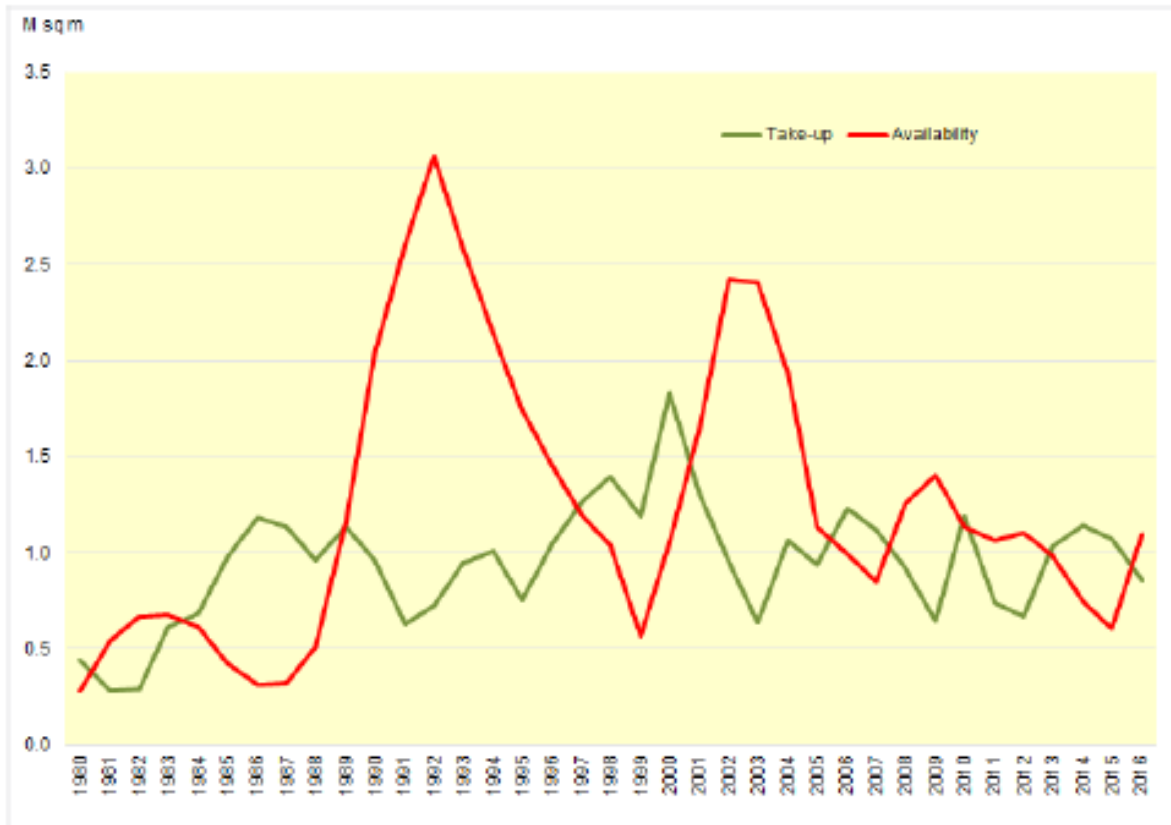
- 4.5 The London Office Policy Review ensures that there is sufficient capacity to accommodate office-based activities. There are significant forces of change affecting the availability and demand of office floorspace in the capital. Namely, the uncertainty surrounding Brexit; the evolution of workstyles and demand for different types of workspaces; firm restructuring and the growth of the SME population; office occupation changes, and the growth of WeWork since 2014; continued spatial restructuring; Permitted Development Rights, evolving Central London market dynamics; and employment change, from finance to technology.



- 4.6 Section 1.0 Context sets out the employment forecasts and capacity. Office employment projections indicate an increase in 619,300 jobs from 1.98m in 2016 to 2.60m in 2041, a rise of 31%. This therefore indicates a need for employment floorspace growth to accommodate these jobs. At the London level, there is sufficient potential capacity in the pipeline to accommodate projected growth, through increasing density of office sites and developing sites with no existing employment floorspace.
- 4.7 It is recognised that the CAZ in Southwark is relatively limited in capacity for employment floorspace. Southwark is currently redeveloping existing employment sites to increase density of office floorspace, to increase provision and developing appropriate sites as illustrated in the New Southwark Plan's site allocations to further increase the capacity and availability of office floorspace to meet demand. These sites are attracting office floorspace development in the CAZ and Opportunity Areas.
- 4.8 Section 2.0 Brexit and the response of the office market set out that the uncertainty that the office market faces post-Brexit. This is owed to the uncertainty over whether Britain will have a 'hard' or 'soft' Brexit and what the implications of this would be. Under a 'full Brexit scenario' it is suggested that there would be a 4% in Central London's workforce, compared to 3% after the Global Financial Crisis. This would mean 1 million sqm of occupied office space would shift out of London to other European centres. These projected losses would significantly reduce demand, and could result in an oversupply within the office market. However, firms in Central London have been rationalising and moving to regional centres pre-Brexit, altering the demand for office floorspace again. Investment by large companies like Google, Airwair International and Apple are still investing in London, rebalancing, to some extent the demand for office floorspace in London. These impacts will have varied implications in the short, medium and long term.
- 4.9 Section 3.0 Workstyles, small occupiers and mega schemes, sets out that since London Bridge City, More London (160,000 sqm of new office floorspace) and The Shard, Southwark has not seen any mega schemes delivering office floorspace post-2015. This contributes to a need for more office floorspace in Southwark, as set out in our Employment Land Review.
- 4.10 This section goes on to demonstrate take-up and availability of office floorspace. In Central London, take-up is decreasing; this is owed partially to the decline in take up in the west end, as the west end declines in importance for office location, due to office to residential conversions. See Figure 4.5 below. Take up in South sub-market where Southwark is located indicates a general increase in take-up since 2012. See Figure 4.6 below. This indicates

demand for office floorspace in the south sub-market, which requires policy intervention from Southwark Council to ensure this met. Through site allocations and requiring employment floorspace.

Figure 4.5 Central London take-up and availability, 1980-2016

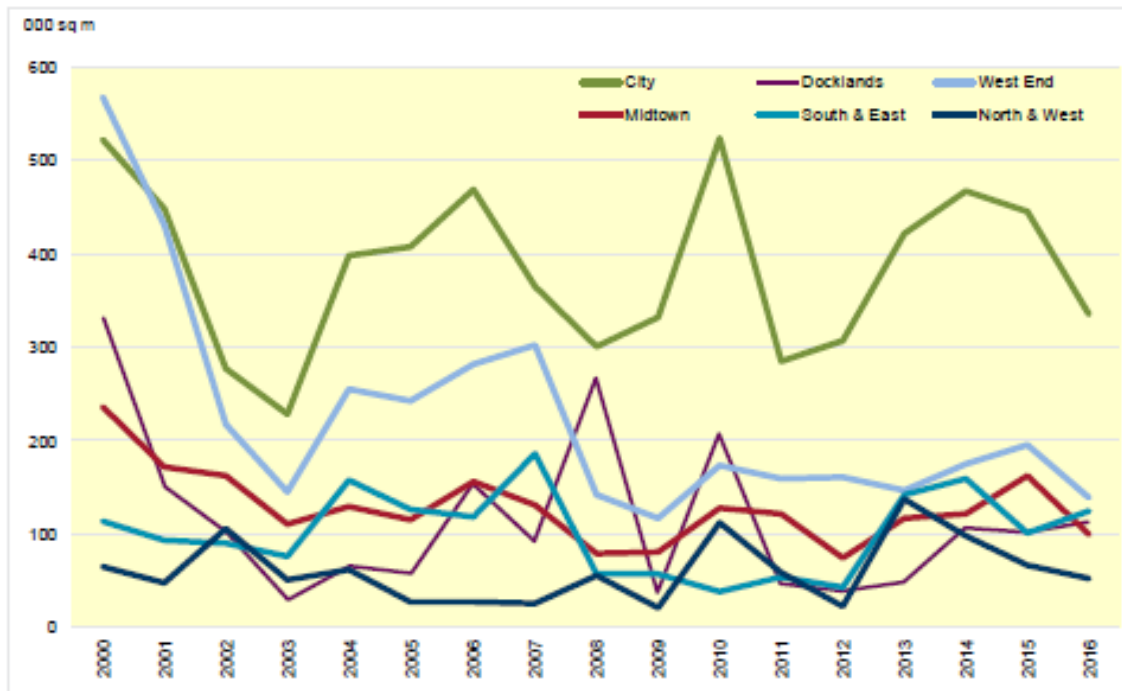


Source: Cushman & Wakefield

6

7

Figure 4.6 Take-up in major sub-markets, 2000-16



Sources: Cushman & Wakefield, Ramidus

London Office Policy Review 2017 (page 64) (Figure 4.5)

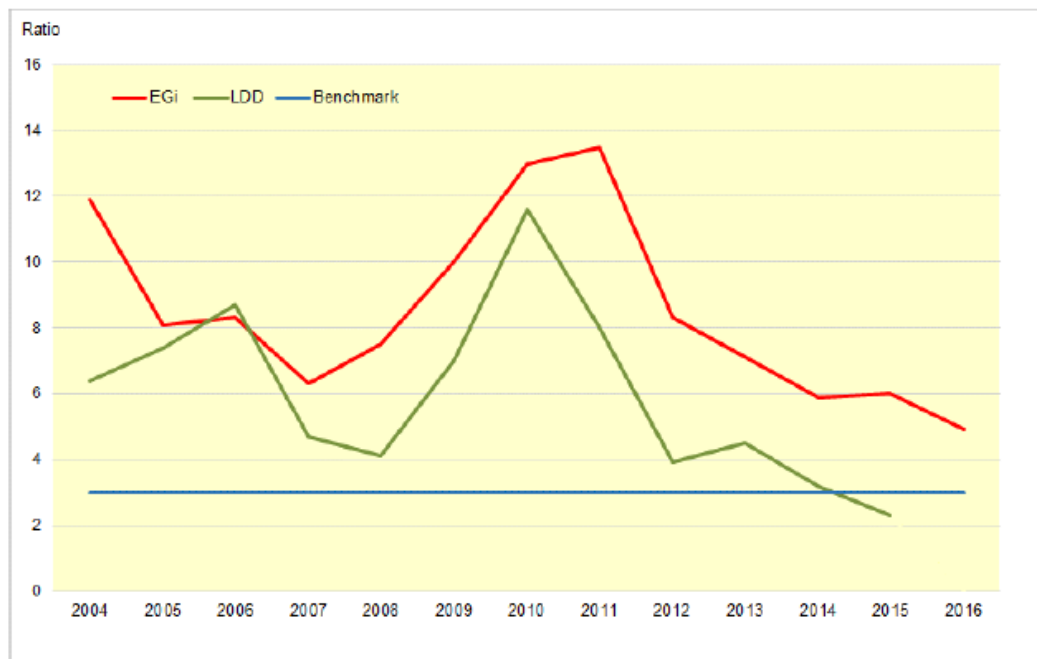
7 London Office Policy Review 2017 (page 65) (Figure 4.6)

4.11 Section 5.0 Benchmarking the Central London office market sets out whether policy makers should encourage the provision of additional capacity or whether changes of use are appropriate to manage London’s long term office floorspace supply. This is monitored by a series of benchmarks.

4.12 Benchmark 1 illustrates the relationship between office space with outstanding consents approved by local planning authorities and the prevailing level of office starts. Local Authorities should approve applications for the provision of office space and then the market will implement office development. This benchmark is concerned with the potential supply of permissions.

4.13 This is illustrated in the below. Figure 5.1 demonstrates a decline in development starts, but it is still above the benchmark, and that is considered to be a strong position. LDD data has a minimum threshold of 1000 sqm, compared to EGFI data of 500 sqm. LDD waits for a decision letter and exclude refurbishments of existing office buildings, which the EGFI does not.

**Figure 5.1 Office starts and permissions ratio, 2005-2016**



Sources: EGi, LDD, Ramidus Consulting

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4.14 Benchmark 2 demonstrates availability versus stock. Previously, the 8% availability rate has been regarded as a pivotal measure for the London office market. Above the 8% indicates a wider office floorspace offer, especially if

<sup>8</sup> London Office Policy Review 2017 (page 86) (Figure 5.1)

availability has been rising on trend. If this rate falls below 8%, it indicates a rent increase and narrowing options for office floorspace.

- 4.15 In 2015, the availability rate in London is 3.6%, and increasing slowly indicating rental increase and narrow options for office floorspace. There is however some variation between the sub-markets, further details are not given for the South sub-area in this report.
- 4.16 Benchmark 3 demonstrates Pre-lets versus owner occupier starts. This indicates, when looking at the pattern of net gains and losses by sub-market, where occupiers have been lost in the pre-letting process. In London, in 2017, this monitoring via this benchmark reveals the general pattern of a shift in the relative importance of non core submarkets in the office market.
- 4.17 Benchmark 4 demonstrates a range of rent levels. This examines rental growth and rental relativities.
- 4.18 Benchmark 5 identifies the 5 Years supply of office space. This compares the take-up of Central London offices with the supply of completed new space, under construction and planning permissions. This relationship is expressed as a number of year's supply at the average rate of take-up.
- 4.19 Figure 5 shows annual average take-up of new and refurbished space since 1997 in each Central London sub-market. South and East, which includes Southwark, has a comparatively lower total of new and refurbished office floorspace between 2000 and 2016.

**Figure 5.11 Annual average take-up, new and refurbished, 2000-16**

Sub-market	New and refurbished (sq m)		
	Pre-leased	Leased	Total
City	46,276	191,393	237,670
West End	9,522	115,173	124,695
Midtown	1,937	50,416	52,353
Docklands	32,773	10,879	43,652
South & East	16,511	22,869	39,380
North & West	15,395	11,803	27,198
Central London	122,413	402,534	524,948

Source: Cushman & Wakefield

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4.20 Figure 5.12 shows actual and potential new and refurbished supply at the end of 2015 in each of these sub-markets. South & East, which includes Southwark, has comparatively less office floorspace coming forward and under construction, but has more completed office floorspace.

**Figure 5.12 Actual and potential new and refurbished supply, sq m, end-2016**

Sub-market	New/ refurbished, completed & available	Under construction & available	Planning permissions	Total
City	188,174	681,431	1,237,870	2,107,474
West End	31,764	97,607	1,014,100	1,143,471
Midtown	23,683	68,677	392,298	484,658
Docklands	33,025	72,455	417,308	522,788
South & East	110,105	43,022	127,953	281,080
North & West	126,008	127,461	192,673	446,142
Central London	512,759	1,090,652	3,382,202	4,985,613

Sources: Cushman & Wakefield, Deloitte Consulting, Ramidus Consulting

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4.21 Benchmark 6 sets out the rate of rental change. This is useful as an indicator to changes in the balance of supply and demand.

4.22 Section 7.0 PDR and office to residential conversions set out the need for PDR exemptions in the CAZ to prevent office to residential conversions. Outside

<sup>9</sup> London Office Policy Review 2017 (page 99) (Figure 5.11)

<sup>10</sup> London Office Policy Review 2017 (page 99) (Figure 5.12)

these exempted areas it is estimated that 1.6 million sqm of office floorspace could potentially change to residential use through PDR.

4.23 Figure 7.1 shows the net change to B1 for nearly 7,000 schemes completed, under construction or consented between FY 2005 and 2015. Even prior to relaxation of PDR it was evident that several CAZ boroughs had been facing loss of office stock. This indicates that Southwark has a net gain in B1 sqm; however this is lower than their approvals. It also does not meet demand, as set out in our Employment Land Review.

**Figure 7.1 Net loss of B1 (sq m) - completed schemes, under construction or planned - 2005-15 in CAZ boroughs**

Completion year	Camden	City of London	Hackney	Islington	RBKC	Lambeth	Southwark	Tower Hamlets	Wandsworth	Westminster	Total
2005	2,063	5,867	5,039	15,018	-94	304	10,334	115,550	-3,368	-31,378	119,335
2006	-3,609	-19,129	13,645	-2,677	3,527	11,629	97,679	25,491	5,155	54,582	186,293
2007	-21,835	28,274	2,016	-16,297	-369	7,625	4,127	-8,823	19,087	-21,201	-7,386
2008	-21,484	202,341	10,070	15,591	9,328	11,487	29,777	14,497	-4,449	-21,487	245,771
2009	-9,511	25,471	-37	41,610	539	13,075	20,513	117,955	6,200	4,226	220,041
2010	23,838	62,771	10,296	8,356	262	-18,209	65,365	-26,041	-5,012	-131,666	-10,040
2011	-4,104	44,269	-411	-6,623	-7,765	-17,732	8,026	-9,324	-4,654	15,804	17,486
2012	-19,000	23,558	525	-258	-5,256	-6,521	-10,733	-1,233	-5,005	-119,875	-190,914
2013	31,366	-1,841	-10,615	518	-3,542	-16,235	-10,452	3,573	-10,672	-13,345	-31,245
2014	-27,243	113,893	2,443	-6,603	-7,710	4,013	-5,248	-2,974	-613	-43,367	26,591
2015	-3,267	2,613				54					600
<b>Total completed</b>	<b>-52,785</b>	<b>440,971</b>	<b>32,971</b>	<b>48,735</b>	<b>-11,070</b>	<b>-10,510</b>	<b>209,388</b>	<b>228,671</b>	<b>-3,331</b>	<b>-307,707</b>	<b>575,332</b>
<b>Under construction</b>	<b>439,245</b>	<b>416,261</b>	<b>-9,713</b>	<b>8,692</b>	<b>-89,111</b>	<b>11,837</b>	<b>8,480</b>	<b>424,470</b>	<b>-3,601</b>	<b>-124,936</b>	<b>1,081,624</b>
<b>Total committed</b>	<b>386,459</b>	<b>857,232</b>	<b>23,258</b>	<b>57,427</b>	<b>-100,181</b>	<b>1,327</b>	<b>217,868</b>	<b>853,141</b>	<b>-6,932</b>	<b>-432,643</b>	<b>1,656,956</b>
<b>Not started</b>	<b>-42,647</b>	<b>118,907</b>	<b>79,896</b>	<b>13,696</b>	<b>7,340</b>	<b>-22,223</b>	<b>-31,016</b>	<b>414,565</b>	<b>91,373</b>	<b>-335,713</b>	<b>294,178</b>
<b>Not recorded</b>										<b>-58,523</b>	<b>-58,523</b>
<b>Total</b>	<b>343,812</b>	<b>976,139</b>	<b>103,154</b>	<b>71,123</b>	<b>-92,841</b>	<b>-20,896</b>	<b>185,852</b>	<b>1,067,706</b>	<b>84,441</b>	<b>-826,879</b>	<b>1,892,611</b>

Source: Ramidus Consulting (2015)

11

4.24 There has been a significant drop in office stock, regarding approvals and completed, post global financial crisis. See Figures 7.6 and 7.7 below.

<sup>11</sup> London Office Policy Review 2017 (page 127) (Figure 7.1)

**Figure 7.6 Total net change approvals, 2000-07 and 2008-15**

Sub-region	Net change in office stock (sq m)	
	2000-2007	2008-2015
Central Activities Zone	4,484,356	1,085,030
Inner London	3,633,976	2,141,550
Outer London	212,268	-719,512

**Figure 7.7 Total net change completed, 2000-07 and 2008-15**

Sub-region	Net change - completions (sq m)	
	2000-2007	2008-2015
Central Activities Zone	1,300,335	600,775
Inner London	316,265	25,736
Outer London	42,693	-315,839

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4.25 Regarding loss of office floorspace in approvals, see figure 7.9, to residential between 2013 and 2015, Southwark lost 21,787 sqm of B1 floorspace. This loss, contributes to the need now to increase B1 floorspace as set out in our Employment Land Review.

4.26 Figure 9.8 shows the net forecast demand for net additional floorspace in Southwark is 506,789 sqm GIA. To meet this target, significant increases in density of office floorspace on existing sites and new provisions of B1 in site allocations are needed.

<sup>12</sup> London Office Policy Review 2017 (page 131) (Figures 7.6 and 7.7)



**Figure 9.8**  
**Forecast demand for net additional office floorspace, (based on office employment projections with allowance for vacancy), 2016-41 (sq m GIA)<sup>122</sup>**

<b>Borough</b>	<b>Sq m GIA</b>
Barking and Dagenham	7,747
Barnet	132,647
Bexley	41,401
Brent	28,077
Bromley	122,009
Camden	574,145
City of London	1,037,967
Croydon	-27,034
Ealing	116,076
Enfield	43,658
Greenwich	30,898
Hackney	201,786
Hammersmith and Fulham	272,241
Haringey	55,040
Harrow	46,413
Havering	33,150
Hillingdon	177,454
Hounslow	237,875
Islington	372,966
Kensington and Chelsea	93,694
Kingston upon Thames	-13,159
Lambeth	160,827
Lewisham	31,660
Merton	115,274
Newham	182,041
Redbridge	86,136
Richmond upon Thames	166,160
<b>Southwark</b>	<b>506,789</b>
Sutton	34,970
Tower Hamlets	815,678
Waltham Forest	48,698
Wandsworth	117,641
Westminster	213,289
<b>London</b>	<b>6,064,013</b>

Source: CAG

13

4.27 Southwark is projected to have a 506,800 composite change in floorspace from 2016 to 2041, see figure 9.14 below.

<sup>13</sup> London Office Policy Review 2017 (page 165)

Figure 9.14 Composite of trend-based and employment-based office floorspace projections – change in office floorspace stock, 2016-41 (sq m GIA)

Borough	Trend-based	Employment-based	Composite Projection
Barking and Dagenham	23,300	7,700	15,500
Barnet	35,000	132,600	83,800
Bexley	-36,700	41,400	2,400
Brent	60,000	28,100	44,000
Bromley	-140,000	122,000	-9,000
Camden	476,700	574,100	574,100
City of London	1,623,300	1,038,000	1,038,000
Croydon	-318,300	-27,000	-172,700
Ealing	-88,300	116,100	13,900
Enfield	-16,700	43,700	13,500
Greenwich	45,000	30,900	37,900
Hackney	128,300	201,800	201,800
Hammersmith and Fulham	105,000	272,200	188,600
Haringey	-40,000	55,000	7,500
Harrow	-141,700	46,400	-47,600
Havering	-18,300	33,100	7,400
Hillingdon	-90,000	177,500	43,700
Hounslow	128,300	237,900	183,100
Islington	263,300	373,000	373,000
Kensington and Chelsea	83,300	93,700	93,700
Kingston upon Thames	-48,300	-13,200	-30,700
Lambeth	-95,000	160,600	160,600
Lewisham	-36,700	31,700	-2,500
Merton	-66,700	115,300	24,300
Newham	86,700	182,000	134,400
Redbridge	-35,000	86,100	25,600
Richmond upon Thames	-10,000	166,200	78,100
<b>Southwark</b>	<b>338,300</b>	<b>506,800</b>	<b>506,800</b>
Sutton	-116,700	35,000	-40,900
Tower Hamlets	1,570,000	815,700	815,700
Waltham Forest	-8,300	48,700	20,200
Wandsworth	-110,000	117,600	117,600
Westminster	-141,700	213,300	213,300
<b>London</b>	<b>3,408,300</b>	<b>6,064,000</b>	<b>4,715,100</b>

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4.28 Southwark is forecasted to have a 141.6% capacity increase in floorspace demand in the borough, see figure 9.16.

<sup>14</sup> London Office Policy Review 2017 (page 171) (Figure 9.14)

Figure 9.16 Comparison of forecast floorspace demand and supply capacity

Borough	Composite forecast (sq m)	Capacity (sq m)	Forecast/capacity (% difference)
Barking and Dagenham	15,500	37,290	27.1
Barnet	83,800	183,060	42.1
Bexley	2,400	40,680	41.3
Brent	44,000	24,860	170.6
Bromley	-9,000	31,640	19.3
Camden	574,100	593,250	114.8
City of London	1,038,000	1,047,510	124.6
Croydon	-172,700	149,160	-118.7
Ealing	13,900	79,100	33.8
Enfield	13,500	74,580	30.7
Greenwich	37,900	206,790	13.7
Hackney	201,800	333,350	62.6
Hammersmith and Fulham	188,600	726,590	31.1
Haringey	7,500	82,490	21.1
Harrow	-47,600	28,250	-217.0
Havering	7,400	19,210	46.9
Hillingdon	43,700	83,620	63.6
Hounslow	183,100	268,940	93.4
Islington	373,000	233,910	189.8
Kensington and Chelsea	93,700	-2,260	-4,840.7
Kingston upon Thames	-30,700	81,360	-43.9
Lambeth	160,600	171,760	99.7
Lewisham	-2,500	92,660	4.5
Merton	24,300	-3,390	-1,398.2
Newham	134,400	986,490	14.0
Redbridge	25,600	3,390	719.8
Richmond upon Thames	78,100	16,950	577.0
<b>Southwark</b>	<b>506,800</b>	<b>385,330</b>	<b>141.6</b>
Sutton	-40,900	41,810	-72.0
Tower Hamlets	815,700	1,387,640	69.6
Waltham Forest	20,200	13,560	174.8
Wandsworth	117,600	161,590	89.6
Westminster	213,300	279,110	133.4
<b>London</b>	<b>4,715,100</b>	<b>7,860,280</b>	<b>73.4</b>

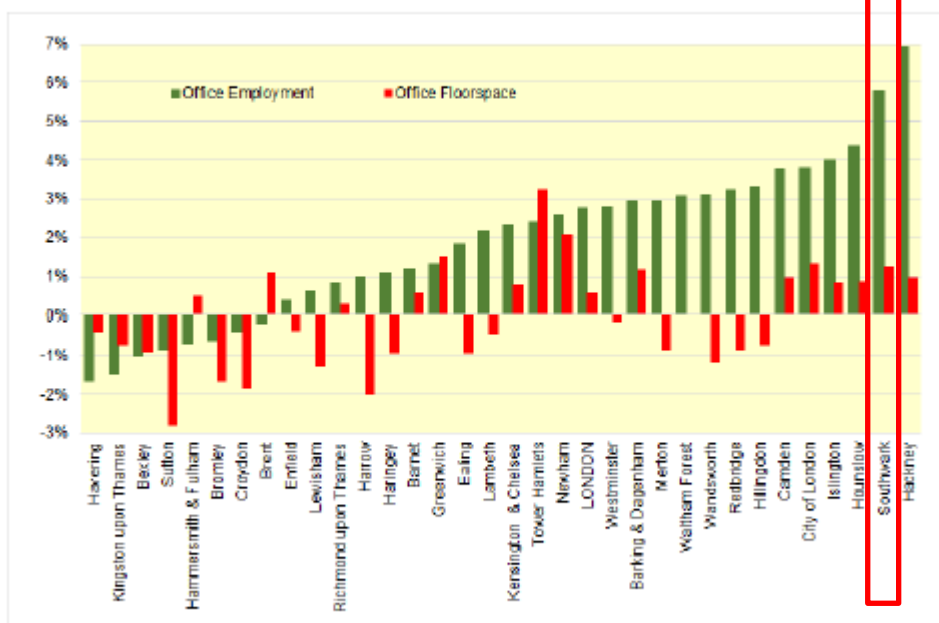
Source: CAG/LESD

15

4.29 Southwark comparatively has seen significant growth in office floorspace and office jobs in the borough. Its location in the CAZ and improving transport links from London Bridge Station make it a desirable place for office floorspace growth, as demonstrated above in Figure 9.12. But, as demonstrated earlier, the capacity of the CAZ is restricted and availability of office floorspace very low, pushing up rents and narrowing choices of office floorspace.

<sup>15</sup> London Office Policy Review 2017 (page 173) (Figure 9.16)

Figure 9.12 Annual Percentage change in office floorspace 2001-15 and office jobs 2004-15 by borough



Source: VOA, BRES

16

4.30 Comparatively, Southwark has seen a more significant increase in office floorspace and office jobs. Southwark has seen a 5.7% increase in office employment from 2004 to 2015. Southwark has seen an increase in office floorspace of 1.2% from 2001 to 2015. This is reflected in Southwark’s Employment Land Review, which sets out a need for a net additional 460,000 sqm of office floorspace between 2014 and 2036. There is an evident growth in demand, due to increased office employment in Southwark, but the increase in office floorspace is significantly lagging. This will result in a low supply of office floorspace, and therefore a narrower choice of options for occupiers, low availability rates and high take up.

Small Offices and Mixed Use in CAZ

*Prepared for the GLA by RAMIDUS CONSULTING LIMITED (Greater London Authority: August 2015)*

4.31 The GLA has set out its concerns over the loss of office floorspace in favour of residential development.

4.32 This study examines the supply and demand in the CAZ for small offices and mixed use development. It goes onto explore the balance between office and

<sup>16</sup> London Office Policy Review (page 169) (Figure 9.12)

residential development. This is supported by the London Plan, and National Planning Policy Framework, as of 2015.

- 4.33 It surmises, in the CAZ, office and residential value differentials are potentially leading to a loss of office space to housing. The CAZ area is currently exempt from the Government's liberalisation of Permitted Development Rights, which allows the conversion of office stock to residential use. This is especially impactful on the stock of smaller and more affordable floorspace. Anecdotal evidence from 2015 implies small firms are being squeezed out of some areas by rising rents, and by office to residential conversions.
- 4.34 There are concerns that the operation of a mixed use policy could reduce the viability of development delivering small office space. A balance must be struck to deliver both small and affordable workspaces and ensure viability of development.
- 4.35 In 2015, the government was considering the extension of the PDR and removal of exemptions in Central London. This would increase PDR, expanding the area where use classes were permitted to change to residential. This could compromise the protection of office development use; and therefore would require a robust co-ordinated response to the introduction of Article 4 directions, to ensure business locations are sustained.
- 4.36 There is an evident cyclical pressure on the supply of small units. Whilst values for both office and residential can support development activity, it is likely to be at the sense of smaller, more cost-effective stock in buildings nearing the end of their lifecycle or in smaller, heritage stock.
- 4.37 In 2015, Small office units make up 14% of all floorspace and 62% of occupied units in the CAZ; Southbank is a key location of this distribution. In every sub-market except Southbank, the proportion of small units stock has declined since 1995.
- 4.38 Increasingly, there is more evidence that the small office market is being accommodated within modern, good quality buildings. This process is encouraged by the flexible space market expansion. The service office stock has doubled within CAZ 1995-2015. This rise of the flexible market space implies that property pricing is not an inhibitor in the small office market.
- 4.39 Some fringe businesses have witnessed sharp rental growth. It is viewed that the CAZ is able to offer an acceptable range of rental values. Some locations have experienced sharp rental growth, driven by a new generation of businesses prepared to pay a premium to secure the right address. Together

with the rising value of low specification office space, this has created a perception that there is a shortage of small, economically priced units.

**Figure 3.4 Schemes granted consent 2005-2015 involving a net gain/loss of B1 in CAZ Boroughs**

Borough	No residential element		Residential element		All schemes	
	No. schemes	Net B1 gain/loss	No. schemes	Net B1 gain/loss	No. schemes	Net B1 gain/loss
Camden	477	-48,635	520	392,447	997	343,812
City of London	223	1,186,136	436	-209,997	659	976,139
Hackney	190	10,372	327	92,782	517	103,154
Islington	337	128,619	382	-57,496	719	71,123
RBKC	91	-27,506	139	-65,335	230	-92,841
Lambeth	162	28,538	243	-49,434	405	-20,896
Southwark	76	255,270	259	-68,418	335	186,852
Tower Hamlets	84	620,775	245	446,931	309	1,067,706
Wandsworth	46	-1,443	303	85,884	349	84,441
Westminster	252	19,567	2062	-846,448	2314	-826,879
<b>Total</b>	<b>1,918</b>	<b>2,171,693</b>	<b>4,916</b>	<b>-279,082</b>	<b>6,834</b>	<b>1,892,611</b>

Source: GLA LDD and Borough Monitoring Data

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4.40 Figure 3.4 outlines the schemes granted and given consent between 2005/2015 involving a net loss or gain of B1 in CAZ boroughs. Southwark comparatively has a net loss of B1 to residential elements, but a gain in B1 from schemes with no residential element. This is evidence for the liberalisation of PDR in the CAZ to protect office floorspace that came into force in 2015 and was intended to last until May 2019.

Work and life in the Central Activities Zone, northern part of the Isle of Dogs and their fringes

*Working Paper 68, GLA Economics (Greater London Authority: August 2015)*

4.41 The CAZ is crucial for the deliverance of office floorspace, with over 125,000 local business units based within it in 2014. The growth of the CAZ is expected to see a continued rise in employment growth.

4.42 Sectors tend to cluster together in and around the CAZ. Some clustering of different sizes of business units by employment size can be observed within the CAZ. Generally smaller businesses cluster around the fringe of the CAZ. The CAZ is dominated by Professional, scientific and technical sectors.

<sup>17</sup> Small Offices and Mixed Use in CAZ 2015 (page 22) (Figure 3.4)

- 4.43 Southwark has clusters of professional, scientific and technical sectors mainly. Finance and insurance clusters along the Thames in the north of borough, as an extension of the main cluster north of the river. In the north east of the borough there is a main cluster of information and communication. Education clusters predominately around Elephant and Castle. Health employment clusters around borough and Guy's and St Thomas'. Arts, entertainment and recreation, and accommodation and food services do not cluster in Southwark.
- 4.44 The CAZ, in terms of output is highly important to London's economy. In 2012, it accounted for 55% of London's Gross Value Added in 2012, and 12% of the UK's. The CAZ, NIOS and its fringes are relatively more productive than London as a whole.
- 4.45 To ensure this continues, and the CAZ continues to be a source of economic growth, employment and knowledge transfer, policy interventions must be made to ensure development remains appropriate and does not further compromise growth. For example, greater protections for office floorspace, the provision of affordable workspaces for SMEs and new start-up businesses, and the protection of retail and employment use. This extends to prioritising employment floorspace, through office floorspace in the CAZ, over residential development to ensure the CAZ continues to generate high contributions to the gross value added of London and the UK.
- 4.46 The CAZ, in terms of employment the area accounted for around 45 per cent of London's employment, while the CAZ alone accounted for around 5 per cent of UK employment. This implies the significance of the employment floorspace provision and its contribution to the economy is great, and therefore policies need retain and enhance provisions for employment floorspace within the CAZ.

#### Article 4 Directions at a London Wide level

*Strategic evidence to support London's nationally significant office locations (Greater London Authority; February 2018)*

- 4.47 The Mayor encourages the use of Article 4 Direction's to remove permitted development rights for London's nationally significant office locations. This aims to safeguard important office agglomerations and their contribution after the exceptions expire in 2019.
- 4.48 The removal of permitted development rights will safeguard contributions to London's nationally significant office locations to the London and national economy. It will sustain office floorspace stock, enhance agglomeration benefits for businesses, employment growth, enable financial contributions to

be collected through conventional planning approvals towards the delivery of strategic transport infrastructure and compete with demand.

- 4.49 The Mayor encourages the planning system, not permitted development rights, to safeguard office floorspace; hence the promotion of Article 4 directions in the CAZ to ensure greater protections and management of office floorspace.
- 4.50 The draft London Plan recognises the mixture of strategic activities and more locally-based and residential ones in the CAZ. This mixture is an important part of its dynamism. The introduction of office to residential Article 4 Directions will sustain the agglomerations of offices and other strategic functions in these areas whilst supporting the complementary provision of residential development.
- 4.51 The CAZ has been selected as an appropriate location for these Article 4 directions because of the exceptional levels of productivity, strategic importance of clusters in these locations, and high proportion of jobs. This contributes to the provision of a wider range of office space in terms of size, quality and cost. The Article 4 direction will allow for interventions through the planning system to deliver this through intensification, redevelopment and refurbishment.
- 4.52 The introduction of office to residential Article 4 Directions for the currently exempted areas will enable established policy to support office and other related activities that make an irreplaceable contribution to the national economy. Southwark, as a borough on the fringe of the CAZ, contributed £14,940 GVA (I), gross valued added, in 2015 (£ million rounded to the nearest £10 million).
- 4.53 Agglomeration refers to the concentration of economic activity in a particular location. This is advantageous for business who benefit from increased productivity, efficiency, access to a larger labor pool, and fostering collaboration and the transfer of knowledge.
- 4.54 The removal of permitted development rights ensures office development goes through the planning system, and is subject to CIL and Section 106 obligations. This ensures that contributions are being made to strategically important infrastructure that supports competitiveness and economic growth in the CAZ; due to the scale of potential new office space in the CAZ.
- 4.55 Central London officer market trends show an increase in stock in CAZ boroughs and London. Regarding stock, there is a projected minimal increase in availability. This reveals a narrow range of office space choices for occupiers and a rise in rents. The removal of permitted development rights,



would allow an intervention to be made to diversify office stocks and improve affordability appropriately.

- 4.56 The development pipeline for office floorspace indicates insufficient capacity in the London office market. The number of approvals for office space is too low, based on past projections of development supply and demand. The implementation of article 4 directions will encourage increased development of office floorspace, by removing permitted development restrictions.
- 4.57 The nature of office to residential permitted development rights, and the preference in policy at a national level for priority given to housing delivery, results in near irreversible changes of use to housing. This alters the dynamic of the CAZ, through the infiltration of housing, and reduction in office floorspace availability which has wider effects for the national economy.
- 4.58 These unintended consequences of permitted development rights, have contributed to more than 1.6 million sqm of office floorspace has prior approval for office to residential conversion via PDR, about 6 per cent of London's office stock, according to GLA and London borough monitoring. This has led to a loss of occupied business space and a loss of secondary business space. This restricts small and medium sized and start-up businesses.
- 4.59 Southwark has aligned with the Mayor's stance on safeguarding office floorspace in the CAZ, and supporting economic growth in the CAZ.

## **5. Research and Evidence Base for Southwark**

### Article 4 Direction and removal of Permitted Development Rights in the CAZ

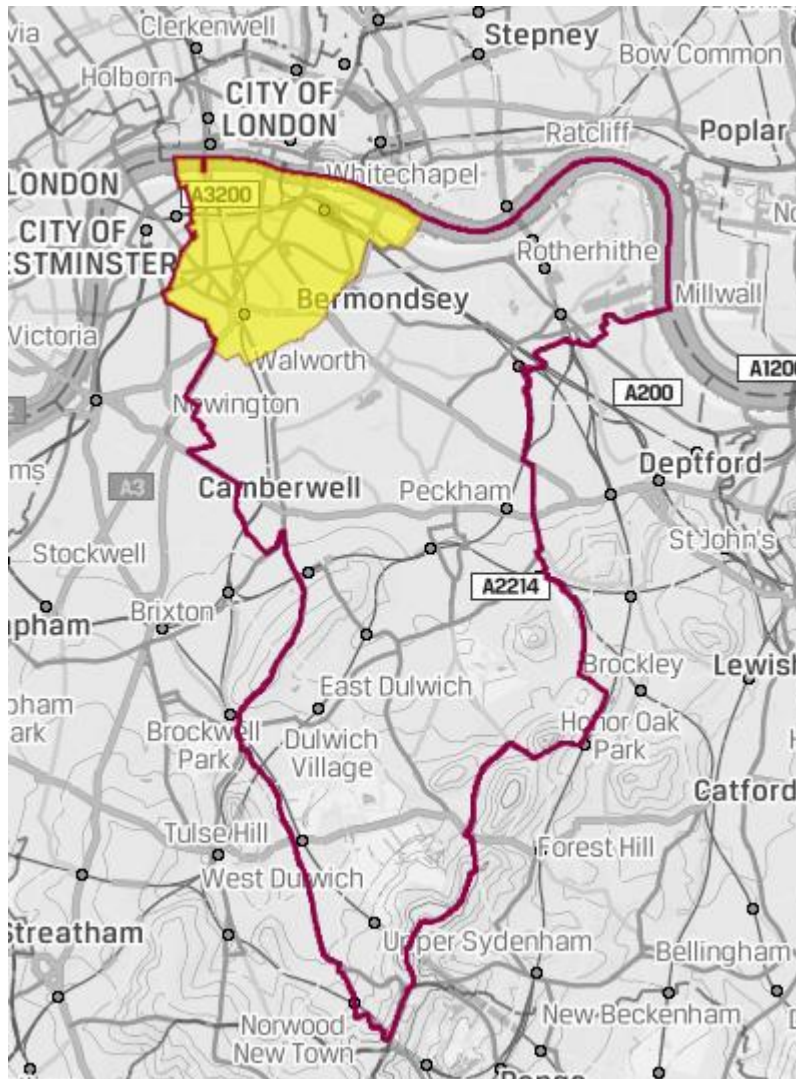
*Planning Committee Report: Confirmation of Article 4 Direction to withdraw the Permitted development rights granted by Schedule 2, Part 3, Class O of the Town and Country Planning (General Permitted Development) Order 2015 (as amended). (Southwark Council, November 2018)*

- 5.1 In November 2018, the Planning Committee at Southwark Council decided to confirm an Article 4 Direction to withdraw the permitted development rights granted by schedule 2, Part 3, Class O of the Town and Country Planning (General Permitted Development) Order 2015 as amended. This came into effect when Class O of the GPDO changed on 31 May 2019 and no longer provided exemptions in the CAZ.
- 5.2 The Article 4 Direction is proposed in recognition of the significant economic

function of Direction which will come into force from May 2019 when the GPDO exemptions expired.

- 5.3 The council has collaborated with the GLA and other boroughs to extend the Article 4 direction to cover the CAZ.
- 5.4 This Article 4 Direction provides benefits to Southwark's economy. It contributes to the protection of office floorspace in strategic and central locations. It enables firms to cluster and benefit from agglomeration. It ensures employment growth is met with employment floorspace. It ensures that CIL contributions from office development are utilised for improvements to infrastructure, especially the extension of the Bakerloo Line. Furthermore, it ensures that Southwark is responding to office market trends and delivering office floorspace to meet demand in the CAZ.
- 5.5 The need for this Article 4 direction implies a need for an uplift in approvals and completions to deliver more employment floorspace, as supply has been compromised by PDR and then somewhat remedied by their liberalisation until May 2019.

Figure 1: The boundary of the Article 4 direction and removal of PDR in the CAZ (Southwark Maps, November 2018)



Office to residential changes of use through permitted development rights

*London Development Database: Office to residential changes of use through permitted development rights (PDR) prior approvals granted between 01/04/2013 and 31/03/2018 (Greater London Authority; May 2018)*

Table 4: Total net B1a office floorspace lost to residential through PDR (sqm)

Planning Authority	Floorspace (sqm)					
	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Southwark	-4,792	-9,078	-7,060	-5,849	-696	-27,475
London Total	-313,159	-727,857	-407,207	-253,771	-204,524	-1,906,518

Table 5: Sum of residential units gained from offices to residential PDR

Planning Authority	Floorspace (sqm)					Total
	FY2013	FY2014	FY2015	FY2016	FY2017	
Southwark	78	108	70	79	6	341
London Total	4,665	9,579	7,319	4,990	4,585	31,138

5.6 There has been a significant loss of office floorspace in Southwark and across London. This is owed to the implementation of permitted development rights permitting the change of use from residential to office floorspace, and the promotion of more mixed use developments especially in the CAZ.

5.7 The trends indicating a loss of B use class is further outlined in **Appendix 1**. This sets out the growth in permitted development approvals for conversions since October 2015 when the PDR was made permanent. Since 2011 there has been a significant decrease in B1 floorspace approvals and completions. Therefore, policy P29 Offices and Business Development intervenes to protect office and business floorspace, namely through allocating areas where office and business floorspace is a priority and by using the marketing strategy to ensure that B use class floorspace is definitely not viable in this location, before a change of use is applied and the B use class floorspace is lost.

### Employment Land Review

#### *Southwark Employment Land Study (CAG Consultants, 2016)*

5.8 Southwark's Employment Land Review 2016 sets out that it is predicted that between 2014 and 2036 an additional net office floorspace of 460,000 sqm is required. Of this, 80% should be provided in the CAZ. There is the need for another scheme to come forward over the plan period, of similar proportions to More London to meet this target.

5.9 To deliver this amount of employment floorspace, across a range of provision types, the areas of need of policy intervention are as follows. An increase in Grade A offices in the CAZ is needed, either as an extension to More London or Elephant and Castle. There is a need for offices for smaller occupiers, and so an intervention is required to prevent the displacement of smaller firms. Flexible and hybrid spaces are needed to meet modern demand. Specification needs to meet demand for office workspaces. There must be a mix in development with residential schemes.

- 5.10 Employment in the borough is predominately centred in the north of the borough, with over 70% of all employment and over 90% of office employment located in the wards which make up the Southwark CAZ.
- 5.11 Between 2000 and 2012, office stock grew from 1,033,000 sqm to 1,270,000 sqm<sup>18</sup>. It is reported that this has grown further to 1,400,000 sqm in the CAZ. This is owed to the regeneration of Southbank, delivery of More London and more recent developments including Land Securities' Bankside Project and several other smaller schemes.
- 5.12 More London has attracted core City firms from across the river. The developments at Bankside, More London, The Place and The Shard alone have delivered 550,000 sqm of office market space. This has cemented Southwark's CAZ as a key player in the central London office market.
- 5.13 A lack of new supply of office floorspace for 2015/2016 has created a lower rate of take-up of prime Grade A space. Prime rents in Southbank are lower than Midtown and the City at £52 compared to £60.
- 5.14 SMEs are characterising Southwark's office market, especially around Blackfriars Road, Borough High Street, Bermondsey Street and Southwark Street. This tends to be knowledge based and modern office units. Further away from the river, office floorspace is much older and made up of converted retail units in town centres. Bermondsey, Borough West and SE17 have much poor quality stock than London Bridge. This is reflected in availability ratios of only 2% in these areas.
- 5.15 There has been a strong growth in hybrid space, where lower quality office stock is let out at studio/light production office space as occupiers and uses are more flexible and collaborative. There is high demand in Southwark for these more affordable workspaces.
- 5.16 Figure 3.10 sets out losses greater than 1500 sqm of B1a floorspace, completed or under construction since 2005. Of 226 schemes in the LDD, 117 involved a loss of B1a space.

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<sup>18</sup> VOA (2012) Commercial and Industrial Floorspace and Rateable Value Statistics, 2012

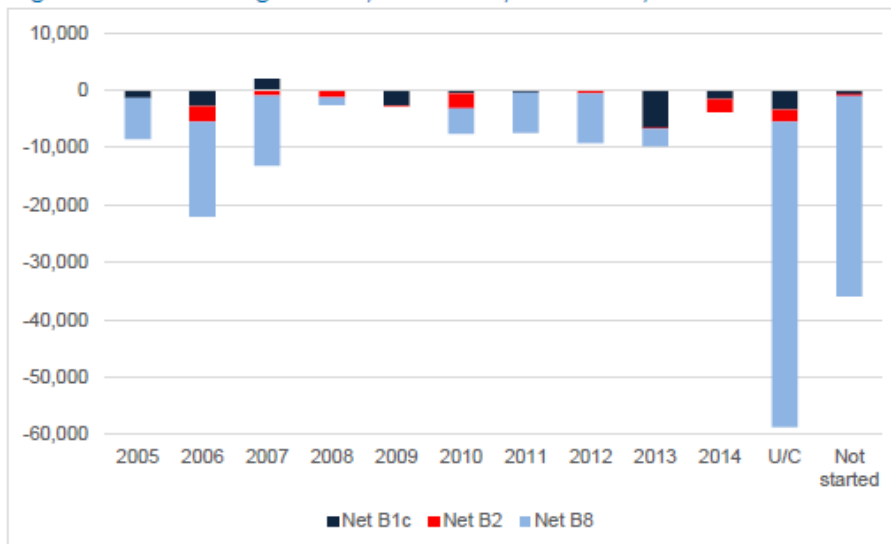
Figure 3.10 Losses of B1a-use space (complete or under construction), since 2005

Address	B1 lost (sq m)
Sea Containers House, 20 Upper Ground SE1	11,025
128-150, Blackfriars Road	10,741
Bankside Industrial Estate, 118-122 Southwark Street SE1	5,981
South, West, Central and East House, Peckham Road SE5	4,973
40-46 Weston Street SE1	4,079
19 Spa Road SE16	4,050
201-211 Long Lane SE1	3,600
144-152 Walworth Road SE17	3,500
Universal House, 294-304, St. James Road	3,301
Chambers Wharf, Chambers Street SE16	3,270
Surrey House, 20 Lavington Street SE1	3,086
King's Reach Tower, Stamford Street SE1	2,953
Bermondsey Spa Site, Grange Walk' SE1	2,734
Pocock House, 235 Southwark Bridge Road SE1	2,598
Site Bounded by Grange Walk, Grange Yard and The Grange	2,317
Newington Industrial Estate, Crampton Street SE17	2,303
268-282 Waterloo Road SE1	2,178
Ruby House, Ruby Street SE15	2,050
Pelican House, 88-96 Peckham Road SE15	2,000
29 Peckham Road SE5	1,907
London Bridge Station, 64-84 Tooley Street SE1	1,860
506-510 Old Kent Road SE1	1,813
28-30 Trinity Street SE1	1,780
15 Spa Road SE16	1,692
284-302 Waterloo Road SE1	1,656
Palace House, 3 Cathedral Street SE1	1,627
Site adjacent to former St Giles's Hospital, St Giles's Road SE5	1,599

Source: London Development Database

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Figure 3.11 Net change in B1c, B2 and B8, Southwark, 2005 to mid-2015



Source: London Development Database

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<sup>19</sup> Southwark Employment Land Study 2016 (page 40) (Figure 3.10)

<sup>20</sup> Southwark Employment Land Study 2016 (page 41) (Figure 3.11)

5.17 Figure 3.11 sets out the net change in B1c, B2 and B8 in Southwark. This shows losses of industrial floorspace, across B1c industrial, B2 general industrial and B8 storage and distribution. The loss of B8 relative to B1c and B2 is significant. This emphasises the growing pressure on low density storage and distribution uses. This reflects the pressure, confirmed by site visits and agents, for the change of use of employment floorspace, especially industrial, to residential.

### Employment projections

5.18 The Employment Land Review for Southwark also sets out the employment projections for the borough.

5.19 Table 6.1 sets out that there is a general increase in GLA projections for employment in Southwark.

5.20 Between 2011-36 the trend growth projection for Southwark is very similar, at around 140,000 for both trend and triangulated forecasts. The 2015 projection represents Southwark as a lower proportion of London's projected growth.

5.21 In the 2013 London Labour Market Projections the Trend level of growth projected for Southwark was an increase of 141,000 jobs over the period 2011-3631 (16.4% of the total projected growth for London. The final Triangulated projection was just 62,000 (7.2% of London's total growth). The Triangulated projection was just 43.6% of the trend projection. But it would be incorrect just to apply this as a scaling factor to the new Trend growth projections due to the way the Triangulation methodology works.

5.22 Neither the 'Trend' or 'Triangulated' projections on their own are the correct projections to use. As can be seen from Table 6.1 this may diverge quite considerably from the final Triangulated projection.

Table 6.1 Comparison of GLA Borough Projections for Southwark<sup>23</sup>

	2011	2036	2011-36
<b>2013 GLA Trend Forecast</b>			
Southwark	242,130	383,551	141,420
London	4,896,000	5,756,867	860,867
Southwark as % London	4.9%	6.7%	16.4%
<b>2013 GLA Triangulated Forecast</b>			
Southwark	242,130	303,719	61,589
London	4,896,000	5,756,867	860,867
Southwark as % London	4.9%	5.3%	7.2%
<b>2015 GLA Trend Forecast</b>			
Southwark	236,000	376,000	140,000
London	4,878,000	6,418,000	1,540,000
Southwark as % London	4.8%	5.9%	9.1%

Source: GLA Economics/CAG

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## Southwark Economy Wellbeing Strategy

*Southwark's Economic Wellbeing Strategy 2017-22: A partnership for local growth (Southwark Council 2017)*

- 5.23 Southwark's Economic Wellbeing Strategy 2017-22 seeks to make Southwark a place where businesses thrive and prosper. The strategy notes the scarcity of land for business in the borough, the need for new office space and the pressure for residential development. The strategy sets out to protect the functions of the CAZ and encourage growth in areas within and connected to the CAZ with a balance of uses providing a mix of homes, employment, commercial and leisure opportunities.
- 5.24 Southwark Council's Economic Well-being Strategy set out the need to protect land for business and keep a balance of business uses within our town centres. The Economic Well-being Strategy also aims for regeneration and development to provide lasting jobs for residents in both construction and related industries and jobs in completed developments.
- 5.25 Southwark Council's Economic Well-being Strategy aims that better quality, more flexible, better managed and affordable business space is available in Southwark, for start-ups and businesses that are ready to grow. The provision of affordable business space and retail units will help create a more varied business environment and will support local small businesses to remain and grow in the borough during a process of regeneration.

<sup>21</sup> Southwark Employment Land Study 2016 (page 41) (Table 6.1)



## Affordable Workspace Evidence Base

*Affordable Workspace Support – Evidence of Needs (Avison Young, December 2019)*

5.26 Avison Young have prepared this report to provide a detailed evidence base that supports Policy P30 for the delivery of affordable workspace in Southwark. The report is based on 10% of the total space being delivered as affordable workspace, and focused on micro and small businesses. The study assesses 5 different typologies of deliver workspace which was then applied to the five study sub-areas: Southbank, Elephant and Castle, Canada Water, Camberwell and Peckham. These typologies were: Type 1 – Micro site mixed use office/light industrial and residential scheme; Type 2 – Medium office/light industrial scheme; Type 3 – Micro site light industrial and independent retail scheme; Type 4 – Large office scheme; and Type 5 – Large office/light industrial and residential scheme.

5.27 The report then made a recommendation for the discount on rent that is viable to ask for in each sub area for affordable workspace delivery. The recommended discounts range from peppercorn rents to 25% discount off market rent depending on location and type proposed.

*New Southwark Plan Evidence Base: Housing and Affordable Workspace Policies Further Viability Sensitivity Testing (BNP Paribas, July 2019)*

5.28 This report carries out initial viability sensitivity testing to consider any potential implications of the proposed policy changes.

5.29 The methodology of this report sets out if a development incorporating the emerging NSP policy requirements generates a higher residual land value than the benchmark value, then it can be judged that these policy requirements will not adversely impact scheme viability. This viability analysis gives an insight into understanding the viability of potential development sites in the context of the cumulative impact of the Council's emerging planning policies. It should be noted that it is up to applicants to demonstrate to the Council if they need a viability assessment.

5.30 Proposed submission version, policy P28 Affordable workspace was a key policy change that was tested in this report. The proposed changes were requiring a proportion of at least 10% of commercial floorspace to be provided as affordable workspace at discounted market rents. The Council has also expressed an interest in understanding the best approach to seeking payments in lieu of on-site Affordable Workspace contributions in the Borough

including considering a starting point similar to the approach currently sought for on-site and off-site affordable housing.

5.8 Policy P31 Affordable Workspace and Policy P29 Office and business development should be read together to deliver affordable workspace in development proposing employment floorspace. Policy P29 Office and business development is designed primarily to gain an uplift in employment floorspace provision to meet a range of needs in the borough. Policy P30 specifically addresses this need for affordable workspace.

5.9 The analysis sets out that viability of commercial schemes in the borough is an issue, but this is not owed to the Council's policies but wider market factors. It supports the policy and states that it will provide suitable flexibility. This flexibility will provide an appropriate and sustainable balance of uses.

## 6 Delivery of Offices and Business Development in Southwark

- 6.1 Policy P29: Offices and Business development has been revised at each stage using consultation responses, to ensure the policy is sound, and ensuring compliance with the NPPF and London Plan.

### Net loss of office LDD analysis showing net losses of office

- 6.2 The research and evidence section of this paper has demonstrated net losses of office for Southwark. This is reinforced by Southwark's own monitoring and uploads to the London Development Database. Analysis of these figures further demonstrates net losses of employment floorspace, and therefore a need for policy intervention to meet demand for office floorspace, and respond to the loss of employment floorspace to ensure the vitality of the CAZ and town centres.
- 6.3 **Appendix 1** details the net and gross completions and approvals for office floorspace in Southwark between 2011 and 2019. This data from the London Development Database (LDD).
- 6.4 For net completions over 1000 sqm, there has been generally been a net decrease in overall B1 floorspace. With the exception of 2013, 2014 and 2017, this is owed to no losses of B1b in these years. We therefore need to achieve an uplift in overall B1 office floorspace. This is reflected in our ELR which outlines the need for another scheme of comparative size to More London before 2036 to meet our targets.
- 6.5 In terms of net approvals, between 2011 and 2016 there has been a general decrease in approvals of completions over 1000 sqm. There is a general increase since 2017, as the emerging NSP has taken a stronger position on the protection and increase of B1 floorspace, and as the Article 4 direction preventing the change of use from office to residential, has been implemented. This is demonstrated in our planning approvals section below.

### Planning for office growth

- 6.6 To meet the target set out in the Employment Land Review of 460,000 sqm of additional employment floorspace, between 2014 and 2036, Southwark must increase density of office floorspace in areas of existing B use class and identify additional areas of growth for B use class.
- 6.7 Southwark's sites methodology report (December 2019) details where in the borough there is capacity for employment floorspace. B use class is required

in site allocations across the borough, including appropriate sites inside and outside the CAZ, Town Centres and Opportunity Areas.

- 6.8 The site allocations set out requirements to ensure mixed use development comes forward. This is supported by AAPs and SPDs, as set out in the NSP. In suitable locations therefore Site Allocations seek the re-provision of the existing quantum of employment generating space as a minimum or 50% of the total floorspace, whichever is the greater.
- 6.9 The site methodology report therefore assumes reprovision, or uplift in employment floorspace, to meet our targets and protect existing B1 floorspace. This 50% or greater requirement in suitable site allocations, namely in the CAZ, Opportunity Areas and town centres, generates the potential for this uplift.
- 6.10 B Class uses have been prioritised in the CAZ by requiring the re-provision or additional provision of the existing employment uses on site allocations. Of the 512,518 sqm B Class employment use, 385,090 sqm of this exists within the CAZ. In addition to this, a significant amount of B Class employment floorspace will also be provided within the Old Kent Road Opportunity Area and the Canada Water Masterplan. P29 Office and business redevelopment of the NSP requires the employment floorspace in the CAZ to be retained or increase. Additional B Class uses will come forward in areas outside of the CAZ. In the CAZ, the reprovision or uplift of employment floorspace is a 'must' requirement in the site allocations. Housing is a 'should' which encourages mixed use development where the reprovision or uplift of employment floorspace can be achieved.
- 6.11 We have justification to require at least reprovision or 50% of the development as employment floorspace whichever is greater because the total existing uses across our current site allocation land uses is relatively low. However, our need in the borough for employment floorspace is high and there is a projected need for 460,000 sqm of additional floorspace to meet demand. Therefore redevelopment of these sites must create uplift.
- 6.12 The sites capacity methodology sets out the aggregated estimated capacity of employment floorspace in Southwark. These capacities assume reprovision. Therefore to achieve an uplift, and a net additional 460,000 sqm of employment floorspace then stronger policy wording is needed to increase the amount of employment floorspace coming forward in the site allocations.

## Trends in Approvals

- 6.13 The below examples, are planning applications in Southwark that have come forward proposing significant uplift in B1 floorspace, showing that the trend for office development in the borough is increasing. This trend helps to achieve the targets for significant future growth in office development and help to mitigate past losses in employment floorspace. This is typical of economic cycles and strengthened planning policy helps to secure the growth of employment floorspace in appropriate locations (Policy P29). The council will continue to monitor employment growth or decline in planning approvals.
- 6.14 The Canada Water masterplan (approved 08/2019, reference 18/AP/1604) proposes a significant increase in office floorspace in the Canada Water Opportunity Area. The Canada Water Masterplan development specification sets out a maximum cap of 282,500 sqm of GEA across all zones.
- 6.15 In the Old Kent Road opportunity area, it is anticipated there would be some additional office floorspace provided as part of mixed use development including other employment uses such as industrial, as well as retail, housing and community uses.
- 6.16 The following schemes in Table 6 have recently been approved or are currently live applications which propose uplifts in employment floorspace in NSP draft site allocations.

Table 6: Summary of key applications in draft site allocations

<b>Site allocation</b>	<b>Site and application reference</b>	<b>Status</b>	<b>Net gain in B class</b>
NSP20	1-5 Paris Gardens 17/AP/4230	Approved at committee subject to S106	Net gain of 31,379 (plus potential further uplift of up to 4,055 sqm of B1 flexible retail/office floorspace)
NSP51	Vinegar Yard 19/AP/0404	Live application	Proposed uplift 21,610 sqm GIA
NSP06	Landmark Court 19/AP/0830	Live application	Proposed uplift of 18,829 sqm GIA

- 6.17 The proposals above are located in a draft site allocation. This policy intervention enables us to allocate more appropriate and specific uses to the site to meet our targets. In this case, this will enable an uplift in B1 floorspace.
- 6.18 The site allocations in the CAZ require that redevelopment must provide at least 50% of the development as employment floorspace. These above

applications have demonstrated that an uplift in B1 floorspace can be achieved by using site allocations, in line with our targets to ensure strong economic growth in Southwark.

- 6.19 Despite not being in a site allocation the following live schemes are currently proposing a net uplift in B1a floorspace, demonstrating current trends. These applications being in the CAZ have the potential to deliver a significant increase in employment floorspace. Firstly, this indicates market demand for employment floorspace in the CAZ, and secondly, it justifies the need for policy P29 to require the retention and increase of employment floorspace in the CAZ. It has protected existing employment floorspace provisions, by reproviding the floorspace and provided an additional uplift for growing demand for employment floorspace in the CAZ. By requiring this in policy P29 Office and Business Development, the policy ensures that we meet our target of 80% of net additional 460,000 sqm in the CAZ by 2036. This policy plans for growth and ensures our targets are met.

Table 7: Summary of key applications outside site allocations

<b>Location</b>	<b>Site allocation</b>	<b>Site and application reference</b>	<b>Status</b>	<b>Net gain in B class</b>
Opportunity Area, CAZ and town centre	N/A	Suffolk House, 127-129 and 131 Great Suffolk Street	Live application	Proposed uplift of 4,171 sqm
Opportunity Area, CAZ and town centre	N/A	Skipton House 18/AP/4194	Live application	Proposed uplift of 20,250sqm
Opportunity Area, CAZ and town centre	N/A	135 Park Street 19/AP/0240	Live application	Proposed uplift of 18,315sqm
Opportunity Area, CAZ and town centre	N/A	Harling House 17/AP/3220	Live application	Proposed uplift of 4,606 sqm
Opportunity Area, CAZ and town centre	N/A	Rushworth Street 17/AP/4289	Live application	Proposed uplift of 3,232 sqm
Opportunity Area, CAZ and town centre	N/A	Rockingham Street 19/AP/0750	Granted subject to S106 11/2019	Proposed uplift of approx. 6,042 sqm

- 6.10 The above applications provide evidence of a diversification of uses and move towards either mixed use development or growth in office floorspace, especially in the CAZ, town centres and opportunity areas. Policy P29: Office and business development therefore applies to all of these sites and applications.
- 6.11 Based on recent approvals data and trends in planning applications, there is a general trend of mixed use development including growth in B1a uses coming forward in the CAZ and both within and outside of site allocations. Our NSP has therefore responded by protecting and increasing employment floorspace to meet this growth, which is demonstrated in our evidence base. The ELR states a need to deliver 460,000 sqm of employment floorspace by 2036 which our policy seeks to meet.

## **7. Marketing Strategy for office and business development in Southwark**

- 7.1 Policy P29: Offices and Business Development has implemented a market strategy to ensure Southwark is meeting current and future workspace demand. Southwark has low vacancy rates and high demand for office floorspace. The hope is that this will encourage effective marketing to ensure units are occupied.
- 7.2 Policy P29: Office and Business Development requires in the CAZ, town centres, and opportunity areas and where specified in site allocations, development must: Provide a marketing strategy for the use and occupation of the employment space to be delivered to demonstrate how it will meet current market demand.
- 7.3 This is justified because it ensures that the loss of employment space through change of use is properly justified, and that sufficient attempts were made to ensure that the use could remain. This is especially important in locations favoured for employment floorspace, in town centres, Opportunity Areas and the CAZ.
- 7.4 By way of example, an appeal was dismissed at 52 Southwark Park Road (14/AP/2876) as the appellant could not demonstrate that there was no demand for employment floorspace in this location through marketing evidence. The policy therefore ensures the protection of employment

floorspace through requiring the Marketing Strategy for two years. In Southwark, and particularly the CAZ, take up is high and availability is low, and thus Southwark has low vacancy rates. The 2 year marketing period is therefore considered appropriate and would not result in long periods of vacancy. The policy mechanism encourages employment sites to be appropriately marketed either for the existing use or for an improved employment use through redevelopment. A shorter marketing period or a poor marketing strategy may risk the continued successful use as employment, for which there is demonstrated demand in the borough.

Table 8: Proposal Description of 52 Southwark Bridge Road

Reference	14/AP/2876
Site Address	52 Southwark Bridge Road And 74 Union Street London SE1 0AR
Existing B1sqm	285
Proposed B1sqm	181
Loss of B1sqm	Net loss of 104 sqm
Decision	Refused. Appeal dismissed.
Site Allocation	Not in a site allocation

7.5 Appendix 2 sets out guidance on marketing statements. It establishes the requirements for active marketing, and what constitutes sufficient detail for information. This is crucial to ensure that vacancy rates are not high and that employment floorspace is sufficiently protected. This will be incorporated into a future Commercial SPD.

## **8. Summary**

8.1 In summary, this paper has set out the national and regional policies and evidence base that frames the focus of Southwark's office and business development strategy. Southwark is in compliance and goes beyond the guidance set out for office floorspace and aims to deliver more office floorspace to meet need in the borough, as set out in the ELR (2016).



8.2 Where this is not possible, section 106 and CIL contributions will develop skills and training for local people and provide affordable workspace through financial contributions, to grow and strengthen our local economy.

## Appendix 1: LDD analysis

## London Borough of Southwark - Facts and figures: Employment (B class) development (2011/2012 – 2018/2019)

The following tables 1-4 show changes in B1, B2 and B8 floorspace since the adoption of the Core Strategy in 2011.

Use Class B1 is defined as office space (B1a), research and development (B1b) and light industrial (B1c). Use Class B2 is general industrial and Use Class B8 is storage and distribution, as follows:

Class		Land use
B1	B1a	Office space
	B1b	Research and development
	B1c	Light industrial
B2		General industrial
B8		Storage and distribution

The data shows both net and gross data. Net data takes account of any demolished business space on the site of a completed development, and gross data only counts the newly-built floorspace.

The data is also shown in terms of completions and approvals. Completions log the year the developments are completed and approvals log the year the developments were approved.

Both tables will contain some of the same application data but due to length of time some developments take to build, the completions table includes approvals from as early as 2003 for example. The approvals data shows any planning applications that were permitted in any given year and could include schemes that are currently under construction or completed. Planning applications that have expired are excluded from the data. Around 10.5% of applications involving non-residential floorspace have expired over the last 10 years, so there is not a particularly high lapse rate of applications.

### London Development Database

The primary source of the council's development data is the London Development Database (LDD). Although the LDD is owned and managed by the Greater London Authority, it is the responsibility of the borough to input the correct data about planning applications approved within their boundaries.

Boroughs are required to record information about all planning permissions on the LDD which do one of two things. As a result of an approved planning application, this is where there is either:

- a net change in the number or type of residential units on a site, or
- a net change of 1000sqm or more of non-residential floorspace

It is at the discretion of the boroughs to include applications where there are net changes of non-residential floorspace below 1000sqm. Generally data officers at Southwark Council record smaller schemes to provide more effective monitoring data however it may not capture every small site (particularly if no housing was proposed). The data provided below is therefore given in terms of schemes with a threshold of over 1,000sqm (mandatory data) and over 0sqm (including some voluntary data).

It must be caveated that the threshold of over 0sqm figures may not be a wholly accurate reflection of smaller scale changes in non-residential floorspace. Therefore, interpreting LDD data when using smaller amounts of non-residential floorspace should be done with caution.

Use Class B1 is included on LDD and it is possible to record B1a, B1b and B1c uses within this category. The following tables include B1b and B1c data however it must be noted this data is incorporated into the overall B1 figure. For example the data may show an overall net loss in B1c floorspace however on an individual application level it may have been replaced by B1a floorspace.

Prior to 2011 and the adoption of the Core Strategy, some large planning applications significantly changed the function and character of Southwark's Central Activity Zone (CAZ). For example in 2009 the last phase of More London (Tooley Street/riverside) was completed which added over 50,000sqm net increase of office floorspace to the borough. In 2013, the Neo Bankside scheme was completed (permitted in 2006) which changed the Bankside Industrial Estate to a residential/mixed use scheme behind the Tate Modern.

## Completions

### **B1**

As Table 1 and 2 show, from 2011/2012 to 2018/2019 there has been a net loss of around 29,000sqm of B1 floorspace. The majority of the loss of B1 space has been a significant reduction in B1c light industrial floorspace. However the gross increase of over 235,000sqm of B1 space overall has shown growth in B1a offices over this time period. This includes schemes such as The Shard and the News Building at London Bridge and schemes on Blackfriars Road including 20 Blackfriars Road, an 18 storey modern office building.

There have been some B1c uses proposed in gross terms however this does not equalise the overall loss.

### **B2 and B8**

Additionally there has been a loss of approximately 9,500sqm of B2 floorspace and over 60,000sqm of B8 floorspace over this time period. Again the borough has seen some gross provision of B8 and B2 floorspace over this time however this does not equalise the overall loss. For example an extension to the Tate storage facility on Mandela Way approved in 2010 and complete in 2011 proposed a net increase of 6,648sqm of B8 floorspace.

Many older warehouses outside the main industrial locations in the borough have been converted over the years to a variety of uses, including performing arts in Camberwell and residential/mixed use in the Bermondsey Spa regeneration and growth in offices, housing and cultural uses in the Central Activity Zone.

In the 2018/2019 completions, the overall loss of 40,473sqm of B1 space is predominantly made up of the recorded loss of 30,408sqm of office floorspace on One Blackfriars. The planning application was approved in 2012 and completed in 2018 however the original office was demolished in 2003 when the riverside/CAZ location of south London was changing. For example another scheme complete in 2018/2019 (approved in 2014/15) at 128-150 Blackfriars Road included an overall net loss of industrial and office floorspace as at the time the buildings were vacant, in poor condition and marketing did not attract any interest for the space.

## Approvals

### B1

Referring to Table 3 and 4, in terms of approvals a similar pattern is evident, with an overall loss of around 100,000sqm of B1 floorspace, of which 70% is loss of B1c light industrial floorspace. Gross figures show over 360,000sqm of delivery of B1 floorspace (majority offices) with some new B1b and B1c floorspace however this does not equalise the overall loss.

In 2016, the approvals figures show a large loss of B1c floorspace however this is reflective of the temporary change of use of Harmsworth Quays in Canada Water. The site was a former printworks (52,200sqm) and received temporary permission for use as an events and entertainment space. The site is now included in the Canada Water masterplan which proposes a significant uplift in employment space.

### B2 and B8

Around 10,000sqm of B2 floorspace and around 75,000sqm of B8 floorspace has been lost or replaced by other uses. There has been some re-provision of both B2 and B8 uses, for example two sites in the Parkhouse Street PIL approved in 2017 proposed a net increase in B8 and B2 uses (Big Yellow Storage and PHS) however this does not equalise the overall loss.

## Prior approvals and permitted developments

12% of the approvals application data for changes to B1 floorspace were a result of prior approvals and permitted development to change the use of B1a office or B1c light industrial floorspace to residential. This has resulted in -16,502sqm of losses of B1 floorspace over the period 2011/2012 – 2018/2019.

### Article 4 Directions in Southwark

Southwark Council has been proactive in restricting permitted development rights by implementing Article 4 Directions. However national planning guidance states these must be limited to situations where it is necessary to protect local amenity or the wellbeing of the area. As such it is difficult to implement borough wide restrictions on national permitted development rights. Southwark has an Article 4 Direction to restrict any conversions of office space in the Central Activity Zone, which covers the exemption that was previously applied by the General Permitted Development Order but then removed.

Southwark also has Article 4 Directions restricting the conversion of light industrial space in all of its protected industrial land and a number of other industrial estates around the borough, and an Article 4 Direction protecting all railway arches from conversion to residential from employment or other uses. Nevertheless there are still parts of the borough that can benefit from these permitted development rights regardless of planning policy. The council will keep evidence for further Article 4 Directions under review.

**Table 1 - Net and gross completions of schemes involving employment (B class) floorspace exceeding the threshold of 0sqm**

Financial year (1 Apr – 31 Mar)	Net completions					Gross completions				
	Over 0sqm					Over 0sqm				
	Overall B1	of which B1b	of which B1c	B2	B8	Overall B1	of which B1b	of which B1c	B2	B8
FY 2011/12	-8463	0	-5201	0	-10890	7943	0	300	0	11423
FY 2012/13	-10845	0	-1923	-711	-5682	2298	0	0	190	0
FY 2013/14	21869	0	-6931	-3891	-5664	60843	0	0	0	1827
FY 2014/15	33210	-3000	-4141	-114	-5917	73468	0	0	0	0
FY 2015/16	-16924	-1454	-1790	-2432	-6524	37494	446	901	0	338
FY 2016/17	-6110	-1732	-1637	-261	-5958	5848	0	0	0	0
FY 2017/18	-1178	0	166	0	-3270	3734	0	166	0	0
FY 2018/19	-40473	0	-5162	-2257	-18441	43594	0	0	399	399
<b>TOTAL</b>	<b>-28914</b>	<b>-6186</b>	<b>-26619</b>	<b>-9666</b>	<b>-62346</b>	<b>235222</b>	<b>446</b>	<b>1367</b>	<b>589</b>	<b>13987</b>

**Table 2 - Net and gross completions of schemes involving employment (B class) floorspace exceeding the threshold of 1,000sqm**

Financial year (1 Apr – 31 Mar)	Net completions					Gross completions				
	Over 1000sqm					Over 1000sqm				
	Overall B1	of which B1b	of which B1c	B2	B8	Overall B1	of which B1b	of which B1c	B2	B8
FY 2011/12	-4240	0	-4556	0	-4850	5102	0	0	0	11423
FY 2012/13	-9662	0	-1145	-711	-4317	0	0	0	190	0
FY 2013/14	24618	0	-6581	-3891	-5101	59480	0	0	0	1762
FY 2014/15	35970	-3000	-3001	-114	-5050	71538	0	0	0	0
FY 2015/16	-12252	-1900	-2331	-2432	-4208	32169	0	0	0	0
FY 2016/17	-9270	-1368	-1637	-261	-5485	3854	0	0	0	0
FY 2017/18	1876	0	0	0	-3270	2926	0	0	0	0
FY 2018/19	-35668	0	-4792	-2041	-18285	42028	0	0	0	0
<b>TOTAL</b>	<b>-8628</b>	<b>-6268</b>	<b>-24043</b>	<b>-9450</b>	<b>-50566</b>	<b>217097</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>13185</b>

**Table 3 - Net and gross approvals of schemes involving employment (B class) floorspace exceeding the threshold of 0sqm**

Financial year (1 Apr – 31 Mar)	Net approvals					Gross approvals				
	Over 0sqm					Over 0sqm				
	Overall B1	of which B1b	of which B1c	B2	B8	Overall B1	of which B1b	of which B1c	B2	B8
FY 2011/12	269	-29	-7205	-764	-12711	64490	29	766	0	2100
FY 2012/13	-40144	0	-2331	-916	-3708	1019	0	0	0	0
FY 2013/14	-19599	417	-1023	-346	-32485	63567	417	0	0	3370
FY 2014/15	-31129	-3632	-5244	-1401	-7880	16875	0	135	0	1932
FY 2015/16	-6613	0	-1927	-1167	-6588	26693	0	1073	250	0
FY 2016/17	-18133	2241	-54592	-1153	-3636	82364	2241	3703	146	3307
FY 2017/18	6701	0	-2568	-1717	-4270	45167	0	0	0	0
FY 2018/19	1422	0	-1350	-2427	-3269	63440	579	579	399	4854
<b>TOTAL</b>	<b>-107226</b>	<b>-1003</b>	<b>-76240</b>	<b>-9891</b>	<b>-74547</b>	<b>363615</b>	<b>3266</b>	<b>6256</b>	<b>795</b>	<b>15563</b>

**Table 4 - Net and gross approvals of schemes involving employment (B class) floorspace exceeding the threshold of 1,000 sqm**

Financial year (1 Apr – 31 Mar)	Net approvals					Gross approvals				
	Over 1000sqm					Over 1000sqm				
	Overall B1	of which B1b	of which B1c	B2	B8	Overall B1	of which B1b	of which B1c	B2	B8
FY 2011/12	401	0	-6581	-764	-12670	59342	0	0	0	1762
FY 2012/13	-38195	0	-2331	-916	-3270	0	0	0	0	0
FY 2013/14	-16831	0	0	-346	-29430	60058	0	0	0	3370
FY 2014/15	-20553	-3538	-5379	-1401	-7819	15009	0	0	0	1932
FY 2015/16	-2463	0	-1927	-1167	-5953	25713	0	1073	250	0
FY 2016/17	-14204	2241	-54388	-1153	-3182	63537	2241	1112	146	3100
FY 2017/18	8502	0	-2100	-1717	-4111	22363	0	0	0	0
FY 2018/19	1525	0	-1350	-2571	-1689	2875	0	0	0	4444
<b>TOTAL</b>	<b>-81818</b>	<b>-1297</b>	<b>-74056</b>	<b>-10035</b>	<b>-68124</b>	<b>248897</b>	<b>2241</b>	<b>2185</b>	<b>396</b>	<b>14608</b>

## Appendix 2: Guidance on marketing statements

Where policies require marketing information to be submitted, the following details will be used to assess the acceptability, or otherwise, of the information submitted and the marketing undertaken.

Marketing evidence requires demonstration of an active marketing campaign for a continuous period of at least two years, whilst the premises were vacant, which has shown to be unsuccessful.

Marketing must be through a commercial agent at a price that genuinely reflects the market value. It must be shown to the council's satisfaction that marketing has been unsuccessful for all relevant floorspace proposed to be lost through redevelopment or Change of Use.

Active marketing should include the following:

1. Contact information posted in a prominent location on site, in the form of an advertising board
2. Registration of property with at least one commercial property agent.
3. Property details / particulars available to inquirers on request.
4. Property marketed for the appropriate use or uses as defined by the relevant planning policy.
5. Property marketed at a reasonable price in relation to use, condition, quality and location.

Sufficient detailed information is required to be submitted alongside any planning application to demonstrate compliance with the above criteria. In addition, information should be submitted regarding:

1. the number and details of enquiries received;
2. the number of viewings;
3. the number, type, proposed uses and value of offers received;
4. reasons for refusal of any offer received, and/or reasons why any offers fell through;
5. the asking price and/or rent that the site or property has been offered at, including a professional valuation from at least three agents to confirm that this is reasonable;
6. the length of marketing period (at least two years continuous marketing), including dates, and
7. the length of the vacancy period.