DRAFT NEW LONDON PLAN

London Property Alliance
Respondent Number: 2730
Central Activities Zone, Town Centres, Retailing, Offices, Industry and Freight **Offices – Matter M59**

M59 – Is Policy E1 justified and would it be effective in ensuring that identified needs for additional office floorspace are met in appropriate locations in accordance with national policy? In particular:

a) Are the figures in Table 6.1 for projected office employment growth and office floorspace demand 2016-2041 in different parts of London justified?

1. Table 6.1 of the draft London Plan sets out projections for office employment growth in the period 2016-2041. Given the Alliance's remit, we simply focus on the employment growth figures for the CAZ and NIOD area, rather than different parts of London.

2. Table 4.1 of the existing Plan projects office employment growth of 8,850 jobs per annum in the CAZ and NIOD. The equivalent figure in the new Plan is 14,708 additional jobs per annum, a 66% increase. The resultant floorspace projections show a much lower increase, however. This is because the floorspace projections are based on challenging assumptions regarding occupational density and desk-sharing. In particular, it is assumed that:

   a) all new office stock is occupied at a density of 10.9 sq m NIA per desk space;
   b) desk spaces are occupied at a rate of 1.2 per worker; and
   c) NIA is converted to GIA at 80%.[1]

3. Consequently, the annualised projected growth within CAZ / NIOD at 140,000 sq m pa[2] is not dissimilar to the 135,000 sq m to 153,000 sq m per annum target within the existing London Plan (Table 4.1).

4. The Alliance considers that the Plan needs to be clear that this floorspace target should be a **minimum lower figure that is to be exceeded and that boroughs may set higher targets**. This is because:

   a) The assumptions made regarding floorspace density and net-to-gross ratios, in particular, are challenging. Not all development will achieve this level of efficiency and, consequently, additional gross floorspace will be required;

[1] Greater London Authority, paras 9.1.13-9.1.16 *London Office Policy Review 2017* [pdf] Available at: <https://www.london.gov.uk/sites/default/files/london_office_policy_review_2017_final_17_06_07.pdf> [Accessed 5 February 2018] LOPR 2017, 9.1.13-9.1.15

[2] That is, the 3.5m sqm projection at Table 6.1 of the NLP, annualised across 25 years.

b) The projected Inner London annualised rate (including CAZ, NIOD and the rest of Inner London) of 184,000 sq m per annum would only slightly exceed growth in stock in the Inner London area over the last 15 years, reported at circa 166,000sqm[3];

c) There is, potentially, additional capacity available. Westminster City Council's recently adopted City Plan sets a target of 774,000 sq m of additional Class B1 space between 2016/17 and 2036/37[4]; work undertaken by the West End Partnership has identified significant additional capacity for employment growth within London's West End, identifying the potential for over 2 million sq m of potential additional commercial floorspace within the West End alone[5]; and the City of London's Draft Local Plan[6] confirms the City will facilitate significant growth, increasing the office floorspace stock by a minimum of 2 million sq m (net) during the period 2016-2036; and

d) Office developments are often office-led with ground and lower ground retail or leisure uses provided. Such activities uses inevitably have an impact on the delivery of office floorspace on a site, albeit a proportion of employment will be from the retail/leisure uses

5. In view of the historically low level of pipeline supply identified in AMR 13[7] and AMR14[8] and low vacancy rates, especially in the West End, the Plan should be clear that this is a minimum floorspace figure that should be surpassed to ensure that office supply is not constrained.

6. We also note that, within Westminster / the key West End office market, office stock has been lost, rather than added, in recent years. In part this is due to office to residential permitted development rights as well as changes of use in recent years. Nevertheless, Table 9.14 of LOPR 2017 illustrates that Westminster will be expected to reverse this trend and deliver sustained growth in office floorspace.

7. Constraints on supply should be addressed to ensure that this is deliverable and development encouraged, not restrained, and office space should be prioritised in the CAZ. With this in mind, the Alliance is concerned that for the CAZ, the floorspace figures are not justified.

b) Would the locations identified in parts C and D have sufficient capacity and be likely to deliver the amount of additional floorspace required such that needs in all parts of London can be met?

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[3] Reported at a total of c. 2.5m sqm in the period 2000/01 – 2015/16, as set out within Appendix 2 of the London Office Policy Review 2017 for the Inner London Boroughs

[4] Westminster City Council, *Westminster City Plan*, Policy S20

[5] West End Partnership, *The West End. Transforming the Competitiveness of the West End: A Business Case for Investment* [pdf] The West End Partnership. Available at: <https://westendpartnership.london/wp-content/uploads/2017/10/transforming-the-competitiveness-of-the-west-end.pdf> [Accessed 1 March 2018]

[6] City of London Corporation, *Draft Local Plan 2036* (November 2018).

[7] The Mayor of London, 2017. *London Plan Annual Monitoring Report 2015/16*. [pdf] Available at: <https://www.london.gov.uk/sites/default/files/amr_13.pdf> [Accessed 1 March 2018]

[8] The Mayor of London, 2018. *London Plan Annual Monitoring Report 2016/17*. [pdf] Available at: < https://www.london.gov.uk/sites/default/files/amr_14_final_20180927.pdf> [28 November 2018]

8. The Alliance considers that the CAZ and the NIOD area has sufficient capacity to meet and exceed the office floorspace targets set out in the draft London Plan.

c) Are the "office guidelines" set out in Figure A1.4 justified, and is the way in which they are intended to be used in the implementation of part D2 clear?

9. The Alliance considers the office guidelines justified, albeit the implementation of part D2 is not considered particularly clear by reference to the hierarchy of centres outlined in Figure A1.4.

e) Is the proposed use of Article 4 Directions set out in parts E and F clear and is it justified having regard to national policy, bearing in mind the minor suggested change to paragraph 6.1.6?

10. The Alliance is fully supportive of the use of Article 4 Directions on this topic, and as such is supportive of draft Policy E1, part F.