

HOUNSLOW LOCAL PLAN EXAMINATION FOLLOW-UP SESSION - POST-HEARING NOTES PROVIDED FOLLOWING STAGE 1 HEARINGS

ON BEHALF OF SEGRO (RESPONDENT 098, 099) – IN RELATION TO EX42, EX43, EX44a, EX44b, EX44c, EX44d, EX44e, EX44f, EX45, EX46, EX47, EX48a, EX48b, EX49, EX50, EX51, EX52, EX52a, EX53, EX54, EX55, EX56 and EX57 (insofar as relevant to the Stage 1 hearing discussions, i.e. proposed modifications with the EiP code)

SEGRO welcome the opportunity to respond the LB Hounslow’s post-hearing notes requested by the Inspectors. In particular, we wish to comment on EX45, EX48a and EX48b.

EX45 Employment: 2024-25 Monitoring Updates and Indicative Floorspace figures for the Opportunity Areas

1. EX 45 Employment: 2024-25 Monitoring Updates and Indicative Floorspace figures for the Opportunity Areas updates the industrial and logistic demand/ need and supply balance for the West of Borough (Table 6.2, page 4).
2. The note indicates the unmet need has reduced from c76,000 sqm to 36,000 sqm. However, this figure needs to be considered in relation to the following:
 - this figure includes the 46,750 sqm gross (26,014 sqm net) data centre planning permission P/2023/0642 at the Feltham Corporation Centre, Plane Tree Crescent, TW13 7BZ of February 2025;
 - without the industrial and logistics allocations proposed through the release of Green Belt land (but including the net gain in floorspace at Feltham Corporation Centre), the West of Borough shortfall is 174,236 sqm;
 - EX45 at paragraph 2.16 notes that ‘although data centres are B8 logistics and storage land use, they do not constitute a form of supply which will contribute towards meeting requirements generated from the logistics sector’. In other words, the proposed Feltham Corporate Centre Data Centre is in addition to the West of Borough objectively assessed need; and
 - the net gain of 26,014 sqm net floor area to create 46,750 sqm Data Centre floorspace results in the loss of 20,710 sqm GIA industrial B2 (general industrial) and B8 (storage and distribution) uses (see the attached Planning Committee report at paragraph 9.14). This has the effect of increasing the West of Borough need because the net effect of the redevelopment at the Feltham Corporation Centre is the loss of industrial and logistics floorspace in the West of Borough.
3. In summary, the Council’s updated supply position in EX45 does not reduce the unmet need for industrial and logistics floorspace, it increases it, because the need/ demand

for data centre floorspace is in addition to Hounslow's assessed industrial floorspace needs.

4. In addition, there is a live planning application P/2026/3669 for data centre use at the Heathrow Estate. The attached GLA report at paragraph 5 notes the site 'currently contains four large industrial warehouse buildings in Class B8 and B1 use, providing 26,272 sqm floorspace (GEA)' and at paragraph 9 'The proposed development includes the provision of up to 50,000 sqm of data centre campus development along with 4,150 sqm of traditional industrial development, an uplift of existing industrial floorspace of circa 30,000 sqm, which is supported in line with London Plan Policies E5 and E7'.
5. Therefore, if this current planning application is approved, this will increase the unmet need for industrial floorspace by 26,272 sqm gross.
6. In summary, even with the Local Plan's proposed allocations there remains a significant shortfall in the unmet need for the West of Borough.

EX48a Affordable Workspace note

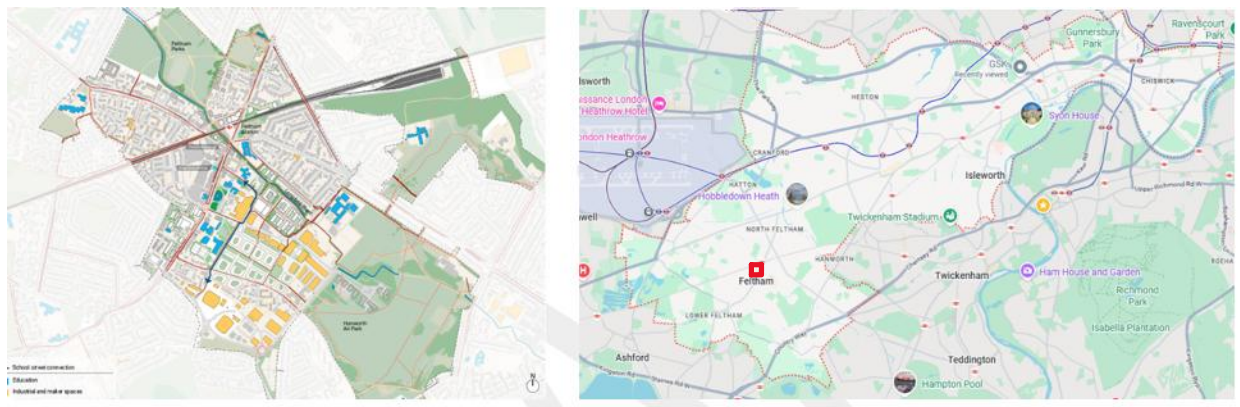
7. At the Stage 1 hearings, the Inspectors raised a series of questions directed at the justification for Policy ED1's Borough-wide affordable workspace requirement (particularly in the context of London Plan Policy E3 Part C) and the evidential basis for the discount level, and more generally the approach to viability.
8. In our view the Council's post-hearing submissions do not fully address these concerns, and Policy ED1 as drafted remains unsound. SEGRO's position therefore remains that: i) there is no meaningful evidence of need for affordable workspace outside the Great West Corridor (GWC); and ii) the viability testing does not justify the policy as applied to industrial development on brownfield land.
9. EX48a at paragraph 2.4 refers to the West London Alliance Affordable Workspace Study (EX31), which covers eight West London Boroughs and "found there is a growing issue of affordability in west London". However, the EX31 findings actually note that industrial affordability pressures are focused on Brent, Harrow, and OPDC, not Hounslow. The need for affordable workspace in Hounslow is identified as being in the GWC (EX31 page 19).
10. EX48a paragraphs 2.2–2.12 address the GWC in detail and the designated Creative Enterprise Zone. As regards the rest of the borough, EX48a simply reproduces (at 2.13–2.14 and 2.19) text from the original Employment Land Review Update (EBED1):

"development opportunities may be more limited, but, as with the GWC, redevelopment 'is likely to further stress the secondary market, and there is concern that older industrial space is being redeveloped for data centres or larger logistics uses'. These typologies of use would not be suitable for firms that may be displaced by redevelopment... The push to larger logistics units, which has already been taking place at some existing sites

in the west of the borough, can come at the expense of smaller more fragmented units." (our emphasis).

11. We consider no new evidence is provided; it is the same general assertion. It contains no occupier survey data, no vacancy analysis, no rent level analysis, no assessment of demand from specific sectors, and no spatial mapping of need.
12. EX48a introduces reference to Feltham, particularly in the context of the Future Feltham Investment Framework (FFIF) and the identified need for a food hub and creative tech incubator at the former MOD site. However:
 - It does not justify a Borough-wide policy. Feltham is a specific town-centre locality within the Borough, not the whole of it (illustrated by Figure 1 below – with the red square demarcating the masterplan area);
 - The FFIF identifies a specific site (the MOD site at Elmwood Avenue) with approximately 4,300 sqm of identified workspace need. This is a Council-led project, not a need to be met by developer contributions from unrelated schemes across the borough; and
 - There is no evidence that employment development elsewhere in the Borough will generate the type of affordable workspace need relevant to Feltham's specific growth sectors.

Figure 1 Feltham Masterplan Area



Alignment to Strategic Documents

13. EX48a paragraph 2.15 (and also EX48b) relies on the Council's Thriving Communities Strategy and Equality, Diversity and Inclusion Strategy as supporting the Borough-wide approach. However, alignment with aspirational strategic documents is not the same as evidence of need. These strategies articulate broad ambitions about supporting communities and reducing inequality. They do not demonstrate that there is unmet demand for affordable workspace at discounted rents from qualifying uses in locations

across the whole Borough, nor that a planning obligation on developers is the appropriate mechanism to meet it.

Examples given

14. The three examples given at paragraph 2.25 to justify the Borough-wide approach (Alfa Laval, Central Park Trading Estate, and the former GSK site) do not constitute evidence of need or viability. The Alfa Laval and GSK sites are both located in the GWC, where there is evidence of need. These do not tell us anything about need in the rest of the Borough.
15. Central Park Trading Estate is a Green Belt site meaning viability is less challenging than development on brownfield land. However the agreed contribution of £500,000 is estimated to be less than a third of a policy-compliant sum. The level of contribution secured should not be taken, in isolation, as determinative evidence of viability or otherwise, particularly where it may also reflect the policy's non-adopted status at the time.

EX48b Affordable Workspace Calculator Note (Affordable Workspace Payment In Lieu Methodology & Spatial Need Assessment)

Evidence of Need

16. Section 3 outlines the key categories of business referred to in London Plan Policy E3 and their relevance to Hounslow. The section refers to the GWC's role in promoting economic growth and the need for affordable workspace (and to a lesser extent in Feltham). There is no consideration for whether there is a need for affordable workspace outside of these areas.

Viability

Typology Testing

17. Quintic (formerly part of BNPP) have provided a response to the representations made on behalf of SEGRO at the Stage 1 hearings in respect of the viability evidence supporting ED1 (EX48b Appendix 2).
18. SEGRO's original concern that there is insufficient testing remains, and this is further illustrated by Table 1 in Quintic's response - there is no testing of schemes that are entirely non-residential on brownfield land to support ED1. 10 of the 12 sites tested comprise over 65% residential floorspace (6 of the 12 are 80%+). The industrial schemes, Land at Hatton Fields and Land south of West International, are Green Belt sites.

Table 1: Affordable Workspace Typologies - Extract from EX48b Appendix 2

Site	% industrial	% office	% residential
West Cross Industrial Estate	25%	0%	75%
Phoenix Business Park	42%	0%	58%
Kew Bridge District Centre	8%	8%	84%
EMC Tower	0%	25%	75%
Lidl Feltham	0%	0%	89%
Land at Hatton Fields	100%	0%	0%
MOD Feltham	0%	3%	97%
Leisure West	0%	1%	65%
Land south of West International	100%	0%	0%
34 Staines Road	0%	0%	90%
Hounslow Bus Garage	0%	2%	85%
Sainsburys Chiswick	0%	0%	84%

Case Studies

19. Multiple case studies are indicating that industrial development on brownfield land cannot viably deliver the requirements of Policy ED1.
20. SEGRO will be submitting a planning application imminently for up to 24,781sqm GEA of industrial development on brownfield land at Heathrow International Trading Estate. This will be supported by a Financial Viability Assessment (FVA) undertaken on the basis of the EBV1 inputs and assumptions. The FVA shows the scheme cannot viably support ED1.
21. An FVA has also been submitted on behalf of Panattoni with their planning application P/2025/3723 for 16,695 sqm of industrial floorspace at Land at Central Way, North Feltham, also evidencing that the maximum viable affordable workspace contribution is nil.
22. Viability is challenging for development on brownfield sites – and reflected in muted development activity across London – due to the limited floorspace and value uplift that can be achieved. This is acknowledged and reflected in affordable workspace policies elsewhere, such as Ealing and OPDC, which apply requirements to the net uplift of floorspace as opposed to gross.
23. Quintic disagree that there should be a discount to the investment yield for affordable workspace, however this is contrary to the position of both private and public stakeholders. EX48a considers Southwark’s PIL calculation, which allows for a yield adjustment.

24. Furthermore, the BusinessLDN Delivering Affordable Workspace¹ report makes clear that plan making viability is underestimating policy impacts for reasons such as this:

“experience to date suggests that such viability evidence commonly underestimates the full commercial liability of an affordable workspace obligation because it rarely allows for any resultant discount to the investment yield. It is often assumed that the market yield will be maintained, but in reality the yield should be adjusted to reflect the increased risk associated with letting the affordable workspace. Furthermore, the terms sought by affordable workspace providers often do not reflect the minimum discount required by policy, nor do they reflect the capital contributions that are required of developers in terms of fit out costs.”

Conclusion and Requested Changes

25. For the reasons set out above, it is considered that Policy ED1's affordable workspace requirement, as proposed to be applied Borough-wide, is not justified by proportionate evidence of need and is not supported by adequate viability testing of employment-led brownfield development.
26. On need, the evidence presented by the Council demonstrates that demand for affordable workspace in Hounslow is concentrated in the GWC. The evidence does not extend to the rest of the Borough. The Council's post-hearing notes have not provided the spatial analysis, occupier data, or rent-level assessment that would be required to establish need on a Borough-wide basis consistent with London Plan Policy E3 Part C.
27. On viability, the testing undertaken in support of the Plan is overwhelmingly derived from mixed-use, residential-led schemes where residential land value cross-subsidises the affordable workspace obligation. There is no testing of the policy as applied to purely employment-generating development on brownfield land. The case study evidence demonstrates that industrial development on brownfield land cannot viably deliver the requirements of Policy ED1.

¹ <https://www.businessldn.co.uk/news-publications/blog/delivering-affordable-workspace-in-london>
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