

**London Borough of Havering
Employment Land Review
Addendum 2018**

1. Introduction

- 1.1 The Employment Land Review (ELR) commissioned from consultants AECOM (formerly URS) was published in April 2015, and prior to submission of the Havering Local Plan, it is necessary to ensure that the analysis and recommendations for the demand and supply of employment land and premises are still relevant as a robust element of the evidence base. This Addendum has been prepared with advice from AECOM to reflect the implications of changes which have taken place since the original publication and to reconsider the recommendations of the ELR.
- 1.2 The Council is also initiating an Economic Development Strategy (EDS) which will inevitably affect future policy positions with regard to employment types and location. It is likely that a full technical review of the ELR will be appropriate when the EDS is established, and consequently this review will seek to identify the continuing importance and applicability of the recommendations made in the ELR.
- 1.3 This Addendum generally follows the structure of the ELR and reviews each section in the light of circumstances which may have varied since the original publication in 2015. These specifically include the relevant spatial policy context and its evolution, the social and economic profile of the borough, changes to the supply of employment land, and levels of forecast demand for land and premises.
- 1.4 The Addendum seeks to reconsider and, where necessary, adjust the analysis and recommendations of the ELR in light of the issues noted above.. The Addendum is structured as follows:
 - Introduction
 - Approach
 - Policy Review
 - Socio-economic Profile
 - Supply of Employment Land and Premises
 - Property Market Assessment
 - Demand
 - Conclusions.

2. Approach

- 2.1 The methodology for the ELR was based on the process identified in National Planning Policy Guidance (NPPG) and follows a logical process of establishing supply, demand and the differences which constitute the opportunities for future development. This methodology is set in the context of the socio-economic and political characteristics which influence demand and the sources quoted comprise a comprehensive basis of information.
- 2.2 Following the Introduction and structure noted above, the Addendum reviews each section of the ELR and identifies whether changing circumstances or more recent research lead to the need to revise recommendations made. The recommendations of the ELR are assessed in the light of their continued relevance and this constitutes a 'test of confidence' that the research is robust and reflects the current situation.
- 2.3 The Addendum Policy Review section (Sec. 3) identifies the most recent research and analysis at each level as follows:
- New national legislation
 - London Plan
 - Evidence base studies
 - Local Plan and local studies.
- 2.4 New legislation specifically relating to employment land relates to the continuing changes with regard to permitted development rights, frequently known as the 'prior approval' process which permits a change of use to residential (C3 Use Class) without the need for planning permission. Since October 2017, this has been extended to permit a change of use from to light industrial use (B1(c) Use Class) to residential use, as further described below.
- 2.5 The draft new London Plan has been prepared and proposed as a replacement to the adopted London Plan and was published for public consultation which finished on Friday 2nd March 2018. It includes a limited number of new policies relating to the provision of employment land which will affect Havering as noted in Section 3 below.
- 2.6 To support the draft new London Plan, the GLA has prepared three major evidence base documents which have informed the position on employment land:

- London Industrial Land Supply and Economy Study (LILSE), 2016
- London Office Policy Review (LOPR), 2017
- London Industrial Land Demand Study (LILDS), 2017.

- 2.7 These documents have been reviewed briefly to ascertain the implications for Havering in terms of the changing demand and supply of land for industrial and office uses, and compared with the findings of the ELR in these regards.
- 2.8 The Socio-economic Analysis section of the ELR covers the main socio-economic characteristics of the Borough in terms of population, workforce and employment, earnings, skills and training, occupational classifications, travel to work, business and employment sector issues. The Addendum (Sec. 4) notes and sets out the very limited changes in these characteristics since the publication of the ELR.
- 2.9 The Supply of Employment Land and Premises section (Sec. 5) of the Addendum notes any changes in the quality and characteristics of employment land as a result of the most recent evidence base studies noted in 2.6 above. An important element of assessing land availability is the 'call for sites' as required by the NPPG and noted in Section 5.3 of the ELR.
- 2.10 In terms of a study area, the ELR identified 48 existing and potential employment (office or industrial/warehousing) clusters in four groups of employment area type. In light of the thorough analysis undertaken in the ELR to identify these and the Council's local knowledge of sites and clusters, the list of employment clusters is unaltered in this Addendum.
- 2.11 With regard to the quantum of supply, the 2015 London Industrial Land Supply and Economy Study (LILSE) provides an updated position on the supply of industrial (B1c/B2/B8) land for Havering with reference being had to this in this section of the Addendum (Sec. 5). Regarding office use, an updated supply position for the borough is included within the recent London Office Policy Review (LOPR) 2017.
- 2.12 The Property Market Assessment of the ELR (Sec. 6) comprised consultations with local property market agents and key stakeholders. The Addendum Section 6 updates this assessment with regard to more recent correspondence with local property market agents and key stakeholders.

2.13 The Demand assessment (Sec. 7) identifies technical studies relating to the office and industrial floorspace required. In the ELR these were estimated for the Local Plan period (to 2031) using the consultants typical methodology regarding forecasting land and floorspace requirements for employment uses, and drawing on Valuation Office Agency (VOA) and GLA studies providing employment forecast data. The recent publication of the LILDS and LOPR 2017 mean that a more recent forecast of employment space requirements is available and reference is made to these in the Addendum below.

3. Policy Review

3.1 The ELR identified the key role of the National Policy Planning Framework (NPPF) and the accompanying National Planning Practice Guidance (NPPG) and national policy objectives to be achieved in local planning. Recent policy developments since the preparation of the ELR may be reviewed under four headings:

- New national guidance and legislation
- Regional planning policy
- Evidence base studies
- Local Plan and local studies.

New national guidance and legislation

3.2 The significance of the Functional Economic Market Area (FEMA) was emphasised in the NPPG 2014, as was the role of the Duty to Cooperate (DtC) with regard to the appropriate neighbouring local authorities. The London Boroughs of Newham, and Barking and Dagenham together with Brentwood Borough Council areas constituted the FEMA for the London Borough of Havering as was set out in the ELR, and this is considered to not likely have changed in this intervening period such that it remains a suitable area for reference to within this Addendum. Its correspondence with the Property Market Area as noted in the ELR provides the basis for continuing technical consultations and cooperation under the DtC.

3.3 A key area of recent policy has been the changes to permitted development rights, frequently known as the 'prior approval' process, which allows the change of office use to residential without the need for planning permission. This has had a notable, if geographically variable, impact on the removal of office employment space in many city and town centres, and elsewhere in employment areas. In October 2017, permitted development rights were extended to light industrial premises (B1(c) Use Class) thus allowing for further 'prior approvals' to be sought for conversions of such premises to residential use (C3 Use Class).

Regional Planning Policy

3.4 The London Plan provides the strategic planning framework for Greater London, unlike the rest of the country, and the ELR identified the relevant policies and requirements of the 2011 London Plan, the 2013 Revised Early Minor Alterations and a key Supplementary Planning

Guidance (SPG) document, the Land for Industry and Transport SPG 2012. The London Riverside Opportunity Area is identified, as is Romford as a Metropolitan Centre, and Havering was specified as a 'Managed Transfer' Borough, that is, a borough which is considered to "typically have a greater supply of vacant industrial sites relative to demand and should generally adopt a rigorous but sensitively managed approach to transfer".

- 3.5 Whilst a further iteration in the form of the Further Alterations to the London Plan (FALP) was adopted in 2015, a new replacement London Plan has been in preparation since then, and the Draft New London Plan was public consultation which was completed on 2nd March 2018. The majority of the Draft New London Plan's proposed policies on employment land support and strengthen previous positions and broadly maintains Havering's position as a Borough with opportunities for the "limited release" of industrial floorspace for other uses, together with Barking and Dagenham and Newham.
- 3.6 Policies on Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS), Policies E5 and E6 respectively, are retained with a key change being found in the form of Policy E7 which relates to intensification, co-location and substitution of and on industrial land. The adopted London Plan continues to provide the strategic context for the preparation of the Havering Local Plan.
- 3.7 The Draft New London Plan states that development plans should consider both intensification and the co-location of industrial with non-industrial uses in LSIS, and mixed use and residential uses on non-designated industrial sites will be supported if the site is redundant, allocated in a Local Plan or where industrial floorspace is provided. Redevelopment to provide intensification in SIL and LSIS should provide an increase or 'no net loss' of floorspace and must ensure that industrial type uses are not compromised.
- 3.8 Development plans should also consider the scope for the substitution of industrial capacity, in collaboration with neighbouring authorities provided. This is likely to influence potential development in Havering SILs to some extent particularly in collaboration with Barking and Dagenham in the London Riverside Opportunity Area, and will need to be kept under review.
- 3.9 Regarding offices (B1(a/b) Use Class,) refreshed policy is proposed in the Draft New London Plan at Policy E1. The content of the policy is not considered to be of material difference to extant London Plan policy

with regard to the planning of and management of such uses within Havering.

Evidence base studies

- 3.10 Three regional evidence base studies relating to employment land have been prepared to support the Draft New London Plan which mainly comprise updated versions of previous studies, and the implications of the following studies are noted in succeeding sections:
- London Industrial Land Supply and Economic Study (LILSE) (2016)
 - London Office Policy Review (LOPR) (2017)
 - London Industrial Land Demand Study (LILDS) (2017)
- 3.11 The London Industrial Land Supply and Economic Study (LILSE) assessed the supply of industrial land in London in 2015 and how much industrial land has been released over the period 2010-2015 as well as potential future release of land in the planning pipeline. The study analyses employment and business in designated industrial sites and assesses trends in industrial land supply in the inner south east of England and compares these with trends in London as well as considering the potential economic and congestion impacts of a reduced supply of industrial land in the capital. The study found that in 2015 in Havering:
- There were 498 hectares of industrial land;
 - Of the total, 96 hectares were occupied by industry;
 - Of the total, 174.6 hectares were occupied by warehouses;
 - Of the total, 161.2 hectares were occupied by wider industrial land uses (such as utilities and waste facilities);
 - Of the total, 78.3 hectares were vacant;
 - LB Havering lost 43 hectares of industrial land to other uses from 2006 to 2010.
- 3.12 The London Industrial Land Demand Study (LILDS) 2017, assesses the amount of industrial land London needs to maintain to ensure it continues to function as a successful and sustainable city, and inform emerging London Plan policy. The study assessed demand for land for general industrial uses, logistics activity and wider uses of industrial land such as transport and waste, producing forecasts of industrial land demand by Borough and property market area. Figure 15.1 of the study sets out the indicative industrial land release benchmarks for 2016-2041 for Havering is -40.8ha (-1.6 hectares per annum, which compares to a 1.7 hectares per annum rate of release set out in 2011).

- 3.13 The London Office Policy Review (LOPR), 2017 is the latest publication of a long running series that reviews trends in the London office market and assesses future demand for office floorspace at borough level. The report shows how the relationship between the number of jobs and occupation of office floorspace has been changing in recent years and develops a series of scenarios for the future demand for office floorspace in London. The study reports that LB Havering contains 136,450 square metres (compared to the estimate in the 2012 review of 180,000m²) of office floorspace, which remains one of the lowest concentrations of the Outer London boroughs and is contracting most particularly as a result of permitted development rights conversions.

Local Plan and local studies

- 3.14 Havering Local Plan policy documents are listed in the ELR, including the 2008 Core Strategy, Development Control Policies, Site Specific Allocations DPDs, and the Romford Area Action Plan (AAP). Relevant Council corporate strategies are identified, including the Housing Zone Bid, and the 2014-15 Corporate Plan.
- 3.15 London Riverside Opportunity Area Planning Framework was published in 2015. The Framework identifies that the wider area has the capacity to provide 26,500 new homes and 16,000 new jobs across the two boroughs (Havering and Barking and Dagenham). In Havering, the focus will be on the intensification of industrial land in the Rainham Employment Area and the creation of new residential communities at Rainham and Beam Park
- 3.16 Since the ELR was published in 2012, the Council successfully achieved Housing Zone status for both Rainham and Beam Park and Romford which will assist in accelerating the delivery of new homes in the areas designated. The new station at Beam Park on the Essex Thameside Line is a key component of the Housing Zone for Rainham and Beam Park. The Council has received a planning application for Beam Park which includes the delivery of the new station.

4. Socio-Economic Profile

- 4.1 This section of the 2015 ELR described the main socio-economic characteristics of the Borough in terms of population, workforce and employment, earnings, skills and training, occupational classifications, travel to work, business and employment sector issues. Data and sources were specified and it is noted that Havering is broadly in line with London averages with under-representation of office employment in contrast to employment characteristics which indicate a high level of commuting outside the Borough for work.
- 4.2 The analysis suggested that employment and economic development trends apparent throughout London are broadly represented in Havering and so more recent macro-economic studies may be applied to the local context with a degree of confidence. The level of skills and earnings, and the locational advantages of the Borough suggest that advantage would be taken by local residents of employment opportunities, and this is a positive indicator for recent initiatives to foster development throughout the Borough.
- 4.3 Analysis of the resident workforce found that the occupational profile of LB Havering residents is broadly in line with the London average. However, there are some signs of a low-wage economy in Havering, such as:
- Relatively high proportions of low educational attainment (only 28% have NVQ 4 and above when compared with 51.9% in London; and 46.5% have NVQ level 3 and above when compared with 66.3% in London¹);
 - Lower earnings of workplace jobs compared with residents earnings (£472 and £532² weekly gross earnings); and a strong out-commuting flow, suggesting that those holding higher qualification are more mobile financially and occupationally, and take up positions outside the borough.
- 4.4 This is supported by analysis of employment within the borough, which shows that office-based employment sectors are significantly under-represented in comparison with the London average. The borough has a high percentage of employment in construction sector 8.4% when compared with London average of 3.6% and 18.1 % in wholesale and retail trade when compared with 11.4% in London³. This suggests a disparity between the occupation of residents and the employment

¹ Source: ONS Annual Population Survey 2016 (2016)

² Source: ONS Annual Survey of Hours and Earnings – Resident and Workplace Analysis (2016)

³ Source: ONS Business Register and Employment Survey (2017)

available within the borough, and indicates that many residents employed in management, professional and technical professions commute outside of the borough for work.

- 4.5 Employment within the borough is marked by relatively high proportions in manufacturing, construction, motor trades, and transport and storage, as well as retail, health and education. The industrial restructuring which has occurred across London, and in particular East London, over the past few decades has led to a strong decline of manufacturing and shift to service sectors more broadly, and may have led to LB Havering losing out comparatively in terms of job growth.
- 4.6 However, the analysis presented here also suggests that to achieve economic growth the borough can play to the comparative advantages it has such as the labour skills set, the wage economy and location advantages. Playing to strengths would mean that local residents benefit from investment and employment opportunities.
- 4.7 In summary, for the purpose of this Addendum it is not considered that socio-economic trends have changed materially in the last three years sufficient to compromise the value of the analysis which informed the ELR.

5. Supply of Employment Land and Premises

- 5.1 In preparation of the ELR, detailed field survey and desk research identified suitable land and premises for employment uses which are defined as office (B1a-b Use Classes) and industrial and warehousing (B1c, B2 and B8 Use Classes). The methodology was developed to conform to the NPPG and took as its starting point the 2008 adopted LB Havering Local Development Framework (LDF) Proposals Map supplemented by the 2010 GLA London Industrial Land Baseline, (superseded by the 2016 LILSE study) and the consultants' and Council's local and wider knowledge.
- 5.2 In all, 48 'clusters' of employment land were identified as constituting areas appropriate for survey, including designated and non-designated tracts of land (see page 45-45 and Table 5.1 of the ELR for details on the process), including a Call for Sites exercise undertaken as a consultation measure, and the names of the clusters surveyed. These were then mapped in GIS and field surveyed using site appraisal criteria drawn mainly from the GLA Land for Industry and Transport SPG supplemented with consultant's experience (see ELR Section 5 for the list of criteria, a map of the clusters surveyed and the land uses present).
- 5.3 The clusters comprising the review of qualitative characteristics undertaken in the ELR, and their boundaries are considered to remain appropriate and thus unchanged based on the land uses remaining within these.

Office floorspace supply

- 5.4 The supply of office (B1a/b Use) floorspace in Havering is estimated to be 136,450 square metres (in 2018) with the majority of this space understood to be in commercial use and lying within Romford Office Quarter (Cluster 18). Stock is contracting as a result of the declining relative attractiveness of the Borough as an office location vis a vis Stratford, and also through PDR conversions to residential use which can be considered to be in part an outcome of falling demand/rental values.

Industrial land and floorspace supply

- 5.5 The London Industrial Land Supply and Economy Study (LILSE), referred to in 3.11 above, provides an updated 'baseline' position of the

supply of industrial land and industrial floorspace in London by Borough.

- 5.6 The 2015 industrial land supply figure in Havering is 438.3 hectares, as set out above in 3.11. The ELR notes that there is 19.1 hectares of undevelopable land in Havering. Deducting this from the 438.3 hectares mean that the total supply of industrial land as of late 2015 was 419.2 hectares (compared with the 412.0 hectares recorded in the ELR), and this may be taken as the most accurate and up to date quantum of industrial land in the Borough.
- 5.7 The higher quantum of land in industrial use recorded by the LILSE can be attributed to non-industrial sites returning to industrial use since the ELR or being better classified as being in industrial use than other uses through the comprehensive review of land uses in the Borough undertaken in the LILSE.

Qualitative characteristics – Office

- 5.8 With regard to clusters containing office floorspace, although several locations in the Romford Town Centre and else have undergone change due to permitted development rights conversions to housing (C3 Use) in the last three years, with consequent changes in specific individual sites, these changes are not regarded as leading to detriment to the character of the district since the survey undertaken in the ELR, owing to the compatibility of these two uses. The supply of good quality office space has fallen at a borough-level due to such conversions outlined above but remaining premises continue to serve primarily local companies and activities with moderate and stable vacancy rates.

Qualitative characteristics – Industrial and warehousing

- 5.9 With regard to industrial land, and given that a further survey has not been conducted, it is clear from a review of the recent GLA studies that the prevailing character and uses in the SILs and LSISs in Havering has not changed materially since the ELR report. The designations are retained in the Draft New London Plan and these can be expected to continue to provide the principal opportunities for future industrial and warehousing development in the Borough, particularly in light of the prevailing low vacancy rates such as noted in the LILSE and LILDS. Non-designated industrial clusters and the Site Specific Allocation clusters in Rainham similarly have not experienced considerable change with an absence of wholesale redevelopment of such areas for other uses.

Vacant Industrial Land

- 5.10 The survey of employment land clusters undertaken by the consultants preparing the ELR in 2014 concluded that 56.1 hectares of industrial land in Havering was vacant, of which 37.0 hectares were considered to be developable.
- 5.11 A review of information relating to new developments has identified that land at clusters which was recorded as vacant in 2015 has now been developed for industrial or warehousing uses, namely at Beam Reach 5 (Cluster 4) and Ferry Lane South (both Cluster 8a and Cluster 8b), totalling 14.2 hectares. As a result, there are currently estimated 22.8 hectares of vacant industrial land in Havering which are considered to be developable. This means that of the estimated 419.2 hectares, (ha.) of land which is occupied or developable for industrial and warehousing uses currently in the Borough, 396.4 ha. are occupied and 22.8 ha. are vacant.

6. Property Market Assessment

- 6.1 A key element of the demand side of the ELR methodology is provided by an assessment of the market for office floorspace and industrial and warehousing land and premises which drew on desk-based analysis of available data and consultation with local property market agents and key stakeholders. Qualitative assessment of property market areas and key sectors was undertaken with reference to a range of local property agents and stakeholders including the Chamber of Commerce, Federation of Small Businesses, the London Riverside BID and appropriate Council officers to provide a 'bottom up' perspective which complements wider scale technical projections which may be characterised as 'top down'.
- 6.2 Further recent consultations with key stakeholders have been undertaken with regard to the initial stages of preparation of the Council's Economic Development Strategy (EDS). These were primarily concerned with developing support for the EDS and covered a wide range of topics including the provision of employment land.
- 6.3 Responses were concerned that the Council has not been sufficiently responsive to initiatives for development and could miss out on future opportunities. Concerns have been expressed regarding the deterioration of Romford as a town centre with regard to future office employment and the reduction in the number of major office occupiers which is a continuing trend. Demand for small and medium industrial units on short leases is a continuing theme and reinforces previous consultation responses.
- 6.4 The significance of the Property Market Assessment (PMA) concept lies in accepting that demand is not constrained by local authority boundaries and constitutes an area of search for a potential occupier. In general, the PMA corresponds to the FEMA required by national guidance and is taken to comprise the London Boroughs of Havering, Barking and Dagenham, Newham and Brentwood Borough.
- 6.5 Within this general situation, specific PMAs were delineated for the main employment sectors. Whereas the above grouping of local authorities holds for industrial employment space, it is not so appropriate for office employment which is a smaller market based mainly on the Romford Office Quarter with limited demand elsewhere.
- 6.6 It does not appear that Havering displays characteristics which are at odds with what is happening in the employment sector in London as a

whole. Rental levels are generally not high enough to attract major speculative office or industrial provision and the best opportunities for new or reused space are related to major transport infrastructure and particularly the main road network.

Office use

- 6.7 The ELR noted that neither the supply nor demand of office space is considerable, and that both supply and demand are largely concentrated in the Romford Office Quarter. With regard to key indicators, the average rents for office space within the Borough are £1.45 per square metres with an 5 year average of £1.17 per square metres. The vacancy rates are generally showing a downward trend while asking rates for rents indicate an upward trend in 2017. This indicates an increase in demand which is a positive market outlook. The quality of stock is variable and vacancy rates are relatively high in this sector and this is not likely to change unless a major occupier can be attracted to the Borough, and Stratford is evidently a more attractive location for those who can operate outside the Central Activities Zone or the Canary Wharf district.
- 6.8 In terms of its offer, small scale premises within mostly medium-sized purpose built buildings or above retail premises predominate and are likely to be the primary market via short-term leases for the future with the expectation of ever high specifications in terms of services and facilities. The impact of changes to permitted development rights is not regarded as a major constraint on potential office occupiers as the buildings affected are rarely seen as prime office space and, in some instances certainly, have been unoccupied for some time and from local knowledge, there has been little apparent change in the situation since 2015.

Industrial use

- 6.9 The ELR noted that much of the available industrial and warehousing stock was of poor to average quality although vacancy rates are relatively low. Demand for industrial and warehousing units appears to have held up, especially for smaller units and short leases which allow flexibility to potential occupiers.
- 6.10 The current average rent is £0.88 per square metres with a five year average of £0.60 per square metres. The current vacancy rate is about

4.9 % with a five year average vacancy rate of 2.6 %⁴ - lower than that recorded in 2015. The asking rent shows an upward trend and indicates a positive market outlook.

6.11 This vacancy rate is considered to be extremely low historically for the East London market for modern stock and the overall increasing demand has brought vacancy down in recent years. Large scale occupiers such as Ocado, Tesco, Lidl, Asda, and Seabrook have boosted the demand for warehousing within East London.

6.12 Wider property market trends in regard to industrial premises and floorspace indicate a very tight market within London, characterised by very low vacancy rates and historically high rental levels; property in the East London market – described as the Thames Gateway Market in the London Industrial Land Demand Study - is cheaper and more affordable than most of the other property market areas in London, but

6.13 This is mostly reflective of lower land values rather than demand, with parts of the large areas of vacant land found within London Riverside ten years ago having been mostly built-out since the ELR in 2015. Overall, this is not to say that occupiers are not likely to find space but equally there may be no case for the managed release of land.

⁴ Source: CoStar UK

7. Demand

- 7.1 The ELR provided land and floorspace demand projections for the period 2012 to 2031 which corresponds to the Local Plan period. The methodology used was compliant with the NPPF and NPPG and drew on historic floorspace data available from the Valuation Office Agency until 2012.
- 7.2 A process of synthesis applied historic trends to future employment land demand and took account of the impact of a number of major projects, including Crossrail, London Gateway, Lakeside, Beam Park Station, and London river crossings. Adjustments to forecasts were made due to the need for land by these and other uses including waste management and recycling, utilities and public transport.
- 7.3 Demand for both industrial land/floorspace (B1c/B2/B8 Uses) and office floorspace (B1a/B Uses) has been revisited by the GLA in two major studies as noted in Section 3 above. These forecast land and floorspace demands until 2041, which is beyond the Havering Local Plan period.

Office Floorspace (B1a/b Use Class)

- 7.4 As a means of verifying whether the estimation of demand calculated within the ELR remains valid, a comparison can be made to a more recent calculation of demand set out in the London Office Policy Review 2017. This forecasted a composite requirement of trend-based and employment-based office floorspace required to 2041 of 7,400 square metres (Table 9.14).
- 7.5 When considered on a pro rata basis to align with Havering's Local Plan period to 2031, this would equate to a requirement in the order of 4,500 square metres over a 14-year timeframe to 2031, or 321 square metres per annum. Forecast over a slightly longer 17-year timeframe, the "Medium Growth scenario" forecast in the ELR indicated a somewhat stronger demand quantum of 13,985 square metres to 2031 or 822 square metres per annum, decreasing to 626 square metres per annum in a "Low Growth Scenario" (10,657m² total) rising to 1,007 square metres per annum in a "High Growth Scenario" (17,131m² total).
- 7.6 The difference between the two forecasts to 2031 should be seen in the context of the influence of a general downward trend in the supply of floorspace prevalent in the Borough in the period between the ELR forecast (2014, using 2012 data) and LOPR's 2017 forecast (using

2016 data). This downward trend in recent supply is explained in the LOPR 2017 as being as a result of demand being met elsewhere in the FEMA at Stratford in higher-quality and in a wider variety of premises, and the continuing loss of floorspace locally in Havering through conversion of office floorspace to residential use via PDR.

- 7.7 In absolute terms, the annual net requirements for floorspace as presented in the ELR or LOPR 2017 are small in magnitude representing between 0.2 per cent (LOPR 2017) and 0.3 to 0.7 per cent (ELR) of the total stock of floorspace recorded in Havering (136,450m²). As both studies have thus concluded that demand for floorspace to 2031 in Havering is weak, the findings of the ELR with respect to demand for office floorspace can be considered to remain entirely valid in 2018.

Industrial Land Use (B1c/B2/B8)

- 7.8 The 2017 London Industrial Land Demand Study (LILDS), using an overarching similar methodology to that applied in the ELR, estimated that forecast demand for industrial land in Havering between 2016 and 2041 (the London Plan Period) as -38.9 hectares or -1.6 hectares per annum over this 25 year timeframe. If the per annum rate of change calculated in the study were used to estimate demand from 2012 to 2031 - the ELR forecast period, - this would equate to a net requirement for industrial land in the Borough of -29.6 hectares to 2031.
- 7.9 By comparison, the “Medium Growth scenario” forecast requirement calculated in the ELR was -23.8 hectares decreasing to -24.3 hectares in a “Low Growth Scenario” and rising to -23.2 hectares in a “High Growth Scenario”. On a per annum basis, this equates to a net requirement of approximately -1.4 hectares per annum in all three scenarios.
- 7.10 As these rates of growth and decline can be considered to align closely with the -1.6 hectares per annum rate of change postulated in the recent LILDS, the forecast net requirement for industrial land set out in the ELR for Havering over the Local Plan period can be considered to remain valid in 2018 and in alignment with emerging Draft New London Plan policy in this regard.

8. ELR Conclusions

- 8.1 A significant conclusions section in the ELR summarises the main findings of the study in terms of both the present and future provision of employment land in the Borough. It provides conclusions for the two main recognised categories of employment; Industrial Land (B1c/B2/B8) and Office (B1a)

Industrial land

- 8.2 Most industrial land in Havering (75%) is presently located in Strategic Industrial Locations (SILs) and it is forecast that the total land required will reduce during the plan period, due to wider historic trends for the reduction in industrial employment. The past decade has seen a sustained period of consolidation of underused industrial land across London and especially the East London sub-region.
- 8.3 The qualitative appraisal of industrial land, and consultation with stakeholders suggested that the current supply of industrial premises is generally appropriate for the Borough's needs. Major change in the demand for industrial land was not anticipated and specific locations were identified by the consultants where change may occur and these are related to regeneration initiatives which are being considered by the Council.

Office space

- 8.4 The analysis notes that the office market in Havering is mostly supplying the demands of small and medium sized companies which are linked to the local market. Demand for larger floor plate office provision which was built in the 80s and 90s as the local offices for national companies has reduced significantly and this accounts for much of the vacancies in the Romford Office Quarter.
- 8.5 Despite this, Romford's intrinsic strengths as an office location in the future were noted, with good public transport links and many other advantageous factors noted. The 'prior approval' changes were noted to have had an effect but there are grounds for optimism in terms of future plans for infrastructure and development, notably Crossrail.
- 8.6 Office stock will need to be upgraded to satisfy modern office requirements, initially to provide more small and flexible space but eventually potentially larger spaces as the infrastructure and other projects come on line. Office space outside Romford town centre is

relatively small scale and located near primarily industrial uses, and there appears to be limited scope for further major office development.

ELR Recommendations

- 8.7 The consultants make a number of recommendations for Local Plan policy preparation built on the conclusions of the studies undertaken. The conclusions are justified and comprise a rigorous exposition of the issues and factors affecting the possible magnitude and locations for employment floorspace in the Borough.
- 8.8 Recommendation 1 suggests strengthening Romford Town Centre as the prime office location in the Borough. The Romford Office and Station Quarters are identified as providing opportunities for improved space in line with development and regeneration initiatives which maintain the overall level of office floorspace in the Borough.
- 8.9 Recommendation 2 specifies locations for general industrial and warehousing floorspace, including the Strategic Industrial Locals(SILs), Secondary Employment Areas (SEAs) and suggests renaming SEAs as Locally Significant Industrial Sites (LSIS) as per the London Plan definition. The overall recommendation is to reinforce existing industrial locations which are generally well functioning and provide further opportunities in a declining market.
- 8.10 Recommendation 3 is to re-designate the Freightmaster Estate as SIL. This is an isolated but active and well-functioning industrial estate and has the potential to provide significant economic benefits for the Borough possibly within the growing waste and recycling sector which could support direct employment and have positive local supply chain implications.
- 8.11 Recommendation 4 accepts that there will be a transfer of uses from employment to other uses and lists locations where this could assist the achievement of wider regeneration and housing objectives. Four clusters are listed which could provide a range of uses and assist the consolidation of the industrial activities and lead to the improvement of conditions for modern business occupiers.
- 8.12 Recommendation 5 promotes a more flexible approach to changes away from industrial uses as long as certain criteria are met. The overall industrial capacity of the Borough should not be reduced and the criteria for transfer should include the environmental impacts on nearby residential areas, lack of market interest for industrial uses and

maintenance of the projected demand for industrial floorspace during the plan period, as identified in the ELR.

- 8.13 Recommendation 6 encourages the monitoring of changes in employment land through planning permissions to ensure that sufficient land is available for economic growth during the plan period. Table 8.1 in the ELR report then relates the recommendations to the identified clusters to provide an overview of the results of the studies which may provide the basis for policy formulation.

9. Addendum Conclusions

- 9.1 The purpose of this Addendum is to summarise the scope and findings of the 2015 URS Employment Land Review(ELR) Final Report as a key element of the evidence base for the Havering Local Plan submission. Within existing resource constraints it is not feasible to undertake a detailed reconsideration of the ELR and, following this brief review, it is clear that the methodology and analysis based on the information sources and consultations undertaken have resulted in findings which are robust and maintain their relevance for the Havering Local Plan submission.
- 9.2 This Addendum has identified recent work, primarily by the GLA, with regard to policy changes, and the supply and demand of industrial land and office floorspace. This enables the Council to assess the degree of confidence which may be attached to the recommendations made in the ELR.
- 9.3 Sections 3 to 7 above recap on the ELR findings and undertake to identify any changes of note with regard to these or an updated position as relevant. Updated socio-economic indicators and planning policy context have been set out, with some changes noted, and an updated supply position has been formulated based on a high-level review of changes of use and redevelopments in the intervening years for both office and industrial uses.
- 9.4 The ELR's findings with regard to demand for land and premises have been sense-checked against the more recent GLA work referred to, and can be considered to remain valid. Overall, the findings of the ELR have been updated where possible via this addendum and are considered to not result in any change being needed to the recommendations put forward in that study in 2015 and as such they remain entirely valid.
- 9.5 As noted above, the Council has recently initiated the preparation of a corporate Economic Development Strategy (EDS) which will have an effect on policy formulation and should mutually influence both the form and function of the Local Plan and the EDS. Mechanisms should be set up within the Council to ensure that the appropriate coordination takes place and information and data are exchanged as studies progress.
- 9.6 This brief Addendum report concludes that the ELR continues to provide a robust foundation for the formulation of policy regarding the

provision of employment in the Havering Local Plan. Further work can continue prior to the Examination in Public to strengthen and amend the ELR as circumstances change so that it will continue to inform policy formulation in the future.