

# London Borough of Hounslow Employment Land Review Update

Prepared for: Hounslow Borough Council  
July 2024



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## Quality Assurance

This report has been prepared within the quality system operated at Rapleys LLP according to British Standard ISO 9001:2015.

We confirm that the undersigned is an appropriately qualified and experienced Chartered Surveyor/Planner [delete as appropriate] experienced in the commercial property sector.

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31<sup>st</sup> July 2024

# 1 INTRODUCTION

- 1.1 This Employment Land Review update was commissioned by the London Borough of Hounslow Council to inform preparation of economic development and employment land policies in the emerging new consolidated Borough Local Plan that will be consulted upon in summer 2024 (Regulation 19).
- 1.2 The report provides an up-to-date view of the economic evidence, prepared in line with Government guidance and London Plan policy requirements. This report updates the Borough's 2016 Employment Land Review (ELR) and a subsequent 2020 ELR update that supported the policies and allocations in the two area-specific Local Plans that the Council withdrew in late 2022.
- 1.3 While the national policy framework and guidance for preparing employment evidence has been updated a number of times since the earlier studies were undertaken, the economic thrust remains largely as it was in 2016, with the major change being the requirement to support logistics/distribution needs.

## Policy Changes

- 1.4 There have also been changes in policy context at the regional level with a new London Plan adopted in 2021. The Plan recognises that industrial activity<sup>1</sup> in London in the last five or so years has switched from a contraction in jobs and floorspace to positive demand. The 2021 London Plan is also positive towards the office market with a number of London's Opportunity Area future regenerative schemes proposed to be underpinned by substantial new office development. However, the London Plan was prepared pre-Covid, and as we set out in this report the market fundamentals for offices have weakened considerably over the last three years, due to structural employment and office market changes that have been 'supercharged' by Covid.
- 1.5 It is also the case that the London Plan was subject to a number of last-minute changes. Many of these related to the economic evidence and the challenge of relying on intensified industrial floorspace as the only route to meet economic needs. At the time the London Plan was examined there was no evidence that intensification, of the scale needed to accommodate all economic needs was viable or deliverable. The plan also looked to prevent boroughs releasing Green Belt, but that approach was found unsound.
- 1.6 Intensification remains problematic with no proven track record of delivery - of the scale needed to address the capitals need for space. But if delivered, represents an efficient and effective use of land and so remains a key objective.
- 1.7 Since the London Plan was adopted, the SoS has written to the Mayor specifically challenging the industrial policies in the plan and seeking an urgent review. The status of that letter, and the required review, is unclear at the moment given the change in Government, but illustrates the challenge for a Borough to implement policies that the SoS has expressed public concern over. Added to which the new Government has already issued a new consultation version of the NPPF with one of its central aims to facilitate economic growth; thus the policy framework for economic land evidence base preparation and indeed policy formulation is shifting.

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<sup>1</sup> Industrial uses is an aggregate term for various manufacturing activities (use class E(g)iii and B2) and logistics and distribution activities (use class B8 that are carried out in warehouses).

## **Economic changes**

- 1.8 This Employment Land Review update was needed to account for all the recent changes to provide up-to-date evidence for policy and land use preparation, and particularly because the 2020 Update was based on a pre-Covid 2019 economic forecast and applied pre-Covid job densities generating a need to rerun the employment floorspace demand assessment. Although the 2020 Update was prepared during Covid, at that time there was no market consensus, and the outlook was deeply uncertain. The implications from Covid were yet to work through in terms of economic forecasts and changes in job densities. However, we are seeing elsewhere a general shrinkage in office job forecasts and property market sentiment shows a marked weakening in the office market requirement post-Covid.
- 1.9 The economic forecasters and the property market professionals now have a much better understanding of what the long-term post-Covid 'normal' looks like, and the emerging Plan needs to reflect this latest more settled position. The Experian Economic forecasting model has over the last three years refined its assessment of the short, medium and long term impacts of both Covid and the other economic 'shocks'. In this update study we will also 'sense' test the quantitative economic forecast/past trends from a property market perspective, based on a wide range of property professionals to get a rounded view of the market now and where it is heading. This is important as it is very much a sense test of the outputs from the assessments.
- 1.10 For industrial uses, the market was generally buoyant in 2020. Pre-Covid logistics/ distribution was a growing sector, with on-line retail continuing to make in-roads into the sector as high streets struggled. Covid 'super-charged' the pace of the move away from high streets and retailing activity has moved increasingly off the high street and into warehouses. The demand for manufacturing land has also been driven up because activity is no longer declining, partly driven by the need for resilience in the supply chain, but also by the longer-term trend of 'reshoring' manufacturing activity that has been observed since the latter 2010s. The growth of land hungry data centres (classified as a B8 warehousing use) is a recent trend that is generating strong competition for industrial land (as well as major requirements for internet connectivity, power and water).

## **Heathrow**

- 1.11 In previous work we needed to consider a suite of evidence, prepared by Lichfields, to support the delivery of a third runway. We do not carry that analysis forwards – partly because that evidence recommended a major uplift in office demand which always was questionable given the market at the time.
- 1.12 But also plans for a new runway are currently in abeyance, and the prospect that this could be delivered in this plan cycle appear very low.

## **REPORT STRUCTURE**

- 1.13 The report firstly provides the policy context, summarising national policy and practice, the strategy and policy approach in the London Plan and neighbouring borough approaches to employment planning policies (chapter 2). This is important as it identifies the themes that the study needs to review. Then chapter 3 provides a property market commentary on the industrial and warehouse and office markets. Next Chapter 4 considers future demand for office floorspace. Chapter 5 future demand for industrial floorspace/ land. Chapter 6 considers the supply of land to meet future need, identifying any gap in supply.

## 2 POLICY CONTEXT

### INTRODUCTION

- 2.1 This section reviews policy and guidance at national, regional and local planning authority level to draw out the requirements and guidance for those planning for economic development and the provision of employment land.

### NATIONAL PLANNING POLICY AND LEGISLATION

- 2.2 Planning policy is dominated by housing, with economic land uses relegated to a limited number of paragraphs in both the Framework and the PPG, with wide discretion as to how economic need is calculated, and the critical issue of how sub-regional need is addressed is largely omitted.
- 2.3 The salient points are:
- Economic policies need to be positive while realistic;
  - Policies can be aspirational, but land should not be sterilised for an economic use that has no reasonable prospect of being delivered in the Plan period;
  - Logistics/distribution is identified as an economic land use capable of commanding considerable weight in the planning balance;
  - It is reasonably clear from the direction of travel, most obviously PDR, that where there is a possible conflict between economic and housing priorities the need for homes carries significant weight; and
  - Councils should, within the limits of their sustainable capacity, work with neighbours to meet economic needs in full.

### National Planning Policy Framework

- 2.4 The National Planning Policy Framework (NPPF) was first published in 2012 and subsequently revised a number of times, most recently at the end of 2023. One of the early commitments of the incoming new Government was to revise the NPPF, and at the end of July 2024 they published a consultation draft revised NPPF. In this section we firstly set out the approach in the current NPPF, and then at the end we comment on the direction of travel in the draft.
- 2.5 The Government's overarching economic objective for the planning system is to help build a strong, responsive and competitive economy by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure (para 8a).
- 2.6 Local Plans should apply a presumption in favour of sustainable development, which means they should: positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change (para 11).
- 2.7 In respect of economic development, the guiding principle is that Local Plans should create the conditions for economic growth and productivity improvements. This should take account of local business needs and wider opportunities for development. Opportunities are characterised as building on strengths, countering weaknesses and addressing the challenges

of the future, and accord with the vision of the UK's withdrawn Industrial Strategy<sup>2</sup> that looked to improve employment productivity (para 85).

2.8 Planning policies should do four things in respect of economic development as set out in para 86:

- set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
- set criteria or identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
- be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

2.9 Key tasks for councils are therefore to plan to encourage sustainable economic growth, identify sites or set criteria to meet anticipated needs, address any barriers to investment and be flexible and adaptable.

2.10 The need to identify and make provision for the specific locational requirements of different employment activities is recognised. Specifically, the opportunity for clustering of knowledge and data driven activities and the differing accessibility requirements of different scales of storage and distribution activity (para 87).

2.11 The reference to storage and distribution was added in 2019 and reflects the growing role that logistics and distribution plays in the wider economy. Also noteworthy in this regard is the Government's 2023 call for evidence to consider planning reforms to the PPG necessary to support the freight industry, the outcome from which is currently awaited.

2.12 Plans should address economic priorities (para 15<sup>3</sup>) and be prepared positively, being both aspirational and deliverable, and be shaped by early, proportionate and effective engagement with, inter alia, businesses (para 16).

2.13 Strategic policies should look ahead over a minimum 15-year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from improvements in infrastructure (para 22).

2.14 In terms of land allocations, the Framework states:

*Broad locations for development should be indicated on a key diagram, and land use designations and allocations identified on a policies map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development (para 23)*

2.15 In ensuring that Plans are positively prepared, the Framework highlights the importance of maintaining effective cooperation and collaboration on cross-boundary strategic issues between Local Planning Authorities and other prescribed bodies such as the Local Economic Partnership (LEP). Two particular areas are highlighted: future infrastructure requirements, and

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<sup>2</sup> The 2017 Industrial Strategy was withdrawn in 2023 in favour of a Plan for Growth - Building Back Better.

<sup>3</sup> The December 2023 changes made a distinction between meeting housing needs and addressing other needs.

whether development needs that cannot be fully met in one area can be accommodated in another area (para 26).

- 2.16 Policies should be underpinned by relevant, proportionate and up-to-date evidence, taking into account relevant market signals. Policies should be reviewed at least once every five years, to see if they need updating taking into account changing local circumstances or changes to national policy (para 33).
- 2.17 Planning policies should promote the effective use of land in meeting the objectively assessed needs for various types of uses, and in particular the use of brownfield land, underutilised land, and buildings and land in public ownership (paras 123-25).
- 2.18 Regular reviews of land allocations and land availability are needed to take account of the demand for land. Where there is no reasonable prospect of an application coming forward, the land should be re- or de-allocated, and prior to the Plan update, applications for alternative uses should be supported where this would help meet an unmet need (para 126).
- 2.19 Regarding making effective use of land, the Framework advises Local Planning Authorities to take a positive approach to applications for alternative uses on land that is currently developed, but not allocated (para 127), specifically referring to employment land. This is particularly relevant in areas of high housing demand. The approach does come with the proviso that in so doing this does not undermine key economic sectors or sites.
- 2.20 The Government made it easier for change of use of commercial premises to residential through tightening the remit for Article 4 Directions (A4D) to remove permitted development rights through changes introduced in 2021 (para 53). These are discussed in more detail in a later section.
- 2.21 As referred to above at the end of July 2024 the new Government published a revised NPPF for consultation. This draft makes relatively few alterations to the economic development chapter, but the additions are important aiming to meet the needs and support new/expanded activities in a modern economy – with laboratories, gigafactories, data centres, digital infrastructure, freight and logistics specifically identified. This aligns with the Government's growth agenda with reference to providing facilities/infrastructure that supports growth. Specific reference is made to storage and distribution and how this sector is important in supporting supply chains. However, the biggest change in direction relates to Green Belt, and widening the definition of uses that would satisfy the Green Belt release exceptional circumstances test to include unmet need for commercial development. Where Councils cannot meet their employment land need this change would mean Green Belt sites could be considered following the new Green Belt sequential test outlined in the consultation draft. This change, set out in the draft NPPF and supported by a Ministerial Statement, potentially has significant implications for Green Belt/MOL boroughs such as Hounslow.

### **Planning Practice Guidance**

- 2.22 Revised guidance for planning for economic needs<sup>4</sup> was published in early 2019 and again later that year in respect of planning for logistics and specialist sectors. In broad terms the 'new' guidance continues to provide little detail, and is not prescriptive as to the method that should be used to assess economic need.

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<sup>4</sup> PPG ID: 2a-025-20190220 onwards

- 2.23 The guidance acknowledges that national economic trends will not apply universally, and business needs will vary according to local circumstances and market conditions. Functional Economic Market Areas (FEMA) may extend over more than one Local Authority area, and the assessment of need should reflect this, and LEPs can play a helpful role in such assessments. Albeit the FEMA and LEP have much less relevance in London.
- 2.24 In drawing up evidence on economic need the guidance stresses the importance for engagement with the business community. The evidence should cover:
- Best fit FEMA
  - The existing stock of employment land (by market segment and (possibly) sub-areas)
  - Recent patterns of gains and losses of employment land
  - Market demand and business requirements (for the different B use class activities, including identification of gaps in provision)
  - Projected growth in specific market sectors; and
  - Oversupply and market failure (preventing the land being used effectively for employment)
- 2.25 Urba, co-consultants on this study are expert in engagement with the business community, and gaining a deeper understanding of market trends.
- 2.26 The last bullet point is interesting in that it is a 'warning' that the employment land supply should be deliverable, but also should not be oversupplied. An oversupply of land can depress commercial values to a point where development is not viable resulting in 'market failure'. This warning re-confirms a long running thrust of national policy where land for economic needs was oversupplied and possibly constraining the scope for sites to be used for housing. The most obvious example of this was the removal of planning control via Permitted Development Rights (PDR) for conversions of property to residential.
- 2.27 The PPG goes on to state that data to estimate future employment need includes:
- Sectoral and employment forecasts and projections (labour demand)
  - Demographically derived assessments of future employment needs (labour supply)
  - Analysis of past take-up of employment land and property and/or future property market requirements
  - Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 2.28 Guidance is provided on the method for turning jobs (by SIC categories) into jobs by use class (the separate E(g)i, ii and iii, and B use classes), and then jobs to floorspace (by applying employment densities) and floorspace to land (by applying industry proxy plot ratios<sup>5</sup>).
- 2.29 Understanding the employment needs for the E(g i-iii)/ B class sectors will help with the consideration of individual sites, ensuring sites are allocated for the most appropriate use, and meet the reasonable prospect test.

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<sup>5</sup> A plot ratio is the ratio of the building floorspace to the total site area. The PPG advises applying 'industry proxies'. For industrial uses 40% is the national standard, reflecting the comparatively high proportion of site area dedicated to outdoor vehicle access/circulation, parking and also outdoor storage facilities. Industrial plot ratios can be higher towards 65% in more constrained areas, and/or where on more than one floor (mezzanines do not count). But office plot ratios vary much more widely, and for multi-floored buildings in urban environments can be very high (well above 100%), compared to out-of-town office parks where plot ratios are generally closer to 40%.

### **Storage and distribution**

- 2.30 The PPG 2019 revisions<sup>6</sup> recognise the substantial expansion in storage and distribution. Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity, and access to appropriately skilled local labour.
- 2.31 The need can be informed by:
- Engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of type, size and location including impact of new technologies;
  - Analysis of market signals, including trends in take up and availability of logistics land;
  - Analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities; and
  - Engagement with LEP.
- 2.32 Authorities will also need to assess the extent to which land and policy support is required for other forms of logistics requirements, including the needs of SMEs and of 'last mile' facilities serving local markets. The expansion of self-storage, another form of B8 use is another matter that requires consideration, and we return to this later in this chapter.
- 2.33 Assessing the need for logistics/distribution has been a problematic area of evidence for some time. The main difficulty is that while in general, there is a relationship between the number of jobs and the demand for floorspace, in recent years the relationship between jobs and floorspace has 'broken'. This is due to a number of factors such as technology improvements, Covid impact, new ways of working, the size and scale of logistics warehouses varies enormously, automation, but there is also a new generation of highly labour-intensive warehouses as well.
- 2.34 So, a strategic employment site, if taken-up for logistics, could employ between (almost) no people at one end of the spectrum to thousands at the other. Past take-up data in the logistics and warehousing sector is also very 'lumpy' – the unit sizes are so large that a whole plan allocation can be taken-up by two or three single occupiers within a short period of time. Logistics is also much more footloose than other forms of commercial development – with a much larger 'area of search'. Demand tends to follow supply more readily than other employment uses – and occupiers will compromise to secure the right unit even if it is in the 'wrong' borough.
- 2.35 In summary, the needs of logistics should be considered more qualitatively – through consultations with property market specialists - informed by, but not held to job forecasts or a projection of past take-up. Pragmatically, this means that the quantitative approaches set out to assess economic needs should be treated with care as regards logistics. The assessment may need to be tweaked to reflect more qualitative market evidence.

### **General Permitted Development Order**

- 2.36 The key changes affecting commercial premises have been:
- the introduction of Class O in 2013 permitting change of use from office to residential;

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<sup>6</sup> ID: 2a-031-20190722

- Class ZA that allows for the demolition of buildings used for any of the E(g) i, ii and iii uses (former B1 uses) and replacement by residential;
- Class AA allows for the construction of up to two new storeys of flats in the airspace above detached buildings in commercial use (now E class uses); and
- Class MA allowing Use Class E ('Commercial, business and service uses) including office and light industrial, to convert to residential use.

- 2.37 While some impacts are considered – impacts on existing businesses and transport and highways issues, no consideration is given to the loss of employment space. Nor is there consideration of the impact of introducing residential into an area where it has potential to disrupt opportunities for wholesale redevelopment, such as in out-of-town retail parks.
- 2.38 The impact of PDR on office floorspace has generally been substantial losses, with occupied stock in in-demand areas as likely to be lost as no longer fit for purpose stock in no-demand areas. It is quite possible there will be further stock losses over the plan period. The national policy expectation that plans are flexible and can respond to changes in the market means a positive approach is needed to new office sites. With very limited control over losses, the Council needs to take a cautious approach to Plan-led losses of further stock, and to identify a forward strategy where land is available should the new build market return to viability over the Plan period.
- 2.39 Also – a further reason to be cautious is that most losses of floorspace relates to the secondary market – where most office occupiers reside. Most occupiers do not need, and/or cannot pay the high values needed to secure prime space or trigger new build. When considering to what extent properties are obsolete or life expired it is important that the LPA avoids undervaluing the role secondary office stock plays in the market and especially because when lost, it is unlikely to be re-provided.

### **Use Class Order**

- 2.40 Related to the above, changes have been made to the Use Class Order (hereafter 'UCO') to allow greater 'flexibility' to deliver homes through conversion of erstwhile commercial property. More positively, the UCO flexibility could equally allow the re-use of some former retail property for new economic uses within the new E use class.
- 2.41 The Government introduced new Class E, combining 'commercial, business and service' use in 2021, merging office, R&D and light industrial - the former B1 Use Classes with shops, commercial services, restaurants, public houses and hot food (the A use classes) and non-residential institutions and assembly and leisure – the D Use Classes. This now means buildings can change within the above-mentioned range of uses without requiring planning permission, because they are now all in the same E Use Class.
- 2.42 Use Classes B2 (general industrial) and B8 (storage and distribution) remain unaffected by the amendments to the Use Class Order. However, some relatively new and rapidly expanding activities such as data centres and self-storage are recognised within the B8 use class. We consider data centres later in this report, but here make the point that while both activities can be accommodated on industrial estates, neither generates significant numbers of jobs compared to general industrial activities and even logistics and distribution. This could be a particular issue for the Borough given the large increase in population planned in the GWC, in respect of which the Council will want to steer development to deliver as many new employment opportunities as possible. The ability of development to deliver a net increase in employment activity in this area should be given considerable weight in any planning balance.

- 2.43 Neither the NPPF nor PPG have been changed as a consequence of the UCO changes, and planning authorities are still required to understand and plan for their business needs. Business needs are not specifically defined, but widely held to be for office, R&D, light industrial and the remaining B class uses – general industrial and logistics/distribution.
- 2.44 The amendments to the UCO are likely to have some impact on the supply of office and light industrial space given the flexibility now available to change between the wide range of uses within Use Class E. This could be positive if it encourages hybrid workspace facilities, or if it introduces complementary uses such as gyms/creches, but the ability for owners to introduce non-employment uses without the need for planning permission could be problematic for light industrial in particular because this use typically commands lower rents / values compared to other E class uses.
- 2.45 The increased flexibility provided by the changes makes it much harder for the Council to manage the Borough's present and future office portfolio.

#### **Article 4 Directions**

- 2.46 The above-mentioned PDR flexibilities encouraged Councils to seek to protect their office stock through the introduction of Article 4 Directions that brought such property back under Council planning control. The 2021 NPPF amendments (paragraph 53) tighten the ability of Councils to introduce Article 4 Directions removing Permitted Development Rights. An Article 4 Direction should be *necessary to avoid wholly unacceptable adverse impacts*. In all cases, Article 4 Direction must be based on robust evidence and apply to the smallest geographical area possible.
- 2.47 Industrial capacity can be impacted by Class E to residential PDR both directly, through the loss of light industrial and creative production uses that fall within Class E, and indirectly through the introduction of residential uses in industrial areas which can compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis.
- 2.48 Article 4 Directions might be appropriate in circumstances where it may be difficult to rely on clause MA.2(2)(g) in the legislation, which allows LPAs to assess the impact of the introduction of the residential use. The Council made an Article 4 Direction in April 2024 removing Class MA and ZA PDRs in the designated employment areas, town and neighbourhood centres that will come into force in April 2025.

### **REGIONAL PLANNING POLICY**

#### **The London Plan**

- 2.49 A revised London Plan, adopted in March 2021, guides development in London up to 2041. The Good Growth objectives, which include policy GG5, aim to preserve and improve London's global economic competitiveness and guarantee that economic success is shared by all Londoners. This will be achieved by planning for enough employment and industrial space in the appropriate areas to promote economic growth and regeneration.
- 2.50 Policy E1 states that in order to meet local demands, expansions in the current stock of offices should be encouraged in town centres, existing urban business parks, and locally oriented town centre office provision. Current existing viable office floorspace capacity outside of the aforementioned areas should be preserved, and where appropriate supported by A4Ds to

remove permitted development rights. Surplus office capacity should be made available for other uses where feasible.

- 2.51 A range of B Usage Class commercial space, in terms of kind, use size, and price point, is expected to be provided and, where appropriate, protected by borough plans (Policy E2). This is to support businesses start-up/expand, and to retain existing low-cost space/workspace for groups such as the creatives. In this regard we note that ONS data<sup>7</sup> identifies that Hounslow has a far higher number of jobs and businesses than any other Outer London borough with the overwhelming majority in the film and TV and computer services sectors.
- 2.52 Boroughs are also urged by Policy E3 to establish comprehensive affordable workspace policies where local evidence of need and viability show this to be needed. As part of this study, we have undertaken some initial viability testing of a scenario to help direct the Council's thinking on this issue, and this is reported in Appendix 1.
- 2.53 Policy E4 aims to provide and maintain sufficient supply of land and premises to meet current and future demands for industrial and related functions, taking into account strategic and local employment land reviews, the potential for intensification, co-location, and substitution. The priority is to maintain, improve, and provide additional industrial capacity in areas that have access to the Strategic Road Network and/or the potential for rail or water transportation, provide capacity for emerging sectors like waste management and logistics that support London's economy and population, and provide capacity for micro, small, and medium-sized businesses.
- 2.54 Strategic Industrial Locations (SILs) are the subject of Policy E5 which advises boroughs to define the SILs' boundaries in their development plans and adopt local strategies to protect and intensify their function as well as increase their attractiveness and competitiveness. Boroughs must explore ways to develop and utilise SIL land more effectively. The policy also allows boroughs to substitute industrial capacity where evidence suggests alternative suitable locations exist.
- 2.55 Locally Significant Industrial Locations (LSIS) are addressed by Policy E6. Boroughs are required to:
- Designate LSIS and define boundaries, supported by data from local employment land reviews.
  - Define the range of industrial and related uses that are permitted in LSIS.
- 2.56 Development Plans should be proactive and stimulate the intensification of commercial uses in Use Classes B1c, B2, and B8 occupying all types of industrial land (Policy E7). Opportunities for combining industrial, residential, and other uses should be investigated in LSIS. According to the policy, mixed-use or residential development proposals on non-designated industrial sites should only be supported if there is no reasonable prospect that the site will be used for industrial and related purposes, if it has been allocated in the Development Plan, or where floorspace for industrial, storage, or distribution purposes is provided as part of the mixed-use intensification. Development Plans should also take into account the potential for facilitating the substitution of some of London's industrial capacity to related property markets in collaboration with the GLA and neighbouring authorities.

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<sup>7</sup> Creative industries in London boroughs - Office for National Statistics (ons.gov.uk)

- 2.57 The Borough has two areas in the Plan identified as Opportunity Areas - locations for major growth and regeneration – the Great West Corridor, and Heathrow that extends across the borough boundary into Hillingdon. The Plan refers to the importance of the historic landscapes in the Great West Corridor area, from which development should draw inspiration, and the indicative capacity is for 7,500 new homes and 14,000 additional jobs. The Heathrow OA has indicative capacity for 13,000 homes and 11,000 jobs. However, in the absence of an OA Framework it is unclear how much of the growth could take place in LB Hounslow.

### **London Land for Industry and Transport Supplementary Planning Guidance**

- 2.58 A 2012 SPG supplementary to the 2011 London Plan, so now dated, and particularly out of date in regard to industrial land release benchmarks that in Hounslow's case identified 31 ha lost in the period 2001-10, yielding a stock of 496 ha at 2010 with a release benchmark of 15 ha over the 2011-31 period (0.8 ha per annum). As we shall see later on losses over the first half of that period were considerably higher.

### **Employment Evidence/emerging guidance: London Plan**

- 2.59 The employment evidence that supported the current London Plan was prepared in 2017 – that being the Industrial Land Demand Study (2017) and London Office Policy Review. While the economy has shifted markedly since that time, even in 2017 it indicated positive net future demand for industrial land in London, mostly driven by strong demand for logistics to service growth in London's economy and population. Although at that time the evidence suggested there was substantial surplus excess vacant land that exceeded demand.
- 2.60 Specifically for Hounslow demand across the industrial uses was balanced – positive demand for warehousing and waste countered by negative demand for industrial, and the GLA found 19 ha of surplus vacancy. However, given the large scale of Hounslow's industrial land, the study classified Hounslow as a borough to 'retain' existing stock. The office projections at that time were for an additional 19,492 office jobs 2016-41 (780 per annum) that required 237,875 sq m (9,500 sq m pa). To put the office job figure into context LOPR estimated the Borough's total office workforce in 2016 to have been 51,000. We have checked against Experian Economics' estimate, which at 53,000 is broadly similar. Thus, in 2017 the GLA anticipated Hounslow's office workforce and floorspace would increase by around 40% over the period to 2041.
- 2.61 Neither the industrial nor office demand evidence has been refreshed, but the GLA have published the London Industrial Land Supply study, this was dated 2020, but published in 2023.
- 2.62 The study shows Hounslow's industrial land in 2020 to be heavily weighted towards warehousing stock, with 240 ha compared to 52 ha in core industrial activities and just 5 ha vacant. Wider industrial uses<sup>8</sup> total 175 ha and 12 ha of designated industrial land is in use by non-industrial uses. Thus, the total industrial stock sums to 484 ha, fourth largest stock in London after Barking and Dagenham, Bexley and Hillingdon, the latter with 600 ha has comfortably the largest amount of industrial land. Of the 484 ha total 100 ha is in SIL, 176 ha in LSIS and 208 ha on non-designated land, which is 43% of the land, a higher proportion than the 33% London average.

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<sup>8</sup> Wider uses comprise wholesale markets, waste management and recycling (including secondary materials and aggregates), utilities, land for rail, land for buses, and airport related land and freight.

- 2.63 Since 2001 Hounslow has lost 44 ha of the widest definition of industrial land equivalent to 8% of the total in 2001, and this is a much lower rate of loss compared with London as a whole, where 13% of total stock has been lost in that time.
- 2.64 Rate of change has been far faster than anticipated in the 2017 demand study that predicted a 3.9 ha loss 2015-20 whereas the loss was 8.7 ha.
- 2.65 Future losses in the pipeline from permissions at 2020 were 8.3 ha in planning permissions and 8.5 ha in planned release (SIL), which was a modest amount in the context of other boroughs, with for example Hillingdon set to release 63 ha.
- 2.66 The study identifies just one per cent of vacant land, which is low, well below the London 3.9% average and below the 1.4% average for the west sub-region.
- 2.67 In late 2023 the GLA published Industrial Land and Uses draft guidance for consultation. This identifies how boroughs should assess demand and supply at the local level taking account of the London Plan's thrust for intensification. It raised some controversial matters such as asking boroughs to assess and apportion sub-regional demand and to account for suppressed demand. Accounting for suppressed demand is not an approach in general conformity with current National Guidance, and the forthcoming changes to the Framework may trigger a revision to the regional guidance, and our advice to the Council is to keep a watching brief on this.
- 2.68 Also - shortly before the Draft Guidance was published at the end of 2023 Gerald Eve published an independent review of the East Plus strategy<sup>9</sup>. East Plus is the largest public/private sector industrial-led regeneration strategy in London, and is a Partnership including the Mayor, the GLA and SEGRO. Of relevance to this work, is Gerald Eve's finding that two early London Plan E7 intensification pilot projects in East London will not be implemented because of viability issues (increase in cost and risk), with the report stating that:
- "After investing into the design for the buildings and obtaining planning permission for two multilevel warehouses, as a result of the change in economic conditions these developments will not come forward in the short-medium term." (P40)*
- 2.69 In making recommendations (Lessons Learned) the report states:
- "Moving forward, the Partnership must remain flexible and adapt to ongoing commercial and environmental pressures. These challenges are likely to **include the balance between seeking to intensify the use of the sites and the current commercial issues with delivering multi-storey buildings in this location, challenges of availability and connectivity to power and infrastructure**" [our emphasis]*
- 2.70 The fact that these two schemes, in East London, are no longer looking to be delivered in the 'short-medium' term does not invalidate the pressing need to make the most effective use of land and so more intensive formats, but it does demonstrate the risks associated with relying on emerging formats as the sole or main source of economic floorspace.
- 2.71 In due course there will be further evidence published to underpin the next review of the London Plan.

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<sup>9</sup> [east-plus-progress-through-partnership-oct-2023.pdf](https://www.segro.com/east-plus-progress-through-partnership-oct-2023.pdf) (segro.com)

## LOCAL PLANNING POLICY

- 2.72 Here we briefly set out the background to the Borough's Local Plan Review, and then focus on employment land issues and policy in the neighbouring Council areas to draw out any potential unmet demand or extra capacity issues that are relevant in the LB Hounslow context.

### Hounslow Local Plan

- 2.73 Hounslow Council is now progressing a comprehensive single volume local plan review that will update the policies in the 2015 Local Plan together with the policies and allocations contained in the three other Local Plan documents<sup>10</sup> that were withdrawn from Examination in 2023. This will also allow opportunity to ensure general conformity with the new (2021) London Plan.
- 2.74 This ELR report provides the evidence to identify where change is needed to the employment land policies and site allocations. As we discuss elsewhere in this report, there have been a number of 'shockwave' events that have delivered new and/or speeded up structural changes in the way business is undertaken and how businesses operate that does require a fundamental review. The demand for employment land has been critically affected by the changes. Thus, a prime function for this ELR is to review the employment land policies and allocations set out in the three withdrawn Local Plan documents to test if the policies, allocated uses and capacities remain broadly consistent with the identified need over the plan period as moderated by the market perspective.

### Neighbouring Local Planning Authorities

- 2.75 LB Hounslow's economic market areas for industrial/warehousing and for office activity overlap to some degree with the neighbouring Authorities these being: Richmond, Hillingdon, Ealing, Hammersmith and Fulham and Spelthorne. The Framework continues to require Local Planning Authorities to maintain effective cross-boundary cooperation on strategic matters, and accommodating economic growth, particularly space for logistics and distribution is one such issue. In most areas the geography to assess this is the Functional Economic Market Area, but in London the economic geography is too complex to apply a FEMA especially given the influence of the Central Activity Zone.
- 2.76 Hence for the purposes of this evidence we have reviewed the neighbouring Authority evidence bases to identify if any neighbouring authorities have unmet economic development need or have an excess of land available to help accommodate cross-boundary economic growth. It is relevant and important to note that the neighbouring Authorities will all be on different timelines, and approaches will differ between evidence prepared before and after Covid.
- 2.77 **Ealing** Borough Council's current adopted Local Plan's approach to offices was to address the Borough's relative underperformance and attempt to capture benefits from Crossrail, and the approach to industrial was the managed release of 14 ha of land. The Council is currently preparing a new Local Plan and in winter 2022/23 consulted on initial proposals. The employment related objectives include seeking to create a more diverse, resilient, inclusive economy, the repurposing of town centres, intensifying industrial land, and seeking more affordable workspaces. The economic evidence base<sup>11</sup> largely ignores the office market

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<sup>10</sup> Volume 2 (Site Allocations DPD), Volume 3 (West of Borough DPD) and Volume 4 (Great West Corridor DPD)

<sup>11</sup> GL Hearn, West London Employment Land Evidence, May 2019 and Icenj, West London Employment Land Review 2021/22 Update, August 2022

focusing on industrial. It concludes that a slow-down in manufacturing will be balanced by an increasing requirement for logistics, and thus no overall additional land requirement. The potential for industrial intensification and reuse will be the primary consideration on all industrial land designated or undesignated.

- 2.78 The Authority with the largest identified unmet need is **Richmond**, which is severely restricted in terms of land available for employment development. The very recent (2023) Employment Needs Assessment covers the 2019-39 period and concluded that the office need has reduced substantially to 23,000 sq m and is likely to be met by job absorption in the existing stock and longer term through mixed-use development. Office floorspace has been severely reduced by the PDR changes, more so than just about anywhere else in the country, and with a very strong entrepreneurial population the Council encourages development of flexible space, co-worker spaces capable of supporting small and micro firms and a Borough-wide presumption against further loss. It was acknowledged that the Borough could not meet the 61,000 sq m industrial need, a circumstance made all the more difficult by the very recent Greggs Twickenham permission that is almost totally residential.
- 2.79 **Hillingdon** has the largest portfolio of industrial land in London with four regionally significant SILs. The 2012 plan allocated 13.6 ha for employment use, with the Heathrow Opportunity Area that includes Stockley Park and Uxbridge town centre identified to accommodate 9,000 new jobs, the majority of which were forecast to be office based. The Local Plan DM policies state that at 2020 the Borough supported around 200,000 jobs, and had up to 20.6 ha of surplus employment land, close to the 17.6 ha identified for managed release in the 2012 Strategic Policies Local Plan document. The Local Plan Review has commenced, with the Council at the evidence gathering stage ahead of a call for sites and the first consultation stage.
- 2.80 **Hammersmith and Fulham's** Local Plan was adopted in 2018, and its spatial vision includes building a stronger local economy, where links with Imperial College open-up opportunities for growth sectors - science, technology, engineering and maths as well as continuing to reinforce culture, media and arts even though the BBC has partially relocated. A number of regeneration areas, including Opportunity Areas are considered to be capable of delivering 29,500 new jobs. The Council's 2016 Employment Study estimated 149,000 sq m of employment floorspace had been lost between 2012 and 2016, and alongside this contraction in existing supply was very substantial estimate of future office needs – the plan states the Employment Study put this at between 383,000 and 511,000 sq m. To put that into perspective over the 17 year plan period this would have added between 50% and 67% more office space compared to what was existing in 2016. The Borough's employment needs are very much focused on office related activities rather than industrial, and demand/need that may be cross-border can be delivered within the Borough's regeneration and Opportunity Areas.
- 2.81 **Spelthorne** submitted a new local plan to the Secretary of State at the end of 2022. The Borough's economic needs (P EC1) will be supported by maintaining and intensifying the use of the Borough's employment floorspace offer – safeguarding employment land, identifying new land and encouraging innovative re-use of land. The employment needs identified over the 2022-37 period are modest – 18,372 sq m office (Egi-ii) and B2 losses and B8 gains cancelling each other out. The needs were prepared prior to Covid, and the Plan does recommend a note of caution in this respect. Five Strategic Employment Areas are identified for industrial uses, and office and R&D will be directed to Staines town centre and the SEAs. No unmet

need is identified. The Examination is currently paused because of delays concerning the updating of the NPPF and also while further work is undertaken in respect of site allocations and flood risk constraints.

## **CONCLUSIONS**

- 2.82 When planning for economic development, the Council needs to plan positively and proactively to encourage sustainable economic growth. This means identifying sites and/or pursuing policy that will meet anticipated needs and be flexible and adaptable. Thus, when applying the technical approach outlined in the PPG to assess quantitative need, the Council should favour the most positive outcome from the various approaches that is deliverable and capable of satisfying a qualitative market facing 'common sense' test.
- 2.83 Guidance recognises that not all economic sector needs can be quantified through the prescribed approaches. Some land uses, particularly logistics/distribution that can serve catchments well beyond individual boroughs need to be informed by a more qualitative and market facing approach.
- 2.84 The PDR changes in national policy in respect to offices has led to substantial shrinkage in Hounslow's office market, and it has been and will continue to be much harder for the Council to control its sector mix, and to target office-based growth. The future of the office sector in the Borough is unlikely to be as buoyant as it has been in the past, and in this regard, we note the large number of Opportunity Areas and other regeneration areas in Hammersmith and Fulham that are underpinned by substantial office development, and conclude that these areas will be the focus for any unmet need in the wider area.
- 2.85 It is important to note that our concerns for office portfolios in the Borough and indeed elsewhere relate to the built floorspace, and not to job growth as the evidence sees continued office-based job growth in the future. But 'spaceless' job growth cannot continue indefinitely. In this study we will look at office job densities and the impact of floorspace losses to review the effect of the loss of control on the local economy. The Council also needs to consider the real possibility that the office market may return over the next plan period and the plan needs flexibility to positively respond.

# 3 PROPERTY MARKET REVIEW

## OVERVIEW

- 3.1 This chapter provides an update to the property market profile chapter in the 2016 Employment Land Review. The 2016, market assessment found that the Borough's employment markets were strong and had the potential for future growth. But in order to attract what was often 'footloose' businesses, and to allow growth to happen, more land was needed. It was considered if new land was not provided that the Borough would not be able to accommodate the potential occupiers and would lose out to locations elsewhere in the economic market area.
- 3.2 In our update of the employment market, we again consider office and general industrial/logistics space separately. We assess in turn demand, supply and the balance of the market. The main purpose of the analysis is to identify where there is potential demand for new floorspace, and hence a need for development land to be identified in the emerging plan.
- 3.3 In relation to demand, we identify the types of businesses that are taking space in the Borough or may consider doing so, and what property they are looking for in terms of size and quality. In relation to supply and market balance, we analyse the stock which is currently available, recently developed and the rental values that properties in the area are achieving. The purpose of our analysis is to determine:
- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
  - Hence, how far there is likely to be demand for more or different space, now or in the future;
  - Conversely, if property and land are oversupplied, overall or in particular sections of the market.
- 3.4 These findings help assess the potential demand for new employment floorspace, and hence the quantity and qualitative mix of development sites that the emerging plan should identify for employment uses.
- 3.5 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents) realised in such transactions, and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength<sup>12</sup> to support financially viable development.

## Sources and definitions

- 3.6 The main market indicators we have considered are rental values, recent take-up and floorspace availability. In a property market context, "take-up" means businesses taking occupation of business floorspace<sup>13</sup> Take-up covers both new-build and second-hand space (second-hand being the larger share of the market).
- 3.7 Our property market research has drawn on the following information:

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<sup>12</sup> A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

<sup>13</sup> By contrast, in a planning context 'take-up' means the development of new floorspace.

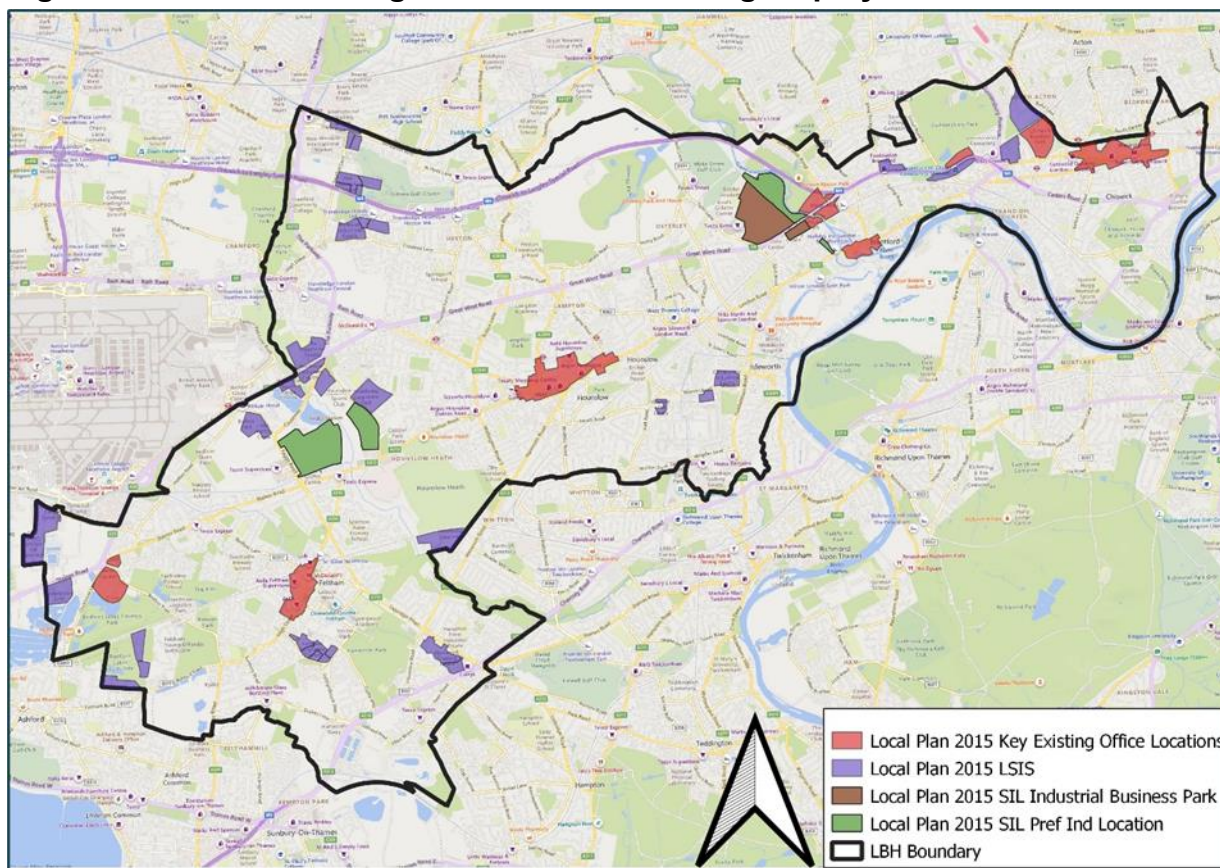
- We have relied on the property market databases CoStar and EGi Radius Exchange and commercial property research reports for evidence of take-up, availability,<sup>14</sup> vacancy and values, both for the market overall and individual properties.
- Total stock figures across the Borough have been derived from analysis of VOA Non-Domestic Rating statistics. This data provides a round figure of the total business floorspace in square metres. We have cross-referenced this data with the CoStar vacancy data to provide an indication of vacancy rates. Cross-referencing the CoStar and VOA data does have limitations, as there is no guarantee that the two sources are consistent in regard to unit sizes and descriptions. The reason why there may be discrepancies with the unit type is that the VOA data has 117 description codes, which do not always correspond with the definition of employment premises as classified by CoStar. By contrast, properties listed on CoStar are divided into just three categories - industrial, light industrial and office- and some of them may fall outside the VOA definition of industrial or office units. Due to the figures being provided as a lump sum, it has not been possible to 'iron out' these discrepancies.
- Site visit – we have visited all the core employment areas to provide an understanding of the quality of space, type of occupiers and vacancy rates. A number of the photos taken on the site visit have been included in our analysis.
- To gain a greater qualitative understanding of the market, we have consulted a wide range of property agents and developers by telephone.

### **EMPLOYMENT AREAS IN LONDON BOROUGH OF HOUNSLOW**

3.8 For our analysis, we have divided the Borough into the existing employment areas as set out in Figure 3.1.

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<sup>14</sup> Availability is different from vacancy as availability indicates a property is being advertised for occupation but may not necessarily be vacant.

**Figure 3.1 London Borough of Hounslow existing employment areas**

Source: Urba

## THE INDUSTRIAL/LOGISTICS MARKET

- 3.9 For our market analysis, we consider the industrial, manufacturing and logistics uses (land uses E(g((iii), B2 and B8) as one property market sector, rather than separate industrial and logistics. This is because the Borough (and most of London) does not have large defined estates of solely large strategic warehousing (i.e., units of 25,000 sq m plus) and during our consultations it was indicated that in a London context what is considered large warehousing is much smaller at 4,645 sq m plus. Furthermore, occupiers effectively seek a “box” that they will configure to meet their requirements. Therefore, due to the range of size of units found co-located and the flexible nature in which space is used, it is neither possible nor advisable to disaggregate the data between industrial / manufacturing and logistics to formulate meaningful analysis. Our tried and tested approach in undertaking such analysis is to consider the market as a whole (referred to as the industrial market) and make references to the different sectors throughout.
- 3.10 A key requirement of the market analysis is to consider opportunities for site intensification e.g., multi-deck units, and more efficient use of existing sites that could include co-location of other uses. The reason to consider site intensification and co-location is that these are promoted by the GLA as viable solutions for meeting future industrial / warehouse needs in London. Co-location may deliver replacement space, but it is intensification that the GLA considers can deliver net additional. But there are still very few examples of multi-deck industrial / warehouse units in London to base our assessment upon as to whether sites in Hounslow could be suitable.
- 3.11 The reason why there has been a lack of multi-deck development anywhere is that in many markets there is a disconnect between the type of space that can be delivered via decked

development and market demand. In our experience occupiers are resistant to the shift from conventional single storey to multi-deck, and as long as there is a conventional alternative, multi-deck will struggle. Furthermore, upper floor space is significantly more costly to deliver, especially if designed for larger and heavier industrial end users. As set out in the GLA's 2018 Industrial Intensification and Co-location study<sup>15</sup>, delivering floorspace to a heavy industrial floor loading (50kN/m<sup>2</sup>) is 83% more expensive than a light format of space (7.5kN/m<sup>2</sup>). So, intensification struggles to be a viable option for larger occupiers and those where floor loading is critical.

- 3.12 We return this point later because one reason we are told that the X2 scheme struggled, and has not been repeated in 20 years, related to its 15jN/m<sup>2</sup> upper floor loading weight. That scheme was cited as costing 50% more than 'standard' costs and to address this criticism would obviously cost more. We have tried to source more recent costs but obviously limited by the absence of any parallel schemes in the UK and a reluctance from cost consultants to quote for untested formats. We have been advised, including as part of consultation, not to undertake viability modelling using 'industry standard' costs because they don't reflect unbuilt formats.
- 3.13 For our work the lack of delivery to date, despite existing policies generally being supportive of bulky format developments on SIL sites, and a reluctance from delivery stakeholders to commit on viability and risk grounds, makes intensification capacity a challenging source of supply to rely on to meet economic needs – and especially in the short term.

#### **Emerging examples of multi-deck**

- 3.14 Notwithstanding the above, there are some emerging examples of multi-deck which we summarise as follows:

##### **The Generator / V Park, Grand Union**

- 3.15 Grand Union is a residential mixed-use development in the London Borough of Brent. Berkeley Homes is delivering the residential element and they have partnered with Segro to deliver the employment element. As illustrated in Figure 3.2 below, the proposed development is a multi-storey, multi-occupancy industrial building.

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<sup>15</sup> We Made That, et al, 05/10/2018, Industrial Intensification and Co-Location Study: Design and Delivery Testing

**Figure 3.2 Image of The Generator/V Park**



Source: Urbà (February 2024)

- 3.16 The Design & Access Statement for the planning application explains that the employment space will be a hub of 18,128 sq m (GEA) of flexible workspace for a variety of B1a, B1c, B2 and B8 users on a 0.7 ha site, therefore generating a plot ratio of 267%. The hub will benefit from shared facilities to support businesses and encourage co-working and innovation. Through our various consultations on this and similar employment studies in London, and also confirmed through the Design & Access Statement, the type of occupiers will be very light industrial, therefore not requiring floor loading or ramped access – both of which increase the development costs. As can be seen in the above image the building is close to practical completion, as of February 2024.

### **Plot 3 Segro Park, Choats Road, Dagenham**

- 3.17 Segro, in partnership with the GLA is developing a single multi-deck unit in Dagenham as part of their wider Segro Park development and the East Plus Regeneration programme. Plot 3 is a multi-deck unit of 9,500 sq m on a 1.93 ha site generating a plot ratio of 49% - the plot ratio here is not any greater than that seen on a single-storey unit, and indeed through our consultations it was indicated that to achieve suitable yard space and quality landscaping to attract occupiers a single storey development needs to be at a plot ratio of between 40 – 50%. As we can see from the image in Figure 3.3, the unit is planned on two levels with ramped vehicle access.

**Figure 3.3 Image of Plot 3, Segro Park, Dagenham**



Source: Segro, Michael Sparks Associates (July 2021)

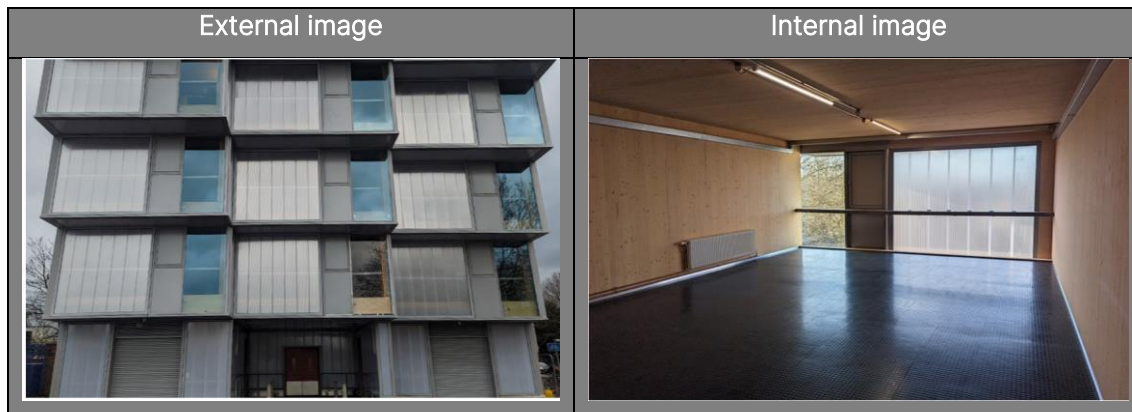
- 3.18 In response to market sentiment Segro have recently submitted a fresh application (January 2024) in outline that could deliver single or multistorey space that could potentially measure up to 28 m in height. The need to accommodate market flexibility even here in a GLA pilot scheme demonstrates the difficulties faced by multi-deck intensification.
- 3.19 The difficulties faced by intensified industrial schemes is recognised by the GLA themselves as recently set out in a GLA supported publication<sup>16</sup> that stated *as a result of the change in economic conditions these [multi-storey] developments will not come forward in the short-medium term*. To which we add Segro are clearly ‘hedging their bets’ submitting a fresh application to allow for the possibility of single storey development on Plot 3.

#### **Flexible space / E class**

- 3.20 There is scope within the office market (now E class) to meet the needs of some very light industrial users – for example, creative workshops where the more compromised (via lift) access is less of a burden compared to a distribution activity or a light manufacturing activity – an example of this type of scheme is at The Workstack in Charlton on Woolwich Road - see Figure 3.4. The scheme has 14 units over 5 floors, with the upper floors accessed via goods and passenger lifts. The units are permitted for Use Classes E/B1a, B1 commercial and range in size from 45 – 117 sq m, therefore suitable for occupiers requiring small workspace.

<sup>16</sup> East Plus: Progress Through Partnership

**Figure 3.4 Images of The Workstack**



Source: Light industrial commercial units and offices to rent in Greenwich ([geb.co.uk](http://geb.co.uk))

- 3.21 The distinction between office space, workshops and very light industrial is often blurred and even more so with the new E class. So, reflecting evidence today, there is a strong message that this format of space should not be accepted as a substitute for traditional format space – there is strong market evidence that ground floor industrial units meet a different market demand compared to upper floor space.
- 3.22 However, the acute shortage of industrial space means the multi-deck format represents an opportunity to increase the net stock of floorspace in the Borough. The industrial market spans a wide multitude of occupier profiles, and every effort should be made to increase the Borough’s net stock of space. Occupiers will need to continue to compromise, and not everyone can be accommodated in an “ideal” format. There is also a role for this multi-deck format to help strengthen the Borough’s networks of industrial space where site layouts or other constraints would prevent an alternative industrial format. This may include growing the network of SME / starter units in the local centres and smaller industrial areas by making use of upper floor space that would otherwise not be useable for any industrial-type firm. For the local, small, estates a format similar to The Workstack may be the only route to intensify the use of the land and help relieve pressure on the stock elsewhere.

**Development economics**

- 3.23 Our experience shows that current development economics means that where sites are redeveloped, for example where units have come to the end of their economic life, a more traditional (i.e., single storey) redevelopment format is more profitable to deliver (we see this in other parts of London through Segro’s Valor Park, Redhouse Road, Croydon and Prologis Park, Beddington) and preferred by the market. So even where it may be possible to develop more intensive formats there is currently no commercial logic to do so.
- 3.24 As demonstrated later in this chapter, the rents in the Borough are currently insufficient to viably cover the additional costs involved in building a multi-deck unit for heavy uses. But viability is just one consideration, site configuration and type of neighbouring uses (commercial or residential and low or high rise) are also key. As can be seen from the images above, the massing needed to secure multi-deck units results in a very bulky building that may be difficult to accommodate on some of the sites in the Borough. An additional, constraint in the Borough is the proximity to Heathrow Airport and its flight path. Site constraints are major barriers preventing or hindering large-scale intensification.
- 3.25 To encourage the market to deliver multi-deck units the Council could look to bring forward a policy whereby the starting position for redevelopment is multi-deck development. The

developer would need to demonstrate the reason why the site cannot come forward in this format e.g., site constraints, no market demand and/or not viable (although the local plan viability testing should test such a format to supplement this evidence base).

### **General Profile – Greater London**

- 3.26 London's industrial land supply has been under pressure for many years from higher-value alternative uses such as residential which has led to a diminishing supply of space. Due to the competing land pressures in London, as we have outlined above, the GLA has been placing pressure on industrial developers to be more innovative in providing higher density solutions for example multi-storey units and or mixed-use industrial collocated with residential. Due to a combination of development economics (higher build costs) and occupier requirements (such as eaves height, floor loading, yard space and vehicle access), the market is slow to respond to these solutions. How the general market has responded in some areas, is to take advantage of the weakening retail and leisure sectors and acquire retail/leisure parks to be repurposed e.g., Prologis bought Ravenside Retail, Edmonton for a small logistic hub.<sup>17</sup> Retail and leisure parks typically fit the location criteria set out in the London Plan<sup>18</sup> as being suitable to provide additional industrial capacity i.e., accessible to the strategic road network and suitable for last-mile distribution.
- 3.27 Despite a reported cooling of the market, the industrial market remains strong. The cooling of the market is off the back of a period where demand was particularly strong due to the Covid pandemic whereby internet sales increased significantly, and space was re-purposed to help the fight against the virus. Following the easing of Covid restrictions internet sales have fallen as customers return to visit shops in person, and retailers and 3PLs are reviewing the estates to ensure they are fit for purpose.
- 3.28 In London agents and developers report that there are still good levels of demand and coupled with very low vacancy rates occupiers cannot always satisfy their requirements, we discuss this in more detail later.
- 3.29 Demand is typically for clean industrial/warehouse space, this is driven by a range of industries such as: light manufacturing, industries servicing central locations, dark kitchens (e.g., Deliveroo etc.), retailers (such as Amazon and supermarkets), third party logistics (3PLs – often providing last mile deliver on behalf of retailers), q-commerce (quick commerce i.e., those companies offering same day delivery) and data centres. We also see some small units being used by creative industries that use the space in flexible ways e.g., part manufacturing, part office space, and warehousing.
- 3.30 Developers, investors, and occupiers are increasingly seeking industrial units that provide high levels of sustainability to meet their Environmental, Social and Governance (ESG) requirements. Developers/investors are responding, with Segro Park Newham having one unit with an EPC rating of A and the other A+, whereas the minimum standard to let a unit is band E. Segro's recent scheme in Tottenham is carbon negative, BREEAM "outstanding" and EPC A+.
- 3.31 Therefore, over time, the existing stock that does not meet ESG requirements of occupiers and lenders may become redundant at a quicker rate. The market indicates that higher standards are now sought/being delivered and this should be reflected in any revised policy through

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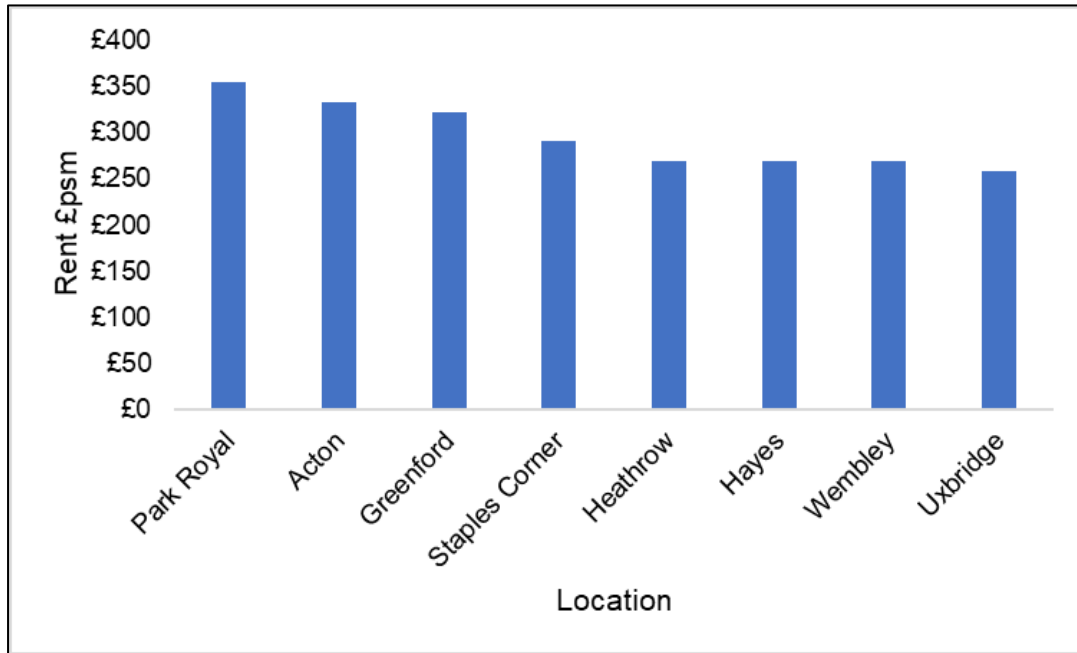
<sup>17</sup> Property Week, 06 January 2020, Prologis swoops for Ravenside Retail Park in £51m deal with M&G

<sup>18</sup> Mayor of London, March 2021, Local Plan, Policy E, Paragraph D

seeking carbon-negative development and BREEAM “outstanding”. Such an approach will not deter investment, because the market is already prepared to deliver this standard.

- 3.32 Due to the tight nature of London’s industrial market coupled with the strong demand for space, we have seen a significant increase in rents. Collier’s report (see Figure 3.5) that prime industrial rents for units between 929 - 2,787 sq m are highest at Park Royal at £355 psm, followed by Acton at £334 psm. Around Heathrow, rents are lower at around £270 psm.

**Figure 3.5 London prime industrial rents – small sheds**



Source: Colliers, Prime rents - small sheds map 2023 H2, Urbà, 2023

**General Profile – Hounslow**

- 3.33 Agents and developers consider Hounslow to form part of the wider London market, which includes the large industrial area of Park Royal. Historically, these were considered separate markets, with those occupiers wishing to service central London, such as catering companies, based at Park Royal and those with links to Heathrow based in Hounslow. But as space in Park Royal has become more expensive, those occupiers who do not need to be there will consider Hounslow as a viable alternative. It is not only the lower rents in Hounslow that make it attractive to occupiers, the industrial estates in the Borough are generally of better quality (in terms of landscaping/presentation to occupiers) than those at Park Royal, and as industrial uses have become more cleaner this is an increasing requirement for occupiers to help attract and retain staff.

- 3.34 Despite the widening of the market, there is still a strong focus locally on freight forwarding, 3PLs, and supply chains to Heathrow Airport. As we show through our analysis the Borough has a good range of size and quality of units to appeal to a wide market. Vacancy is low, and when space does become vacant it gets refurbished and re-lets quickly. We now consider the Borough’s main industrial areas:

**Bedfont Lakes**

- 3.35 The Bedfont Lakes area comprises the Esso West London Oil Terminal, Westgate Industrial Estate and Bedford Industrial Park. These industrial areas are relatively small compared to other parts of the Borough but do contain several large modern standalone units like

Expeditors (freight forwarding) in a 12,400 sq m unit and the Cargo Service Centre. As we can see in Figure 3.6 these large units have good eaves height for modern occupier requirements, with loading doors for HGV access, dedicated service yards and car parking (close to the Cargo Service Centre there is a multi-storey car park).

**Figure 3.6 Examples of industrial units at Bedfont Lakes**



Source: Urbà (January 2024)

3.36 In addition to the large standalone units there are examples of smaller units set out in terraces such as those found at Bedfont Industrial Park – see Figure 3.7. The units at the entrance are slightly more dated than those to the rear. The units to the entrance attract several repair vehicle companies such as Boxer Motor Works and Gill Autos. The more modern units to the rear appear better maintained in a well landscaped environment. The units here benefit from roller shutter doors, dedicated loading bay and car parking. There is evidence here of occupiers taking more than one unit such as Velta International (freight forwarding) in two units that total 700 sq m and Williams Trade Supplies (plumbing merchant) in two units that total 450 sq m.

**Figure 3.7 Examples of industrial units a Bedfont Industrial Park North**



Source: Urbà (January 2024)

3.37 Due to the proximity of these industrial areas to Heathrow Airport, the units are attractive to those companies servicing the airport and/or their supply chains. Although some of the larger existing units/sites here lend themselves to intensification through multi-storey development there is too much inherent value to make it attractive. Furthermore, the proximity to Heathrow Airport could prove a constraint.

## Feltham

- 3.38 In Feltham, industrial units are found in broad areas to the northwest and southeast of Hanworth Park and south of Hounslow Heath.
- 3.39 The area to the northwest of Hanworth Park comprises several estates such as Maple Industrial Estate, Feltham Corporate Centre, Feltham Brook Industrial Estate, Feltham Business Complex and Vector Park. Also found here is the Intelligence Collection Group & Defence Geographic Centre. However, this is not a continuous employment area, as it is broken up by residential and a leisure park.
- 3.40 As illustrated in Figure 3.8 the units at Maples Industrial Estate and Feltham Corporate Centre are more dated but have a greater range of sizes than those found at Bedfont Lakes. The units at Maple Industrial Estate are small and benefit from a dedicated loading bay and parking but the eaves heights are low (circa. 4 metres) for modern occupier requirements, thus the units appeal to smaller local companies. Due to the lack of availability of space in the wider market, some occupiers are taking multiple units to satisfy their requirements such as The Polish Bakery (catering) in five units that total 570 sq m and Scope Property Services (construction) in two units that total 205 sq m. The units at Feltham Corporate Centre are larger in comparison to Maple Industrial Estate, with higher eaves (circa. 7.5 metres), good size dedicated service yard and car parking. These types of units are attractive to large corporate companies such as TJC (e-tailer) in a 3,700 sq m unit and Loomis (security) in a 2,000 sq m unit.

**Figure 3.8 Examples of industrial units northwest of Hanworth Park**

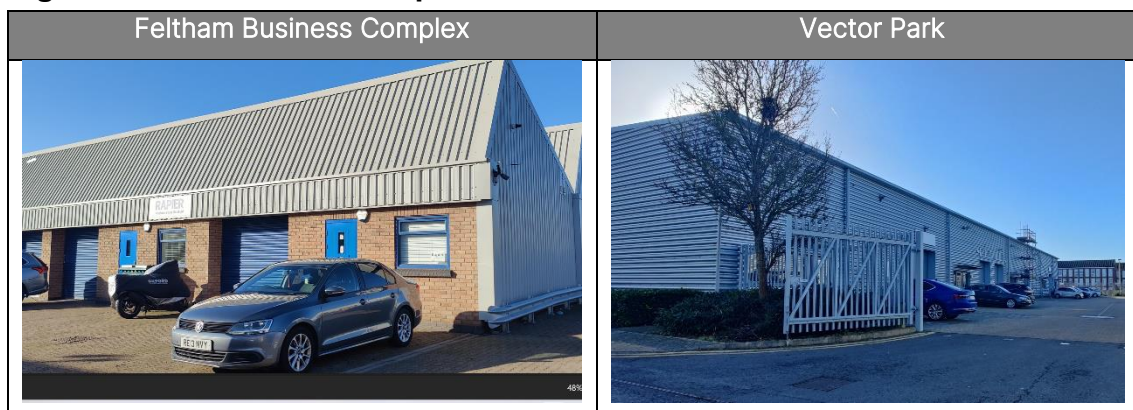


Source: Urbà (January 2024)

- 3.41 Units at Feltham Business Complex have high site coverage and low eaves height for modern occupier requirements, but they do benefit from a dedicated loading bay and parking – see example in Figure 3.9. The size and quality of the units make them attractive to small local companies or nationals servicing the local market, examples include Rapier (sheet metal fabrication) in a 340 sq m unit, About Signs (sign manufacturer) in a 400 sq m unit and Felicity Interiors (furniture design and manufacturer) in a 430 sq m unit.
- 3.42 In this area we have seen natural regeneration with the development of Segro’s Vector Park, these provide modern purpose-built units with high eaves height (up to 8 metres), good levels of sustainability (EPC B), dedicated secure yard and car parking – all of which are attractive to modern occupier requirements. Vector Park has attracted occupiers such as DPD (3PL) in a

3,700 sq m unit (low plot ratio of 17.5%<sup>19</sup>), FBFX (theatrical costume supplier) in a 1,250 sq m unit and Makita (power tools) in a 750 sq m unit.

**Figure 3.9 Additional examples of industrial units northwest of Hanworth Park**



Source: Urbà (January 2024)

- 3.43 Southeast of Hanworth Park are the industrial parks of Hanworth Trading Estate and Mount Road Industrial Estate.
- 3.44 Hanworth Trading Estate is a mixed industrial area of slightly dated (compared to other parts of the Borough) units and a more modern trade park – see example of units in Figure 3.10. The units at Mount Road Industrial Estate are of a similar age to the older stock found at Hanworth Trading Estate.
- 3.45 The more dated units are attractive to local occupiers such as Alimtex (food importer) in a 470 sq m unit and Timbalite (glazing) in a 1,000 sq m unit – these companies are servicing both a local and regional markets. Whereas the trade counter units attract both local and national companies, servicing the local market e.g., B&P (plumbing merchant) in a 320 sq m unit and Selco (building merchant) in a 5,100 sq m unit.

**Figure 3.10 Examples of industrial units at southeast of Hanworth Park**



Source: Urbà (January 2024)

- 3.46 To the south of Hounslow Heath and in close proximity to the A314, is Heathrow Gateway, which is a modern standalone industrial park of three large units. As illustrated in Figure 3.11 the units have high eaves heights, secure dedicated service yards and car parking – all of which are attractive to modern occupier requirements.

<sup>19</sup> Source: planning application reference: 00167/C/P19

- 3.47 The three occupiers are large corporate companies of Raptor Supplies (industrial equipment supplier) in a 8,000 sq m unit, CEVA (freight Forwarding Service) in a 12,000 sq m unit and Royal Mail Jubilee Mail Centre (3PL) in a 21,200 sq m unit.

**Figure 3.11 Examples of industrial units at Heathrow Gateway**



Source: Urbà (January 2024)

- 3.48 Some of the older stock in this location could lend itself for redevelopment, but the high existing site coverage may mean that there is no net increase in floorspace, and as mentioned in our consultations could lead to a net loss to create sufficient yard space and landscaping. Notwithstanding, the inherent value in the existing stock, site intensification through multi-storey development is likely to be challenging due to the proximity to residential and Hanworth Park.

### North Feltham

- 3.49 North Feltham is one of the Borough’s largest industrial areas located towards the west of the Borough and to the southeast of Heathrow Airport. This industrial area not only has good access to the airport but also in/and out of central London via the A4 and M4, via the A312. Its strategic location makes it attractive to a wide range of occupiers that service the airport, London and the wider southeast. The proximity to Heathrow Airport means that most of this area lies under the flight path resulting in frequent low-flying planes, which for non-industrial users could be a problem and provides a restriction on building heights.
- 3.50 The largest industrial area here is the North Feltham Trading Estate which is accessed off Fags Road and predominantly has large units of a mix of ages. As illustrated in Figure 3.12 the older units have low eaves height (e.g., Unit B Pier Road – 2.5 metres rising to 5.9 metres at the apex), high site coverage and low levels of sustainability for modern occupier requirements. Whereas these shortcomings are addressed in the newer stock (e.g., Building 735 Central Way has an eaves height of 9 metres). Although there are many airport-related occupiers here, the profile is diverse e.g., Uniserve (freight forwarding) in a 4,700 sq m unit, Allan Reeder (diary supplier) in a 3,300 sq m unit, Options Greathire (catering equipment hire) in a 2,800 sq m unit FedEx Station (3PL) in a 4,800 sq m unit, Phoenix (truck repair) in a 2,000 sq m unit, and Feltham MOT Centre (vehicle repair) in a 690 sq m unit.

**Figure 3.12 Examples of industrial units at North Feltham Trading Est.**



Source: Urbà (January 2024)

- 3.51 To the north of North Feltham Trading Estate is a series of smaller estates, located off the Causeway – these are Radius Park, South Cargo Centre and Segro Logistic Centre.
- 3.52 Radius Park comprises standalone units in a secure yard and well landscaped environment. The units are slightly dated but benefit from dedicated service yards and car parking – see examples in Figure 3.13. The location makes it attractive for airport-related uses such as Custom Clearance (freight forwarding) in a 1,700 sq m unit, Sandford (freight forwarding) in a 4,200 sq m unit and Brink's Global Services (money and valuables courier) in a 2,400 sq m unit. Overall, Radius Park is attractive to corporate occupiers servicing Heathrow Airport.

**Figure 3.13 Examples of industrial units at North Feltham**



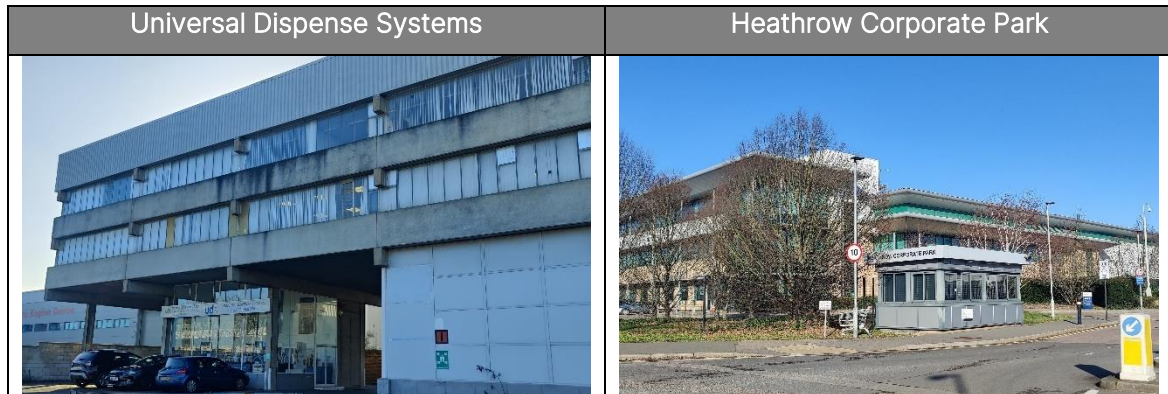
Source: EGi Radius Exchange, Urbà (January 2024)

- 3.53 The South Cargo Centre has six modern industrial units that have attracted airport-related occupiers such as Kuehne + Nagel (3PL) in a 12,000 sq m unit and GE Aviation (aerospace) in two units that total 1,700 sq m. The units have good eaves height (up to 12 metres) with a mixture of dock and service level loading doors and dedicated car parking and yard space. Segro logistic centre is a modern purpose built 16,000 sq m unit let to Do & Co airline catering company, which is reported<sup>20</sup> to have been secured on a 25-year pre-let lease. Again, the South Cargo Centre is attractive to corporate occupiers servicing Heathrow Airport.
- 3.54 To the south of the Causeway, along Green Lane is Heathrow International Trading Estate, Heathrow Corporate Park and Communication Park. Here, we find a mix of age and size of units – see examples in Figure 3.14. As evidenced by Communication Park, when older stock becomes vacant and comes to the end of its economic life it gets redeveloped. Occupiers

<sup>20</sup> <https://www.segro.com/countries-repository/united-kingdom/segro-logistics-centre-heathrow>

here tend to be airport-related such as Sky Net Worldwide Express (3PL) in a 4,900 sq m unit and Airbox Fulfilment (3PL) in 1,900 sq m unit.

**Figure 3.14 Examples of industrial units at North Feltham**



Source: Urbà (January 2024)

- 3.55 Some of the older stock could lend itself to redevelopment, but the high existing site coverage may mean that there is no net increase in floorspace. As with Bedfont Lakes, the proximity to Heathrow Airport will act as a constraint for site intensification through multi-storey development.

**Junction 3 M4**

- 3.56 Close to junction 3, M4 there are several small industrial estates. Lying just south of the M4 is a single industrial area that comprises Parkway Industrial Estate, Aerodrome Way Estate and Phoenix Distribution Park – here we have seen the natural regeneration of the industrial units, which means they are a mix of ages and sizes of units.
- 3.57 Parkway Industrial Estate has some of the largest units in this area, either set out as standalone or semi-detached units with dedicated service yards and car parking. Occupiers here include Sprint Logistics (3PL) in a 3,300 sq m unit, BYD (vehicle electrification manufacturer) in a 3,200 sq m unit. Aerodrome Way comprises smaller units set out in a terrace (see example in Figure 3.15), the units are generally well maintained and attract occupiers such as Thames Valley Vulcanising Services (conveyor maintenance) in two units that total 1,200 sq m and Pacific Seafood (food supplier) in a unit of 370 sq m. At Phoenix Distribution Park, we see older units with low eaves height and high site coverage for modern occupier requirements. Occupiers here include JJ Freight (3PL) in a 700 sq m unit and Sheya Flowers (florist) in a 160 sq m unit.
- 3.58 To the north of the M4, the industrial offer is predominantly found at Spitfire Way/Airlinks Industrial Estate. The stock at Spitfire Way/Airlinks Industrial Estate is slightly dated (see example in Figure 3.15), but is well maintained with dedicated yard space and car parking, when units become vacant, they are refurbished and are re-occupied. Occupiers here include RDH Packing (furniture shipping) in a 265 sq m unit and Universal Delivery Solutions (3PL) in a 570 sq m unit.

**Figure 3.15 Examples of industrial units at Junction 3 M4**



Source: EGi (N.s), Urbà (January 2024)

3.59 The proximity to the motorway means that these units are attractive to occupiers servicing Heathrow Airport and the wider London and southeast markets. In the short-term, there is too much inherent value in the existing stock to make site intensification through multi-storey development attractive. In the long term, the larger sites could be suitable for site intensification, subject to site constraints such as neighbouring residential.

### Isleworth

3.60 The industrial offer in Isleworth is found at Worton Hall Estate, Fleming Trading Estate and Clocktower Industrial Estate – these are separate industrial estates that are accessed off Worton Road. These estates are relatively small and as illustrated in Figure 3.16 the units are more dated than seen towards the west of the Borough but are generally well maintained and occupied. The units benefit from dedicated service yards and car parking, with the older units having high site coverage and low eaves height for modern occupier requirements.

3.61 Due to Isleworth’s location and size of units available, occupiers are more diverse than seen in the west of the Borough such as Worton Hall Studios (screen printing) in a 1,250 sq m unit and Kew Workshop (design agency) in a 600 sq m unit. Overall, the units here appeal to those occupiers who are servicing or have links to the local area.

**Figure 3.16 Examples of industrial units at Isleworth**



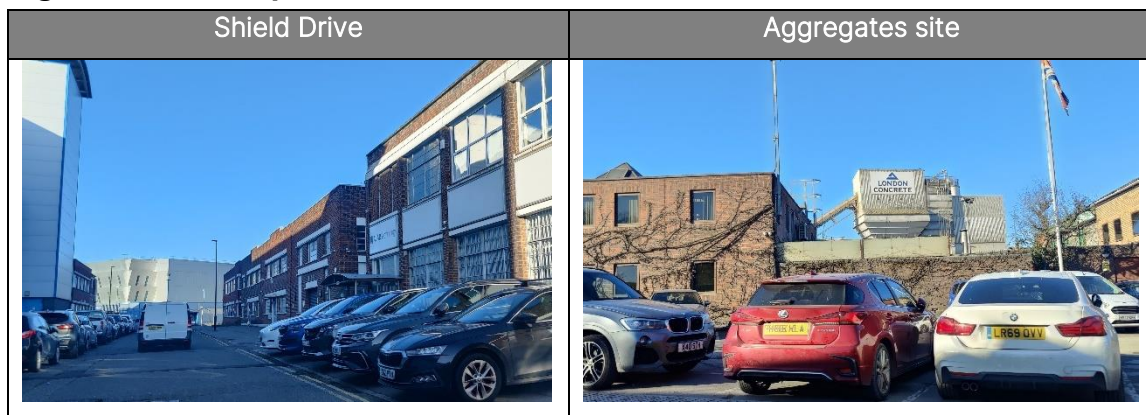
Source: Urbà (January 2024)

3.62 Some of the older stock could lend itself to redevelopment, but the high existing site coverage may mean that there is no net increase in floorspace. Some of the units are located close to the sewage treatment works, so intensification through multi-storey development could be possible here, but other units are located near residential which will act as a site constraint.

## Great West Corridor

3.63 The Great West Corridor has been a strategic employment corridor for around 100 years. Initially, it was developed as offices and factories with the likes of Beechams, Gillette, Firestone and Lucozade. During the 1980s the employment accommodation shifted away from manufacturing to a mixed area of office and industrial parks, big box retail sheds and car showrooms. Now the industrial offer is more diverse with the SKY tv campus being a major occupier here. Although, there is still some heavy industry here with the aggregate site (see Figure 3.17), between the A4 and the M4. The existing industrial stock here is dated, with high site coverage and low eaves height for modern occupier requirements – see the example in Figure 3.17. Current occupiers, besides Sky tv, include Italicatessen (food wholesale) in a 1,125 sq m unit, Virgin Media (TMT) in a 1,100 sq unit and Bathrooms by Design Brentford (bathroom supplier) in a 1,100 sq m unit.

**Figure 3.17 Examples of industrial units at Great West Corridor**



Source: Urbà, (January 2024)

- 3.64 As mentioned above, the Council has identified this as an Opportunity Area - a location for major growth and regeneration. The aims of the Opportunity Area is to build on the success of the Sky tv campus by providing offices and studios for the digital, media and broadcasting sectors, and a range of flexible spaces to enable the very broad range of small and medium-sized businesses that support these industries to grow and expand.<sup>21</sup>
- 3.65 A challenge for the area through creating additional floorspace site intensification because as identified some of the older stock has very high site coverage. As identified in the examples above, site intensification through very light industrial uses e.g., the type of space delivered at The Workstack, Charlton, which could result in a net increase in floorspace, is likely to be suitable for some of the sectors/users identified.

## Demand

- 3.66 In this section we analyse the take-up of industrial floorspace in the Borough over the last five years, drawing on the CoStar database. This floorspace take-up is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. It takes no account of floorspace vacated as businesses move out or close down.
- 3.67 Table 3.1 shows that in the five years to 2025, the take-up of industrial space in the Borough averaged 50,991 sq m per annum, over an average of 50 units. The annual average floorspace

<sup>21</sup>London Borough of Hounslow's withdrawn, Great West Corridor Local Plan Review, Page 28

figure is broadly the same as the 2016 study, which reported between 2010 – 2014 an average annual figure of just under 48,000 sq m.

**Table 3.1 Industrial floorspace take-up, 2019-23, Hounslow**

Calendar year	No. of transactions	Total take-up sq m	Minimum take up sq m	Maximum take up sq m
2019	64	65,429	75	7,790
2020	48	56,052	86	9,886
2021	69	57,472	79	7,479
2022	28	38,239	86	8,164
2023	42	37,762	34	10,554
<b>Total</b>	<b>251</b>	<b>254,954</b>		
<b>Annual Average 2019 - 2023</b>	<b>50</b>	<b>50,991</b>		

Source: EGi Radius Exchange, February 2024

3.68 We would consider this volume of transactions and average floorspace in the Borough to be high, for example, in our recent work in the London Borough of Sutton there was an average number of transactions between 2018 and 2022 of 20 units / 13,340 sq m of floorspace and the London Borough of Newham had an average number of transactions between 2016 and 2020 of 20 units / 22,600 sq m of floorspace.

3.69 Units taken up in the five-year period include:

- Feltham
- June 2021: Langridge Organic Products (wholesaler) took a 400 sq m unit at Unit 5, Felthambrook Industrial Estate on a 7 year and 3 months lease at a rent of £145 psm.
- May 2020: Vestatec (3PL) took a 445 sq m unit at Unit 8 Links Estate, Hanworth on a 10-year lease at a rent of £155 psm.
- North Feltham Trading Estate
- June 2023: Mundy Steel (Steel fabricator) took a 985 sq m unit at Unit 6 Marlin Park, Central Way on undisclosed terms.
- February 2023: Hankyu Hanshin Express (3PL) took a 780 sq m unit at 670 Spur Road on undisclosed terms,
- July 2021: Hermes Parcelnet (3PL) had a lease renewal on their 7,500 sq m unit at Unit 2, Southern Approach on a 10-year lease at a rent of £160 psm.
- Junction 3 M4
- July 2021: Thames Valley Vulcanising Services (conveyor maintenance) took a 1,200 sq m unit at Aerodrome Way on a 10-year lease at a rent of £150 psm.
- May 2021: Cote Restaurant Group (catering) had a lease renewal on their 5,700 sq m unit at Spitfire Way on a 8 year and 3 month lease at a rent of £170 psm.
- October 2021: Impex Tools (importer) took a 560 sq m unit at Spitfire Way on a 5 year lease at a rent of £170 psm.
- Isleworth
- August 2020: AMF (homeware) took a 520 sq m unit at Unit 11 Clock Tower Road on a 5 year lease at a rent of £150 psm.

- August 2021: Formwork Construction (home refurbishment and extensions) took a 410 sqm unit at Unit 12 Clock Tower Road on a 1 year lease at a rent of £180 psm.
  - Great West Corridor
  - January 2020: an undisclosed tenant took a 750 sq m unit at Unit 10 Westcross Industrial Estate on a 5 year and 6 month term at a rent of £130 psm.
  - January 2020: Sky (TMT) took a 1,000 sq m unit at Unit 10 Shield Drive on a 5 year and 6-month term at a rent of £95 psm.
- 3.70 Demand for industrial space and areas of search can be from across the west London area. As referred to previously, in our consultations, it was reported that some occupiers are prepared to relocate to the Borough from Park Royal. The preference to locate to the Borough is that rents, and hence occupancy costs are cheaper, and generally the stock is better, including the quality of the environment. It was highlighted that the ownership at Park Royal is more fragmented, meaning it is more difficult to manage. There is no evidence of occupiers going the other way, but it was reported that some occupiers are leaving the Borough because suitable space is not available with examples cited of a 3PL moved out to Hillingdon to satisfy their expansion requirements, and DHL moved to Slough.
- 3.71 It is generally considered that post-pandemic demand for space has fallen but this was from a period of extremely high demand during Covid, and with current low vacancy rates, demand cannot be satisfied. During Covid, demand for space in west London was from post and parcel operators, data centres and creatives but with cargo levels rebounding there is also more demand from freight forwarding. Demand had cooled from film and tv studio and their supply chains, but this was suggested to be down to the strikes in the USA, and this demand has started to return – with a banana shape corridor now forming from Enfield in the north through to Pinewood and Shepperton. There has been demand from data centres, but they have not been able to find suitable sites (sufficient power capacity, and away from the flood zone and flight paths). Nearby Slough has been successful in capturing data centre demand, but this has been off the back of a power upgrade.
- 3.72 In broad terms, sectors identified through our consultations, as currently driving demand are:
- Freight forwarders
  - Cargo handlers
  - Airlines/London Heathrow Airport functions (police/fire/maintenance/ Civil Aviation Authority)
  - Last mile logistics (online retail)
  - Pharmaceutical production and distribution
  - Clothing storage and distribution
  - Food and drink distribution
  - Film and TV studios
  - Data Centre
- 3.73 In addition, the Council is reporting planning enquiries (pre-applications and applications) for self-storage.
- 3.74 As with the wider market, occupiers in the Borough are seeking modern space with high levels of sustainability in a well landscaped environment. It was pointed out that with the need for a well landscaped environment development density needs to be between 40 – 50%.

Redevelopment of older stock in the Borough could therefore result in a net loss of floorspace because as seen through our site visit these units have a much higher site coverage.

- 3.75 There is considered to be more demand for smaller units than larger units, but there is less availability of the larger units. The “sweet spot” for demand for larger units was indicated as being between 4,645 and 7,400 sq m – this is slightly lower than that reported in the 2016 study as being between 7,000 – 9,000 sq m.

**Supply and market balance**

- 3.76 Table 3.2 sets out the change in total stock, as recorded on the VOA, compared to the vacancy floorspace recorded on CoStar. The data shows that in recent years stock has been lost, but the vacancy has increased at a faster rate leading to an increase in the Borough-wide vacancy rate. The vacancy rate on 01 March 2023 was 2.60%, around 34,000 sq m. When we cross reference this with the 5-year annual take-up in Table 3.1, it equates to just around 8-months’ supply, which indicates a tight market. Availability of property has fallen since the 2016 study, which reported that there was a total of 128,816 sq m<sup>22</sup> of floorspace available, of which around 35% was new build.

**Table 3.2 Change in total stock & vacancy rate, Hounslow Borough**

Date	2019	2020	2021	2022	2023
Total stock sq m 01 March	1,314,000	1,319,000	1,321,000	1,312,000	1,305,000
Change in floorspace sq m		5,000	2,000	-9,000	-7,000
Change in floorspace %		0.38%	0.15%	-0.68%	-0.53%
Vacancy Q.1	3,760	251	2,879	2,373	33,887
% of vacant space against total stock	<b>0.29%</b>	<b>0.02%</b>	<b>0.22%</b>	<b>0.18%</b>	<b>2.60%</b>

Source: CoStar, VOA, Urbà, October 2023

- 3.77 Vacancy is at very low levels, with only the estates around North Feltham having notable vacant units. But this is in the context of this being a large industrial area in the Borough, and the number of boards is not a concern given the Borough’s low vacancy rate and where the vacant units are located. Overall, it was indicated through our consultations that demand outstrips supply and occupiers cannot always find what they need, they then either compromise by taking multiple units or they leave the Borough.

**Rents and the economics of development**

- 3.78 As explained above rents in the Borough are considered more affordable than Park Royal. Prime rents in the Borough are £270 psm compared to Park Royal at £355 psm. Rents have significantly increased since the 2016 study which reported prime rents at Radius Park at £150 psm and Parkway Trading Estate at £120 psm.
- 3.79 At current prime rents development is viable for single storey development. Where there is a viability challenge is through multi-storey development where floor loading is required for storage, yard space and HGV vehicles and ramped vehicle access. In our consultations, it was indicated that rents need to be higher at around £377 - £400 psm to accommodate this type

<sup>22</sup> Calculated through adding together Table 4.12 and Table 4.15

of specification. So not only are there the physical site constraints identified above, but an issue for multi-storey development is viability with the gap between prime rents and the rent required to enable viable multi-storey significant at around 40%.

- 3.80 We see through our analysis of deals that some second-hand rents are as low as £95 psm, but even at these lower levels, it is viable to maintain the stock.

## CONCLUSION

- 3.81 The Borough's industrial market has remained strong since the 2016 study. Vacancy rates have fallen significantly, and rents have increased significantly, these are signals for new development to come forward but there has been a lack of new build to meet demand due to a lack of sites, therefore occupiers cannot find the space they need which means they either compromise through adding a mezzanine floor if eaves height permit or taking multiple units, or they leave the Borough.
- 3.82 Demand for floorspace is predominantly from airport-related uses and their supply chains, but there is also demand from data centres and tv and film. Due to the lower rents and better quality of stock found in the Borough, it is able to capture demand from the wider west London market such as for clothing storage and distribution and food and drink distribution. The greatest demand is for smaller rather than larger units, but there is less availability for the larger units. The "sweet spot" for demand for larger units is indicated as being between 4,645 and 7,400 sq m.
- 3.83 There is evidence of natural regeneration of the industrial estates, so when units come to the end of their economic life they are redeveloped for new units. A constraint on redeveloping old stock is that some units have high site coverage for modern occupier requirements for yard space, car parking and landscaping which means that accommodating a redevelopment could result in a net loss of floorspace.
- 3.84 The GLA's preferred solution to accommodate new industrial floorspace through multi-storey development is not currently viable in the Borough where there is a need for heavy floor loading and there is a significant gap between current prime rents and the threshold to enable viable development. Furthermore, many of the industrial areas have other constraints which could make multi-storey not suitable e.g., flight path and proximity to other uses such as residential. Where there may be scope for multi-storey development is in the form of very light industrial (flexible E Class) for example the space delivered outside the Borough at The Workstack, Charlton. This type of space could be suitable for some of the requirements from film and tv studios that needs affordable flexible space located in the Great West Corridor Opportunity Area, but is yet unproven in the local market.
- 3.85 The emerging Hounslow plan, building on the withdrawn GWC plan, does rely on intensification to meet needs in the east of the Borough – reflecting the nature of industrial demand here and recognising that this is an area where strategic London Plan policy promotes new homes and space for the creative sectors. The critical question for the Council looking forward related to the delivery of heavier logistics formats that meets qualitative needs in the Heathrow area.
- 3.86 Overall, existing industrial areas need to be protected from alternative uses as concluded in the 2016 study, and the schedule of currently non-designated industrial clusters identified in that study<sup>23</sup> should be afforded protection through LSIS designation. Additionally, more land is

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<sup>23</sup> Para 5.100 Nb this should include the Sun Life Trading Centre.

needed for new and expanded premises, to help avoid the further loss of businesses from the Borough and provide an opportunity to capture demand from the wider west London market.

## **THE OFFICE MARKET**

3.87 The focus of our analysis of the Borough's office market is in the east around Chiswick and to the west near Heathrow Airport, and the smaller offering around Hounslow and Feltham. There is some evidence of offices found in the industrial locations explored above such as the Wireless Factory in Isleworth, but such analysis is too fine grained for a study of this nature.

### **Office market overview**

3.88 Before the pandemic developers were finding it difficult to fund office development, due to the restricted availability of loans. Speculative office development was only occurring in strong and established office markets such as in the City and CAZ, Thames Valley (e.g., around Reading) and key regional centres such as Birmingham and Manchester. In other markets, new development required a pre-let in place to a blue-chip covenant. At this time, we were seeing a shift in office requirements from out-of-town locations to town and city centres. This was driven by staff wanting to be closer to public transport links and amenities. What also had been emerging, in terms of corporate occupier requirements, was a greater focus on ESG. Both occupiers and investors were seeking those buildings which had greater levels of sustainability.

3.89 During the pandemic, the government encouraged working from home measures, and many offices were left unoccupied or at greatly reduced occupancy. Companies were forced to embrace video conferencing and other measures to ensure business continuity. At the time it was unclear how the change in working practices would impact on the long-term office market. What we did see was vacancy rates increase, as occupiers delayed making decisions on taking space or reduced their footprint.

3.90 Since 2021 there has been greater clarity as to how changes in working patterns have affected the office market, with some form of working from home now common practice. As a result, we are now seeing that occupiers are seeking smaller units, but of better quality, hence creating surplus space through downsizing. The focus on quality is around sustainability and energy efficiency, as occupiers try to meet increasingly ambitious ESG aspirations and also to help attract and retain staff.

3.91 The main drivers of demand for new office space nationally, including London, are finance, professional services and Technology, Media and Telecommunications (TMTs).

### **General Profile – Hounslow**

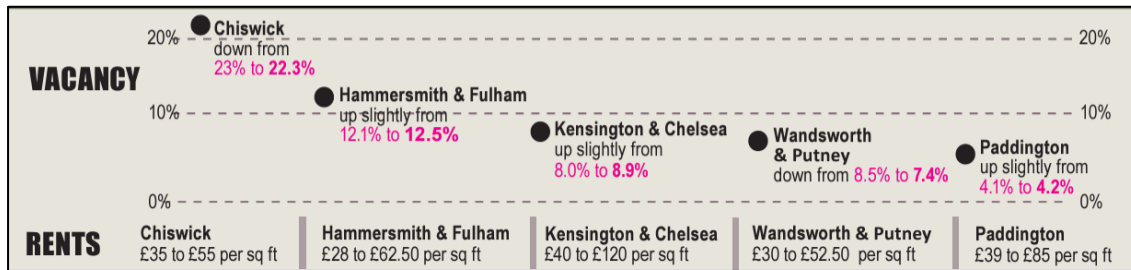
3.92 Hounslow forms part of the wider west London office market. Agents Frost Meadowcroft reported that in Quarter 3 2022, the west London office market was quiet, with occupiers still being cautious and looking to renew leases rather than move.<sup>24</sup> As shown in Figure 3.18 vacancy rates in more central locations such as Paddington are much lower than those found at Chiswick Park. It is not surprising that vacancy rates are generally higher given the changes that have occurred to the market during and post-Covid pandemic, and this is consistent with what we are seeing in other similar studies. It was indicated through our consultations that current take-up across the west London market is below the five-year trend period, hence

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<sup>24</sup> Frost Meadow Croft (N.s),

leading to an increase in vacancy rates. The analysis in Figure 3.18 also shows that Paddington and Kensington & Chelsea have some of the highest rents across the west London market.

Figure 3.18 Quarter 3, 2022



Source: Frost Meadowcroft (N.s)

3.93 We now explore the main office locations in the Borough:

### Chiswick Park

3.94 Chiswick Park is one of the Borough’s premium office parks providing high quality office space (see Figure 3.19) for corporate occupiers. When space comes onto the market it is refurbished to a high standard and offered on a floor-by-floor basis rather than a whole building, thus providing high specification flexible space for occupiers. The park has a high quality landscaped environment with on-site amenities (Virgin Active gym, restaurants, convenience stores and pop-up traders/street-food). The specification of the space combined with the quality of the environment and on-site facilities makes it attractive for corporate occupier headquarters such as MicroStrategy, Ericsson, Halliburton, Pokemon, Qualcomm, Swarovski and Regus – many of which are TMTs.

3.95 CoStar<sup>25</sup> report that following the merger between WarnerMedia and Discovery in 2022, 18,500 sq m is sublet at Warner House, 98 Theobalds Road and 160 Old Street, but they retain circa 9,300 sq m of space at Chiswick Park, possibly for specific historic reasons – thus the park appears an attractive location able to retain occupiers.

3.96 We know through our work in neighbouring London Borough Richmond upon Thames, that Chiswick Park has attracted occupiers from outside the Borough such as British American Tobacco and PepsiCo, and they were attracted here due to the better-quality of space on offer. Overall, the park provides some of the best quality office space in the Borough and some of the best space in the wider west London market for those wanting a campus-style environment.

<sup>25</sup> Warner Bros. Discovery Calls Time on Two London Headquarters (costar.com)

**Figure 3.19 Examples of offices Chiswick Park**



Source: Bray Fox Smith, EGi Radius Exchange, February 2024

**Chiswick town centre**

- 3.97 The offices in Chiswick town centre tend to be located in and around the High Street, the space is typically dated and offered on a refurbished basis in subdivided floors – see examples in Figure 3.20. Some of the secondary space is offered on a fully serviced basis to provide small units for micro businesses and SMEs. Overall, most of the space here is affordable (in market terms) and attractive to companies servicing the local market or companies that have links to the area. Occupiers here include New Vector (TMT) in a 232 sq m unit and Candela Medical (laser aesthetics equipment) in a 124 sq m unit.
- 3.98 New space has recently been delivered on the High Street at The Chiswick Building – this provides high quality Grade A space with raised flooring, air conditioning, shower facilities and BREEAM rating very good”. Although the quantum of available space at The Chiswick Building is relatively small at a total of 950 sq m. Through our consultations it was suggested that The Chiswick Building had struggled to let due to the lack of green space compared to neighbouring Chiswick Park.

**Figure 3.20 Examples of offices in Chiswick town centre**



Source: EGi Radius Exchange (N.s)

**Great West Corridor**

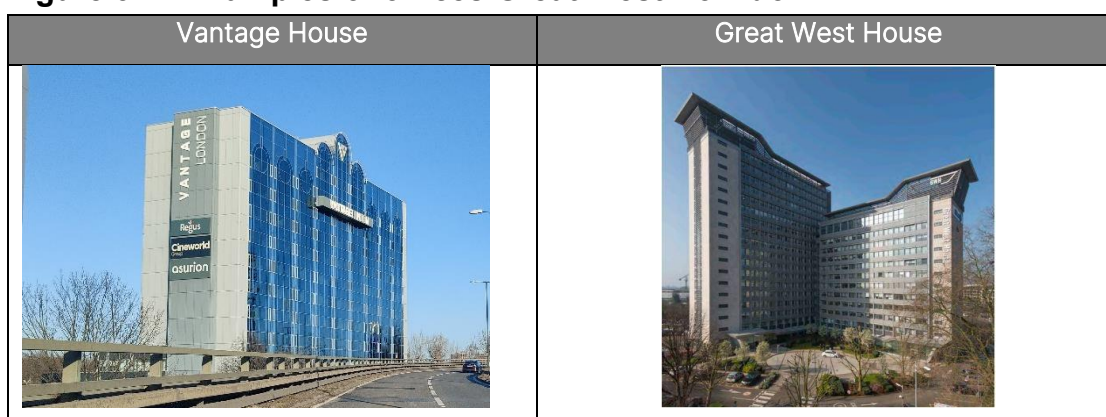
- 3.99 As previously mentioned, the Great West Corridor has developed as an employment location over 100 years. As an office location, the area has attracted corporate occupiers such as GSK (pharmaceuticals) Umbrella Insurance Services (finance) headquarters buildings (see Figure 3.21 of Great West House), and Dell (TMT) formerly EMC Squared. Similar to Chiswick Park, we have seen some occupiers choosing to consolidate to this location for example it was

reported<sup>26</sup> that following Dell’s acquisition of EMC Squared, they chose to close their EMEA<sup>27</sup> head office in Bracknell and keep EMC Squared Great West Corridor office. Although, in our consultations it was suggested that Dell are now looking to move from this location. In addition, GSK has announced<sup>28</sup> that it will move its headquarters to central London.

3.100 Agents also report that even when space has been refurbished to a high standard (see Figure 3.21) with raised floors, air conditioning and on-site gym and café, and subdivided into smaller units (part and whole floors) such as Vantage House, it has been difficult to attract and retain tenants.

3.101 Overall, the Great West Corridor does still have some good quality office space, but its environment and lack of nearby facilities in walking distance holds the area back from being an attractive location for occupiers.

**Figure 3.21 Examples of offices Great West Corridor**



Source: Urbà, January 2024, EGi Radius Exchange (N.s)

### Bedfont Lakes

3.102 The offices at Bedfont Lakes are the Borough’s other premium offices. The offices here are found at the Bloom (formerly New Square) office park and on Bedfont Road, located to the west of the Borough, just south of Heathrow Airport. The offices here have been designed for corporate occupiers providing high quality space in a well landscaped environment.

3.103 In 2021 Henley and Sixth Street, through a joint venture, acquired New Square office park and rebranded it as Bloom and have actively managed the park with a series of refurbishments and bringing in more amenities. For example, the car park has been resurfaced, two paddle tennis courts have been created, Buildings 4 – 7 have been resprayed and Building 3 has been stripped back to frame and undergone a £12 million refurbishment to bring the building up to higher levels of sustainability and adding an additional floor and outdoor terrace. The park has an events and lifestyle manager to organise events such as pilates and beekeeping classes and organising street food vans. Despite the park having a free weekday shuttle bus, that runs to Feltham Station every 15 minutes and Hatton Cross every 30 minutes, its remoteness to a railway station does deter some occupiers. But the good car parking ratio is a positive for occupiers.

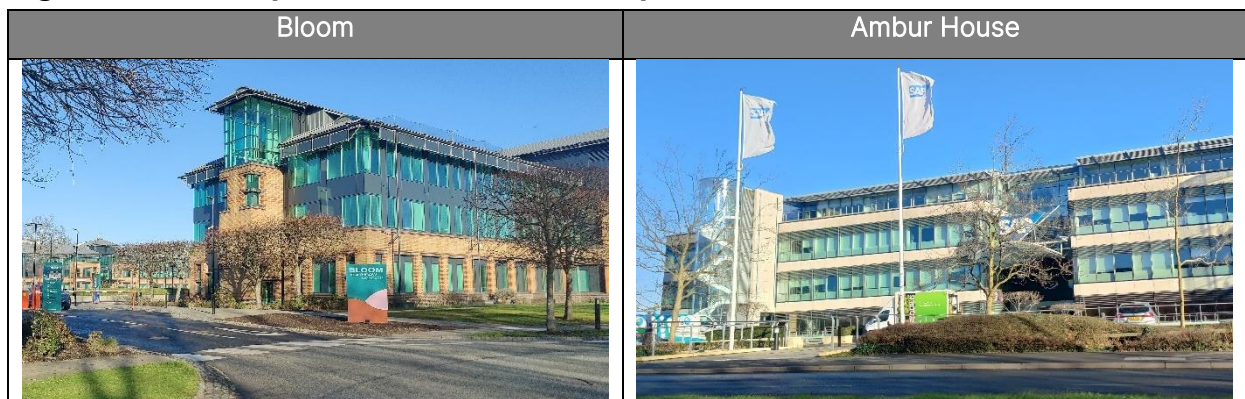
<sup>26</sup> Dell departs the Thames Valley - UK Property Forums

<sup>27</sup> Europe, the Middle East and Africa

<sup>28</sup> [https://www.gsk.com/en-gb/media/press-releases/gsk-announces-new-global-headquarters-in-central-london/#:~:text=GSK%20pic%20\(LSE%2FNYSE%3A,location%20in%20Brentford%2C%20West%20London.](https://www.gsk.com/en-gb/media/press-releases/gsk-announces-new-global-headquarters-in-central-london/#:~:text=GSK%20pic%20(LSE%2FNYSE%3A,location%20in%20Brentford%2C%20West%20London.)

3.104 Since Bloom was bought, there has been some tenant movement. McDermott (construction), who had the BP underlease, extinguished the underlease and took a new headlease and expanded their floorspace from 6,000 sq m to 10,000 sq m in 2022 – but this is a short-term move as they will be leaving the park soon, and it has been reported they are potentially moving to Chiswick Park. Nomad Foods/Birds Eye (frozen food supplier) extended their lease on a 3,400 sq m unit<sup>29</sup> but again this is short-term because they will be moving to a town centre office in Wokingham. Vacancy at the park is reported as being around 35% but this could increase to around 75% with McDermott and Nomad Foods leaving, thus the refurbishment of Building 3 will be a real test of the market for the park to attract new occupiers.

**Figure 3.22 Examples of offices at New Square**



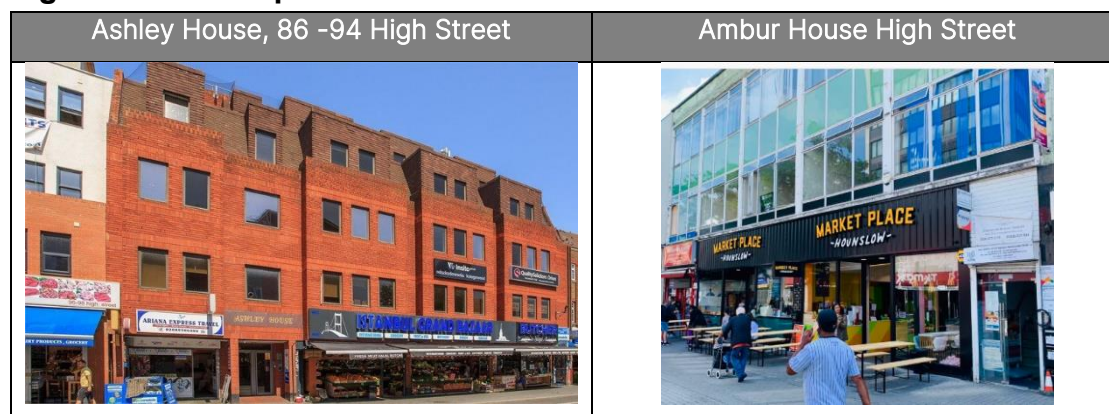
Source: Urbà, January 2024

### Hounslow town centre & Feltham

- 3.105 The office accommodation in Hounslow and Feltham is much smaller than that found in other parts of the Borough, so we have grouped this analysis.
- 3.106 In the town centres the space is dated (see Figure 3.23) and of a much lower specification e.g., solid concrete floors with carpet floor covering, concrete ceilings with strip lighting and electric heating. Here, floors are subdivided into small units, typically under 100 sq m. The quality of the space means that it is only attractive to local companies servicing the area or have links to the area for example Lincoln Lawrence Solicitors (professional services) in a 60 sq m unit. In Feltham, there is some better quality office accommodation found at Plane Tree Crescent, a mixed industrial/office location. Here, the offices are pavilion-style which have been refurbished to a good standard and are offered on subdivided floors, with on-site car parking. These offices are also attractive to local companies such as Parker Cars (private hire) which have a 500 sq m unit.

<sup>29</sup> Henley signs string of leasing deals at Heathrow business park | Henley Investment Management (henleyim.com)

**Figure 3.23 Examples of offices at Hounslow town centre**



Source: EGi Radius Exchange, Loopnet (N.s)

**Demand**

3.107 In this section we analyse the take-up of office floorspace in the Borough over the last five years, drawing mainly on the CoStar and EGi databases. This floorspace take-up is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. It covers both new and second-hand space, but takes no account of floorspace vacated as businesses move out or close down.

3.108 As shown in Table 3.3 the five years to 2023, take-up of office space in the Borough averaged 20,000 sq m over an average of 30 units, much lower than the 72,000 sq m reported in the 2016 study. Even in the year before the pandemic take-up was much lower than the annual average reported in the 2016 study, which suggests that structural changes were occurring in the market which then accelerated during and post-pandemic.

**Table 3.3 Office floorspace take-up, 2018- July 2023, Hounslow**

Calendar year	No. of transactions	Total take-up sq m	Minimum take up sq m	Maximum take up sq m
2019	53	34,500	26	5,110
2020	21	21,637	51	4,068
2021	27	21,788	39	4,522
2022	24	9,486	49	3,051
2023	24	12,774	17	2,458
<b>Total</b>	<b>149</b>	<b>100,185</b>		
<b>Annual Average 2019 - 2023</b>	<b>30</b>	<b>20,037</b>		

Source: EGi Radius Exchange, February 2024

3.109 Despite the fall in take-up, we would still consider the office market to be reasonably sized. For comparison, in neighbouring Richmond upon Thames between 2016 – 2022 the annual average take-up was just under 10,000 sq m across 48 units, and in the London Borough of Newham we found that between 2016 and 2020 the annual average was 17,600 sq m of floorspace across 23 units.

3.110 Units taken up in LB Hounslow in the last five-years include:

- Chiswick Park

- January 2023: Red Beed Media (TMT) took a 200 sq m unit at Building 1 on an undisclosed term at a rent of £580 psm.
- August 2023: Bechtel (construction) took a 2,230 sq m unit at Building 4 on a 10 year lease at a rent of £530 psm.
- Chiswick town centre
- October 2022: an undisclosed tenant took a 190 sq m unit at The Works, Turnham Green Terrace on a 10 year lease at a rent of £380 psm.
- November 2023: an undisclosed tenant took a 60 sq m unit at 251/253 Chiswick High Road at a rent of £320 psm, on an undisclosed term.
- Great West Corridor
- August 2022: Castle Water (utilities) took a 80 sq m unit at Great West House at a rent of £285 psm.
- October 2021: Everyday Loan (finance) took a 115 sq m unit at Great West House at a rent of £270 psm.
- Hounslow town centre & Feltham
- January 2021: Lincoln Lawrence (professional services) took a 60 sq m unit at 692 London Road, on a 5 year lease at a rent of £300 psm.
- August 2018: The Afghanistan and Central Asia Association (charity) took a 225 sq m unit the Griffin Centre on a 10 year lease, with a tenant break at year 5, at a rent of £280 psm.

- 3.111 It was indicated during our consultations that demand for office space in the southeast is weak with not many pre-lettings taking place. Agents report, and as indicated in the take-up data above, that occupiers have reduced their space requirements with a focus on small units of better quality to meet their ESG requirements and a preference to be located close to amenities to help attract and retain staff. An example of how size requirements have reduced was that during the consultations, an agent indicated one floorspace requirement had dropped by 50%.
- 3.112 Demand in the Borough is generally from locally based companies such as professional services, with some TMTs and SMEs/start-ups requiring flexible space. There has been less demand from corporate occupiers as they have been looking to consolidate their physical footprint to respond to the increase in flexible/hybrid working practices seen since the pandemic. But where corporates have been active, they have chosen the better quality offices in the Borough such as Chiswick Park and Bloom as their preferred location to consolidate.
- 3.113 Our consultations indicate that the Borough's public transport connectivity was a negative issue in the pursuit of attracting occupiers, despite the cheaper rents on offer.
- 3.114 Despite there being a strong presence of TMTs around Chiswick there does not appear to be significant new demand. Agents indicated that those linked to film/tv production around the Great West Corridor/Chiswick are not looking for high quality space and are seeking space of between 465 – 1,858 sq m on a short-term basis of 6 – 9 months.

### **Supply and market balance**

- 3.115 Table 3.4 sets out the change in total stock again as recorded on the VOA, and compared to the vacancy floorspace recorded on CoStar. The data shows that in recent years stock has marginally decreased and vacancy has increased. The vacancy rate on 01 March 2023 was 18.22%, around 92,000 sq m of floorspace. When we cross-reference the vacant floorspace of

92,000 sq m with the 5-year annual take up in Table 3.3. it equates to just under 4 years and 7 months' supply of floorspace which indicates a high vacancy rate. In comparison, the 2016 study reported an availability rate of 86,000 sq m<sup>30</sup> of floorspace – so the vacancy rate has not increased significantly, this is probably due to space being lost to residential as indicated in the loss of floorspace figures in Table 3.4. But the concern is that demand has significantly fallen during this period.

**Table 3.4 Change in total stock & vacancy rate, Hounslow Borough**

Date	2019	2020	2021	2022	2023
Total stock sq m 01 March	652,000	623,000	569,000	540,000	506,000
Change in floorspace sq m		-29,000	-54,000	-29,000	-34,000
Change in floorspace %		-4.45%	-8.67%	-5.10%	-6.30%
Vacancy Q.1	48,875	30,649	37,436	86,970	92,213
% of vacant space against total stock	<b>7.50%</b>	<b>4.92%</b>	<b>6.58%</b>	<b>16.11%</b>	<b>18.22%</b>

Source: CoStar, VOA, Urbà, October 2023

### Rents and the economics of development

- 3.116 Our analysis shows that office rents at Chiswick Park for good quality refurbished space are around £580 psm for small units and £530 psm for larger units, and these are some of the highest in the Borough. Rents at Chiswick High Road for secondary space are lower at around £320 psm. The evidence shows that rents are lower again, along the Great West Corridor and Hounslow town centre and Feltham at circa. £280 psm. Rents at Bloom are reported to be between £400 - £460 psm.
- 3.117 At the highest rents achievable, we would consider development to be viable and the lower rents are sufficient to maintain/refurbish the stock.
- 3.118 Rents at Chiswick Park have not really changed since the 2016 study, which reported rents of £562 psm. Rents along the Great West Corridor have fallen since the 2016 study, as they were previously reported as £312 psm – falling rents are a sign of a weakening market.

### CONCLUSION

- 3.119 Our analysis has shown that since the 2016 study demand/take-up of space has fallen significantly to around 30% of the annual levels previously reported. There were signs before the global pandemic that demand for office space in the Borough was weakening and this accelerated during and post-pandemic due to the changes in working practices. As expected, vacancy rates have increased since the 2016 study, but not to the extent as would be expected given the fall in take-up, but this is due to some office stock being lost to residential through PDR.
- 3.120 There is evidence that some companies are using their office space in the Borough as the point to consolidate whilst they close offices elsewhere, but this is not generally leading to growth in office take-up i.e., spaceless growth. At this point, it is not possible to tell whether this is a temporary solution for some companies whilst they consider other options or more

<sup>30</sup> Table 4.3 plus Table 4.6

permanent e.g., for GSK it is temporary whilst they move to a central London location, and it could be the same for DELL.

- 3.121 The analysis has shown rents have stagnated at Chiswick Park and fallen along the Great West Corridor; this is in contrast to the industrial market which has seen a significant increase.
- 3.122 The Bloom office park is at a critical point there has been a series of investment and proactive asset management, but this is yet to materialise in new lettings.
- 3.123 As with the assessment of industrial accommodation, there could be scope to accommodate the demand for occupiers linked to film/tv production at the Great West Corridor Opportunity Area through providing flexible E class space.
- 3.124 In a change to the 2016 study conclusions, there is no longer a need for new greenfield land for main office use in the Borough. There remains a need for land/floorspace in flexible formats for the growing creative sector and some of this may take the form of offices – but this is likely to be met from brownfield land recycling for the short/medium term. The core areas of Chiswick Park and Chiswick should be protected for office use, Bedfont needs to be monitored, with short-term protection over the next 5-years, but should high vacancy levels persist then this could be considered for re-purposing for modern small and mid-sized industrial units.

## 4 THE DEMAND FOR OFFICE FLOORSPACE

- 4.1 In this chapter we start by restating what the 2020 ELR concluded in regard to office floorspace demand, and then we look at the latest data and then calculate the updated demand.

### THE 2020 ELR UPDATE

- 4.2 The economic forecast-based approach identified that over the 2019-34 period gross demand for development would be c186,000 sq m of floorspace, as shown in the extracted table below.

**Table 4.1 Extract from LB Hounslow 2020 ELR update – office demand - 2019-34**

<b>Demand</b>	<b>Total</b>	<b>p.a.</b>
a Jobs change	5,921	395
b Density factor (sq m total space per job)	11.4	
c Occupier demand (sq m) (a* b)	67,502	4,500
d Stock vacancy adjustment (sq m)	-9,765	
e Future vacancy factor (sq m)	-1,013	-68
<b>f Net development demand (sq m) (c+d+e)</b>	<b>56,724</b>	
g Replacing permitted losses (sq m)	128,939	
<b>h Gross development demand (sq m) (f+g)</b>	<b>185,663</b>	

Source: Hounslow ELR Update 2020, Table 2.7 Demand-supply balance, offices, Hounslow 2019-34 Experian forecast Sept 2019

- 4.3 The total gross demand figure of 186,000 sq m was the product of i) office job numbers increasing by 395 per annum, plus ii) c130,000 sq m of the demand was to replace committed losses (row g). In this way replacing losses accounted for two-thirds of the total demand.
- 4.4 To aid like-for-like comparison with the calculations that follow we note that average annual office floorspace demand on this basis (185,663 sq m/15 years - not shown on the table) was 12,378 sq m per annum.
- 4.5 The study also assessed demand over an extended period 2019-39, identifying demand for 209,000 sq m. This was a very similar rate of growth to that for the 2019-34 period.
- 4.6 It is noteworthy that all the past trend periods in change in office floorspace from completion gains and losses were negative, and so were set aside in favour of the labour demand economic forecast-based approach to calculate future need.
- 4.7 The scale of the demand identified in the economic forecast combined with the general lack of future supply generated a need for the Heathrow Gateway Business Park to absorb this growth. The 2020 ELR update included an assessment of the potential for a third Heathrow runway to supplement that office demand.

### The recent past

- 4.8 Next, we assess what has happened in terms of jobs and floorspace in the recent past since the 2020 ELR Update was prepared – the 2019-2023 period. We do this by using the historic

element of the economic forecast (jobs) as the forecaster’s provide time series data back as well as forwards, and the years in the past are continually updated with more recent official data. The floorspace data is sourced from published VOA plus sense tested against LBH plan monitoring data.

- 4.9 Those employed in office type jobs increased in number over the very recent past by 651/pa, which is a relatively high rate of change. The big gains have been in the media and creative job sectors and specialist areas such as real estate, which is not something we generally see elsewhere. The traditional office growth sectors that underpin the general office market - the professional services and administrative support experienced a decline in job numbers over this period, which broadly aligns with the no/low growth we see elsewhere, and the lower lettings activity and higher vacancy rates reported in the market review section above.

**Table 4.2 LB Hounslow office job change 2019-23**

Job change 2019-23	Total	Job change p.a.
<b>Office</b>	<b>2,604</b>	<b>651</b>

Source: Experian forecast June 2023 and Stantec analysis

- 4.10 Office based jobs in the Borough now stand at c54,000, while VOA data shows office floorspace in the Borough now stands at 500,000 sq m, a substantial reduction in four years since 2019 of c150,000 sq m, a 22% reduction.

**THE FUTURE**

- 4.11 The PPG suggests three methods to assess future demand for employment land. In the London context labour demand is set aside due to the complexities of commuting, and we first assess projected demand based on past trends in completions and then a labour demand approach based on economic forecasting.

**Past trends**

- 4.12 As shown on the table below office gains around the middle of the last decade were very positive - boosted by Sky’s office and media broadcasting and production campus (Sky campus recorded part office part R&D). However, in the period since the trends have been heavily negative with no significant gains since 2016/17.

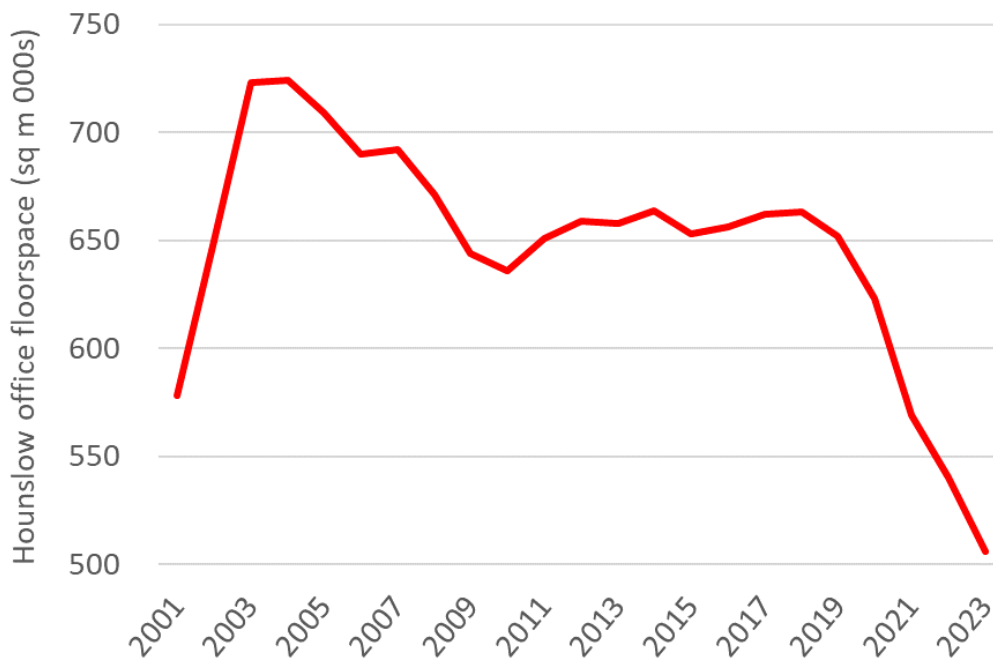
**Table 4.3 LB Hounslow office floorspace change**

Office	Gross gains (sq m)	Gross losses (sq m)	Net change (sq m)
2012/13	15,660	15,667	-7
2013/14	1,331	12,366	-11,035
2014/15	67,172	15,467	51,705
2015/16	35,022	6,739	28,283
2016/17	26,030	10,955	15,075
2017/18	987	17,605	-16,618
2018/19	26	10,654	-10,628
2019/20	2,632	28,984	-26,352
2020/21	100	22,918	-22,818
2021/22	1,076	41,101	-40,025
<b>Per ann ave 2012/13-16/17</b>	<b>29,043</b>	<b>12,239</b>	<b>16,804</b>
<b>Per ann ave 2017/18-21/22</b>	<b>964</b>	<b>24,252</b>	<b>-23,288</b>
<b>Per ann ave 2012/13-21/22</b>	<b>15,004</b>	<b>18,246</b>	<b>-3,242</b>

Source: Planning London Datahub, GLA and LB Hounslow, plus Stantec analysis

4.13 This negative profile corresponds to the VOA floorspace data for the Borough, as shown below.

**Figure 4.1 LB Hounslow – office floorspace change**



Source: VOA

4.14 The chart above shows that even in the period of growth at the Sky campus (middle years of the last decade) the overall net change in floorspace is neutral, this being because the gains

were matched by losses in floorspace<sup>31</sup>. The chart also illustrates the very steep decline in floorspace in the immediate past (a loss of 150,000 sq m) that again is most likely under-represented in the Council's monitoring data.

- 4.15 Thus, it is clear that losses have been substantial and the past change in floorspace would indicate a deeply negative projection of future demand. However, while the market review identifies a currently high vacancy (18%) and the VOA data shows substantial losses of floorspace in the last four years, we cannot surmise this scenario will continue indefinitely, and this is why we look at other assessment methods, as it may be that the market is adjusting to the changing circumstances and we cannot be sure where we currently are on that continuum. This is why the PPG advises Councils to plan positively, to create the conditions to deliver economic growth.

### **Economic forecast**

- 4.16 We have re-run the economic forecast-based approach for office floorspace demand using the latest economic forecast data is presented at Appendix 2 and using the same economic sector to space 'mapping' process that is explained at Appendix 3. It shows that across all the job sectors, office-based job change sums to almost c13,000 jobs, with the main growth sector - media jobs accounting for c5,000 of those, with professional services, computing/information, admin/support and real estate all contributing growth. Over the 21 year plan period the forecast represents an increase of around a quarter of the Borough's current office-based job total (54,000), which is relatively high job growth, but not unusual given population change and past trends.
- 4.17 Compared to 2020, this latest economic update forecasts much stronger office-based job growth. In 2020 the average annual forecast office job change was 395 pa, and the latest forecast is for 613 pa, which is 55% higher, with stronger growth in particular in the media sector, but also in all the other key sectors referred to above.
- 4.18 The traditional office market has experienced some fundamental and permanent shifts in recent years associated with the post-Covid approach to where work is undertaken. Given the structural changes in the wider economy, and how the forecast has changed locally we make the following demand assessment method adjustments:
- To account for the much larger proportion of creative media jobs in the latest forecast – up from a quarter to 40% of all office-based jobs, we make allowance for one quarter of all 'office' jobs to come forwarded at workshop densities (the various formats average around 20 sq m / job<sup>32</sup>) with the remaining three quarters at the traditional office floorspace density (currently averaging c10 sq m per job - see row b).
  - To reflect current experience and market sentiment moving forward, we do not make an allowance to replace losses (rows i to l). This reflects the changes in the office market - no new build, heavy losses, vacancy rate rising significantly (reported to be 20%), market demand weak, GSK vacated, and the loss in office floorspace. But this has not led to an 'economic harm' as the economy, in terms of jobs has grown (marginally) in the very recent past, with no other harm identified in any other market signal – rents etc...). Therefore, continuing with the previous 'standard' approach does not pass the

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<sup>31</sup> Table 4. based on Council monitoring data is likely to underrepresent losses in office floorspace.

<sup>32</sup> The Homes and Communities Agency 2015 publication Employment Density Guide is the industry standard guide on job densities.

‘common sense’ test, and a revised new pragmatic approach is called for – hence in this update study we do not make any such allowances.

- The calculations are for the 21-year 2020-41 plan period.

**Table 4.4 LB Hounslow office demand – 2019-43**

	Office/workshop demand			p.a.
	Office	Workshop	Total	
a Jobs change (2020-41)	9,654	3,218	12,872	613
b Density factor (sq m NIA /job)	10.0	20.0		
c Occupier demand (sq m NIA) [a*b]	96,537	64,358		
d Vacancy factor (sq m NIA) [c*8.1%]	7,820	5,213		
e Total occupier demand (sq m NIA) [c+d]	104,357	69,571	173,928	
f Stock vacancy adjustment (sq m NIA)	-	-		
g Net demand (sq m NIA) [e+f]	104,357	69,571		
<b>h Net demand (sq m GIA) [g/0.85]</b>	<b>122,773</b>	<b>81,848</b>	<b>204,621</b>	<b>9,744</b>
<b>Office losses (added to get to gross demand)</b>				
i Completions 2020/21-21/22	-	-	-	-
j Planning permissions	-	-	-	-
k Plan allocations	-	-	-	-
<b>l Total future losses [i+j+k]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>m Gross demand (sq m GIA) [h+l]</b>	<b>122,773</b>	<b>81,848</b>	<b>204,621</b>	<b>9,744</b>

Source: Experian forecast June 2023 and Stantec analysis

- 4.19 The table shows the 75:25 ratio of traditional office and workshop-based addition job forecast (row a), and the revised density factors that differ from the 11.4 sq m / job applied in the 2020 study (row b). The occupier demand (c) when boosted by a relatively marginal uplift (8.1%) to allow for choice in the market (d), sums to the total occupier demand (e). Without a stock vacancy adjustment (row f) as explained above, and on a GIA basis produces a demand for traditional offices of 123,000 sq m and 82,000 sq m of workshop space, summing overall to a demand for c205,000 sq m (row h). On a comparative per annum basis this equates to around 13,600 sq m pa, marginally higher than the 12,378 sq m identified in 2020, with the more positive job change outlook being the driving factor for this.

**HEADLINES / IMPLICATIONS:**

- 4.20 There is a clear rationale to change the method for assessing the need for office floorspace. It is no longer logical to compensate for office losses because of high office vacancy and a general weak market. In the past we would have looked to replace recent losses on the assumption that they were generally occupied at the time they were lost. In theory PDR related to vacant property, but this did not prevent owners declining to renew leases and let space.
- 4.21 More positively, the office job sector mix has changed, with almost half of all forecast future ‘office’ jobs being in the media sector up from a quarter. From our extensive site assessments and consultation this sector, previously assumed to occupy ‘office’ stock increasingly requires more flexible workshop/studio space and it may not be accurate to summarise the sector as an office one. Instead considering the sector as a light industrial/workshop use moving forward.

In this assessment we separate this creative sector demand and highlight this as a specific workshop demand.

- 4.22 This differentiation also allows us to better highlight the potential demand for intensified lighter industrial demand that can be addressed via lighter formats and alongside housing, from the heavier logistics demand where the cost of providing heavier format structure remains challenging.
- 4.23 It is also relevant to note, and this is picked up later in this report that media activities and other creative sectors, activities tend to cluster, and in Hounslow the cluster is in the Great West Corridor, primarily focused on the Sky campus. Businesses in the media sector generally look for flexible hybrid space that can flex between studio, workshop as well as office. This has implications for where we look to accommodate this 'office' need, and this is addressed in the later chapter identifying the supply to meet the need.
- 4.24 With the prospect of a third runway coming forward in the next plan period (to 2041) now remote, the previous positive 'spin' on the office market promoted by the Heathrow related evidence suite no longer appears pragmatic nor relevant to the emerging plan. Thus, overall office need (traditional office and workshops) is 205,000 sq m, lower on a per annum basis at 9,744 sq m per annum compared to the 12,378 sq m per annum in the 2020 assessment.

## 5 THE DEMAND FOR INDUSTRIAL FLOORSPACE

- 5.1 We set the updated industrial demand figure in context by firstly restating the conclusions of the 2020 ELR, then we look at recent data, before finally calculating current industrial demand.

### THE 2020 ELR

- 5.2 The 2020 study identified that industrial jobs were set to increase by c1,600 over the 15-year 2019-34 period, averaging 109 per annum (as shown in row a of the table below copied from the 2020 report). The density factor at 77 sq m per job (row b) reflects jobs in regional distribution centres (RDCs), and was justified because the economic forecast indicated that industrial growth would be predominantly in the land transport and wholesale sectors. In line with standard practice an allowance was made to correct for the existing 'tight' market with very low levels of premises availability (vacancy was only 2.7% compared to an optimal market efficiency rate of 7.5% - rows d and e), and a further allowance to replace permitted future losses was also made (row g). Together these elements of demand summed to c253,000 sq m, which equates to an annual industrial floorspace demand for 17,000 sq m.

**Table 5.1 Extract from LB Hounslow 2020 ELR update – industrial demand - 2019-34**

Demand	Total	p.a.
a Jobs change	1,638	109
b Density factor (sq m occupied space per job)	77.0	
c Occupier demand (sq m) (a* b)	126,088	8,406
d Stock vacancy adjustment (sq m)	62,928	
e Future vacancy factor (sq m) (c * 8.1%)	10,213	681
<b>f Net development demand (sq m) (c+d+e)</b>	<b>199,230</b>	
g Replacing permitted losses (sq m)	53,554	
<b>h Gross development demand (sq m) (f+g)</b>	<b>252,784</b>	

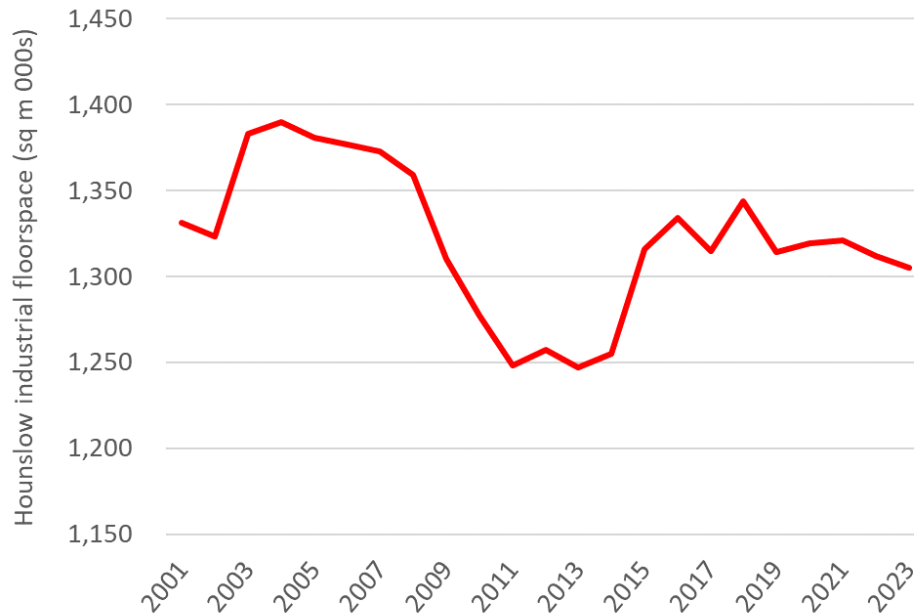
Source: Hounslow ELR Update 2020, Table 2.5 Demand-supply balance, industrial space, Hounslow 2019-34

- 5.3 Supply at that time totalled 341,000 sq m, and thus if that supply was delivered, and no existing industrial space lost over and above existing known planning commitments (row g), there would be a surplus of c88,000 sq m over the plan period. However, it was noted that the supply was highly dependent on one large (96 ha) Green Belt proposal – the Airport Business Park at Hatton Cross that was considered could deliver 145,000 sq m of industrial floorspace as a minimum.

### Recent past – floorspace change

- 5.4 LB Hounslow has the third largest stock of industrial floorspace in London. 1.3 million sq m; only Ealing and Brent (1,815,000 and 1,378,000 sq m respectively) have more.

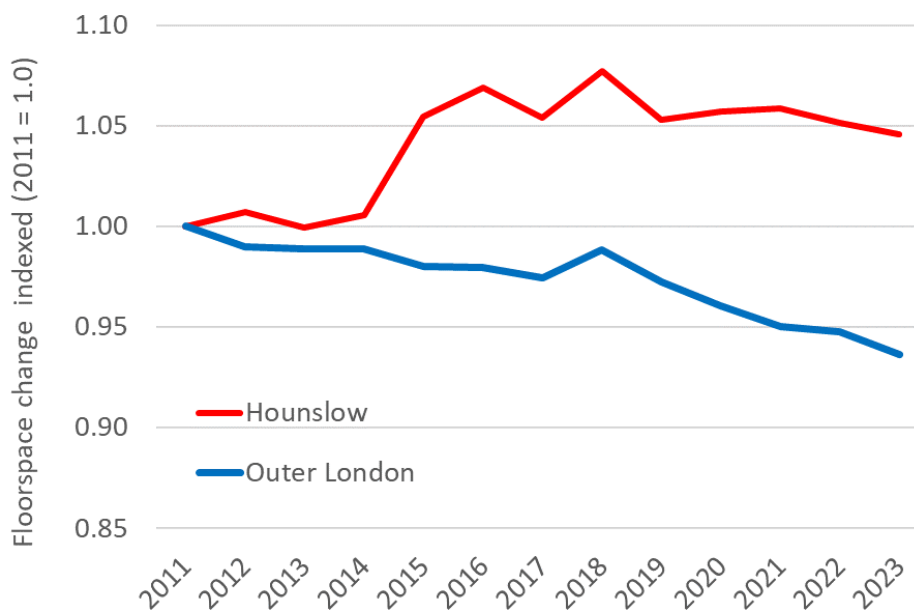
**Figure 5.1 LB Hounslow industrial floorspace**



Source: VOA

5.5 As shown in the chart above most of the first decade of the millennium saw a sharp decline in floorspace, then an upturn from 2011, followed by broadly no change since 2016.

**Figure 5.2 Industrial floorspace – indexed change**



Source: VOA

5.6 As shown in the chart above, over the past 12 years LB Hounslow has fared much better than Outer London more generally, indicating the strength of the Hounslow industrial market.

**RECENT PAST – JOB CHANGE**

5.7 The Experian economic data and our ‘mapping’ from economic sectors to land use shows that LB Hounslow currently (2023) has 27,000 industrial jobs. This is a lower figure compared to the 29,000 in 2019, when the jobs in wholesale and land transport/storage were higher. These job losses are reflected in the job change table below, covering a period that spanned the

pandemic, and the losses will be associated with the impact of the shut-down at Heathrow that will have had a direct effect on logistics/distribution activity and also manufacturing – particularly food and drink.

- 5.8 The economic data shows reductions in the number of jobs over this period in manufacturing sectors as well as in wholesale and land transport/storage, and these are explained by the reduction in activity at the airport over an extended period. As we will see below, the forecasters show a return to economic growth in the industrial sector over the longer-term.

**Table 5.2 LB Hounslow industrial job change 2019-23**

	Job change 2019-23	
	Total	Job change p.a.
<i>Industrial</i>	-638	-159
<i>Warehousing</i>	-1,271	-318
<b>Industrial total</b>	<b>-1,908</b>	<b>-477</b>

Source: Experian forecast June 2023 and Stantec analysis

## The future

### The economic forecast

- 5.9 The table below sets out the Borough-wide industrial demand calculations, initially separately for each of the industrial broad activity group – core<sup>33</sup> and warehousing<sup>34</sup>, and then combined.

**Table 5.3 LB Hounslow industrial demand – 2020-41**

	Core industrial	Warehousing	Total	per ann
a Jobs change (2020-41)	679	3,282	3,961	189
b Density factor (sq m GIA /job)	45	77		
c Occupier demand (sq m GIA) [a*b]	30,558	252,739	283,296	
d Vacancy factor (sq m GIA ) [c*8.1%]	2,475	20,472	22,947	
e Total occupier demand (sq m GIA) [c+d]			306,243	
f Stock vacancy adjustment (sq m GIA)			98,300	
<b>g Net demand (sq m GIA) [e+f]</b>			<b>404,543</b>	<b>19,264</b>
<b>Industrial losses (added to sum to gross demand)</b>				
h Completions 2020/21-21/22			43,601	
i Planning permissions			15,652	
j Plan allocations			0	
<b>k Total future losses [i+j+k]</b>			<b>59,253</b>	
<b>l Gross demand (sq m GIA) [h+l]</b>			<b>463,796</b>	<b>22,086</b>
<b>m Net demand (hectare) [g @65% plot ratio]</b>			<b>71.4</b>	<b>3.4</b>

Source: Experian forecast June 2023 and Stantec analysis

<sup>33</sup> Core industrial is mainly all forms of manufacturing, specialist construction activities, certain utility activities.

<sup>34</sup> Warehousing is logistics and distribution activities.

- 5.10 Forecast change in job numbers (row a) is positive in the future compared with the recent (Covid affected) past. The full Experian economic sector breakdown is shown at Appendix 2. This latest forecast is also more positive than the forecast in the 2020 ELR which forecast industrial job growth of 109 pa. The split between core industrial and warehousing is once again more positive for warehouse jobs compared to core industrial jobs, with the ratio being c4:1 in favour of warehouse related jobs.
- 5.11 Next, the table applies specific density factors (row b) to generate an occupier demand. As mentioned earlier the 2020 ELR applied the 77 sq m /job to all the job change for the stated reasons, but now to reflect the differences between the two broad industrial categories we apply the following:
- 45 sq m per job for core industrial (produce of HCA data blending of E(giii) and B2)
  - 77 sq m per job for warehousing which is the rate for RDCs (again sourced from HCA)
- 5.12 Row c sums the job change occupier space requirements, and row d adds an addition to build in some choice and flexibility into that future demand, summing to the occupier demand in row e. At this point the calculations are merged ahead of including an existing stock vacancy adjustment to correct for current lack of choice and flexibility in the market (row f). In 2020 vacancy was virtually zero at just 0.02%, with the correction to return to the optimum 7.5% of stock requiring an addition of c98,000 sq m (row f). This generates a net demand of c405,000 sq m.
- 5.13 Since the start of the new plan period in 2020, and despite the lack of availability 43,600 sq m of industrial space has been lost (row h), and a further c16,000 sq m of losses are in the pipeline (row i). Given that occupancy is at 100%, these losses will have been of occupied stock and the c60,000 sq m need to be replaced.
- 5.14 Building-in an allowance to replace the lost floorspace (and retain the jobs) takes the gross demand (row l) in rounded terms to c465,000 sq m, which at a 65% plot ratio requires c72 ha and equates to demand for an average annual provision of c22,000 sq m (or 3.5 ha pa).
- 5.15 Thus, the new demand figure on the average annual comparable basis of 22,000 sq m is a little higher than the 17,000 sq m pa identified in the 2020 ELR.

#### **PAST TRENDS**

- 5.16 Next, we assess past trends in floorspace completions to see what the demand for future industrial floorspace is under this approach.
- 5.17 The table below shows separately the gains, losses and net change for core industrial activities, then warehousing and a combined total.

**Table 5.4 LB Hounslow - change in industrial floorspace**

	Gross gains			Gross losses			Net change		
	Industrial	Warehousing	Total	Industrial	Warehousing	Total	Industrial	Warehousing	Total
	sq m	sq m	sq m	sq m	sq m	sq m	sq m	sq m	sq m
2012/13	7,150	5,510	12,660	1,488	17,077	18,565	5,662	-11,567	-5,905
2013/14	15,717	14,416	30,133	11,588	6,135	17,723	4,129	8,281	12,410
2014/15	4,350	9,679	14,029	13,537	0	13,537	-9,187	9,679	492
2015/16	6,663	9,889	16,552	1,047	14,998	16,045	5,616	-5,109	507
2016/17	5,024	24,461	29,485	35,509	7,562	43,071	-30,485	16,899	-13,586
2017/18	5,631	2,448	8,079	14,748	1,165	15,913	-9,117	1,283	-7,834
2018/19	0	585	585	85	12,955	13,040	-85	-12,370	-12,455
2019/20	15,905	0	15,905	0	12,912	12,912	15,905	-12,912	2,993
2020/21	22,298	275	22,573	30,044	7,401	37,445	-7,746	-7,126	-14,872
2021/22	10,866	13,897	24,763	0	6,156	6,156	10,866	7,741	18,607
<b>Per ann ave 2012/13-16/17</b>	<b>7,781</b>	<b>12,791</b>	<b>20,572</b>	<b>12,634</b>	<b>9,154</b>	<b>21,788</b>	<b>-4,853</b>	<b>3,637</b>	<b>-1,216</b>
<b>Per ann ave 2017/18-21/22</b>	<b>10,940</b>	<b>3,441</b>	<b>14,381</b>	<b>8,975</b>	<b>8,118</b>	<b>17,093</b>	<b>1,965</b>	<b>-4,677</b>	<b>-2,712</b>
<b>Per ann ave 2012/13-21/22</b>	<b>9,360</b>	<b>8,116</b>	<b>17,476</b>	<b>10,805</b>	<b>8,636</b>	<b>19,441</b>	<b>-1,444</b>	<b>-520</b>	<b>-1,964</b>

Source: Planning London Datahub, GLA and LB Hounslow, plus Stantec analysis

- 5.18 The averages show that in both the short and longer terms net change overall has been negative.
- 5.19 Looking at the totals for gross gains, this has been positive, broadly consistent, albeit a little lower than the scale of change estimated via the economic forecast approach – 22,000 sq m pa (as reported above). The significance of looking at the gross gains rather than net change is that in a highly constrained borough such as Hounslow where intensified industrial redevelopment is struggling to be a reliable supply, it is the gross floorspace delivered that better reflects demand.

### Data Centres

- 5.20 As referred to earlier data centres are now critical infrastructure, but as yet are not addressed by either national framework/guidance or within the economic forecasts. Any technical approach to the assessment of need has shortcomings and, in the case of Hounslow, cannot give a reliable guide as regards data centres.
- 5.21 Data centres are commonly accepted on industrial sites (as a B8 use) and the format of their buildings akin to an industrial property. They can take sizable industrial land parcels that otherwise would be used for industrial and logistics purposes.
- 5.22 We understand that there has been some concern that data centres do not fulfil the same employment generating function as an alternative B8 scheme, but note that the SoS has given significant weight in planning appeals to the high-quality jobs that are generated.
- 5.23 In our view the more important point is that data centres fulfil a vital economic function for their service areas, and so facilitate economic activity elsewhere. In Hounslow, the creative industries cluster relies on robust connectivity and access to data - without this being available West London the cluster may not be as vibrant as it is today.

- 5.24 A negative policy stance to data centres is unlikely to be supported because this would not reflect their strategic importance as digital infrastructure. But, at the time of writing, there is no agreed method to assess the need for additional data centre capacity across London. Data centres operate regionally and so it is difficult, if not impossible to identify a Hounslow requirement in isolation.
- 5.25 However, reflecting the fact that data centres do not need to locate in highly accessible parts of the Borough – where high trip generating uses can be accommodated – there may be merit in seeking to direct data centre demand, in the first instance to those parts of the Borough that benefit from lower PTAL ratings. As an extreme, we would seek to direct data centres away from our main rail and tube stations unless other sites are not available.
- 5.26 This would not appear to be an onerous requirement and should not be used to prevent data centres where the Borough cannot offer alternative sites.

### **Demand conclusions**

- 5.27 The latest economic forecast shows much stronger job change compared to that presented in the 2020 ELR - 186 jobs pa compared to 109 pa. The positive job growth is driven largely by logistics/distribution activities undertaken in warehouses.
- 5.28 The logistics growth is generated by:
- Major upturn in e-tailing demand particularly for last mile delivery - associated with the needs of a growing population.
  - Heathrow related demand
  - A lack of supply in heavily constrained neighbouring west London boroughs that cannot accommodate their own needs e.g. Richmond, and the 'footloose' nature of the demand for logistics even to a degree last mile.
- 5.29 The two assessments labour demand and past trends now reach broadly similar conclusions of the demand for industrial floorspace, with the economic forecast at 22,000 sq m on a per annum basis with past trends gross gains marginally lower, but broadly comparable. Both higher than the 17,000 sq m pa recorded in the 2020 ELR
- 5.30 The overall demand at 465,000 sq m over the plan period is equivalent to an increase of just over one-third of current stock (2023 1.3m sq m).

### **Demand by area and period**

- 5.31 Having established overall industrial demand and that there is a very distinct geographical split to the nature of that demand – Heathrow focused logistics/distribution in the West and more last mile and manufacturing in the GWC/East that division should be reflected in the demand assessment as well as the consideration of available and possible future supply. In respect of the supply, it is also the case that there is a timing issue with availability, and therefore it will be helpful to consider demand by period to review the demand supply balance.
- 5.32 Therefore, the table below disaggregates demand between the two broad areas – West of the Borough and the GWC / Rest of the Borough, and it does this for five-year periods across the Plan period.

**Table 5.5 LB Hounslow - industrial demand by area and period – 2020-41**

	Period	2020-25	2025-30	2030-35	2035-41	TOTAL 2020-41
<b>WEST OF THE BOROUGH</b>						
		sq m	sq m	sq m	sq m	sq m
<b>DEMAND</b>						
	Economic forecast	(14,168)	80,035	43,941	73,938	183,746
	Existing stock vacancy adjustment		58,980			58,980
	Replace losses (completions 2020/21-21/22)	6,602				6,602
	Replace losses (pipeline permissions)		6,270			6,270
	<b>Total Need</b>	<b>(7,566)</b>	<b>145,285</b>	<b>43,941</b>	<b>73,938</b>	<b>255,598</b>
<b>GREAT WEST CORRIDOR and REST Of The BOROUGH</b>						
		sq m	sq m	sq m	sq m	sq m
<b>DEMAND</b>						
	Economic forecast	(9,445)	53,357	29,294	49,292	122,497
	Existing stock vacancy adjustment		39,320			39,320
	Replace losses (completions 2020/21-21/22)	36,999				36,999
	Replace losses (pipeline permissions)		9,382			9,382
	<b>Total Need</b>	<b>27,554</b>	<b>102,059</b>	<b>29,294</b>	<b>49,292</b>	<b>208,198</b>
	<b>Borough-wide total demand</b>	<b>19,988</b>	<b>247,343</b>	<b>73,235</b>	<b>123,230</b>	<b>463,796</b>

Source: Experian forecast, plus Stantec analysis

- 5.33 The split of the economic forecast generated demand is on the basis of the current division of jobs West and East. We have used the Experian economic data to identify total industrial jobs by area and this currently is 60:40 ratio in favour of the West.
- 5.34 In calculating the economic forecast-based floorspace demand we do not apply different job densities West and East, even though we have identified that the type of logistics/distribution activity is quite different. This is because while the strategic warehousing found predominately in the West, and the last mile delivery more focused in the East are different operationally, the job densities are actually very similar, with last mile delivery 70 sq m /job compared with 77 sq m / job for Regional Distribution Centres<sup>35</sup>. Thus, we take a cautious approach and apply the marginally higher RDC density Borough-wide.
- 5.35 We have applied the same ratio to the existing stock vacancy adjustment because the source data does not provide a split, and therefore basing this on the overall job distribution seems a reasonable proxy.
- 5.36 The replacement losses – completions and pipeline, are scheme specific and therefore applied to each area. The specific schemes are identified at Appendices 4 and 5.
- 5.37 The numbers in red in the first tranche indicate where job reductions from 2020 levels were forecast, leading to short term negative demand as the economy reset from the pandemic.
- 5.38 The table identifies that demand is focused on the short-term 2025-30 period driven both by the forecast job increase and also the stock vacancy adjustment.

<sup>35</sup> HCA Employment Density Guide 2015

## 6 FUTURE SUPPLY OF EMPLOYMENT LAND

6.1 In this section we set out how the Borough may be able to address its employment land demand. First looking at industrial supply and then office supply.

### **INDUSTRIAL NEED**

6.2 By way of context, we have established demand for c456,000 sq m of net additional industrial stock. This is a large increase on the 2024 stock (c1.3m sq m) a 40% increase, but while a rapid increase this is not unexpected given increasing population, the presence of Heathrow / M4 / A40 / M3 in or immediately around the Borough, and recognising that the industrial market is not correctly balanced at the moment with very low availability.

6.3 In this section we set out how the Borough may be able to address its industrial needs.

6.4 We have not considered 'unmet need' in other neighbouring boroughs, but given the recent findings of the GLA's industrial land monitoring, it is reasonably clear that there is unmet need in other boroughs in addition to our calculations. We also understand that the prolonged shortage of stock here has displaced demand to other areas – including out of London. So, our quantum's can only ever be considered a minimum.

6.5 Our supply is broken into broad categories:

- Firstly, land with planning permission – we take this as short-term supply that is likely to be delivered as permitted or similar.
- Brownfield/intensified land proposed from allocation – these are mostly in the GWC area and reflect the delivery of the Opportunity Area and Creative Enterprise Zone.
- Other sites that may be available for intensification – but have not been promoted for such, have no willing landowner and no track record of more intensive formats being delivered for formats that meet our qualitative need for largely airport related logistics space.
- Possible Green Belt sites that are available for development, having been proposed for allocation and are understood to be viable and deliverable in the short-term.

6.6 Before looking at sources of supply it is useful to consider the scale of development that would be needed were the Borough to look to rely on redevelopment/intensification alone, and to set out the approach needed to manage this.

### **APPROACH TO INTENSIFICATION.**

6.7 Intensification is core to the Council's strategy in the GWC where the area is being comprehensively redeveloped with the inclusion of thousands of homes. The GWC area is being managed as an 'opportunity area' and also a creative enterprise zone.

6.8 Earlier in our report we spent considerable time looking at the limited examples of identified development in London and noted that, while lighter intensification formats are appropriate to meet market demand in the East of the Borough (GWC) these models do not transcribe to the Heathrow market.

6.9 Our assessment and general approach has been driven by a robust understanding of the market before looking for suitable templated/formats to meet this need. Starting from an understanding of market demand is vital to avoid the risk that inappropriate formats are promoted via the local plan and its evidence base.

- 6.10 Outside this area the Borough has struggled to attract interest to deliver or promote intensive industrial formats that meet the need for heavier, Heathrow related logistics. The Heathrow market attracts a rental premium, but that only applies if efficient logistics space is delivered. The format of space that we may see developed alongside housing in the GWC is not the format of space needed at Heathrow.
- 6.11 While the Borough has struggled to delivery intensified formats to date, we need to be positive towards intensification. Regardless of detailed policies in the London Plan, we always need to make the most efficient use of land. The Borough, through the operation of its policies needs to be aspirational and challenge developers to do this, but still needs to be realistic. To be realistic it is important that we note the concerns that have been raised by stakeholders – so we can consider how to address these or manage them in the plan.
- 6.12 Looking forward, agents and stakeholders are supportive of intensification – but over a plan period, and not as a solution to current market shortfalls Stakeholders question the logic and robustness of relying on emerging formats to meet economic needs arising today and to address any shortfalls that may have emerged.

### **Intensification in the West of the Borough**

- 6.13 The absence of intensive formats around Heathrow seems odd given the sites in the West are generally unconstrained and could accommodate more bulky formats. Current planning policies would support proposals to make more efficient use of allocated sites.
- 6.14 In response we are told that the development sector is concerned that the cost needed to deliver a logistics solution is too high and too risky.
- 6.15 The risk profile of complex, multi deck, solutions is considerably greater than traditional formats. This is partly because they are largely untried formats in the UK and traditional cost guides that are based on samples of built property, including BCIS cannot be used<sup>36</sup>.
- 6.16 A further concern is that multi-deck formats have been much more vulnerable to spikes in construction costs. They are, by nature and design, more expensive to build and especially the structural costs of multi-deck solutions. This is particularly an issue where the market is for heavier format logistics and warehousing due to the need for heavier floor loadings. At the time of X2 it was reported that it had cost 50% more per square foot than a ‘traditional’ format<sup>37</sup> – but we understand part of the reason this has not been successful related to the weak floor loadings which suggests a 50% increase is not appropriate in this market.
- 6.17 Earlier in this report we noted the October 2023 East Plus report and its conclusion that commercial flexibility was needed as regards making assumptions around the delivery of multi-deck proposals. For the emerging plan this only illustrates the risk of a strategy that is reliant on formats that are still in pilot stages and with a mixed record of delivery in the short to medium term.

### **Scale of Intensification needed to meet need**

- 6.18 Before considering our advice, we first consider the scale of development / redevelopment that may be needed were we to rely on intensification alone. With a c465,000 sq m need to

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<sup>36</sup> At the time of writing the BCIS large warehouse sample is 38 units for Hounslow. None of which represent multi deck formats.

<sup>37</sup> <https://www.architectsjournal.co.uk/archive/ramped-warehouses-by-epr-architects-and-cornish-architects>

find and 1.3m sq m of stock, serious intensification is needed if the Council is to balance its land supply. By way of illustration – to meet our needs in full every single, allocated and non-allocated industrial site needs to be redeveloped and intensified by 40% over the next 15 years. So, every site that accommodated 10,000 sq m of space today will – in 15 years' time need to accommodate 14,000 sq m.

- 6.19 To deliver this, planning permissions need to be granted (and implemented) that sum to around 100,000 sq m of new space (60% replacement 40% growth) each year. This comes from a starting position where a total sum of planning applications awaiting implementation is around 30,000 sq m. Development activity in Hounslow needs to multiply three times over to redevelop, and then intensify, the stock.
- 6.20 Obviously, variations on this calculation can be undertaken to illustrate the scale of the challenge – if we were to assume that only 50% of Hounslow's stock will be promoted for redevelopment every proposal needs to roughly double its floorspace. 650,000 sq m of space needs to be demolished and replaced by 1.3m sq m which when added to the remaining 650,000 sq m would result in a total stock that only slightly exceeds needs (1.9m sq m stock versus 1.7m sq m need).
- 6.21 This illustrates the scale of development needed to meet the Borough's economic needs in total and also that, by relying on intensification, the scale of development needed is so much greater because to intensifying the sites, the existing stock needs to be demolished and re-built.
- 6.22 As a caveat to the above - we have identified some under-used land in the Borough – around 25% of 100 ha of core industrial land in Hounslow is only developed to a 20% plot ratio. In our 2016 work we noted that redevelopment of this land could deliver 50,000 sq m of net additional space. In 2024 with the London Plan in place, were we to assume a more efficient plot ratio this could increase to 100,000 sq m. This would move the 20% land up to 60%. We consider this supply in our concluding tables that follow.

### **Advice regarding further intensification**

- 6.23 We need to be realistic in our advice, listen to market signals and consider stakeholders' concerns, but also opportunities. The Borough needs to plan for 'good growth' and promoting intensified industrial formats is core to this. But balancing this there is no short-term pipeline of space, a backlog of demand and future demand arising without a deliverable property solution today.
- 6.24 In terms of balancing aspiration and realism there is considerable risk if we were to rely on building formats, widely described as pilot formats that are not properly tested in the UK market. However, we need to recognise that land will remain in short supply, developers will innovate and if landowners can make a larger commercial return, then they will be incentivised to deliver more intensive formats through the plan period. Planning has a role in not only meeting market demand but also in shaping it.
- 6.25 Were the Borough not able to draw on some new land, from the Green Belt, we would likely conclude that there was no short-term solution to meet needs, the Borough should allocate sites to provide opportunity, but also look to encourage market-led intensification. But we would not be able to demonstrate a robust short-term deliverable supply of land – only point to where opportunity may emerge in the future. With the prospect of some deliverable Green Belt

land, the Council has the ability to manage short-term risks, provide some much-needed short-term supply.

- 6.26 In our work we cannot conclude that a Green Belt solution is sustainable but, from the economic evidence base perspective and considering 'need', market signals and listening to agents/developers, we cannot see an alternative route to addressing short-term needs. With no prospect of Duty to Co-operate supply elsewhere needs would remain unaddressed – until such a point that intensified floorspace become the common format.

### **THE BOROUGH'S EMPLOYMENT LAND SUPPLY PORTFOLIO**

- 6.27 Earlier we separated industrial demand into five-year short and longer-term tranches, and this was so that the supply availability could be matched, and the final 'balance' assessment identified. This is important because there is no short-term track record of delivering intensified space, but over time we expect market confidence to build. Further intensification may address shortfalls later in the plan, but not short-term.
- 6.28 We also build our analysis in steps where the land supply becomes increasingly uncertain. So, starting with sites already completed since the start of the plan period 2020 (see category A1) and sites with industrial permissions (category A2) where we can be confident of their quantum and format, moving through quantified brownfield capacity (category B) including that space proposed for allocation (and intensification) in the east of the Borough, and then through less certain sources of supply (category C).
- 6.29 The tables and text below draw on the study analysis – including where we have identified underused land that is most likely to be redeveloped (and intensified). These are not sites promoted to the Borough, but in our assessment we have assumed that c95,000 sq m of further intensified space could in theory come forward in the west – basing this quantum on our assessment of underused land, which is now double that estimated in the 2016 ELR.
- 6.30 Our assessments currently show a small deficit in supply in the GWC – but this has been calculated using HCA employment densities including 1:77 for warehousing. This may not reflect future densities in this area where via redevelopment and delivery of the mixed-use opportunity area would suggest that space will be used more intensively, and any warehousing take a last mile format. The HCA guide also suggests that densities may be higher for 'small business workspace' which is a format we would expect to meet the needs of many creative firms. The various formats of small business workspace range between 10-40 sq m per job<sup>38</sup>. In reality planners cannot control exactly how space is used and especially when deriving strategic policies. Our opinion is that any small shortfall in this area is not a major concern given that, in any tight market occupiers will look to optimise their space and use it more efficiently than national benchmark densities may assume. However, while this may apply to our 'industrial' analysis when we consider 'offices' we found that a large share of the growth was associated with the creative industries, some clearly operate from traditional offices, but others in studio/workshop formats. In our office calculation we identify a shortfall in office workspace, but this is highly sensitive to the assumed employment densities – if this demand takes the format of traditional offices, it could need only 25% of the floorspace were we to assume a light industry format. We return to this when considering offices because, in the current climate, any positive office delivery is a challenge, and any net additional need may simply be absorbed by further homeworking.

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<sup>38</sup> HCA, Section 6, Employment Density Guide 2015

6.31 Finally, we illustrate what the balance would look like in a scenario where around 130,000 sq m of industrial floorspace is provided in the short-term in the Green Belt.

#### **A - PIPELINE – LAND WITH PLANNING PERMISSION**

6.32 The first source of supply is schemes completed and land with planning permission.

6.33 As discussed previously the net change in industrial floorspace completions has been negative, and in the first two years of the plan period the completions balance was c-7,500 sq m (row A1 in table 6.2 below)<sup>39</sup>. The main gains were at SEGRO Park, Aerial Way, but these were more than matched by the loss recorded in 2020 of the industrial floorspace on the site of the new Brentford Community Stadium. A full list of schemes completed and lost since 2020 is shown at Appendix 4.

6.34 For this assessment we assume that land with planning permission will be delivered in the short-term – so is able to help address the shortfall that has arisen since 2020 through to 2030. The pipeline of schemes is very small with only c7,500 sq m in the West of the Borough and c14,000 sq m in the rest of the Borough (Including GWC) so this quantitatively makes limited impact. The schedule of schemes/sites is shown at Appendix 5.

6.35 In the GWC area developers may be waiting for the new plan to be in place before seeking planning permission because the new plan promotes a wider range of uses (inc. housing) than would be supported under existing policy. But this does not explain the lack of pipeline at Heathrow and in the West of the Borough where the plans (old & new) would not support new homes. Lack of pipeline would suggest that the market is not yet able to viability support the delivery of new formats to meet the Heathrow logistics market.

6.36 In summary recent completions (negative 7,500 sq m and planning permissions will deliver c22,000 sq m – an overall gain of 14,000 sq m, reducing the industrial need from 465,000 sq m to c450,000 sq m.

#### **B - QUANTIFIED NEW BROWNFIELD INTENSIFICATION SUPPLY**

6.37 The next source of supply comes from the proposed brownfield allocations in the new plan. These mostly reflect the delivery of the GWC opportunity area and creative enterprise zone. Of the c94,000 sq m of industrial land allocations proposed in the new plan 86,000 sq m (net additional) is in the GWC.

6.38 The quantum of floorspace was developed by LBH as part of the evidence to support the now withdrawn GWC plan. We understand that, in common with any allocation site developers and promoters are seeking more flexibility in their allocations. We understand this is mostly to provide additional flexibility where significant levels of additional office floorspace had been envisaged in the allocation.

6.39 In this report we are similarly concerned that the quantum of office space may struggle over the plan period and, if developers make successful cases via development management the share of 'business space' in this area may fall. We return to office supply later; but here we note that the integrated and intensive nature of the redevelopment proposals across the GWC would make it hard to move previous residential compatible light industrial uses into an intensive B8/B2 format. So even if 'business space' is reduced it does not follow that this will boost the industrial land/floorspace supply.

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<sup>39</sup> Note that self-storage schemes (e.g. the multi-decked development at the former Syon Gate service station), are excluded from B8 completion and also pipeline calculations because they are not employment generating in the same way conventional logistics and distribution are.

- 6.40 The study has not considered the redevelopment of the GSK property. Reoccupation would have been the preferred option in the first instance, but the specialised nature of the property means this may be difficult. A number of alternative development mixes could be possible, but in line with our overall advice, with an industrial shortfall being identified, it would be a preferred option for any redevelopment to retain a significant element of employment floorspace.
- 6.41 For our analysis we have included the new intensified industrial space as being deliverable in line with the Council's phasing for the GWC Opportunity Area. The sites and floorspace that could be delivered have in some cases been identified by the landowner and in other cases identified by the Council's master planning work. The table below shows the product of this analysis. The full schedule of schemes is presented at Appendix 6.
- 6.42 In summary – against a demand for 465,000 sq m of net additional space, after accounting in (A) above for the committed pipeline, the intensified allocations yield a further 94,000 sq m (B) resulting in a shortfall c355,000 sq m of space, meaning that around three quarters of the plan period demand is unaddressed.

**C – UNDERUSED LAND WHERE THERE IS ALREADY A COMMERCIAL RATIONALE TO REDEVELOP (I.E. UNDERUSED LAND PARCELS)**

- 6.43 In the 2020 report we discussed sites/opportunities around the two plan areas. These were sites that we had previously assessed and, on review, the Council or GLA considered they may be suitable for intensification.
- 6.44 In the GWC area most of the sites discussed are proposed for allocation in this plan round or their planning history has moved on, and they are no longer prospects. In the East of the Borough the Tesco/Homebase sites are now permitted for housing as is the former Heidelberg factory in Brentford.
- 6.45 Possibly underused land around Twickenham, outside the GWC but at the eastern end of the Borough, was found to be used by the stadium on match days and so we could not simply assume this land could be intensified for new industrial uses.
- 6.46 In the West of the Borough our 2020 report reviewed a number of possible sites for intensification – including a list provided by the GLA that had been identified in the GLA SHLAA. These sites had not been promoted for development by their landowners and when assessed most were observed to be intensively developed already – plot ratios already approaching 100% is not uncommon on many established estates – so if developed would struggle to deliver meaningful net increases.
- 6.47 But the main reason why sites were not coming forward was that, coupled with limited net additional capacity, the stock was already often modern and fit for purpose and appeared to lack a clear motive to redevelop.
- 6.48 Some sites we assessed in 2020 were also related to airport operations – including the airport cargo centre and fuel farm. So, it would not be pragmatic to make external assumptions regarding their intensification potential. As far as we are aware none of these possible sites have been taken forward and no site promoter has looked to promote a positive allocation and these sites remain, as with any other site in the Borough, a possible opportunity, but not one we can rely on.
- 6.49 However, our 2016 report, as discussed in 2020, identified that across 100 ha of our portfolio around 25% was under-utilised. Most of this was in the West of the Borough and at that time

we understood that it was viable and in market demand to deliver new logistics space at 40% plot ratio. In summary there was no expectation at that time that given the strength of the market this land would continue to be under-used.

6.50 The identified sites are briefly discussed below, starting with the two opportunities in SIL and then the LSIS, and then the potential capacity on these sites is summarised in Table 6.1 below.

### **North Feltham Trading Estate SIL**

- 6.51 This SIL is south of the A30 and Heathrow, and in two parts separated by the River Crane and Green Belt summing to 52.5 ha (37.9 ha plus 14.6 ha). A mix of industrial uses, but mainly logistics and distribution. Some of the older stock has been upgraded to modern industrial units, and other remaining older lower quality units and some older office stock offering redevelopment opportunities in both parts of the Estate.
- 6.52 As explained above the London Plan promotion of intensification of the existing industrial stock supports a higher opportunity in this location, with the potential for c38,000 sq m in the main area (Central Way) and c24,000 sq m of net additional in the eastern (Lawrence and Fairway Estates). However, for the reasons explained earlier this opportunity is likely only to become viable towards the back end of the Plan period.

### **Locally Significant Industrial Sites**

- Ascot Road Industrial Estate (ELR site 12) immediately south of A30 Staines Road has recent experience of redevelopment for new logistics provision, and has a one ha site remaining available, and while it was identified in the 2016 ELR and is yet to come forward – possibly because of the scale limitations – it could contribute c6,500 sq m in the short term.
- Hanworth Trading Estate and Popham Close (ELR 21-22) has only recently been subject to significant redevelopment and renewal, and the stock now comprises of largely fit-for-purpose units. To expect comprehensive redevelopment would unrealistic, because it would mean replacing new stock, and there is no incentive for the owners to do this, but there remains some limited scope c4,000 sq m), but at the end of the Plan period.
- Bulls Bridge Industrial Estate (ELR 39) - is an example of an estate with older stock and low-density site coverage, albeit largely due to the large open storage area for building materials. There is no known owner/developer commitment to redevelop any parcels across the 2.2 ha site, but a modest intensification of c4,000 sq m appears reasonable and given the nature of the site deliverable in the short-term.
- Worton Hall Industrial Estate (ELR 40) – a small (1.8 ha) estate that has seen incremental redevelopment, with some older stock providing limited potential for net additional. Again, limited opportunity, but reasonable to expect c3,000 sq m additional in the short-term.
- Stanwell Road Estate (ELR 1012) is a 2.4 ha non-designated estate in Bedfont. This is the only site of the eleven considered through the London SHLAA that has remaining potential for additional industrial floorspace during the Plan period. Current main uses are car dealerships/hire with very little floorspace, and therefore the prospect of comprehensive intensification in the order of 15,000 sq m could be delivered, but again only in the back end of the plan period.

**Table 6.1 Industrial – underutilised land potential – summary table**

Area	Site	Sq m
<b>Intensification in SIL</b>		<b>62,000</b>
Feltham	North Feltham	38,000
Feltham	Lawrence and Fairway	24,000
<b>Intensification in LSIS</b>		<b>17,500</b>
Feltham	Ascot Road	6,500
Heston / Cranford	Bulls Bridge	4,000
Hanworth	Hanworth and Popham Close	4,000
Isleworth	Worton Hall Industrial Estate	3,000
<b>Intensification in non-designated</b>		<b>15,000</b>
Bedfont	Stanwell Road	15,000
<b>Sum of potential capacity within existing sites (non-Green Belt)</b>		<b>94,500</b>

Source: Experian Economic Forecast, LB Hounslow Plan monitoring and Rapleys analysis

Nb The scope for industrial provision at the MOD site, Feltham included in the 2016 ELR has been removed as a residential-led planning brief has been prepared.

- 6.53 We estimated that simple market-led redevelopment of the under-used land could deliver a further 50,000 sq m of space. But that was on the assumption this underused land was redeveloped to a 40% plot ratio. In 2024, with the London Plan now published, we would hope that if approaches are made to redevelop these sites a higher plot ratio could be achieved. There remains concern regarding the viability of intensive multi-deck solutions, but it would not be unreasonable to assume a higher yield in 2024 than 40%. Were we to assume 60% this would deliver c95,000 sq m of space over the plan period.
- 6.54 None of these under-used sites have been actively promoted in either the current or next plan round – despite being identified more than eight years ago, and so there is a risk that they are simply not available. However, even if these exact parcels are not developed other sites may become available. So, for the purposes of this plan it is not unreasonable to assume a potential theoretical capacity of c95,000 sq m net additional industrial floorspace from underutilised sites and to keep this under review. If this supply does not start to emerge a more proactive approach may be needed in the next plan review.
- 6.55 Below, the table brings together all of the above-mentioned supply (A-C) and identifies the industrial floorspace need or the balance to find.

**Table 6.2 Industrial balance for period 2020-41**

	Period	2020-25	2025-30	2030-35	2035-41	TOTAL 2020-41
<b>WEST OF THE BOROUGH</b>		sq m	sq m	sq m	sq m	sq m
<b>DEMAND</b>						
	Economic forecast	(14,168)	80,035	43,941	73,938	183,746
	Existing stock vacancy adjustment		58,980			58,980
	Replace losses (completions 2020/21-21/22)	6,602				6,602
	Replace losses (pipeline permissions)		6,270			6,270
<b>Total Need</b>		<b>(7,566)</b>	<b>145,285</b>	<b>43,941</b>	<b>73,938</b>	<b>255,598</b>
<b>SUPPLY</b>						
	A1. Net change in completions 2020/21-21/22	(7,354)				(7,354)
	A2. Planning permissions		7,660			7,660
	B. Brownfield intensification	(803)	9,312	(1,139)	424	7,794
	C. Potential intensification of under-utilized land		10,500		81,000	91,500
<b>Total Supply</b>		<b>(8,157)</b>	<b>27,472</b>	<b>(1,139)</b>	<b>81,424</b>	<b>99,600</b>
<b>WoB total industrial need</b>		<b>591</b>	<b>117,813</b>	<b>45,080</b>	<b>-7,486</b>	<b>155,998</b>
<b>GREAT WEST CORRIDOR and REST Of The BOROUGH</b>		sq m	sq m	sq m	sq m	sq m
<b>DEMAND</b>						
	Economic forecast	(9,445)	53,357	29,294	49,292	122,497
	Existing stock vacancy adjustment		39,320			39,320
	Replace losses (completions 2020/21-21/22)	36,999				36,999
	Replace losses (pipeline permissions)		9,382			9,382
<b>Total Need</b>		<b>27,554</b>	<b>102,059</b>	<b>29,294</b>	<b>49,292</b>	<b>208,198</b>
<b>SUPPLY</b>						
	A1. Net change in completions 2020/21-21/22					
	A2. Planning permissions		13,815			13,815
	B. Brownfield intensification	(1,085)	42,613	28,955	15,913	86,396
	C. Potential intensification of under-utilized land		3,000			3,000
<b>Total Supply</b>		<b>(1,085)</b>	<b>59,428</b>	<b>28,955</b>	<b>15,913</b>	<b>103,211</b>
<b>GWC/RoB total industrial need</b>		<b>28,639</b>	<b>42,631</b>	<b>339</b>	<b>33,379</b>	<b>104,987</b>
<b>BOROUGH-WIDE NEED</b>		<b>29,230</b>	<b>160,443</b>	<b>45,419</b>	<b>25,893</b>	<b>260,985</b>

Source: Experian Economic Forecast, LB Hounslow Plan monitoring and Stantec/Rapleys analysis

Nb a density ratio of 38 sq m/ job applied to the GWC/ RoB need rather than the 77 sq m would reduce the industrial requirement to zero.

**D – GREEN BELT SITES**

- 6.56 The formal pipeline of space to meet economic needs is very limited with little in the committed planning permissions pipeline. The Plan is able to draw on new supply as part of the GWC opportunity area, but the ability to further boost supply is limited because the Opportunity Area also needs to provide new homes, and some office/workshop provision as part of its creative enterprise zone function. Without relying on further intensification, the shortfall is c261,000 sq m, equivalent to 20% of the Borough’s total stock as reported in 2023.
- 6.57 Pragmatically when intensive industrial formats become viable the market is likely to promote them simply because it becomes commercially sensible to do so. This promotion may (or may not align with this next plan period, but regardless policies must remain positive and in general conformity with the London Plan as regards industrial intensification.
- 6.58 In the table below we identify the Green Belt sites that have been identified as potential sources of supply, all of which are located in the West of the Borough. We have assumed that these sites could deliver short-term supply, which is what the demand assessment indicates is needed. These potential Green Belt supply sites in aggregate address a large proportion of the West of the Borough’s 156,000 sq m full plan period outstanding need, and provides deliverable short-term supply, which is where the demand is focused.

**Table 6.3 Potential Green Belt industrial land**

Area	Site	Sq m
Feltham North	Airport Business Park	63,450
Heston West	Land South of Western International Market	34,760
Feltham North	Vacant Land at Dick Turpin Way	12,000
Cranford	Ron Smith Recycling	8,420
Cranford	Central Park Trading Estate	6,000
Feltham North	Site at Faggs Road	5,850
<b>Total Green Belt potential</b>		<b>130,480</b>

Source: Stantec/Rapleys analysis

- 6.59 Overall, the Green Belt sites halve the Borough’s unmet need to a shortfall of 130,000 sq m over the plan period.
- 6.60 With an optimistic eye on further intensification of sites across the Borough we would hope that this will be addressed in time by the market, building on the (hopefully) successful delivery of the GLA pilot projects.

### Office Need

- 6.61 Following the same approach as that for industrial we now consider the future supply of land for office activities. As set out earlier, the demand for office type activities encompasses floorspace of a more traditional office function and activities that are workshop/ studio based. This is because the economic data forecasts a rise in the number of creative / media jobs in the Borough, and these activities are found in either traditional office stock or hybrid workshop space that are more flexible in the type of activities they can accommodate, and it is sensible to plan to provide for both, and we did this by making an allowance for floorspace provision at a typical workshop density (20 sq m per job compared with 10 sq m for traditional office).
- 6.62 The demand assessment factored in a mix of both types of accommodation in establishing demand for c205,000 sq m of net additional office stock. In considering the available supply of sites for office we know that the main focus for the workshop element, and indeed the traditional office element to, will be in the GWC, where office activity and media in particular is well established and the area most likely to be the location of choice for these activities. However, in this work we are not able to distinguish between sites that would be most suitable for workshops rather than traditional office, and the supply is considered in terms of sites suitability for activities that could be accommodated in one or other format.
- 6.63 Once we have reviewed the supply, we explore how this affects the demand supply balance/ the need for office space.

### THE BOROUGH'S OFFICE LAND SUPPLY PORTFOLIO

- 6.64 We start with the commitments – recent completions and permissions/allocations, then brownfield intensification sites before finally known underutilised sites.

#### A - PIPELINE – LAND WITH PLANNING PERMISSION

- 6.65 The first source of supply is schemes completed and land with planning permission.
- 6.66 Office floorspace completion activity in the first two plan years was very weak, with the only scheme of note the 900 sq m office element of the Syon Gate service station redevelopment.

6.67 The only consented scheme of any scale is 1-4 Capital Interchange Way that will deliver just over 2,000 sq m. Otherwise, the approximately 20 permitted schemes are minor delivering on average c200 sq m each.

**B - QUANTIFIED NEW BROWNFIELD INTENSIFICATION SUPPLY**

6.68 The brownfield intensification sites considered capable of delivering office type floorspace in aggregate could deliver c61,000 sq m of intensified net additional floorspace.

6.69 As discussed above in respect of the industrial sites, the amount of floorspace that could be delivered have been identified by some of the landowners or through the Council’s master planning work. A full schedule of the sites included in row B is provided at Appendix 7.

**C – UNDERUSED LAND WHERE THERE IS ALREADY A COMMERCIAL RATIONALE TO REDEVELOP (I.E. UNDERUSED LAND PARCELS)**

6.70 This category only applies to the industrial sites identified in the 2016 ELR and the GLA’s SHLAA and no potential office sites are identified.

**Table 6.4 Office balance for period 2020-41**

	Office	Workshop	Total 2020-41	p.a.
<b>Gross demand (sq m GIA) [h+i]</b>	<b>122,773</b>	<b>81,848</b>	<b>204,621</b>	<b>9,744</b>
<b>Supply</b>				
A1. Net change in completions 2020/21-21/22			1,176	
A2. Planning permissions			6,205	
B. Brownfield intensification			61,246	
C. Intensification of under-utilized land			-	
<b>Total supply</b>			<b>68,627</b>	
<b>Total office need</b>			<b>135,994</b>	

Source: Gross demand from Table 4.4 above, LB Hounslow Plan monitoring and Rapleys analysis

6.71 Thus, set against a total demand of c205,000 sq m and an identified supply of c69,000 sq m the unmet office need sums to 136,000 sq m.

6.72 This is a considerable shortfall with little prospect of sites being promoted to address this need in the short to medium term. But also, while the market is not seeking or promoting new space at the moment this would suggest that there is little available to Hounslow, via planning policy, to remedy this.

6.73 As with the industrial market it is not the case that there is no physical capacity on established sites to make more efficient use of the land. There is nothing preventing redevelopment of the remaining town centre office supply for new office formats. Within the GWC there is scope to reshape the development mix between uses over the very long delivery programme for this area.

6.74 While the delivery of new space remains problematic it is important that remaining stock is given protection – the Borough continues to seek evidence that sites are unviable to retain in use where possible. This is largely because the Borough’s secondary stock continues to play an important role and operates differently to new build space. Secondary office stock cannot be replaced and if too much is lost, may only result in firms needing to be accommodated in

some form of subsidised workspace. In the Hounslow context secondary office (and workspace stock) remains available to meet many occupiers' demand for property.

- 6.75 In due course we would expect the future of office space in London to be addressed as a strategic matter given the interplay between different borough markets and commuting flows between the CAZ and the outer boroughs. Hounslow's office market has, for many years, performed poorly and especially in the Borough centres. Chiswick Park was often cited as the exception. But at the time of writing there is a large competing supply elsewhere that is commercially attractive and now available to firms who may otherwise not have been able to locate in more central, or prime, locations.
- 6.76 At the time of writing the Borough has a pipeline of supply equivalent to seven years of 'need' (@9,744 pa – table 6.4). Most of this pipeline is within the GWC where there is a considerable amounts of detail to be confirmed as regards the exact format and specification of this space and, if the office market here improves, scope to reconfigure the development mix to match.
- 6.77 In this area we also identified that the creative industry sector was likely to form the basis of growth – this is an exceptionally broad and wide sector with no agreed delivery format. Across London there is extensive research looking at how to meet the needs of the creative sector – including via affordable workspace formats. But the near universal conclusion is the need for plans, and planning policies to be flexible, and schemes to be prepared in partnership with sector stakeholders at the relevant time. This would appear to be the most pragmatic approach for the Borough-wide development plan to take in this area rather than the plan and its allocation policies in detail, seek to scope the exact format of space the creative sector may need in five or so years' time.
- 6.78 This would have clear implications for housing and other policies and most likely part of a periodic plan review. But there is scope to identify more supply within the plan period if needed. It is also the case that there is physical scope to redevelop and intensify older office sites/ office parks in the Borough if the market were willing to do so. There is no appetite for this at the moment, but also no major barriers preventing this scenario in the future and well in time before a market shortfall could emerge.

# Appendices



## Introduction

The London Plan makes provision for boroughs to secure an element of affordable workspace from new development proposals (policy E3).

We do not discuss the London Plan policy in detail here because it is exceptionally wide in scope – with the London Plan providing no clear steer as regards target firms or sectors. For example, London Plan policy notes that affordable workspace could be made available to Micro, Small and Medium firms (SMEs) which, by definition includes the vast majority of London firms (SMEs are defined as 0-250 employees).

However, in a Hounslow context, where there is a clear creative industry agenda that has a clear spatial dimension (eg GWC), in an area that will deliver a significant quantum of floorspace, there is scope provide a meaningful quantum of affordable workspace for this broad sector group.

London Plan policy E3 makes specific note of how *'consideration should be given to the need for affordable workspace'* in areas such as Creative Enterprise Zones. The scale of redevelopment proposed in this area will result in the loss of secondary industrial stock and office space that could also be used flexibly to accommodate the growing creative sector.

Given the rent difference between secondary stock and new build this change/regeneration is very likely to displace current firms from 'affordable' space, and also prevent new entrants who otherwise may be attracted to the borough.

The scale of new development in the GWC area means that collectively, even a small percentage of floorspace has the scope to yield a significant amount of affordable workspace for smaller creative firms as part of the growing cluster. Particularly if offsite provision was encouraged allowing affordable workspace to efficiently cluster and deliver critical mass.

So, there would be a case to develop an affordable workspace policy to help nurture the creative sector, as part of a more strategic approach to the GWC Creative Enterprise Zone and how that strategy emerges.

Outside the GWC, development opportunities may be more limited, but as with the GWC redevelopment is likely to further stress the secondary market, and there is a concern that older industrial space is being redeveloped for data centres or larger logistics uses. In our work we recognise data centres as critical infrastructure which, by virtue of national policy, can be accommodated in employment areas. But also, that this type of space is not suitable for traditional economic uses, and not for firms that may be displaced by redevelopment.

In our view the ability to offer off-site provision where the need for space has been triggered, could be a useful tool to direct provision to areas where the sector can cluster and develop a critical mass. If contributions are calculated in terms of value, it may also be more efficient to direct contributions to less expensive parts of the Borough and less expensive property, noting that traditionally affordable space has been found in the secondary stock.

## Scale and depth of discount

The London Plan provides no guide as regards the scale and depth of discount – nor does there appear to be a consensus among boroughs.

The Volterra work, for LB Ealing (2023<sup>1</sup>) criticises most existing policies because they did not discount space sufficient to be genuinely affordable. While the final policy is not prescriptive the evidence base 'champions' a very deep – 80% rent discount.

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<sup>1</sup> OPDC and LB Ealing Affordable workspace study (2023)

Ealing's rationale is that a lower discount, in common with most other boroughs, would not deliver genuinely affordable workspace, hence their choice to promote 80%. This is certainly the case for some of the sectors noted in Policy E3 – who may have little or no commercial income.

In our view there is a balance to be struck between affordable space – offered at a discount to the market for those who cannot access commercial space because their supply of space is shrinking and heavily subsidised, space for those who currently access space at any commercial rent. In the LB Hounslow context, the loss of stock relates to the loss of secondary industrial / workshop space and so, seeking replacement stock similar to secondary (small unit) space should be the priority.

This would justify a less deep discount, but still a considerable discount. At the time of writing secondary industrial stock is around £15 psft – roughly double that expected in new schemes. So, this would suggest a 50% discount on rents.

If deeper discounts are to be expected, then we would suggest that further work is needed to clearly define the logic and scale of this provision including scoping the format of space needed. This is likely to respond to specific proposals that cannot be commercially delivered – for example incubation and start up centres that are often publicly supported and require a much larger support package than simply securing discounted rents.

**Further guidance:**

Other studies have provided sensible guidance regarding formats and specifications – including detailed work for the West London Alliance.

But in general, an affordable workspace occupier's demands do not significantly differ from a commercial firm, and it would not be pragmatic to carry forward basic property requirements into formal policy. But there should be an expectation that space offered as affordable should either be purposely designed to meet a specific target tenant / sector and accompanied by appropriate evidence. Or, as a minimum, be similar in standard and format to the commercial offer therefore to avoid a scenario whereby the space is just provided to shell and core and cannot be occupied without significant upfront capital investment.

Because of the range of potential occupiers, and the dynamic/innovative nature of the creative sectors, the Borough should be responsive to offers that are relevant to the market at that time.

Other boroughs operate a workspace provider list, and encourage developers to partner with these from an early stage. These may be helpful sources of advice and the Council should encourage developers to work with providers early.

**Summary**

The London Plan (E3) encourages boroughs to explore how the use of affordable workspace policies can assist secure more affordable space. However, the London Plan does not clearly define sectors nor markets, and boroughs have needed to develop local policies. But these, as with E3, are rarely prescriptive and ultimately rely on site-by-site viability appraisals to determine the quantum and dept of discount.

We have reviewed recent examples of policy elsewhere, most obviously the nearby OPDC/Ealing Evidence base, and found little or no consensus beyond policy reflecting the need for 'flexibility' and that the final offer should be 'appropriate'.

But in the Hounslow context, we can see a logic and also a clear sector dimension. Over the plan period we expect to see continued pressure to redevelop the remaining secondary industrial stock – most obviously in the GWC – but almost every secondary industrial estate is being targeted for redevelopment – encouraged by proactive London Plan policies that seek continued (intended) investment in the portfolio. This will continue to stress firms that can viably operate from secondary stock, paying secondary rents as those sites are regenerated with more expensive to delivery (and operate) intensified property.

With this in mind – this suggests that the affordable rent in Hounslow should be discounted, at or slightly below that available on the secondary market, which is roughly 50%. Our testing (that follows) confirms that this level of discount is achievable even if more expensive to deliver formats are encouraged.

In terms of specification there is no consensus, but policy should seek the provision of industrial workspace formats to avoid policy providing additional generic office stock. At the moment there is scope within the secondary office market to accommodate ‘value’ occupiers – although this needs to be monitored over time because there may come a point where the office market returns to strength and the secondary stock will be in short supply. If purpose-built space is provided it should be specified in such a way that its market appeal is as broad as possible – industrial characteristics (floor to ceiling heights, access, layout) that cannot easily be added at a later stage.

Pragmatically industrial formats may not be achievable in all scenarios and the Council may choose to accept an office format – but the balance of supply/demand suggests industrial workshops should be the first ‘ask’.

Most boroughs consider a threshold approach – for example Lambeth required affordable workspace to be provided where more than 1,000 sq m (gross) is delivered, but there has been some concern around setting policies as gross because it may dissuade redevelopment. The Islington Plan was modified to consider only ‘net’ additional space.

While boroughs differ in approach – there is a risk that seeking affordable workspace on replacement space could dis-incentivise redevelopment when the plan should be encouraging market-led renewal and replacement. So, this would err towards a policy scoped at net additional space – although this will clearly deliver less space overall.

Also – we would encourage provision for offsite contributions where small contributions can cluster and/or be better located. It may be preferable to direct workspace provision to local industrial sites, well located to amenities, rather than on the larger SIL sites. There may be scope to use payments in lieu to provide space on high streets and other areas of the Borough that could benefit from new economic activity.

Finally, most affordable workspace policies are fairly generic in structure and content and refer the reader to SPD documents to help provide additional detail. This is likely to be needed here given the complexity of the issue and need to guide decision-makers through complex issues including operational models and the range of property that could be offered in response. While the use of workspace provider lists can be helpful ultimately the Council needs to decide whether the offer is genuine.

**Viability testing**

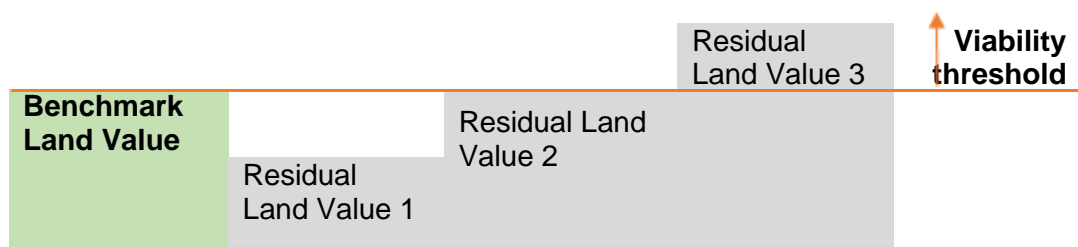
We have undertaken viability assessments to find out whether affordable workspace could be viable to deliver, as part of a developer contribution, when delivering new employment space along the Great West Corridor in LB Hounslow.

The viability assessment has been undertaken in accordance with guidance set out in the PPG and RICS practice standard 'Financial viability in planning: conduct and reporting'. The viability assessment works on the basis that a developer knows the end value of the scheme's Gross Development Value (GDV), and knows the total development costs (construction, fees, interest and developer's profit). By deducting the total development costs from the GDV, the developer knows what they can bid for the land. The formula is expressed as:

$$\text{Residual Land Value} = \text{Gross Development Value} \text{ Minus } \text{Total Development Costs}$$

(construction, policy contributions, CIL, fees, interest and developer's profit)

Once we run the appraisal, we make a comparison of the residual land value against the benchmark land value – see the test below. If the residual land value equals or is greater than the benchmark land value, the scheme is deemed viable. If the residual land value falls below the benchmark land value, then the scheme is unviable.



The assessment assumes a 1,500 sq m scenario with 65% site coverage. The space would be a hybrid of workshop/office on the ground and first floor see examples below.

Externally the space would be an office in appearance, but internally it would be stripped back with exposed ceilings but with all services in place - effectively the space would be a higher specification than a warehouse unit but lower than Grade A offices found for example at Chiswick Park.

The assessment assumes that an affordable workspace provider would operate and manage the affordable workspace, and they typically “take” 50% of the achieved discounted rent and this has been reflected in the appraisal, so not all of the discounted affordable rent is modelled, just half.

The appraisal inputs and assumptions are set out on the following table.

APPENDIX 1: AFFORDABLE WORKSPACE DISCUSSIONS AND RECOMMENDATIONS

Input	Value / cost	Assumptions
<b>Gross Development Value</b>		
Rent	£323 psm	In setting an appropriate rent we have been mindful that secondary studio space is available at Chiswick Studios at circa. £309 psm and refurbished office space at West Link House and The Mille at circa. £315 psm.
Market rent floorspace yield	4.75%	In setting an appropriate yield we have been mindful of the following transactions: Jan 24 - Clayton Business Centre, Trevor Road, Hayes sold at a Net Initial Yield (NIA) of 4.02%, May 2023 Fairway Trading Estate sold at a NIA of 4.96%, May 22 Units 14 & 15, The Metro Centre sold at a NIA of 3.12% (although the market has weakened since 2022), and Nov 2022 - 1A - 3A Sutton Court Road sold at a NIA of 5.57%.
Affordable workspace yield	5.50%	The assessment assumes that an affordable workspace operator would take a headlease on the space, but the risk profile of this market is greater due to the occupiers they are seeking, and the shorter-term nature of the leases sought by their occupiers, we have therefore adjusted upwards the yield to reflect the risk profile.
Void period & incentives	6 months	We have assumed a nominal 6 months' void for tenant incentives and letting void, in line with market expectations.
<b>Gross Development Costs</b>		
Build costs	£1,850 psm	The PPG on states that the Building Cost Information Service (BCIS) is a suitable data source for assessments of this nature, but the BCIS data does not have direct cost information for scenarios of this nature e.g. quasi-office, industrial and workshop space we have therefore considered a range of information. Current (March 2024) BCIS median cost data re-based for Hounslow provides a cost of £1,198 psm for "Purpose built factories/Offices - mixed facilities" for "1 - 2 storey air con offices" the cost is £2,339 psm, and for "Artist's studios" the cost is £2,303 psm although the sample size for artist's studios is just three schemes, so we apply a high degree of caution to that figure. The GLA's Industrial Intensification and Co-location Study: Design and Delivery Testing, 2018, assumed build costs for stacked workshops / studios with residential above (Model Site 1B) cost of £1,505 psm now uplifted for inflation to £1,825 psm, but it is unclear whether this is an all-in cost that includes external works and fees. Although when we take the mid-point between the BCIS cost for "Purpose built factories/Offices - mixed facilities" and "1 - 2 storey air con offices" the figure is £1,900 psm which is similar to the co-location uplifted figure, with our figure falling between the two.
BREEAM very Good	0.40%	Cost uplift based on the Briefing Paper "The value of BREEAM A review of the latest thinking in the commercial building sector" for industrial properties achieving "Excellent."

APPENDIX 1: AFFORDABLE WORKSPACE DISCUSSIONS AND RECOMMENDATIONS

Input	Value / cost	Assumptions
Building Regulations Part L	2.82%	With effect from 15 June 2022, Part L of the Building Regs changed which requires non-domestic builds 27% less carbon emissions. RICS, which publishes BCIS, states that some of the BCIS data reflect changes in building regulations and other standards. Typically, we are finding that current BCIS costs do not reflect the Part L changes. Costs based on Currie & Brown assessment of additional capital costs for distribution warehouse (no differentials are provided between industrial and warehouse uses) for Future Building Standard Impact Assessment, January 2021.
External works	10%	External works are calculated as a percentage of BCIS build costs plus BREEAM & building reg uplifts. This percentage allowance is typical of what we see in other schemes of this nature.
Demolition and site prep	-	No allowance has been made, any site-specific cost will need to be reflected in a reduced land value as per the PPG on viability.
Professional fees	8%	Professional fees are calculated as a percentage of BCIS build costs plus BREEAM, building reg uplifts & external works. This percentage allowance is typical of what we see in other schemes of this nature.
Contingency	5%	Contingency is calculated as a percentage of BCIS build costs plus BREEAM, building reg uplifts, external works & professional fees. This percentage allowance is typical of what we see in other schemes of this nature.
BNG	£19,800 per ha	Price per ha cost-based the Impact Assessment, Biodiversity net gain and local nature recovery strategies by DEFRA, October 2019, which calculates the average units lost from 1ha development of brownfield non-residential development to be 1.8, at a cost per unit of £11,000.
Agent letting fee	10% of first years rent	In line with market rates.
Legal letting fee	5% of first years rent	In line with market rates.
Marketing costs	£80,000	Allowance for marketing costs disposal of unit.
SDLT	Based on HMRC variable rates	Applied to the investment sale of the completed development and residual land value – both using the commercial rates stated by HMRC.
Agents fee on residual land value	1.0% of residual land value	In line with market rates.
Legal fee on residual land value	0.5% of residual land value	In line with market rates.
Finance rate	8%	Reasonable uplift on Bank of England Base Rate of 5.25% - rate in line with what we are seeing in similar viability testing.
Profit	15.0% of GDV (circa 20% of Gross Development Costs)	Rate in line with what we are seeing in similar viability testing, and the percentage of GDV falls in the PPG range of 15 - 20% of GDV.

APPENDIX 1: AFFORDABLE WORKSPACE DISCUSSIONS AND RECOMMENDATIONS

Input	Value / cost	Assumptions
CIL / S106	Zero	No allowances have been made as this will be dependent on policies in the new Local Plan. It is assumed that these costs will need to be deducted from any viability surplus shown and/or reduced land value.
Benchmark land value	£10.378 m per ha (£4.2 m per acre)	In our land value assessment, we have assumed a value of just the employment element of a mixed-use site, thus relying on general industrial value for land. In reality, the overall site value for a mixed-use scheme will be higher due to the residential element increasing the overall value. Collier's reported on 12 Sept 2023 "that the average value in London is now at £4.95m an acre compared to £3.78m in the previous study [Q2 2023], while across the South-east it has moved to £1.64m from £1.46m." The Colliers evidence shows that land values can be volatile. The PPG also states that the benchmark land value should reflect all policy costs, therefore, we would expect that the introduction of an affordable workspace policy should have a depressing impact on land value, and this is reflected in our BLV estimate. Furthermore, we would expect redevelopment to occur on sites where existing buildings have come to the end of their economic life.

The results in the table below show that an affordable workspace policy would be viable, with a number of options available:

- If the percentage of floorspace is to be maximised then 12.5% of floorspace and 10% rent discount is viable.
- If the percentage of rent discount is to be maximised then a 45% rent discount with 10% of floorspace is viable.

The surpluses expressed in the table are the residual sums from the appraisal results expressed as a £ per hectare (ha), which could be used to fund other policy/CIL costs and abnormals not considered in the viability assessment. In our recommendations, we have allowed sufficient buffers to capture other S106s and site abnormals.

Surpluses per ha		Percentage of affordable floorspace				
		10%	12.5%	15.0%	17.5%	20.0%
% of MV	90%	982,528	442,506	-93,221	-624,703	-1,151,990
	85%	905,368	346,444	-208,033	-758,116	-1,303,855
	80%	828,208	250,382	-322,846	-891,529	-1,455,720
	75%	751,048	154,320	-437,658	-1,024,942	-1,607,585
	70%	673,888	58,258	-552,470	-1,158,354	-1,759,450
	65%	596,728	-37,804	-667,283	-1,291,767	-1,911,315
	60%	519,568	-133,866	-782,095	-1,425,180	-2,063,180
	55%	442,408	-229,928	-896,907	-1,558,593	-2,215,045
	50%	365,247	-325,990	-1,011,720	-1,692,005	-2,366,910

APPENDIX 2 – EXPERIAN ECONOMIC FORECAST FOR LB HOUNSLOW

Division	SIC	Jobs				Change in jobs by employment activity			
		2020	2041	Change	%	Office	Industrial	Whsing	Other
Agriculture, Forestry & Fishing	A	0	0	0	-	0	0	0	0
Extraction & Mining	B	400	300	-100	-25	0	0	0	-100
Food, Drink & Tobacco (manufacture of)	C	1,400	1,100	-300	-21	0	-300	0	0
Textiles & Clothing (manufacture of)	C	0	0	0	-	0	0	0	0
Wood & Paper (manufacture of)	C	0	0	0	-	0	0	0	0
Printing and Recorded Media (manufacture of)	C	100	100	0	0	0	0	0	0
Fuel Refining	C	0	0	0	-	0	0	0	0
Chemicals (manufacture of)	C	0	0	0	-	0	0	0	0
Pharmaceuticals (manufacture of)	C	0	0	0	-	0	0	0	0
Non-Metallic Products (manufacture of)	C	400	300	-100	-25	0	-100	0	0
Metal Products (manufacture of)	C	500	300	-200	-40	0	-200	0	0
Computer & Electronic Products (manufacture of)	C	200	300	100	50	0	100	0	0
Machinery & Equipment (manufacture of)	C	500	400	-100	-20	0	-100	0	0
Transport Equipment (manufacture of)	C	0	0	0	-	0	0	0	0
Other Manufacturing	C	700	700	0	0	0	0	0	0
Utilities	D/E	800	800	0	0	0	0	0	0
Construction of Buildings	F	2,000	2,400	400	20	0	0	0	400
Civil Engineering	F	400	400	0	0	0	0	0	0
Specialised Construction Activities	F	3,300	4,500	1,200	36	0	1,197	0	3
Wholesale	G	12,100	12,600	500	4	0	36	411	53
Retail	G	11,400	11,800	400	4	0	0	0	400
Land Transport, Storage & Post	H	18,900	23,900	5,000	26	0	0	2,791	2,209
Air & Water Transport	H	26,700	35,600	8,900	33	0	0	0	8,900
Accommodation & Food Services	I	9,400	11,200	1,800	19	0	0	0	1,800
Recreation	R	4,100	5,500	1,400	34	0	0	0	1,400
Media Activities	J	13,300	18,500	5,200	39	5,051	0	0	149
Telecoms	J	700	700	0	0	0	0	0	0
Computing & Information Services	J	9,600	12,000	2,400	25	2,400	0	0	0
Finance	K	2,100	2,300	200	10	200	0	0	0
Insurance & Pensions	K	0	0	0	-	0	0	0	0
Real Estate	L	3,100	4,200	1,100	35	1,100	0	0	0
Professional services	M	11,800	14,500	2,700	23	2,608	0	0	92
Administrative & Supportive Services	N	14,200	17,000	2,800	20	1,485	29	80	1,206
Other Private Services	S	2,500	2,600	100	4	29	16	0	55
Public Administration & Defence	O	4,400	4,400	0	0	0	0	0	0
Education	P	9,300	11,200	1,900	20	0	0	0	1,900
Health	Q	7,200	8,600	1,400	19	0	0	0	1,400
Residential Care & Social Work	Q	5,300	5,300	0	0	0	0	0	0
<b>TOTALS</b>		<b>176,800</b>	<b>213,500</b>	<b>36,700</b>	<b>21</b>	<b>12,872</b>	<b>679</b>	<b>3,282</b>	<b>19,867</b>

Nb blue denotes requiring predominately industrial floorspace, green predominately warehouse/logistics floorspace and pink predominantly office floorspace

The totals for jobs by employment activity sum to the overall change 36,700.

## SECTOR TO LAND USE MAPPING

1. Economic statistics and forecasts tell us nothing directly about employment space, because they do not classify jobs according to the type of space they occupy. Rather, the statistics split jobs into economic sectors (industries and services), according to the Standard Industrial Classification (SIC). To estimate how many jobs will be based in offices and industrial space, and how many in 'non-B' spaces such as retail premises, schools and hospitals, we need to translate sectors into land uses.
2. For this, we have used a method developed by the PBA team (formerly Roger Tym & Partners) over a series of employment land reviews, and tested in a large-scale study of the Yorkshire and Humber region in 2010<sup>1</sup>. To our knowledge there is no other published empirical research on the relationship between activity sectors and land uses.
3. The tables below show the sectors that are classified to industrial (subdivided into manufacturing and warehousing) and offices respectively. The names and numbers that identify each activity sector are from the UK Standard Classification of Economic Activities 2007 (SIC 2007)<sup>2</sup>. These tables aggregate the data from the finest grain 5 digit SIC level which is the base for the mapping. The reason we use the 5-digit level is that within each sector there may be activities that are industrial based and others that are office or manufacturing. Further on in this note we cite construction activity as an example of a sector containing different land use activities.
4. The Annex that follows drills down to the lowest level SIC (5-digit categories) that is used to build up to the sectors. For each of the 700 SIC 5-digit job class/sub-classes we identify the appropriate employment land use. Many of the SIC classes are non-B uses, and the Annex includes only the SICs in B use classes. The Annex also identifies the corresponding job category in the Experian Economic forecast data.

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<sup>1</sup> Roger Tym & Partners with King Sturge for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, March 2010

<sup>2</sup> <http://www.businessballs.com/freespecialresources/SIC-2007-explanation.pdf>

**Table A1 Industrial sectors**

<b>Manufacturing</b>		
Manufacturing and repairs	10-33	All manufacturing
	95.00	Repair of computers and personal and household goods
<b>Other industrial</b>		
Construction	43.2	Electrical, plumbing and other construction installation activities
	43.3	Building completion and finishing
	43.9	Other specialised construction activities not elsewhere specified (nec)
Motor vehicle activities	45.2	Maintenance and repair of motor vehicles
	45.4	Sale, maintenance and repair of motor cycles and related parts and accessories
Sewage and refuse disposal	37	Sewage
	38	Waste collection, treatment and disposal activities
Employment activities (part)	78	
<b>Warehousing</b>		
Wholesale trade except of motor vehicles and motorcycles	46	
Freight transport by road	49.41	
Removal services	49.42	
Storage and warehousing	52.10	
Other supporting land transport activities	52.21	
Cargo handling	52.24	
Post and courier activities	53.00	
Packaging activities	82.92	
Employment activities (part)	78	

**Note**

SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment.

**Table A2 Office sectors**

<b>Office sectors</b>		
Publishing	58	Motion picture production activities
Motion picture, video and TV programme activities	59.11	Motion picture, video and TV programme production activities
	59.12	Motion picture, video and TV programme post-production activities
	59.13	Motion picture, video and TV programme distribution activities
	59.20	Sound recording and music publishing activities
Programming and broadcasting activities	60	
Computer programming, consultancy and related activities	62	
Information service activities	63	
Financial service activities except insurance and pension funding	64	
Insurance, reinsurance and pension funding except compulsory social security	65	
Activities auxiliary to financial services and insurance activities	66	
Real estate activities	68	
Legal and accounting activities	69	
Activities of head offices, management consultancy activities	70.	
Architectural and engineering activities, technical testing and analysis	71	
Scientific research and development	72	
Advertising and market research	73	
Other professional, scientific and technical activities	74	
Renting and leasing activities	77.40	Leasing of intellectual property and similar products
Employment activities (part)	78	
Security and investigation activities	80	
Office admin, office support and other business support activities	82	
Public administration and defence; compulsory social security	84.1	Administration of the State and the economic and social policy of the community
	84.3	Compulsory social security activities

**Note**

SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment

5. On a technical note, most economic forecasts show around 20-30 broad activity sectors, a much coarser-grained classification than the SIC sectors in the table above, and the 5 digit SIC level we use that is set out in the Annex below. For example, the table counts as a B-space activity only part of the Construction industry (SIC 43.2, 43.3 and 43.9), whereas forecasts typically show only Construction as a whole (SIC 43). To estimate future employment in sub-sectors such as SIC 43.2, we assume that the share of each sub-sector's employment in its 'parent' sector stays constant.
6. There are two further technical difficulties with the relationship of sectors to land uses. The first is that the line between production space (factories and workshops) and warehousing is blurred. This is not surprising, because manufacturing and warehousing largely occupy the same kinds of buildings, many units combine both functions in proportions that vary over time, and smaller buildings are allowed to shift between the two without planning permission.
7. In setting total land provision targets, therefore, factories, workshops and warehouses, should be merged into a single 'industrial' category. This should not cause any problems, because these uses operate in similar buildings and at similar employment densities, except for very large units including strategic warehousing. In areas where they form a significant part of the stock, these large units should be allowed for separately.
8. The other problem with the tables is that some of the jobs which the table allocates to industrial space are in fact in offices. These jobs are probably in administration, sales and marketing functions of industrial and related businesses. A construction or plumbing business, for example, will often have an office that deals with orders, appointments, record-keeping and the like. In some cases this will be ancillary to an industrial unit and therefore not count as office space, but in other cases it will be free-standing. If the business is small, the office may be its only premises.
9. In total, the Yorkshire and Humber survey found that around one tenth of the jobs which our method allocates to industrial space (factories, workshops and warehouses) are in fact in offices. For a large area such as the region, this is too small a proportion to distort land provision targets. But in some local authority areas, especially the more highly urbanised, it is likely that the distortion is significant. Employment land reviews should aim to correct these distortions, using local knowledge to adjust the relationships shown in the tables above.
10. There are many other, place-specific factors why the sector-to-land-use relationships in the tables above may be invalid. For example, in some places large business units are assigned to the wrong sector or the wrong side of the local authority boundary. In other places, particular sectors are untypical and do not occupy the kinds of space that one would normally expect. In one local authority area in England, for example, there are many jobs classified to Other Supporting Land Transport Activities, SIC 52.21, which normally would occupy warehousing in the local authority area. But in this case most of the SIC 52.21 jobs relate to railway maintenance and the people concerned work all over the country, mostly outdoors.
11. Where such anomalies arise, close inspection of the numbers, combined with local knowledge, should help correct the statistics and customise the sector-to-land-use assumptions.

12. However, it is inevitable that sector-to-land-use relationships are less reliable for small than larger areas. As the Yorkshire and Humber survey illustrated, the relationships shown in our tables work very well for whole regions. But they are not reliable for individual buildings or employment areas, and may not be reliable at local authority level. This is one of the reasons why demand forecasts are more robust for regions than individual local authority areas.
13. The Yorkshire and Humber report provides further information and advice on sector-to-land-use relationships.
14. The schedule that follows identifies the land use class for the SIC 5-digit (the finest grain SIC data) job categories.

**Annex – Land use class at SIC 5-digit sector level *[see over]***

Employment land use	Sector (Experian)	Industry (5 digit SIC)
Manufacturing	Food, Drink & Tobacco	10110 : Processing and preserving of meat
Manufacturing	Food, Drink & Tobacco	10120 : Processing and preserving of poultry meat
Manufacturing	Food, Drink & Tobacco	10130 : Production of meat and poultry meat products
Manufacturing	Food, Drink & Tobacco	10200 : Processing and preserving of fish, crustaceans and molluscs
Manufacturing	Food, Drink & Tobacco	10310 : Processing and preserving of potatoes
Manufacturing	Food, Drink & Tobacco	10320 : Manufacture of fruit and vegetable juice
Manufacturing	Food, Drink & Tobacco	10390 : Other processing and preserving of fruit and vegetables
Manufacturing	Food, Drink & Tobacco	10410 : Manufacture of oils and fats
Manufacturing	Food, Drink & Tobacco	10420 : Manufacture of margarine and similar edible fats
Manufacturing	Food, Drink & Tobacco	10511 : Liquid milk and cream production
Manufacturing	Food, Drink & Tobacco	10512 : Butter and cheese production
Manufacturing	Food, Drink & Tobacco	10519 : Manufacture of milk products (other than liquid milk and cream, butter, cheese) nec
Manufacturing	Food, Drink & Tobacco	10520 : Manufacture of ice cream
Manufacturing	Food, Drink & Tobacco	10611 : Grain milling
Manufacturing	Food, Drink & Tobacco	10612 : Manufacture of breakfast cereals and cereals-based foods
Manufacturing	Food, Drink & Tobacco	10620 : Manufacture of starches and starch products
Manufacturing	Food, Drink & Tobacco	10710 : Manufacture of bread; manufacture of fresh pastry goods and cakes
Manufacturing	Food, Drink & Tobacco	10720 : Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes
Manufacturing	Food, Drink & Tobacco	10730 : Manufacture of macaroni, noodles, couscous and similar farinaceous products
Manufacturing	Food, Drink & Tobacco	10810 : Manufacture of sugar
Manufacturing	Food, Drink & Tobacco	10821 : Manufacture of cocoa, and chocolate confectionery
Manufacturing	Food, Drink & Tobacco	10822 : Manufacture of sugar confectionery
Manufacturing	Food, Drink & Tobacco	10831 : Tea processing
Manufacturing	Food, Drink & Tobacco	10832 : Production of coffee and coffee substitutes
Manufacturing	Food, Drink & Tobacco	10840 : Manufacture of condiments and seasonings
Manufacturing	Food, Drink & Tobacco	10850 : Manufacture of prepared meals and dishes
Manufacturing	Food, Drink & Tobacco	10860 : Manufacture of homogenised food preparations and dietetic food
Manufacturing	Food, Drink & Tobacco	10890 : Manufacture of other food products nec
Manufacturing	Food, Drink & Tobacco	10910 : Manufacture of prepared feeds for farm animals
Manufacturing	Food, Drink & Tobacco	10920 : Manufacture of prepared pet foods
Manufacturing	Food, Drink & Tobacco	11010 : Distilling, rectifying and blending of spirits
Manufacturing	Food, Drink & Tobacco	11020 : Manufacture of wine from grape
Manufacturing	Food, Drink & Tobacco	11030 : Manufacture of cider and other fruit wines
Manufacturing	Food, Drink & Tobacco	11040 : Manufacture of other non-distilled fermented beverages
Manufacturing	Food, Drink & Tobacco	11050 : Manufacture of beer
Manufacturing	Food, Drink & Tobacco	11060 : Manufacture of malt
Manufacturing	Food, Drink & Tobacco	11070 : Manufacture of soft drinks; production of mineral waters and other bottled waters
Manufacturing	Food, Drink & Tobacco	12000 : Manufacture of tobacco products
Manufacturing	Textiles & Clothing	13100 : Preparation and spinning of textile fibres
Manufacturing	Textiles & Clothing	13200 : Weaving of textiles
Manufacturing	Textiles & Clothing	13300 : Finishing of textiles
Manufacturing	Textiles & Clothing	13910 : Manufacture of knitted and crocheted fabrics
Manufacturing	Textiles & Clothing	13921 : Manufacture of soft furnishings
Manufacturing	Textiles & Clothing	13922 : Manufacture of canvas goods, sacks etc
Manufacturing	Textiles & Clothing	13923 : Manufacture of household textiles (other than soft furnishings of 13921)
Manufacturing	Textiles & Clothing	13931 : Manufacture of woven or tufted carpets and rugs
Manufacturing	Textiles & Clothing	13939 : Manufacture of carpets and rugs (other than woven or tufted) nec
Manufacturing	Textiles & Clothing	13940 : Manufacture of cordage, rope, twine and netting
Manufacturing	Textiles & Clothing	13950 : Manufacture of non-wovens and articles made from non-wovens, except apparel
Manufacturing	Textiles & Clothing	13960 : Manufacture of other technical and industrial textiles
Manufacturing	Textiles & Clothing	13990 : Manufacture of other textiles nec
Manufacturing	Textiles & Clothing	14110 : Manufacture of leather clothes
Manufacturing	Textiles & Clothing	14120 : Manufacture of workwear
Manufacturing	Textiles & Clothing	14131 : Manufacture of men's outerwear, other than leather clothes and workwear
Manufacturing	Textiles & Clothing	14132 : Manufacture of women's outerwear, other than leather clothes and workwear
Manufacturing	Textiles & Clothing	14141 : Manufacture of men's underwear
Manufacturing	Textiles & Clothing	14142 : Manufacture of women's underwear
Manufacturing	Textiles & Clothing	14190 : Manufacture of other wearing apparel and accessories
Manufacturing	Textiles & Clothing	14200 : Manufacture of articles of fur
Manufacturing	Textiles & Clothing	14310 : Manufacture of knitted and crocheted hosiery
Manufacturing	Textiles & Clothing	14390 : Manufacture of other knitted and crocheted apparel
Manufacturing	Textiles & Clothing	15110 : Tanning and dressing of leather; dressing and dyeing of fur
Manufacturing	Textiles & Clothing	15120 : Manufacture of luggage, handbags and the like, saddlery and harness
Manufacturing	Textiles & Clothing	15200 : Manufacture of footwear
Manufacturing	Wood & Paper	16100 : Sawmilling and planing of wood
Manufacturing	Wood & Paper	16210 : Manufacture of veneer sheets and wood-based panels
Manufacturing	Wood & Paper	16220 : Manufacture of assembled parquet floors
Manufacturing	Wood & Paper	16230 : Manufacture of other builders' carpentry and joinery
Manufacturing	Wood & Paper	16240 : Manufacture of wooden containers
Manufacturing	Wood & Paper	16290 : Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
Manufacturing	Wood & Paper	17110 : Manufacture of pulp
Manufacturing	Wood & Paper	17120 : Manufacture of paper and paperboard
Manufacturing	Wood & Paper	17211 : Manufacture of corrugated paper and paperboard; manufacture of sacks and bags of paper
Manufacturing	Wood & Paper	17219 : Manufacture of paper and paperboard containers other than sacks and bags
Manufacturing	Wood & Paper	17220 : Manufacture of household and sanitary goods and of toilet requisites
Manufacturing	Wood & Paper	17230 : Manufacture of paper stationery
Manufacturing	Wood & Paper	17240 : Manufacture of wallpaper
Manufacturing	Wood & Paper	17290 : Manufacture of other articles of paper and paperboard
Manufacturing	Printing and Reproduction of Recorded Media	18110 : Printing of newspapers
Manufacturing	Printing and Reproduction of Recorded Media	18121 : Manufacture of printed labels
Manufacturing	Printing and Reproduction of Recorded Media	18129 : Printing (other than printing of newspaper s and printing on labels and tags) nec
Manufacturing	Printing and Reproduction of Recorded Media	18130 : Pre-press and pre-media services
Manufacturing	Printing and Reproduction of Recorded Media	18140 : Binding and related services
Manufacturing	Printing and Reproduction of Recorded Media	18201 : Reproduction of sound recording
Manufacturing	Printing and Reproduction of Recorded Media	18202 : Reproduction of video recording
Manufacturing	Printing and Reproduction of Recorded Media	18203 : Reproduction of computer media
Manufacturing	Fuel Refining	19100 : Manufacture of coke oven products
Manufacturing	Fuel Refining	19201 : Mineral oil refining
Manufacturing	Fuel Refining	19209 : Other treatment of petroleum products (excluding mineral oil refining petrochemicals manufacture)
Manufacturing	Chemicals	20110 : Manufacture of industrial gases
Manufacturing	Chemicals	20120 : Manufacture of dyes and pigments
Manufacturing	Chemicals	20130 : Manufacture of other inorganic basic chemicals
Manufacturing	Chemicals	20140 : Manufacture of other organic basic chemicals
Manufacturing	Chemicals	20150 : Manufacture of fertilisers and nitrogen compounds
Manufacturing	Chemicals	20160 : Manufacture of plastics in primary forms
Manufacturing	Chemicals	20170 : Manufacture of synthetic rubber in primary forms
Manufacturing	Chemicals	20200 : Manufacture of pesticides and other agrochemical products
Manufacturing	Chemicals	20301 : Manufacture of paints, varnishes and similar coatings, mastics and sealants
Manufacturing	Chemicals	20302 : Manufacture of printing ink
Manufacturing	Chemicals	20411 : Manufacture of soap and detergents
Manufacturing	Chemicals	20412 : Manufacture of cleaning and polishing preparations
Manufacturing	Chemicals	20420 : Manufacture of perfumes and toilet preparations
Manufacturing	Chemicals	20510 : Manufacture of explosives
Manufacturing	Chemicals	20520 : Manufacture of glues
Manufacturing	Chemicals	20530 : Manufacture of essential oils

Employment land use	Sector (Experian)	Industry (5 digit SIC)
Manufacturing	Chemicals	20590 : Manufacture of other chemical products nec
Manufacturing	Chemicals	20600 : Manufacture of man-made fibres
Manufacturing	Pharmaceuticals	21100 : Manufacture of basic pharmaceutical products
Manufacturing	Pharmaceuticals	21200 : Manufacture of pharmaceutical preparations
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	22110 : Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	22190 : Manufacture of other rubber products
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	22210 : Manufacture of plastic plates, sheets, tubes and profiles
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	22220 : Manufacture of plastic packing goods
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	22230 : Manufacture of builders ware of plastic
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	22290 : Manufacture of other plastic products
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23110 : Manufacture of flat glass
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23120 : Shaping and processing of flat glass
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23130 : Manufacture of hollow glass
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23140 : Manufacture of glass fibres
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23190 : Manufacture and processing of other glass, including technical glassware
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23200 : Manufacture of refractory products
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23310 : Manufacture of ceramic tiles and flags
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23320 : Manufacture of bricks, tiles and construction products, in baked clay
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23410 : Manufacture of ceramic household and ornamental articles
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23420 : Manufacture of ceramic sanitary fixtures
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23430 : Manufacture of ceramic insulating fittings
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23440 : Manufacture of other technical ceramic products
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23490 : Manufacture of other ceramic products
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23510 : Manufacture of cement
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23520 : Manufacture of lime and plaster
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23610 : Manufacture of concrete products for construction purposes
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23620 : Manufacture of plaster products for construction purposes
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23630 : Manufacture of ready-mixed concrete
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23640 : Manufacture of mortars
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23650 : Manufacture of fibre cement
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23690 : Manufacture of other articles of concrete plaster and cement
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23700 : Cutting, shaping and finishing of stone
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23910 : Production of abrasive products
Manufacturing	Rubber, Plastic and Other Non-Metallic Mineral Products	23990 : Manufacture of other non-metallic mineral products
Manufacturing	Metal products	24100 : Manufacture of basic iron and steel and of ferro-alloys
Manufacturing	Metal products	24200 : Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
Manufacturing	Metal products	24310 : Cold drawing of bars
Manufacturing	Metal products	24320 : Cold rolling of narrow strip
Manufacturing	Metal products	24330 : Cold forming or folding
Manufacturing	Metal products	24340 : Cold drawing of wire
Manufacturing	Metal products	24410 : Precious metals production
Manufacturing	Metal products	24420 : Aluminium production
Manufacturing	Metal products	24430 : Lead, zinc and tin production
Manufacturing	Metal products	24440 : Copper production
Manufacturing	Metal products	24450 : Other non-ferrous metal production
Manufacturing	Metal products	24460 : Processing of nuclear fuel
Manufacturing	Metal products	24510 : Casting of iron
Manufacturing	Metal products	24520 : Casting of steel
Manufacturing	Metal products	24530 : Casting of light metals
Manufacturing	Metal products	24540 : Casting of other non-ferrous metals
Manufacturing	Metal products	25110 : Manufacture of metal structures and parts of structures
Manufacturing	Metal products	25120 : Manufacture of doors and windows of metals
Manufacturing	Metal products	25210 : Manufacture of central heating radiators and boilers
Manufacturing	Metal products	25290 : Manufacture of other tanks, reservoirs and containers of metal
Manufacturing	Metal products	25300 : Manufacture of steam generators, except central heating hot water boilers
Manufacturing	Metal products	25400 : Manufacture of weapons and ammunition
Manufacturing	Metal products	25500 : Forging, pressing, stamping and roll-forming of metal; powder metallurgy
Manufacturing	Metal products	25610 : Treatment and coating of metals
Manufacturing	Metal products	25620 : Machining
Manufacturing	Metal products	25710 : Manufacture of cutlery
Manufacturing	Metal products	25720 : Manufacture of locks and hinges
Manufacturing	Metal products	25730 : Manufacture of tools
Manufacturing	Metal products	25910 : Manufacture of steel drums and similar containers
Manufacturing	Metal products	25920 : Manufacture of light metal packaging
Manufacturing	Metal products	25930 : Manufacture of wire products, chain and springs
Manufacturing	Metal products	25940 : Manufacture of fasteners and screw machine products
Manufacturing	Metal products	25990 : Manufacture of other fabricated metal products nec
Manufacturing	Computer & Electronic Products	26110 : Manufacture of electronic components
Manufacturing	Computer & Electronic Products	26120 : Manufacture of loaded electronic boards
Manufacturing	Computer & Electronic Products	26200 : Manufacture of computers and peripheral equipment
Manufacturing	Computer & Electronic Products	26301 : Manufacture of telegraph and telephone apparatus and equipment
Manufacturing	Computer & Electronic Products	26309 : Manufacture of communication equipment (other than telegraph and telephone apparatus and equipment)
Manufacturing	Computer & Electronic	26400 : Manufacture of consumer electronics
Manufacturing	Computer & Electronic	26511 : Manufacture of electronic instruments and appliances for measuring, testing, and navigation, except industrial process control equipment navigation, except industrial process control equipment
Manufacturing	Computer & Electronic	26512 : Manufacture of electronic industrial process control equipment
Manufacturing	Computer & Electronic	26513 : Manufacture of non-electronic instruments and appliances for measuring, testing and navigation, except industrial process control equipment
Manufacturing	Computer & Electronic Products	26514 : Manufacture of non-electronic industrial process control equipment
Manufacturing	Computer & Electronic Products	26520 : Manufacture of watches and clocks
Manufacturing	Computer & Electronic Products	26600 : Manufacture of irradiation, electromedical and electrotherapeutic equipment
Manufacturing	Computer & Electronic Products	26701 : Manufacture of optical precision instruments
Manufacturing	Computer & Electronic Products	26702 : Manufacture of photographic and cinematographic equipment
Manufacturing	Computer & Electronic Products	26800 : Manufacture of magnetic and optical media
Manufacturing	Computer & Electronic Products	27110 : Manufacture of electric motors, generators and transformers
Manufacturing	Computer & Electronic Products	27120 : Manufacture of electricity distribution and control apparatus
Manufacturing	Computer & Electronic Products	27200 : Manufacture of batteries and accumulators
Manufacturing	Computer & Electronic Products	27310 : Manufacture of fibre optic cables
Manufacturing	Computer & Electronic Products	27320 : Manufacture of other electronic and electric wires and cables
Manufacturing	Computer & Electronic Products	27330 : Manufacture of wiring devices
Manufacturing	Computer & Electronic Products	27400 : Manufacture of electric lighting equipment
Manufacturing	Computer & Electronic Products	27510 : Manufacture of electric domestic appliances
Manufacturing	Computer & Electronic Products	27520 : Manufacture of non-electric domestic appliances
Manufacturing	Computer & Electronic Products	27900 : Manufacture of other electrical equipment
Manufacturing	Machinery & Equipment	28110 : Manufacture of engines and turbines, except aircraft, vehicle and cycle engines
Manufacturing	Machinery & Equipment	28120 : Manufacture of fluid power equipment
Manufacturing	Machinery & Equipment	28131 : Manufacture of pumps
Manufacturing	Machinery & Equipment	28132 : Manufacture of compressors
Manufacturing	Machinery & Equipment	28140 : Manufacture of other taps and valves
Manufacturing	Machinery & Equipment	28150 : Manufacture of bearings, gears, gearing and driving elements
Manufacturing	Machinery & Equipment	28210 : Manufacture of ovens, furnaces and furnace burners
Manufacturing	Machinery & Equipment	28220 : Manufacture of lifting and handling equipment
Manufacturing	Machinery & Equipment	28230 : Manufacture of office machinery and equipment (except computers and peripheral equipment)
Manufacturing	Machinery & Equipment	28240 : Manufacture of power-driven hand tools
Manufacturing	Machinery & Equipment	28250 : Manufacture of non-domestic cooling and ventilation equipment

Employment land use	Sector (Experian)	Industry (5 digit SIC)
Manufacturing	Machinery & Equipment	28290 : Manufacture of other general-purpose machinery nec
Manufacturing	Machinery & Equipment	28301 : Manufacture of agricultural tractors
Manufacturing	Machinery & Equipment	28302 : Manufacture of agricultural and forestry machinery (other than agricultural tractors)
Manufacturing	Machinery & Equipment	28410 : Manufacture of metal forming machinery
Manufacturing	Machinery & Equipment	28490 : Manufacture of other machine tools
Manufacturing	Machinery & Equipment	28910 : Manufacture of machinery for metallurgy
Manufacturing	Machinery & Equipment	28921 : Manufacture of machinery for mining
Manufacturing	Machinery & Equipment	28922 : Manufacture of earthmoving equipment
Manufacturing	Machinery & Equipment	28923 : Manufacture of equipment for concrete crushing and screening roadworks
Manufacturing	Machinery & Equipment	28930 : Manufacture of machinery for food, beverage and tobacco processing
Manufacturing	Machinery & Equipment	28940 : Manufacture of machinery for textile, apparel and leather production
Manufacturing	Machinery & Equipment	28950 : Manufacture of machinery for paper and paperboard production
Manufacturing	Machinery & Equipment	28960 : Manufacture of plastics and rubber machinery
Manufacturing	Machinery & Equipment	28990 : Manufacture of other special-purpose machinery nec
Manufacturing	Machinery & Equipment	29100 : Manufacture of motor vehicles
Manufacturing	Machinery & Equipment	29201 : Manufacture of bodies (coachwork) for motor vehicles (except caravans)
Manufacturing	Machinery & Equipment	29202 : Manufacture of trailers and semi-trailers
Manufacturing	Machinery & Equipment	29203 : Manufacture of caravans
Manufacturing	Machinery & Equipment	29310 : Manufacture of electrical and electronic equipment for motor vehicles
Manufacturing	Machinery & Equipment	29320 : Manufacture of other parts and accessories for motor vehicles
Manufacturing	Machinery & Equipment	30110 : Building of ships and floating structures
Manufacturing	Machinery & Equipment	30120 : Building of pleasure and sporting boats
Manufacturing	Machinery & Equipment	30200 : Manufacture of railway locomotives and rolling stock
Manufacturing	Machinery & Equipment	30300 : Manufacture of air and spacecraft and related machinery
Manufacturing	Machinery & Equipment	30400 : Manufacture of military fighting vehicles
Manufacturing	Machinery & Equipment	30910 : Manufacture of motorcycles
Manufacturing	Machinery & Equipment	30920 : Manufacture of bicycles and invalid carriages
Manufacturing	Machinery & Equipment	30990 : Manufacture of other transport equipment nec
Manufacturing	Other Manufacturing	31010 : Manufacture of office and shop furniture
Manufacturing	Other Manufacturing	31020 : Manufacture of kitchen furniture
Manufacturing	Other Manufacturing	31030 : Manufacture of mattresses
Manufacturing	Other Manufacturing	31090 : Manufacture of other furniture
Manufacturing	Other Manufacturing	32110 : Striking of coins
Manufacturing	Other Manufacturing	32120 : Manufacture of jewellery and related articles
Manufacturing	Other Manufacturing	32130 : Manufacture of imitation jewellery and related articles
Manufacturing	Other Manufacturing	32200 : Manufacture of musical instruments
Manufacturing	Other Manufacturing	32300 : Manufacture of sports goods
Manufacturing	Other Manufacturing	32401 : Manufacture of professional and arcade games and toys
Manufacturing	Other Manufacturing	32409 : Manufacture of games and toys (other than professional and arcade games and toys)
Manufacturing	Other Manufacturing	32500 : Manufacture of medical and dental instruments and supplies
Manufacturing	Other Manufacturing	32910 : Manufacture of brooms and brushes
Manufacturing	Other Manufacturing	32990 : Other manufacturing nec
Manufacturing	Other Manufacturing	33110 : Repair of fabricated metal products
Manufacturing	Other Manufacturing	33120 : Repair of machinery
Manufacturing	Other Manufacturing	33130 : Repair of electronic and optical equipment
Manufacturing	Other Manufacturing	33140 : Repair of electrical equipment
Manufacturing	Other Manufacturing	33150 : Repair and maintenance of ships and boats
Manufacturing	Other Manufacturing	33160 : Repair and maintenance of aircraft and spacecraft
Manufacturing	Other Manufacturing	33170 : Repair and maintenance of other transport equipment
Manufacturing	Other Manufacturing	33190 : Repair of other equipment
Manufacturing	Other Manufacturing	33200 : Installation of industrial machinery and equipment
Other industrial	Utilities	37000 : Sewerage
Other industrial	Utilities	38110 : Collection of non-hazardous waste
Other industrial	Utilities	38120 : Collection of hazardous waste
Other industrial	Utilities	38210 : Treatment and disposal of non-hazardous waste
Other industrial	Utilities	38220 : Treatment and disposal of hazardous waste
Other industrial	Utilities	38310 : Dismantling of wrecks
Other industrial	Utilities	38320 : Recovery of sorted materials
Other industrial	Specialised Construction Activities	43210 : Electrical installation
Other industrial	Specialised Construction Activities	43220 : Plumbing, heat and air-conditioning installation
Other industrial	Specialised Construction Activities	43290 : Other construction installation
Other industrial	Specialised Construction Activities	43310 : Plastering
Other industrial	Specialised Construction Activities	43320 : Joinery installation
Other industrial	Specialised Construction Activities	43330 : Floor and wall covering
Other industrial	Specialised Construction Activities	43341 : Painting
Other industrial	Specialised Construction Activities	43342 : Glazing
Other industrial	Specialised Construction Activities	43390 : Other building completion and finishing
Other industrial	Specialised Construction Activities	43910 : Roofing activities
Other industrial	Specialised Construction Activities	43991 : Scaffold erection
Other industrial	Specialised Construction Activities	43999 : Specialised construction activities (other than scaffold erection)
Other industrial	Wholesale	45200 : Maintenance and repair of motor vehicles
Other industrial	Wholesale	45400 : Sale, maintenance and repair of motorcycles and related parts and accessories
Warehousing	Wholesale	46110 : Agents involved in the sale of agricultural raw materials, live animals, texti and semi-finished goods
Warehousing	Wholesale	46120 : Agents involved in the sale of fuels, ores, metals and industrial chemicals
Warehousing	Wholesale	46130 : Agents involved in the sale of timber and building materials
Warehousing	Wholesale	46140 : Agents involved in the sale of machinery, industrial equipment, ships and aircraft
Warehousing	Wholesale	46150 : Agents involved in the sale of furniture, household goods, hardware and ironmongery
Warehousing	Wholesale	46160 : Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
Warehousing	Wholesale	46170 : Agents involved in the sale of food, beverages and tobacco
Warehousing	Wholesale	46180 : Agents specialised in the sale of other particular products
Warehousing	Wholesale	46190 : Agents involved in the sale of a variety of goods
Warehousing	Wholesale	46210 : Wholesale of grain, unmanufactured tobacco, seeds and animal feeds
Warehousing	Wholesale	46220 : Wholesale of flowers and plants
Warehousing	Wholesale	46230 : Wholesale of live animals
Warehousing	Wholesale	46240 : Wholesale of hides, skins and leather
Warehousing	Wholesale	46310 : Wholesale of fruit and vegetables
Warehousing	Wholesale	46320 : Wholesale of meat and meat products
Warehousing	Wholesale	46330 : Wholesale of dairy products, eggs and edible oils and fats
Warehousing	Wholesale	46341 : Wholesale of fruit and vegetable juices, mineral waters and soft drinks
Warehousing	Wholesale	46342 : Wholesale of wine, beer, spirits and other alcoholic beverages
Warehousing	Wholesale	46350 : Wholesale of tobacco products
Warehousing	Wholesale	46360 : Wholesale of sugar and chocolate and sugar confectionery
Warehousing	Wholesale	46370 : Wholesale of coffee, tea, cocoa and spices
Warehousing	Wholesale	46380 : Wholesale of other food, including fish, crustaceans and molluscs
Warehousing	Wholesale	46390 : Non-specialised wholesale of food, beverages and tobacco
Warehousing	Wholesale	46410 : Wholesale of textiles
Warehousing	Wholesale	46420 : Wholesale of clothing and footwear
Warehousing	Wholesale	46431 : Wholesale of gramophone records, audio tapes, compact discs and video tapes and of the equipment on which these are played)
Warehousing	Wholesale	46439 : Wholesale of radio and television goods and of electrical household appliances (other than of gramophone records, audio tapes, compact discs and video tapes and the equipment on which these are played)
Warehousing	Wholesale	46440 : Wholesale of china and glassware and cleaning materials
Warehousing	Wholesale	46450 : Wholesale of perfume and cosmetics
Warehousing	Wholesale	46460 : Wholesale of pharmaceutical goods
Warehousing	Wholesale	46470 : Wholesale of furniture, carpets and lighting equipment
Warehousing	Wholesale	46480 : Wholesale of watches and jewellery
Warehousing	Wholesale	46491 : Wholesale of musical instruments

Employment land use	Sector (Experian)	Industry (5 digit SIC)
Warehousing	Wholesale	46499 : Wholesale of household goods (other than musical instruments) nec
Warehousing	Wholesale	46510 : Wholesale of computers, computer peripheral equipment and software
Warehousing	Wholesale	46520 : Wholesale of electronic and telecommunications equipment and parts
Warehousing	Wholesale	46610 : Wholesale of agricultural machinery, equipment and supplies
Warehousing	Wholesale	46620 : Wholesale of machine tools
Warehousing	Wholesale	46630 : Wholesale of mining, construction and civil engineering machinery
Warehousing	Wholesale	46640 : Wholesale of machinery for the textile industry and of sewing and knitting machines
Warehousing	Wholesale	46650 : Wholesale of office furniture
Warehousing	Wholesale	46660 : Wholesale of other office machinery and equipment
Warehousing	Wholesale	46690 : Wholesale of other machinery and equipment
Warehousing	Wholesale	46711 : Wholesale of petroleum and petroleum products
Warehousing	Wholesale	46719 : Wholesale of fuels and related products (other than petroleum and petroleum products)
Warehousing	Wholesale	46720 : Wholesale of metals and metal ores
Warehousing	Wholesale	46730 : Wholesale of wood, construction materials and sanitary equipment
Warehousing	Wholesale	46740 : Wholesale of hardware, plumbing and heating equipment and supplies
Warehousing	Wholesale	46750 : Wholesale of chemical products
Warehousing	Wholesale	46760 : Wholesale of other intermediate products
Warehousing	Wholesale	46770 : Wholesale of waste and scrap
Warehousing	Wholesale	46900 : Non-specialised wholesale trade
Warehousing	Land Transport, Storage & Post	49410 : Freight transport by road
Warehousing	Land Transport, Storage & Post	49420 : Removal services
Warehousing	Land Transport, Storage & Post	52101 : Operation of warehousing and storage facilities for water transport activities of division 50
Warehousing	Land Transport, Storage & Post	52102 : Operation of warehousing and storage facilities for air transport activities of division 51
Warehousing	Land Transport, Storage & Post	52103 : Operation of warehousing and storage facilities for land transport activities of division 49
Warehousing	Land Transport, Storage & Post	52211 : Operation of rail freight terminals
Warehousing	Land Transport, Storage & Post	52212 : Operation of rail passenger facilities at railway stations
Warehousing	Land Transport, Storage & Post	52213 : Operation of bus and coach passenger facilities at bus and coach stations
Warehousing	Land Transport, Storage & Post	52219 : Other service activities incidental to land transportation, nec (not including operation of rail freight terminals, passenger facilities at railway stations or passenger facilities at bus and coach stations or passenger facilities at railway stations or passenger facilities at bus and coach stations)
Warehousing	Land Transport, Storage & Post	52241 : Cargo handling for water transport activities of division 50
Warehousing	Land Transport, Storage & Post	52242 : Cargo handling for air transport activities of division 51
Warehousing	Land Transport, Storage & Post	52243 : Cargo handling for land transport activities of division 49
Warehousing	Land Transport, Storage & Post	53100 : Postal activities under universal service obligation
Warehousing	Land Transport, Storage & Post	53201 : Licensed Carriers
Warehousing	Land Transport, Storage & Post	53202 : Unlicensed Carriers
Office	Media Activities	58110 : Book publishing
Office	Media Activities	58120 : Publishing of directories and mailing lists
Office	Media Activities	58130 : Publishing of newspapers
Office	Media Activities	58141 : Publishing of learned journals
Office	Media Activities	58142 : Publishing of consumer, business and professional journals and periodicals
Office	Media Activities	58190 : Other publishing activities
Office	Media Activities	59111 : Motion picture production activities
Office	Media Activities	59112 : Video production activities
Office	Media Activities	59113 : Television programme production activities
Office	Media Activities	59120 : Motion picture, video and television programme post-production activities
Office	Media Activities	59131 : Motion picture distribution activities
Office	Media Activities	59132 : Video distribution activities
Office	Media Activities	59133 : Television programme distribution activities
Office	Media Activities	59200 : Sound recording and music publishing activities
Office	Media Activities	60100 : Radio broadcasting
Office	Media Activities	60200 : Television programming and broadcasting activities
Office	Computing & Information Services	62011 : Ready-made interactive leisure and entertainment software development
Office	Computing & Information Services	62012 : Business and domestic software development
Office	Computing & Information Services	62020 : Computer consultancy activities
Office	Computing & Information Services	62030 : Computer facilities management activities
Office	Computing & Information Services	62090 : Other information technology and computer service activities
Office	Computing & Information Services	63110 : Data processing, hosting and related activities
Office	Computing & Information Services	63120 : Web portals
Office	Computing & Information Services	63910 : News agency activities
Office	Computing & Information Services	63990 : Other information service activities nec
Office	Finance	64110 : Central banking
Office	Finance	64191 : Banks
Office	Finance	64192 : Building societies
Office	Finance	64201 : Activities of agricultural holding companies
Office	Finance	64202 : Activities of production holding companies
Office	Finance	64203 : Activities of construction holding companies
Office	Finance	64204 : Activities of distribution holding companies
Office	Finance	64205 : Activities of financial services holding companies
Office	Finance	64209 : Activities of other holding companies (not including agricultural, production, construction, distribution and financial services holding companies) n.e.c
Office	Finance	64301 : Activities of investment trusts
Office	Finance	64302 : Activities of unit trusts
Office	Finance	64303 : Activities of venture and development capital companies
Office	Finance	64304 : Activities of open-ended investment companies
Office	Finance	64305 : Activities of property unit trusts
Office	Finance	64306 : Activities of real estate investment trusts
Office	Finance	64910 : Financial leasing
Office	Finance	64921 : Credit granting by non-deposit taking finance houses and other specialist consumer credit grantors
Office	Finance	64922 : Activities of mortgage finance companies
Office	Finance	64929 : Other credit granting (not including credit granting by non-deposit taking finance houses and other specialist consumer credit grantors and activities of mortgage finance companies) n.e.c.
Office	Finance	64991 : Security dealing on own account
Office	Finance	64992 : Factoring
Office	Finance	64999 : Other financial service activities, except insurance and pension funding, (not including security dealing on own account and factoring) n.e.c.
Office	Insurance & Pensions	65110 : Life insurance
Office	Insurance & Pensions	65120 : Non-life insurance
Office	Insurance & Pensions	65201 : Life reinsurance
Office	Insurance & Pensions	65202 : Non-life reinsurance
Office	Insurance & Pensions	65300 : Pension funding
Office	Finance	66110 : Administration of financial markets
Office	Finance	66120 : Security and commodity contracts brokerage
Office	Finance	66190 : Other activities auxiliary to financial services, except insurance and pension funding
Office	Finance	66210 : Risk and damage evaluation
Office	Finance	66220 : Activities of insurance agents and brokers
Office	Finance	66290 : Other activities auxiliary to insurance and pension funding
Office	Finance	66300 : Fund management activities
Office	Real Estate	68100 : Buying and selling of own real estate
Office	Real Estate	68201 : Renting and operating of Housing Association real estate
Office	Real Estate	68202 : Letting and operating of conference and exhibition centres
Office	Real Estate	68209 : Letting and operating of own or leased real estate (other than Housing Association real estate and conference and exhibition services) n.e.c.
Office	Real Estate	68310 : Real estate agencies

Employment land use	Sector (Experian)	Industry (5 digit SIC)
Office	Real Estate	68320 : Management of real estate on a fee or contract basis
Office	Professional services	69101 : Barristers at law
Office	Professional services	69102 : Solicitors
Office	Professional services	69109 : Activities of patent and copyright agents; other legal activities (other than those of barristers and solicitors) nec
Office	Professional services	69201 : Accounting, and auditing activities
Office	Professional services	69202 : Bookkeeping activities
Office	Professional services	69203 : Tax consultancy
Office	Professional services	70100 : Activities of head offices
Office	Professional services	70210 : Public relations and communication activities
Office	Professional services	70221 : Financial management
Office	Professional services	70229 : Management consultancy activities (other than financial management)
Office	Professional services	71111 : Architectural activities
Office	Professional services	71112 : Urban planning and landscape architectural activities
Office	Professional services	71121 : Engineering design activities for industrial process and production
Office	Professional services	71122 : Engineering related scientific and technical consulting activities
Office	Professional services	71129 : Other engineering activities (not including engineering design for industrial process and production or engineering related scientific and technical consulting activities)
Office	Professional services	71200 : Technical testing and analysis
Office	Professional services	72110 : Research and experimental development on biotechnology
Office	Professional services	72190 : Other research and experimental development on natural sciences and engineering
Office	Professional services	72200 : Research and experimental development on social sciences and humanities
Office	Professional services	73110 : Advertising agencies
Office	Professional services	73120 : Media representation
Office	Professional services	73200 : Market research and public opinion polling
Office	Professional services	74300 : Translation and interpretation activities
Office	Professional services	74901 : Environmental consulting activities
Office	Professional services	74902 : Quantity surveying activities
Office	Professional services	74909 : Other professional, scientific and technical activities (not including environmental consultancy or quantity surveying)
Office	Administrative & Supportive Service Activities	77400 : Leasing of intellectual property and similar products, except copyrighted works
Office	Administrative & Supportive Service Activities	78101 : Motion picture, television and other theatrical casting
Office	Administrative & Supportive Service Activities	78109 : Activities of employment placement agencies (other than motion picture, television and other theatrical casting) nec
Office	Administrative & Supportive Service Activities	78200 : Temporary employment agency activities
Office	Administrative & Supportive Service Activities	78300 : Other human resources provision
Office	Administrative & Supportive Service Activities	80100 : Private security activities
Office	Administrative & Supportive Service Activities	80200 : Security systems service activities
Office	Administrative & Supportive Service Activities	80300 : Investigation activities
Office	Administrative & Supportive Service Activities	82110 : Combined office administrative service activities
Office	Administrative & Supportive Service Activities	82190 : Photocopying, document preparation and other specialised office support activities
Office	Administrative & Supportive Service Activities	82200 : Activities of call centres
Office	Administrative & Supportive Service Activities	82301 : Activities of exhibition and fair organizers
Office	Administrative & Supportive Service Activities	82302 : Activities of conference organizers
Office	Administrative & Supportive Service Activities	82911 : Activities of collection agencies
Office	Administrative & Supportive Service Activities	82912 : Activities of credit bureaus
Warehousing	Administrative & Supportive Service Activities	82920 : Packaging activities
Office	Administrative & Supportive Service Activities	82990 : Other business support service activities nec
Office	Public Administration & Defence	84110 : General public administration activities
Office	Public Administration & Defence	84120 : Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security
Office	Public Administration & Defence	84130 : Regulation of and contribution to more efficient operation of businesses
Office	Public Administration & Defence	84210 : Foreign affairs
Office	Public Administration & Defence	84300 : Compulsory social security activities
Office	Other Private Services	94110 : Activities of business and employers membership organisations
Office	Other Private Services	94120 : Activities of professional membership organisations
Office	Other Private Services	94200 : Activities of trade unions
Office	Other Private Services	94910 : Activities of religious organisations
Office	Other Private Services	94920 : Activities of political organisations
Office	Other Private Services	94990 : Activities of other membership organisations nec
Other industrial	Other Private Services	95110 : Repair of computers and peripheral equipment
Other industrial	Other Private Services	95120 : Repair of communication equipment
Other industrial	Other Private Services	95210 : Repair of consumer electronics
Other industrial	Other Private Services	95220 : Repair of household appliances and home and garden equipment
Other industrial	Other Private Services	95230 : Repair of footwear and leather goods
Other industrial	Other Private Services	95240 : Repair of furniture and home furnishings
Other industrial	Other Private Services	95250 : Repair of watches, clocks and jewellery
Other industrial	Other Private Services	95290 : Repair of other personal and household goods

## APPENDIX 4:

### Industrial scheme completions 2020/21 – 2021/22 gains and losses

#### Gains

<b>Industrial completions 2020/21-2021/22</b>	<b>Sq m</b>
SEGRO PARK HEATHROW, SEGRO PARK HEATHROW, Ariel Way, TW4 6JW	19,853
BEDFONT ROAD, TW19 7LE	7,249
SPITFIRE LOGISTICS CENTRE, SPITFIRE WAY, TW5 9NW	3,617
Unit B1, Cranford Lane, TW5 9QA	2,808
Steyning Way,, Steyning Way,, TW4 6DL	2,445
UNIT11A & 11B WORTON HALL INDUSTRIAL ESTATE, Worton Road, TW7 6ER	275
<b>Grand Total</b>	<b>36,247</b>

#### Losses

<b>Industrial losses 2020/21-2021/22</b>	<b>B2 sq m</b>	<b>B8 sq m</b>	<b>Total Sq m</b>
Brentford Community Stadium, LAND AT LIONEL ROAD, Lionel Road, TW8 9QR	-30,044	-3,338	-33,382
SPITFIRE LOGISTICS CENTRE, SPITFIRE WAY, TW5 9NW		-3,617	-3,617
SEGRO PARK HEATHROW, SEGRO PARK HEATHROW, Ariel Way, TW4 6JW		-2,785	-2,785
BEDFONT ROAD, TW19 7LE		-1,637	-1,637
Steyning Way,, Steyning Way,, TW4 6DL		-1,278	-1,278
Staines Road, TW4 5AP		-630	-630
1, LION WAY, TW8 8AR		-272	-272
<b>Total Sq m</b>	<b>-30,044</b>	<b>-13,557</b>	<b>-43,601</b>

Net change 7,354 sq m

## APPENDIX 5:

### Committed permissions pipeline – gains and losses

#### INDUSTRIAL PIPELINE SUPPLY

Pipeline	Sq m
<b>Industrial</b>	
130, BOLLO LANE, W3 8BZ	7,266
Goddards, THE HAM, TW8 8HQ	4,750
Hayes Road, UB2 5NA	2,781
1-4 CAPITAL INTERCHANGE WAY, CAPITAL INTERCHANGE WAY, TW8 0EX	1,092
RUSSELL FINEX, Browells Lane, TW13 7EW	1,050
Extension to south side of the existing Integrated Design Ltd business unit., A	893
Browells Lane, TW13 7EQ	840
AERO TURBINE CENTRE, Green Lane, TW4 6DF	570
Worton Road, TW7 6EL	559
Tamian Way, TW4 6BL	522
QUATTRO, LAND FORMING PART OF FORMER WESTERN INTERNATIONAL MA	335
Unit 1, St Johns Road, TW7 6NJ	290
SHIELD DRIVE, TW8 9EX	233
THIS Innovation Centre, Church Street, W4 2PD	184
MULLER, SNAKEY LANE, TW13 7ND	60
BATH ROAD, TW3 3DB	50
<b>Grand Total</b>	<b>21,475</b>

#### INDUSTRIAL PIPELINE LOSSES

Pipeline	Sq m
<b>Industrial</b>	
BRENTFORD LOCK WEST, COMMERCE ROAD, TW8 8LR	-6,700
HATTON CROSS HOTEL, Dick Turpin Way, TW14 0PS	-2,578
Staines Road, TW4 5AP	-1,350
VICTORY BUSINESS PARK, Fleming Way, TW7 6DB	-1,307
FERN GROVE, TW14 9AY	-960
RENNELS WAY, TW7 6NA	-758
Stanley Road, TW3 1YA	-376
Waldeck Road, W4 3NU	-338
1A - 5, St Johns Road, TW7 6NA	-271
Goddards, THE HAM, TW8 8HQ	-270
SHIELD DRIVE, TW8 9EX	-232
Part first floor, UNIT 2 PART GROUND AND FIRST FLOOR, CATI	-165
Hanworth Road, TW3 1UA	-128
GROSVENOR ROAD, TW8 0NW	-126
Dick Turpin Way, TW14 0PS	-75
The proposal only pertains to the ancillary storage space to tl	-18
<b>Grand Total</b>	<b>-15,652</b>

## APPENDIX 5:

### Committed permissions pipeline – gains and losses

#### OFFICE PIPELINE SUPPLY

Pipeline	Sq m
1-4 Capital Interchange Way, Capital Interchange Way, Tw8 0Ex	2,184
Rennels Way, Tw7 6Na	653
Fleming Way, Tw7 6Db	465
92-94, Windmill Road, Tw8 9Na	414
London Road, Tw8 8Ap	342
Gable House, Turnham Green Terrace, W4 1Qp	283
Worton Road, Tw7 6El	279
Shield Drive, Tw8 9Ex	233
High Street, Tw5 9Rn	211
Brentford Waterside, Block D, Land And Buildings At 98-109, High Street, Tw8	204
Pharmacia House, Prince Regent Road, Tw3 1Ne	145
Brentford Lock West, Commerce Road, Tw8 8Lr	121
Land At Citroen Site, Capital Interchange Way, Tw8 0Ex	120
Defence Geographic Centre, Elmwood Avenue, Tw13 7Ah	116
Caretakers Flat, Second Floor, Gunnersbury Park Museum, Popes Lane, W3 8L	115
Hanworth Road, Tw3 1Tt	90
Caretakers Flat, Second Floor, Large Mansion, Popes Lane, W3 8Lq	58
Groveley Road, Tw13 4Pj	55
Staines Road, Tw14 8Bn	50
Brentford Community Stadium, Brentford Community Stadium - Phase 2 - Ve	26
Chiswick High Road, W4 2Dt	16
The Crossways, Tw5 0Jr	15
Vineyard Road, Tw13 4Hq	9
Dick Turpin Way, Tw14 OPs	1
<b>Grand Total</b>	<b>6,205</b>

## APPENDIX 5:

### Committed permissions pipeline – gains and losses

#### OFFICE PIPELINE LOSSES

Pipeline	Sq m
Former Alfa Laval Site, Great West Road, Tw8 0Qj	-7,469
Burlington Lane, W4 2Rr	-6,085
Block B, Vista Business Centre, Block B, Salisbury Road, Tw4 6.	-4,446
Ground And Part First Floor As Shown On The Plans, Building	-3,484
Block A Floors 1, 2, 3, 6 & 7, Vista Business Centre, Block A, Sa	-3,285
Quest House, Staines Road, Tw3 3Jb	-3,060
Bath Road, Tw5 9At	-2,951
Forest Road, Tw13 7Dy	-2,616
High Street, Tw8 8Ew	-2,174
High Street, Tw8 0Ds	-2,161
Max Factor House, High Street, Tw8 0Ds	-2,100
Chiswick High Road, W4 4Hs	-1,700
155-159, Staines Road, Tw3 3Jb	-1,576
Stamford Brook Avenue, W6 0Yd	-1,267
Windmill Road, W4 1Sd	-985
Unit 1, Unit 1, Palladian Gardens, W4 2Er	-929
Saracen House, Swan Street, Tw7 6Rj	-701
Waldeck Road, W4 3Np	-460
Swan Street, Tw7 6Rj	-318
Boston Manor Road, Tw8 9Lg	-316
Kew Bridge West, Development Site At Former Thames Wate	-308
Key Site 1, High Street, Tw3	-263
High Street, Tw8 8Ja	-257
Offices, Orchard Place, W4 1Pl	-244
Fairfields Road, Tw3 1Uz	-240
London Road, Tw7 4Ep	-198
This Innovation Centre, Church Street, W4 2Pd	-184
Chiswick High Road, W4 5Tt	-178
Ground And Mezzanine Floors, York House, York Parade, Tw8	-168
Chiswick High Road, W4 2Ef	-162
Office To The Rear Of, Chiswick Lane, W4 2Jq	-160
Cranbrook Road, W4 2Lh	-153
Chiswick High Road, W4 1Sh	-120
Steam Farm Lane, Tw14 0Pw	-118
Bath Road, Tw4 7Dn	-115
Unit 1-6, Lower Square, Tw7 6Rg	-98
5A, Chiswick High Road, W4 3Ag	-96
Market Place, Tw8 8Fl	-95
Lower Ground Floor, Oxford Road North, W4 4Dh	-82
Grove Park Road, W4 3Rs	-77
Unit 3, Unit 3 Building 5, Ealing Road, Tw8 0Gd	-63
Ground Floor, Star House, York Parade, Tw8 9Aa	-58
Existing Basement, Basement Unit, Worples Road, Tw7 7El	-55
<b>Grand Total</b>	<b>-51,575</b>

## APPENDIX 6:

### New brownfield industrial intensification supply

#### INDUSTRIAL GAINS

Reg 19 ref	Area	Scheme Name	Site Name/Number	Street Name	Phase	Net Sq m
3	GWC	Gillette Factory	Gillette Corner	Great West Road, Isleworth	2035-41	15,913
4	GWC	Classic Cars, 125 Harlequin Avenue	125 Harlequin Avenue	London	2025-30	5,420
5	GWC	West Cross Campus	West Cross Industrial Estate	West Cross Industrial Estate	2030-35	24,099
6	GWC	BSS Brentford	BSS Brentford	Transport Avenue	2025-30	2,590
7	GWC	Profile West Brentford Car Park	R/O Profile West	950 Great West Road	2025-30	1,210
8	GWC	Carpet Right	971 Great West Trading Estate	Great West Road	2030-35	5,886
9	GWC	Syon Lane Industrial Estate	The Gate Centre / Syon Clinic	Brentford	2030-35	1,713
10	GWC	931 Great West Road	Lookers Skoda	931 Great West Road	2025-30	3,293
13	GWC	Harlequin Avenue Sub station	North of 125 Harlequin Avenue	Brentford	2030-35	-687
14	GWC	Phillips & Wood	2 Harlequin Avenue	London	2025-30	1,440
21	GWC	Enterprise, Boston Park Road	Enterprise Rent a Car	Boston Park Road	2025-30	3,340
22	GWC	1020 Great West Road	1020 Great West Road	London	2025-30	2,885
23	GWC	Texaco Filling Station, Great West Road, Brentford	Dome Filling Station, Great West Road	London	2025-30	3,880
26	GWC	Phoenix Business Park	Phoenix Trading Park	Ealing Road	2025-30	9,944
27	GWC	Kew Bridge Distribution Centre			2025-30	5,652
28	GWC	27 Great West Road	27 & 1053 Great West Rd	Brentford	2025-30	-1,343
36	GWC	110 Power Road	111 Power Road	Power Road	2025-30	7,722
43	WOB	Heathrow International Trading Estate	Heathrow International Trading Estate	Green Lane	2035-41	424
45	WOB	Land at Green Lane	Land at Green Lane	Hounslow	2025-30	10,270
51	WOB	Network House Feltham	Network House	Hounslow Road	2030-35	-690
61	WOB	Council Depot, Ashmead Road	Council Depot, Ashmead Road	Feltham	2030-35	-1,625
67	WOB	UPS House	UPS House		2030-35	1,176
76	WOB	Lampton House	Lampton House	Lampton Road	2025-30	-958
85	WOB	Builders Yard	379-389 Staines Road	Hounslow	2020-25	-803
87	ROB	Euro House	54 - 66 High Street	Hounslow	2030-35	-2,056
88	ROB	Land at Bridge Road Depot	Pears Road	Hounslow	2025-30	-1,247
90	ROB	Inwood Business Park	Whitton Road	Hounslow	2025-30	2,259
97	ROB	30 Rugby Road	Rugby Road	Isleworth	2025-30	-4,100
99	ROB	Feltham Coachworks	Meon Court	London Road, Isleworth	2025-30	-332
102	ROB	Victory Business Centre	Fleming Way		2020-25	-1,085
<b>TOTAL</b>						<b>94,190</b>

## APPENDIX 7:

### New brownfield office intensification supply

#### OFFICE / WORKSHOP GAINS

Reg 19 ref	Area	Scheme Name	Street Name	Ward	Net Sq m
1	GWC	Sky Campus Brentford	Centaurus Business Park, Syon Lane, Isleworth	Osterley and Spring Grove	19,457
3	GWC	Gillette Factory	Gillette Corner, Great West Road, Isleworth	Osterley and Spring Grove	-15,780
5	GWC	West Cross Campus	West Cross Industrial Estate	Osterley and Spring Grove	-10,525
11	GWC	Homebase Syon Lane			2,290
16	GWC	Brentside Park	Great West Road	Osterley and Spring Grove	1,786
17	GWC	Great West Plaza	Brentford	Syon	5,491
18	GWC	Great West House	Great West Road	Syon	7,270
19	GWC	Mille Building	Great West Road	Brentford	8,299
28	GWC	27 Great West Road	Brentford	Brentford	10,248
29	GWC	EMC Tower	Great West Road	Brentford	4,302
33	GWC	Esso Filling Station Chiswick Roundabout	London	Brentford	5,622
34	GWC	Former Natwest Bank Site, Chiswick	Chiswick Curve, Chiswick	Turnham Green	5,310
35	GWC	B&Q Chiswick	2 Larch Drive Chiswick	Turnham Green	1,470
37	GWC	Gunnersbury Station Car Park	Chiswick	Turnham Green	2,160
64	WOB	MOD Feltham	Elmwood Avenue	Hanworth Park	4,340
65	WOB	Leisure West	Air Park Way	Hanworth Park	480
67	WOB	UPS House		Hanworth Park	-1,367
83	WOB	Vacant Land Clarence Terrace	Bell Road	Hounslow Heath	150
91	ROB	Hounslow Bus Garage	High Street, Hounslow	Hounslow Central	-691
92	ROB	Upstage	Spring Grove Road	Hounslow Central	430
96	ROB	Europa House	Church Street	Isleworth	464
103	ROB	West Middlesex Hospital	Twickenham Road	Syon	2,600
105	ROB	Chiswick Telephone Exchange	Barley Mow Passage	Turnham Green	4,000
106	ROB	Royal Mail, Chiswick Delivery Office	Heathfield Terrace	Turnham Green	3,440
<b>TOTAL</b>					<b>61,246</b>



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