



Old Kent Road Workspace Demand Study

May 2019

**AVISON
YOUNG**

00

Southwark
Council

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01 Introduction

01 Introduction



1.1 Avison Young and Architecture 00 have been appointed by Southwark Council to consider the future workspace demand and requirements within the Old Kent Road to support the development of the final Area Action Plan approach to accommodating economic growth. This report presents the outputs of that work.

1.2 The report has been prepared alongside the drafting of the Area Action Plan for the Old Kent Road, as such its analysis and findings have been fed into the current draft AAP on an iterative basis. This has also seen the Avison Young/00 team investigate a number of issues on a more ad hoc basis as the AAP process has raised questions or issues relating to the need for, and provision of, workspace within the Old Kent Road.

1.3 This report is therefore designed to capture all of the analytical work and ongoing advice that the Avison Young/00 team have provided throughout the commission and provide an evidence base that can both inform and support the AAP approach to workspace provision and be used by the Council in future decision making processes.

1.4 Given the nature of the commission it should be recognised that this Report is not necessarily intended to act as a continuous narrative that culminates in a single set of recommendations. Instead it provides inter-

related but relatively standalone chapters that consider specific issues and topics.

1.5 The Study has been informed by a range of sources, included existing research prepared to support the AAP, new analysis of secondary data, discussions with local stakeholders and landowners in the area and workshops with the Council, GLA and masterplanning teams. A number of area walking tours were also conducted where some 'ad hoc' conversations with businesses were held. A more formal business workshop was held in March 2018 to share initial findings and inform the next stages of analysis.

1.6 In line with the project brief this report considers:

- The nature of the Old Kent Road economy today and its future growth potential as a base for understanding workspace requirements and demand (Chapter 2);
- The key operational and other considerations in accommodating a range of appropriate workspaces in higher density mixed use environments (Chapter 3);
- Issues of affordability that exist today, or may be created by regeneration, and approaches to managing these (Chapter 4);
- Cross-cutting issues and areas of potential intervention to achieve the economic potential of the Old Kent Road (Chapter 5).

02 The Future of the Old Kent Road Economy

02 The Future of the Old Kent Road Economy

2.1 To understand the future workspace needs within the Old Kent Road AAP area it is first critical to establish a clear and detailed understanding of the economy today, how this has changed in recent years and how it is expected to change in the future.

2.2 There has been a significant amount of analysis undertaken the past few years to consider the nature and future potential of the Southwark and OKR economy and it is not the purpose of this study to revisit all of this, or to redo the same analysis.

2.3 Rather, within this section we undertake some focussed analysis to both deepen the understanding of the OKR economy and how this may change in the future and then allows (in the next section) the workspace requirements to be established.

2.4 It should be noted that this study has not undertaken new primary research, it has relied upon published datasets and information made available by the Council and stakeholders in order to form a view of economic potential.

The Mix of Uses within the Old Kent Road

2.5 The starting point for the study has been to seek to understand the current economic and employment base within the Old Kent Road. The current mix is critical in understanding the future potential as in most cases economies (without intensive intervention) tend to 'evolve' through a series of changes rather than make a significant 'leap' into an entirely new type of activity.

2.6 The reasons for this are many, but tend to relate to assets an area possesses which may include labour force and skills access, type and cost of property, accessibility to markets, supply chain opportunities etc. This economic evolution happens both as

businesses themselves evolve their offer to meet client demands or adopt new technology or through the attraction of new businesses that are 'added' to the mix. In many areas across London this sequencing of change is evident, including Shoreditch, the Lee Valley, Brixton/Loughborough Junction.

2.7 To understand the nature of the OKR economy we have considered two key data sources, ONS (which publishes the Business Register and Employment Survey – BRES - a sample based dataset) and direct survey work completed on behalf of the GLA and Southwark Council, which provides a finer grain analysis of all businesses located on the OKR at a point in time. We have also had sight of analysis completed by students at CASS, which mirrors the survey approach used by the GLA/ Southwark Council.

Economic Characteristics - BRES

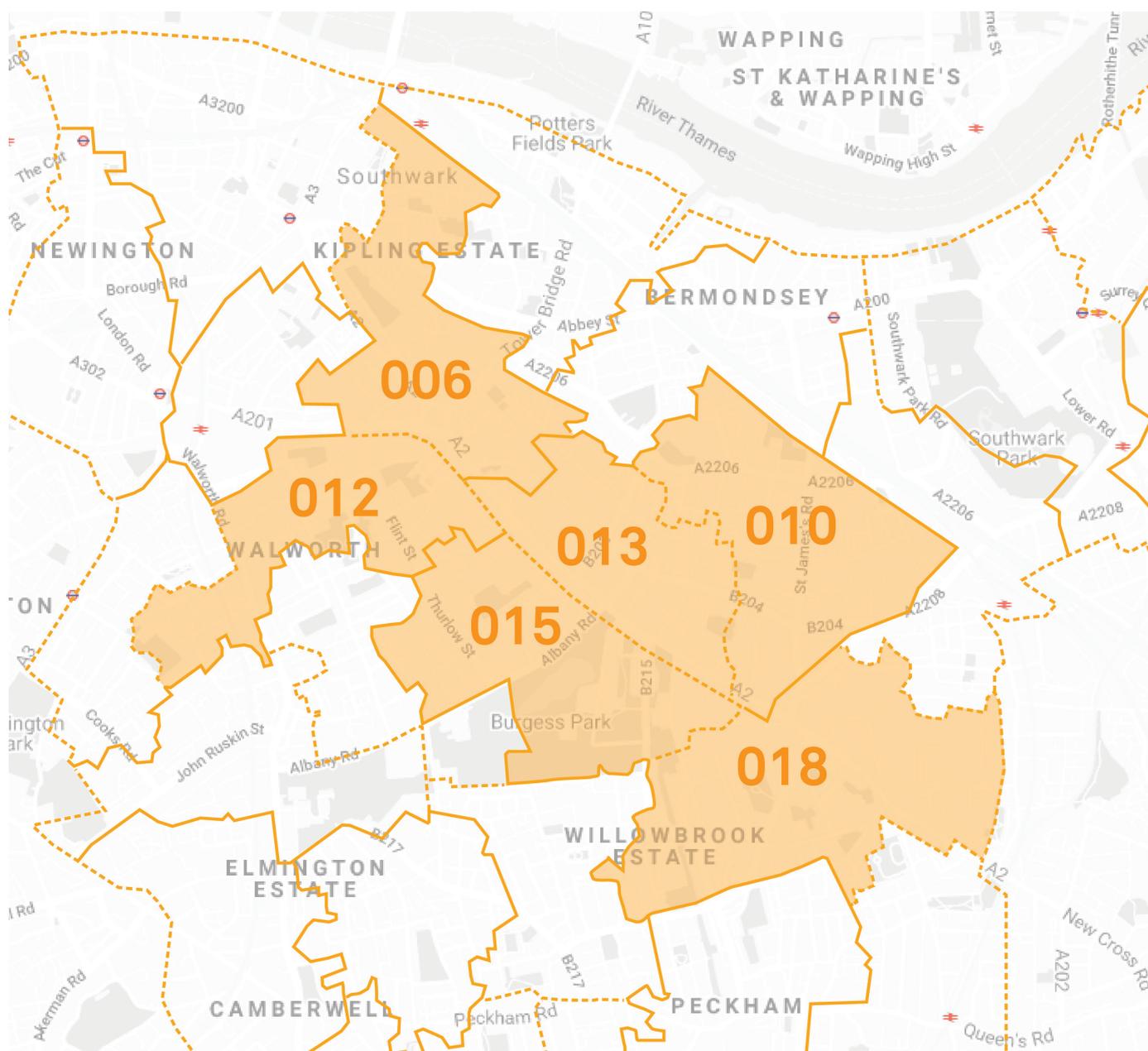
2.8 BRES data is collected within defined statistical areas (Output Areas), we have used these at the lower level to capture business within the OKR AAP boundary. Whilst this is not an exact fit the areas are close enough to allow the data to provide a reasonable approximation of the OKR economy – particularly as boundary differences predominantly relate to residential areas.

2.9 As shown in Figure 2 the OKR has a diverse economy, with significant scales of employment within the non-B class sectors including retail, education and residential/ social care. In comparison the scale of employment within B class sectors is comparatively low, however the BRES data does show that there remains a strong base of employment activity within 'production' and 'industrial' based activities.

or London as a whole (14%). This comparative split is shown in Figure 3.

2.10 Taken together these activities that are based within industrial type premises make up c.25% of the employment base within the OKR, significant more than the corresponding sectors represent in either Southwark (10%)

Figure 1 - OKR Lower Super Output Areas



Source: ONS, 2017

Figure 2 - Employment by Sector

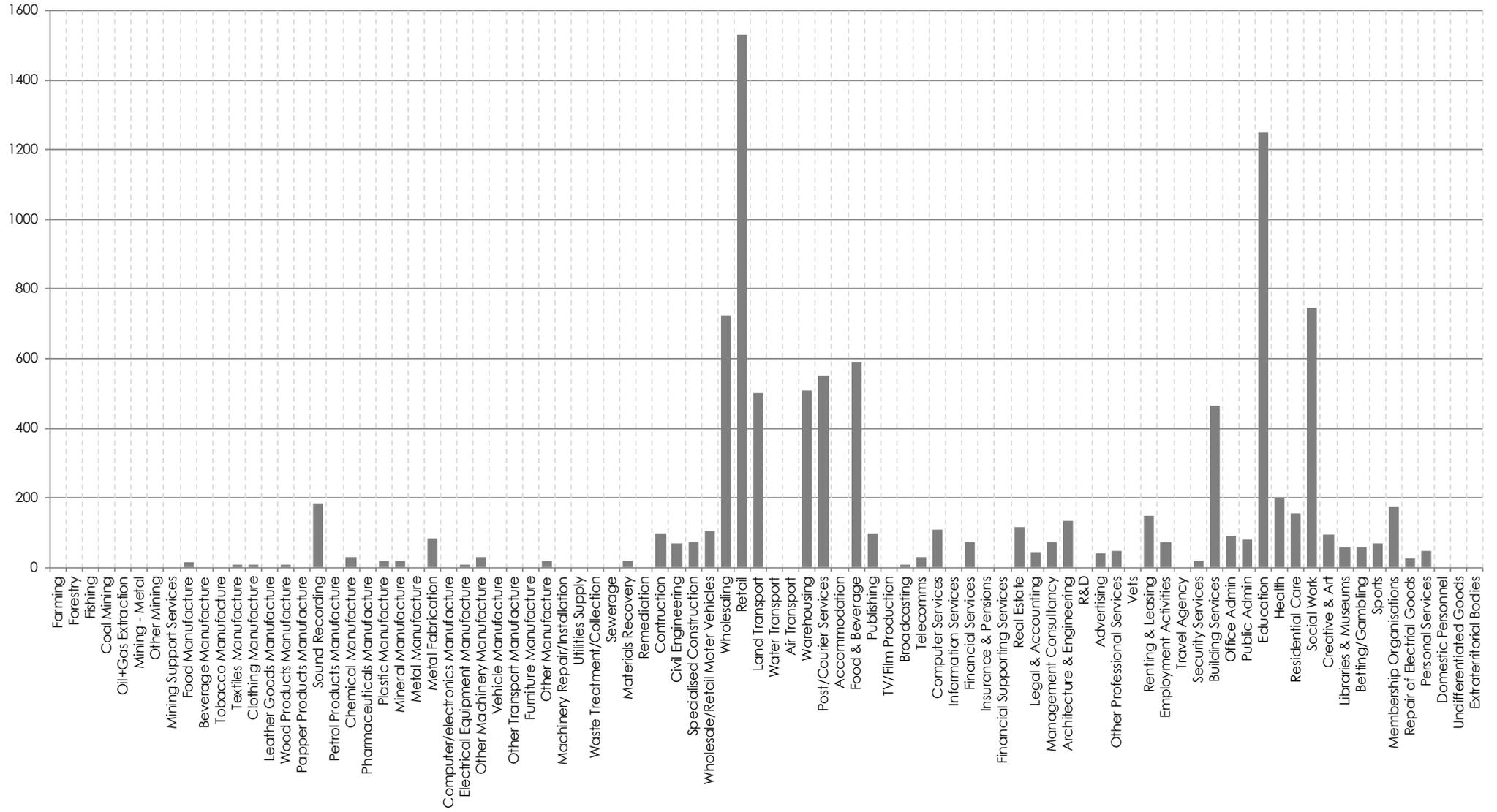
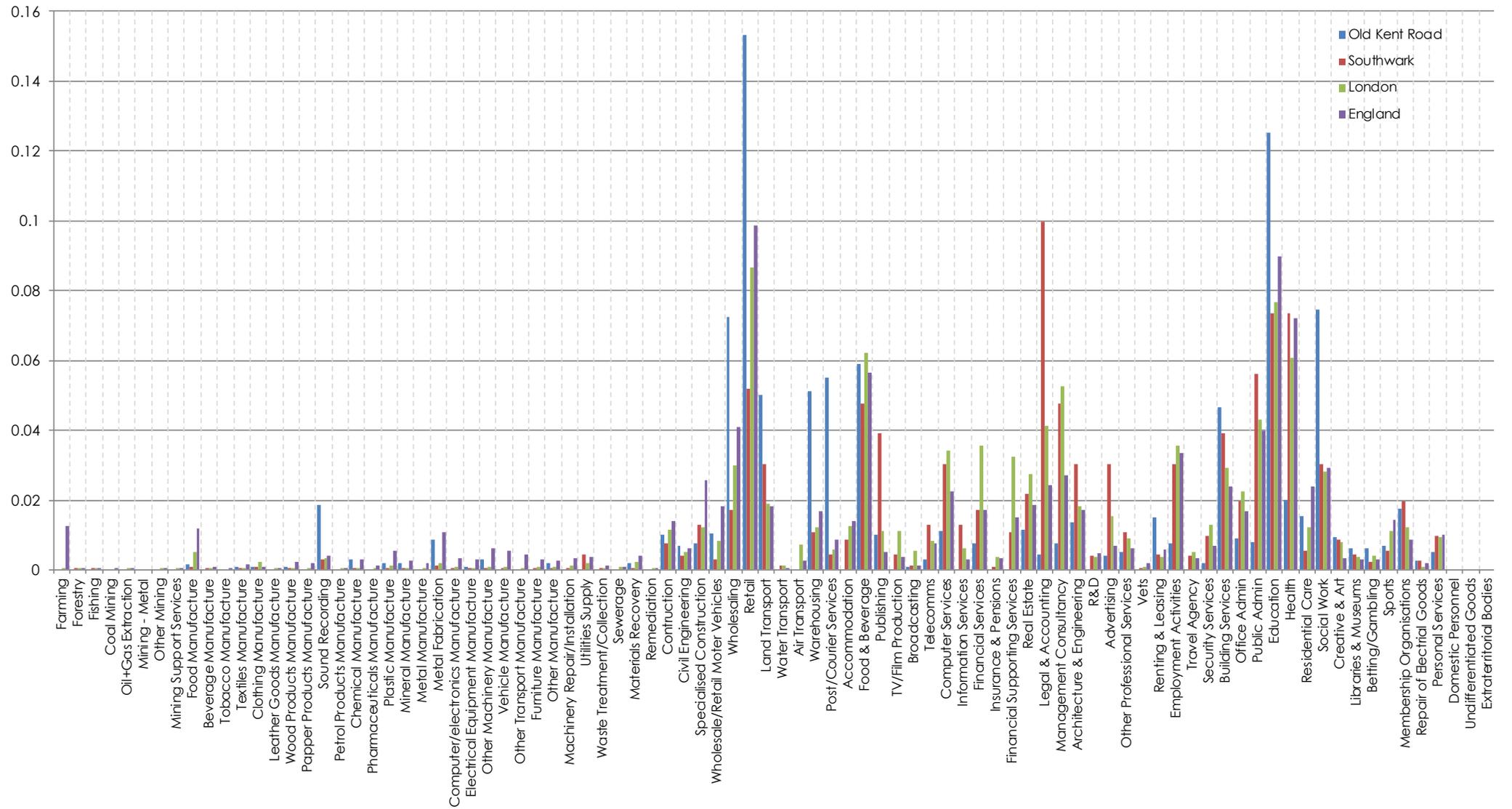


Figure 3 - Employment Share Comparison



2.11 The importance of the ‘industrial’ based activities to the OKR is underlined by an analysis of location quotients for the AAP area when compared to Southwark’s employment in the same activities.

2.12 As shown in Table 1 the concentration of employment within industrial activities as a share of all employment is much higher in the OKR than it is in Southwark or London. With the 15 most concentrated activities all lying within that type of activity. This suggests that the combination of property, proximity and price has made the OKR a focus of industrial activity within London.

2.13 Critically, despite the ongoing challenges facing the industrial sector within

London as a result of London-specific and macro-economic dynamics these activities have not decreased in importance in the OKR in recent years. Similar analysis for 2009 BRES data shows a similar pattern of specialism, with industrial activities being the most concentrated.

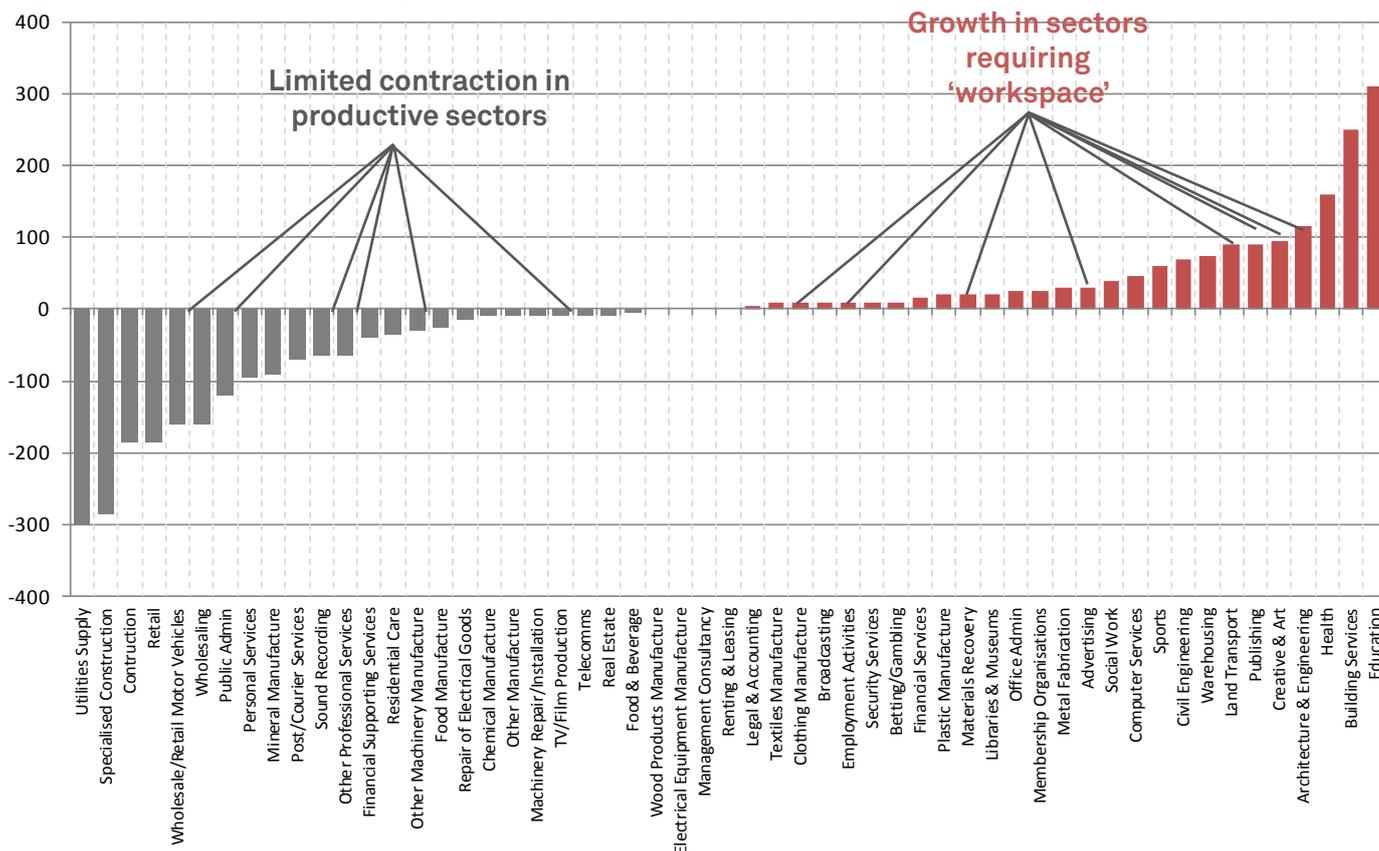
2.14 Looking at how sectors have changed in scale over that period is also important as this helps understand whether activities have been growing or contracting over time and whether there is a shift in the nature of demand that could be carried forward. Using the same BRES data we have calculated total employment change between 2009 and 2015, as shown below.

Table 1 - Location Quotient: Importance of Sub Sectors for Old Kent Road vs. Southwark & London

SIC 2 Digit Code Sub-Sector	vs. Southwark	vs. London
28 : Manufacture of machinery and equipment n.e.c.	19.8	3.4
23 : Manufacture of other non-metallic mineral products	18.5	3.4
53 : Postal and courier activities	12.7	9.6
27 : Manufacture of electrical equipment	9.3	2.9
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	7.7	2.5
25 : Manufacture of fabricated metal products, except machinery and equipment	6.6	4.8
22 : Manufacture of rubber and plastic products	6.2	1.4
32 : Other manufacturing	6.2	2.0
18 : Printing and reproduction of recorded media	6.1	5.8
52 : Warehousing and support activities for transportation	4.7	4.2
13 : Manufacture of textiles	4.6	2.2
20 : Manufacture of chemicals and chemical products	4.6	5.0
46 : Wholesale trade, except of motor vehicles and motorcycles	4.2	2.4
38 : Waste collection, treatment and disposal activities; materials recovery	3.7	0.9
45 : Wholesale and retail trade and repair of motor vehicles and motorcycles	3.5	1.3

The location coefficient (LQ) can be used to appreciate the importance of an economic activity for a given community compared with the importance of the same activity within a defined larger area - a greater number signifies a greater importance of the activity in question vis-a-vis the benchmark (Taken from the BRES data 2015)

Figure 4 - Employment Change by Sector 2009-2015



2.15 As shown in Figure 4, in the main there has been limited contraction within the ‘industrial’ employment base. Indeed many of these activities have seen an expansion of employment and therefore a growth in demand for more industrial types of workspace.

2.16 Employment has remained focussed in the small to medium sized business sector within the OKR over this time with c.80% of employment being within businesses of less than 4 employees and c.4% in businesses with over 50 employees.

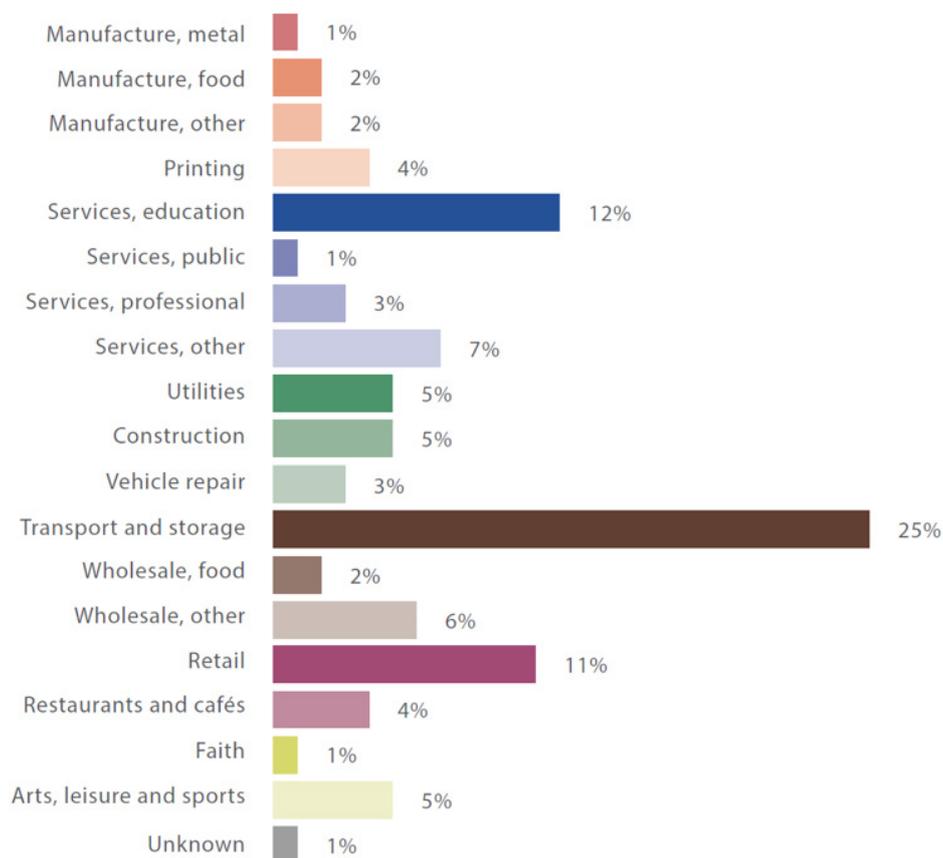
Economic Characteristics – Business Atlas

2.17 The BRES dataset, as a sample based approach, has its limitations in terms of accurately depicting an economy at a small area scale as it can be heavily influenced/ skewed by the sample selected or by small (and potentially) short term spikes in activity. Therefore it is helpful to compare it to any locally sourced primary data that exists for all, or part, of an area. In the case of the OKR a detailed analysis of the OKR was undertaken by the GLA/Southwark Council, the OKR Business Atlas sought to capture each business occupying space within the Old Kent Road via a street-based survey that recorded each occupier and then researched the nature of the business. Completed in May 2016 the Atlas provides the most accurate assessment

of business activity in the Old Kent Road.

2.18 At the headline level the Atlas and the BRES provide a similar estimate of over 9,000 jobs being accommodated within the OKR. However, there is a noticeable difference in terms of the share of employment between B and non-B class sectors, with the Atlas estimating there to be a greater share of employment within the B class sectors than BRES. The breakdown of employment by broad activity type is shown in Figure 5.

Figure 5 - Atlas Employment Share by Sector



London Southbank University



Storage London

2.19 By using the same SIC codes for each business identified within the Atlas it is possible to compare the two datasets directly to understand these differences more clearly.

2.20 As shown in Figure 6, the Atlas shows higher levels of employment within a number of industrial space occupying businesses and a lower share of employment within the office based or non-B class sectors. This has important implications for understanding the nature of the Old Kent Road economy.

2.21 Firstly it suggests that the industrial floorspace is accommodating more jobs than would usually be expected based on general occupational densities. Based on the estimate of stock within the OKR provided by CoStar (c.350,000sqm) we estimate that, using the Atlas figures, B class space is utilised at an average of c.55sqm per employee rather than c.70sqm per employee using BRES. This is in line with findings from similar studies elsewhere, where local empirical work shows higher employment densities than would be expected based on UK averages. This means that any planning for the future of these sectors would need to plan on that basis.

2.22 Secondly, it means that any projections of future needs could either under or over estimate the growth potential of individual activities if based on the BRES data. To illustrate the differences between the data sets we have shown the net position for the most 'extreme' differences.

2.23 Figure 7 highlights where the BRES data and Business Atlas information differences are most significant. Within the chart the 'positive bars' (dark grey) show where the BRES data suggests there is more employment than the Atlas in particular sectors, the size of the bar reflects the actual difference in employment numbers between the two data sources. As shown BRES data suggests there are higher levels of activity in sectors that either occupy more office-type workspace (such as computer programming) or larger storage/depot based activity as captured under land transport. The 'negative' bars (light grey) in Figure 7 show where the number of jobs recorded in the Atlas are higher than BRES in particular sectors, with the size of the bar representing the number of jobs the Atlas suggests exist above those recorded by BRES. The Atlas has a much more significant level of employment compared to BRES in range of manufacturing, distribution and creative activities, all of which would be more likely to occupy industrial type workspaces.

Figure 6 - Comparison BRES to Atlas

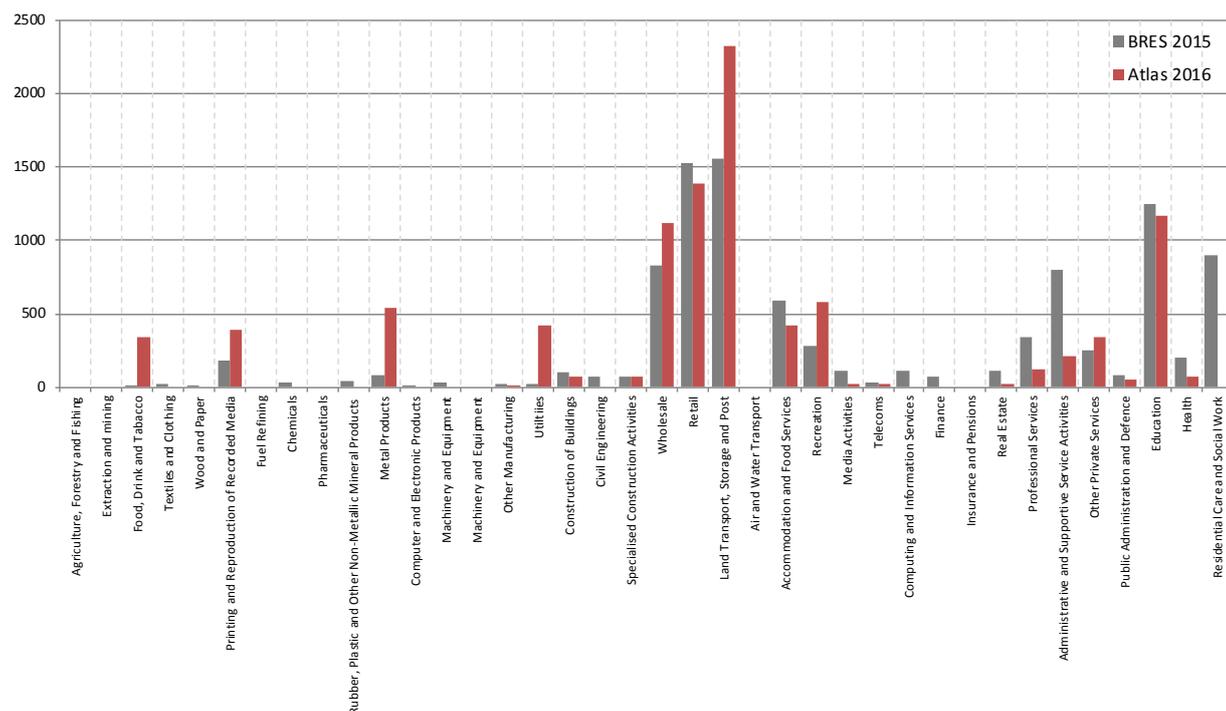
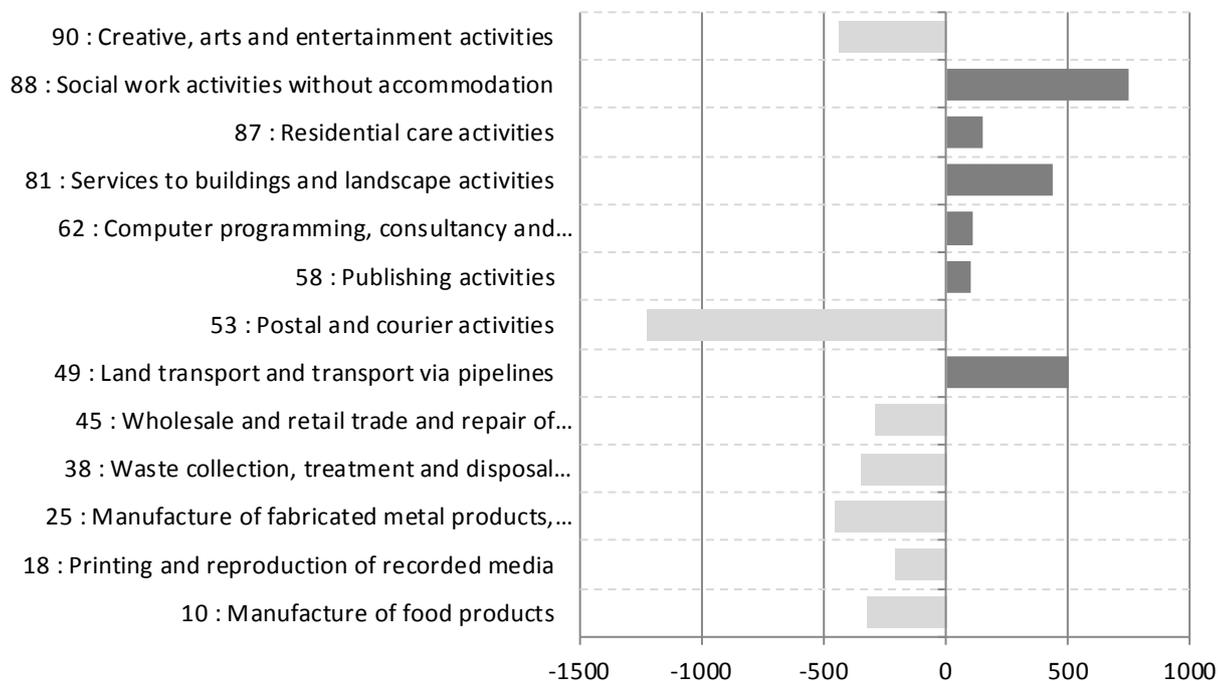


Figure 7 - Key Atlas-BRES differences



Understanding Future Growth Potential

2.24 The London economy has seen significant levels of growth over the past two decades and Southwark has been one of the boroughs that has benefited substantially from this success, with the north of the borough changing dramatically to now accommodate a range of high density office developments that are home to some of the world's largest businesses.

2.25 This success has not solely been experienced in this area, employment growth and business activity has also increased within the OKR, both from growth of businesses within the OKR already and the attraction of new ones locating in London or relocating for other places.

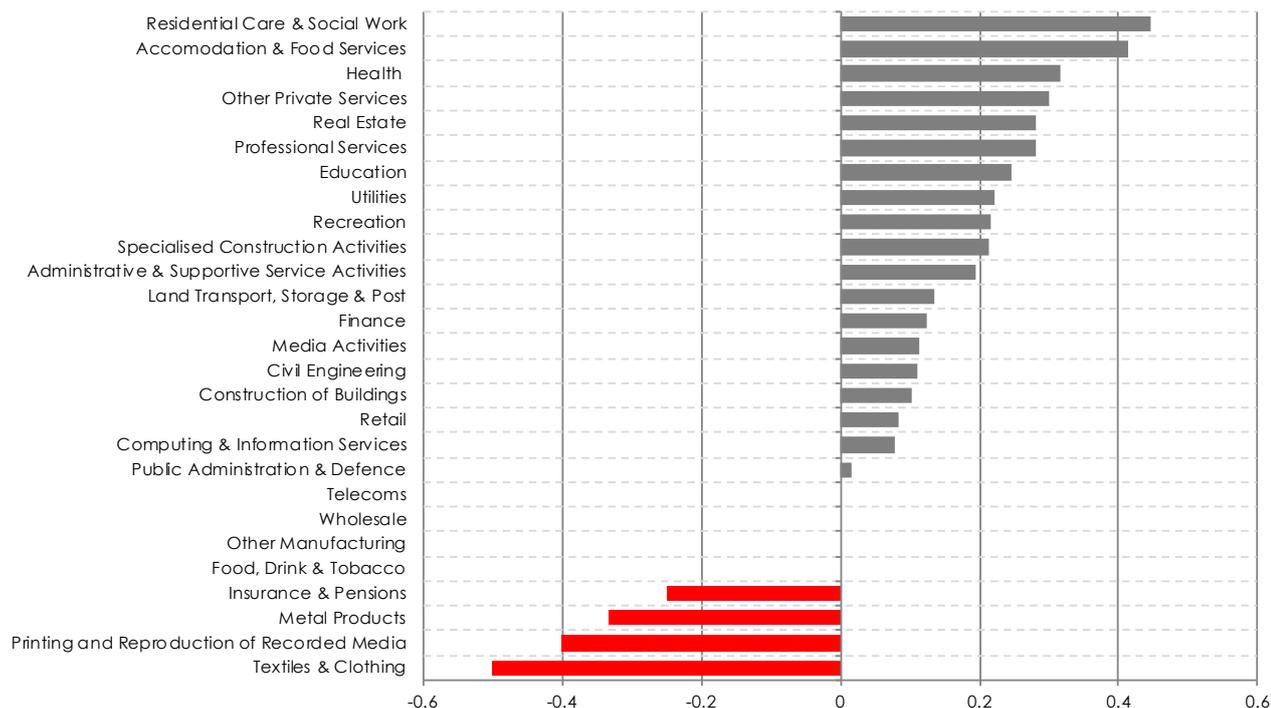
Employment Growth Projections

2.26 To understand the potential for growth within the OKR the starting point is to consider econometric forecasts, which project forward likely employment growth. These are prepared at the borough level by both GLA Economics and Experian and suggest how the economy of the borough may fare in the future.

2.27 Over a twenty year period to 2036 both the GLA and Experian forecasts anticipate that employment in Southwark will increase by 22%, to provide between 50,000 (Experian) and 60,000 (GLA) additional jobs within the borough.

2.28 The GLA do not provide a sector breakdown of their forecasts therefore it is impossible to tell how the mix of the Southwark economy may change in the future. However, Experian provide a detailed 38 sector breakdown for their forecast, so it is possible to get a sense of how the economy may change. The sectors within Southwark that have sufficient employment levels to feature in the Experian forecast and their scale of change are shown in Figure 8.

Figure 8 - 20 Year Sector Change



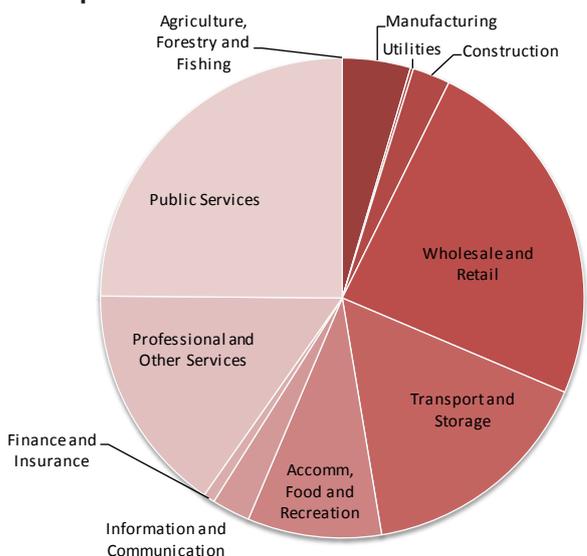
2.29 As show, the majority of sectors that have a presence already within the area are expected to grow over the next 20 years, this includes a range of activities that would occupy both B and non-B class space. A smaller number of sectors are expected to experience no change from their current levels of activity, whilst an equally small number would see a decline of employment.

2.32 To achieve this the first step is to convert the BRES and Business Atlas data into the same sector categories as Experian. This is done at the slightly coarser sector definitions within the Experian model to avoid having to split SIC code data at such a low level (i.e. at 2 digit SIC) that the data becomes unreliable. The shares of employment for each ‘base’ dataset are shown below.

2.30 Overall, these trend based forecasts would see Southwark retain a mixed economic base, however it would be one that experienced a significant level of growth in non-B class sectors such as care and health services. Office based activity would also continue to expand, as would some elements of the economy that require workspace, however some of these sectors would also contract.

2.31 The above sets the context for growth, however, given that the previous analysis demonstrates that the OKR economy is noticeably different to that of the borough as a whole, they provide only a limited guide for the OKR itself. Sub-borough forecasts are not published, however given the Experian sectors are based on SIC code groupings it is possible to apply the borough level growth rates to the BRES and Business Atlas data to see what may happen in the OKR.

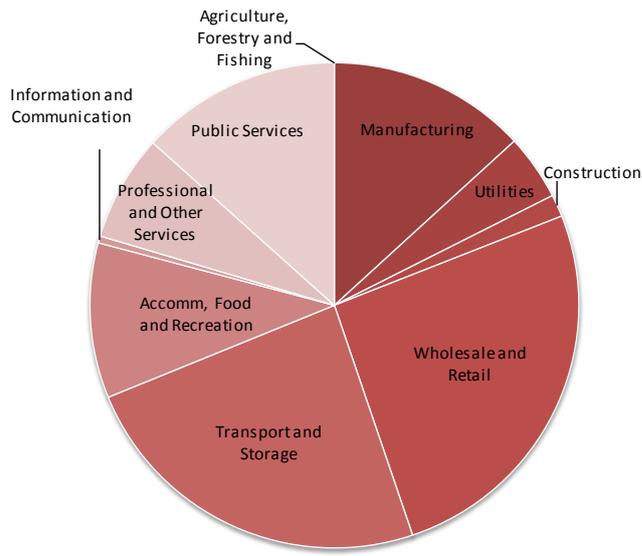
Figure 9 – BRES (LHS) / Business Atlas (RHS) Data by Experian Sector



BRES

2.33 Reflecting the analysis presented earlier in this section the BRES data (on the left) shows a much higher share of employment within the Public Services sector than the Business Atlas (on the right), it also shows a much higher share of employment in office-based sectors such as ICT, Finance and Professional Services. Again, in line with the previous analysis, the Business Atlas shows a greater share of employment in Manufacturing, Utilities and Transport and Storage sectors.

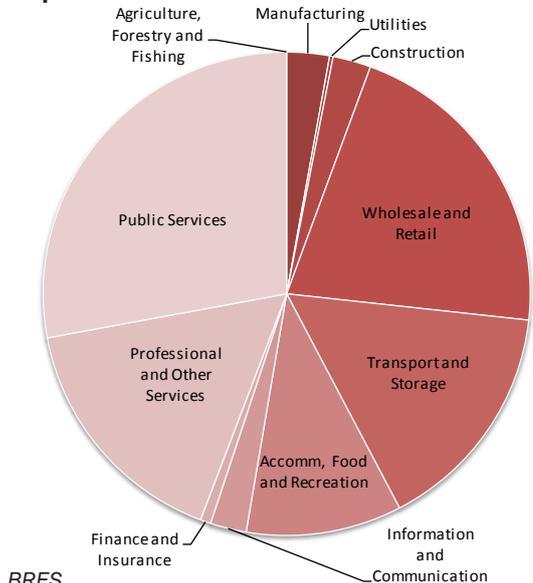
2.34 By applying the Experian growth rates to this baseline we can understand how, if the OKR experienced the same rate and balance of growth as the borough, how the mix and scale of activity may change.



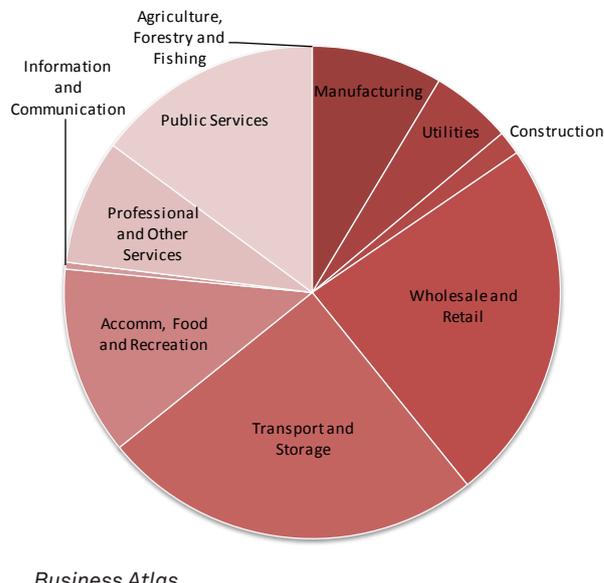
Business Atlas

2.35 In terms of scale, the differences in the base levels of employment within different sectors result in different overall levels of employment change. The BRES base results in a net uplift of c.2,000 jobs, driven by the fact it has a stronger starting position in sectors that are expected to grow more significantly. In contrast the Atlas base would suggest c.1,300 new jobs as it has a greater share of employment in sectors with lower growth rates. The change to the employment mix is shown below.

Figure 10 – BRES (LHS) / Business Atlas (RHS) Data by Experian Sector



BRES



Business Atlas

2.36 As shown the two bases produce markedly different future shares, with the OKR having an economy which is much more office based under the BRES conditions (on the left) whereas it would have much more of an industrial and distribution focus under the Atlas conditions (on the right). This highlights the challenge of 'forecasting' the growth of the OKR given the divergences in the base data.

Other Influences on Growth

2.37 It is likely that the future economy of the OKR will not resemble either of these forecasts. The limitations of using these forecasts is that they are, predominantly, based on past trends and current employment shares (critically based on BRES data) and therefore do not take into account locally specific circumstances or how particular factors may influence future growth.

2.38 Importantly for the Old Kent Road these forecasts do not make any significant allowance for the delivery of a major regeneration initiative such as the approach in the OKR AAP, major infrastructure upgrades such as the Bakerloo Line Extension, or the push and pull dynamics of the London economy as businesses are forced to relocate from other areas of change.

2.39 Therefore, whilst they provide a useful starting point, it is important to consider more qualitative factors that will influence both the scale and nature of growth within the OKR and mean 'business as usual' growth is unlikely. These include:

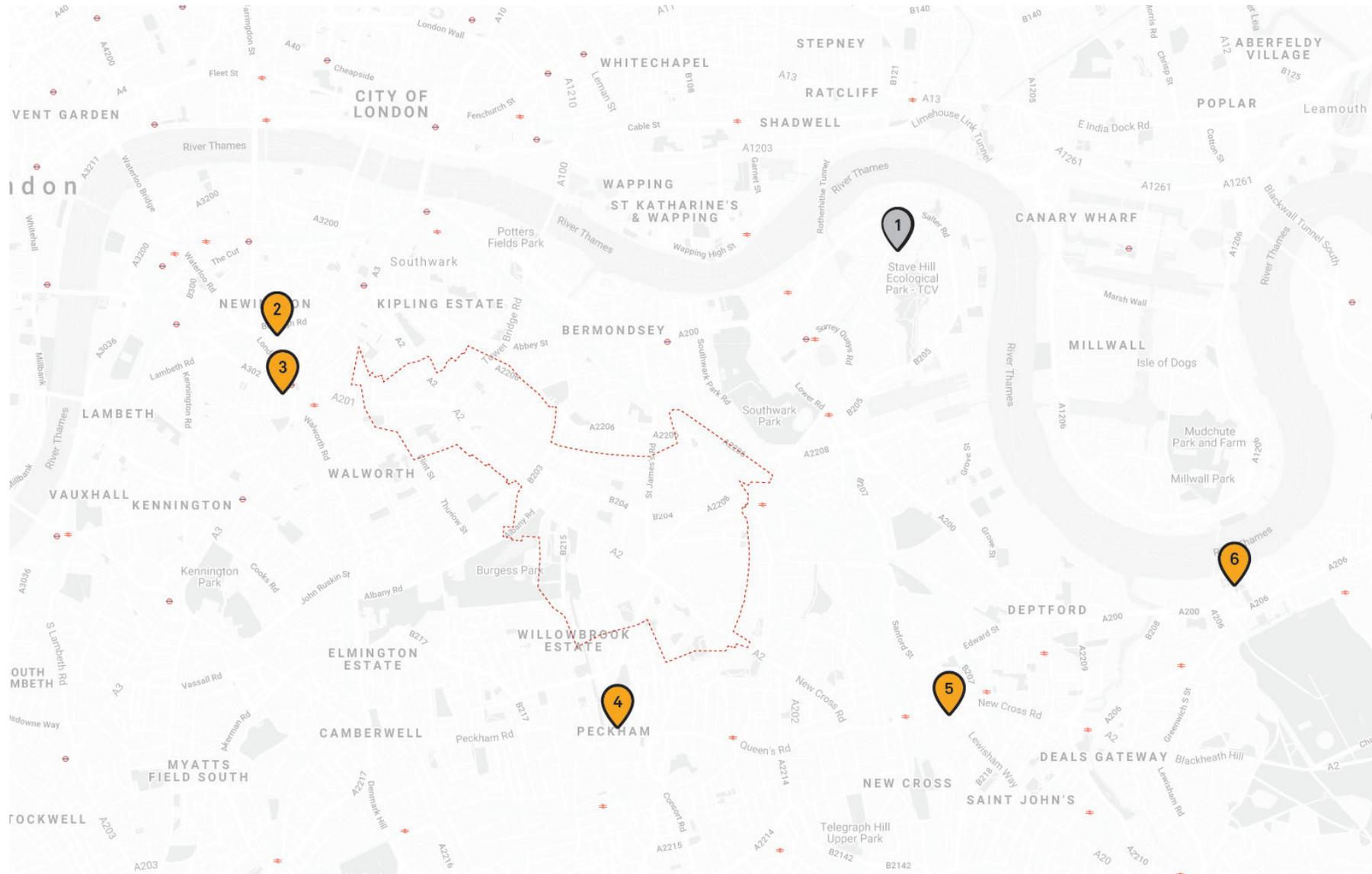
- Existing businesses area committed to the area as it meets their operational needs
- Ongoing demand for space to 'service London' across a range of last mile, just in time, and specialist activities
- Displacement of activity from other locations around the CAZ fringe which is pushing demand to the area
- Opportunities to link to institutional drivers that are expanding in areas bordering the Old Kent Road
- New sector demand unlocked by BLE and the enhanced connectivity it provides to Central London and beyond

2.40 The OKR will therefore continue to be attractive to businesses who operate in a range of sectors given its connectivity, relative affordability and property offer. At the heart

of this attractiveness will be its proximity and access to a range of 'institutional' drivers of demand which businesses will seek to locate close to. On the one hand this will relate to the servicing of the Central London economy (a role the OKR already fulfils) but it can also provide a location for businesses seeking to link to (or spin out from) the range of academic institutions growing around its periphery.

2.41 The OKR already has a strong creative and productive employment base which to a greater or lesser degree are influenced by the presence of the likes of LSBU, Goldsmiths, LCC and the University of Greenwich. In the future this has the potential to be added to by the current relocation of the Mountview Academy to Peckham and elements of King's to Canada Water still to come.

Figure 11 - Proximity of Institutions



1 King's College London

- Initially Student Accommodation
- Office Space
- Longer term Teaching Space

3 London College of Communication

- Provision of Shared Studios
- Research Programme for Places and Spaces

5 Goldsmiths

- Arts & Creative
- Research Partnerships
- Owns Retail Units
- Local Industrial Occupier
- Strong Outreach Focus

 OKR AAP boundary

2 London South Bank University

- Schools of Engineering/Architecture
- Workspace Provider

4 Mountview Academy

- Planned Relocation of Theatre School
- Links to wider creative economy

6 London College of Communication

- Provision of Shared Studios
- Research Programme for Places and Spaces

2.42 The OKR occupies an advantageous location between these institutions, offering opportunities to capture linked businesses or to provide new workspace for them that cannot be accommodated within their own campuses. With the potential to also increase the resident student population there may also be opportunities to capture start up activity from this source.

2.43 The economic future of the OKR will not solely be driven by these institutions, indeed for many businesses they are unlikely to be relevant. Another key element of future demand will however come from these businesses as they seek to consolidate and grow from within the area. The Industrial Land Demand Study (CAG/Ramidus, 2017¹) recognises that London's industrial economy is at a tipping point and that the years of continual decline are reaching an end and that the businesses that remain are likely to want to stay and grow.

2.44 Overall, the industrial activity that remains in the OKR is likely to be here for one of the following reasons:

- It has a high sunk cost or immovable 'kit' that would mean the business could not viably relocate
- It produces time sensitive products for Central markets that cannot be delivered from further away
- It relies on a skilled workforce that resides locally
- It trades on a London brand

2.45 These dynamics coupled with the growth in urban servicing, a re-emergence of small batch production and prototyping businesses, new activities in the repair, recycle and re-use sector and continued growth in food production are all indicating that the rate of decline in industrial activity is now much diminished or even reversing.

2.46 Further, many growth sectors now fall between traditional 'office' and 'industrial' classifications and are therefore seeking new locations and types of property. The London Office Policy Review (LOPR, Ramidus, 2017²) that in the future demand for will come from a more diverse range of sectors that will not seek traditional office formats but generate a demand for hybrid and flexible spaces to

meet their needs. Given the nature of these businesses they are seeking to locate with different types of businesses to benefit from the creative input and exchange that occurs outside of 'corporate' office environments.

Conclusion

2.48 Overall, there is significant potential for the OKR to grow its employment base, both in terms of its scale and range of uses. Based on our analysis in the future the economy is likely to be based on a range of productive, creative and service activities that are seeking a different nature of space and location – moving away from city-centre style offices towards spaces that mix office, studio, production and distribution space.

2.49 This will present opportunities for (and require) development innovation to intensify employment activity through the delivery of space across multiple floors, the mixing of typologies and the integration of ‘industrial’ workspace into residential buildings to create new mixed use environments.

2.50 Critically there will need to be a diversity of space across the AAP area that responds to the character of the places today and what will be created tomorrow and understands the nature of occupiers this will attract. Ultimately this will result in a different character of employment close to the new BLE stations than within the SIL, which again could be differentiated from space provided in ‘transition areas’ away from the OKR itself or along key routes such as Verney Road or Ilderton Road where the character is very different.

2.51 Given the expectation is that many businesses will want to stay and grow here, and they themselves will form an important part of how the economy evolves. The provision of space that allows the retention and relocation of businesses without permanent displacement will be critical. Given how intensively sites are used the ability to create some additional industrial capacity early will be required to allow this relocation to happen.

2.52 Overall, based on the analysis of future growth potential it is likely the OKR will need to accommodate:

- Traditional industrial / logistics units
- Light industrial provision
- Studio / workroom spaces
- Serviced, flexible or co-working office space

03 Designing Successful Mixed-Use Places

03 Designing Successful Mixed-Use Places

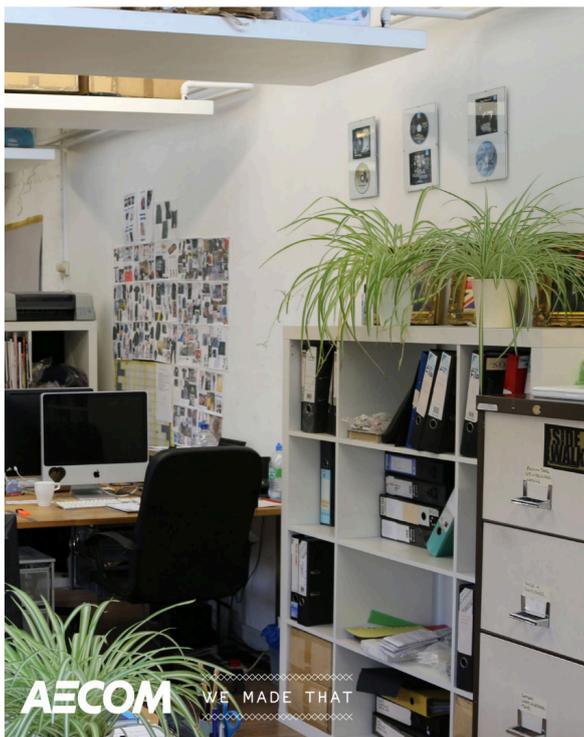
3.1 There has been a growing amount of research and practice about the future of London's employment land and the mixing of industrial activities with housing. Against the backdrop of growing pressure and market failure, the Greater London Authority and Boroughs across London are seeking to promote mixed use approaches in planning and regeneration policies, alongside continued protection of Strategic Employment Land. A number of studies have been commissioned in recent years, both on how mixed use environments that include (light) industrial

activities can generate good places both for living and working, and on the question of how to intensify existing industrial land.

3.2 It is not the purpose of this study to revisit all of this, or to redo the same analysis. Rather, after a very brief overview, we focus on some of the particular questions facing the OKR sub-areas in relation to existing regeneration aspirations and propositions coming forward from the market.

Employment Space Study (2015) London Legacy Development Corporation (LLDC)

LLDC EMPLOYMENT
SPACE STUDY



3.3 Content explores:

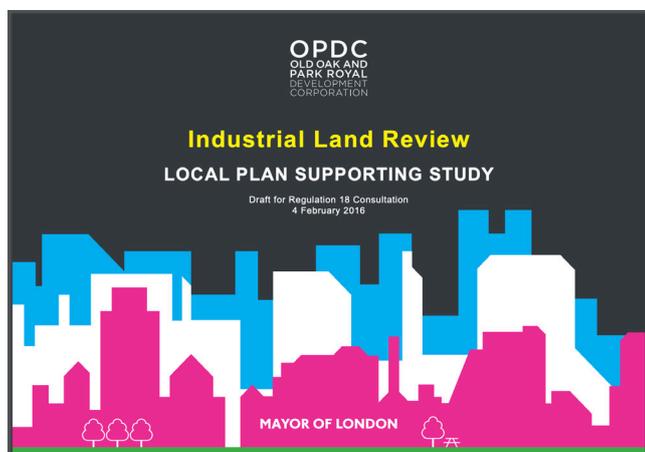
- Provides guidance for the re-provision of B use class employment space and the key spatial and non-spatial characteristics which should be considered as part of the planning process to ensure successful delivery
- Challenge of delivering the six typologies explored (small office, large office, studio, small industrial, large industrial, yard) within a mixed use development context that includes both residential and other non-residential uses.

3.4 Design guidance provided:

- The delivery of each of the typologies is considered within different mixed use scale contexts: at the scale of neighbourhood, block and building. The characteristics considered within the matrix are the built form, mixed use strategy, and design considerations.
- The matrix format for individual typology design considerations include: access & servicing, environmental issues, exterior & interior, and other design considerations.

Industrial Land Review (2016)

Old Oak & Park Royal Development Corporation (OPDC)



3.5 Content explores:

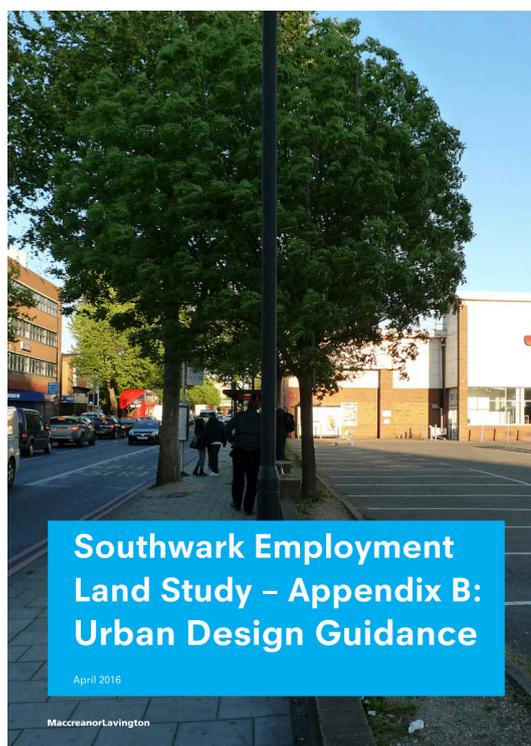
- Planning for an expected increase in demand for logistics and the redevelopment of former manufacturing sites built at high ratios for more efficient but lower density industrial units.
- Opportunity in Park Royal to explore strategies to use industrial sites more efficiently and free up ground floor space for the businesses that need it.

3.6 Design guidance provided:

- Developing new industrial estates with a second storey of yard and warehouse space accessed via ramps and providing shared facilities for larger deliveries could provide viable solutions. Raising roofs, adding floors and freeing up yard space in dense light industrial sites can also provide additional space for businesses to start-up, grow and function more efficiently.

Southwark Employment Land Study (2016)

Maccreeanor Lavington



3.7 Content explores:

- Analysis of the existing employment context of the study area, and guidelines for developing intensified employment uses alongside residential.

3.8 Design guidance provided:

- Guidelines for intensification are based around 3 main strategies: standalone employment use; horizontal mix; and vertical mix.

Park Royal Intensification Study (2017)

Old Oak & Park Royal Development Corporation (OPDC)



3.9 Content explores:

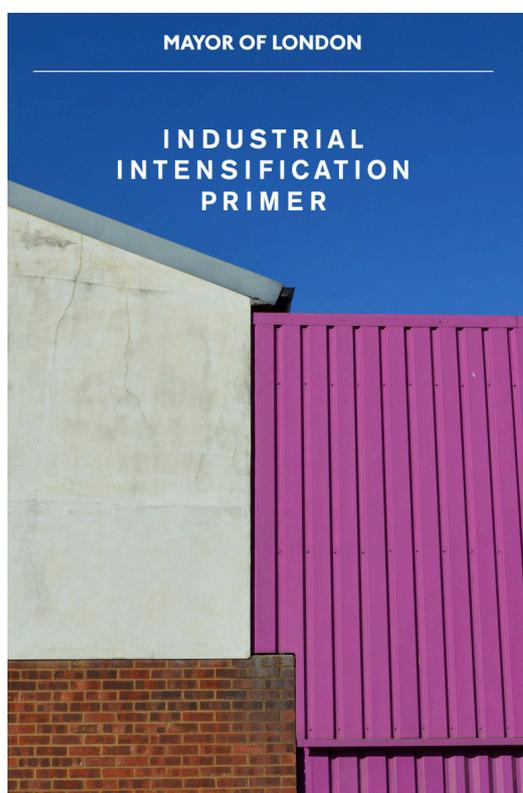
- Potential intensification strategies to increase employment densities and floorspace for a range of case study sites.
- An analysis of the likely uplift in employment that could be achieved across Park Royal if the principles and strategies were implemented.

3.10 Design guidance provided:

- Identifies a number of sites that hold opportunities for intensification through vertical extension, horizontal extension, infill, internal subdivision, new provision on vacant land, and comprehensive redevelopment.

Industrial Intensification Primer (2017)

Greater London Authority (GLA)



3.11 Content explores:

- How industrial areas can be used more intensively, and how industry can be integrated in residential areas.

3.12 Design guidance provided:

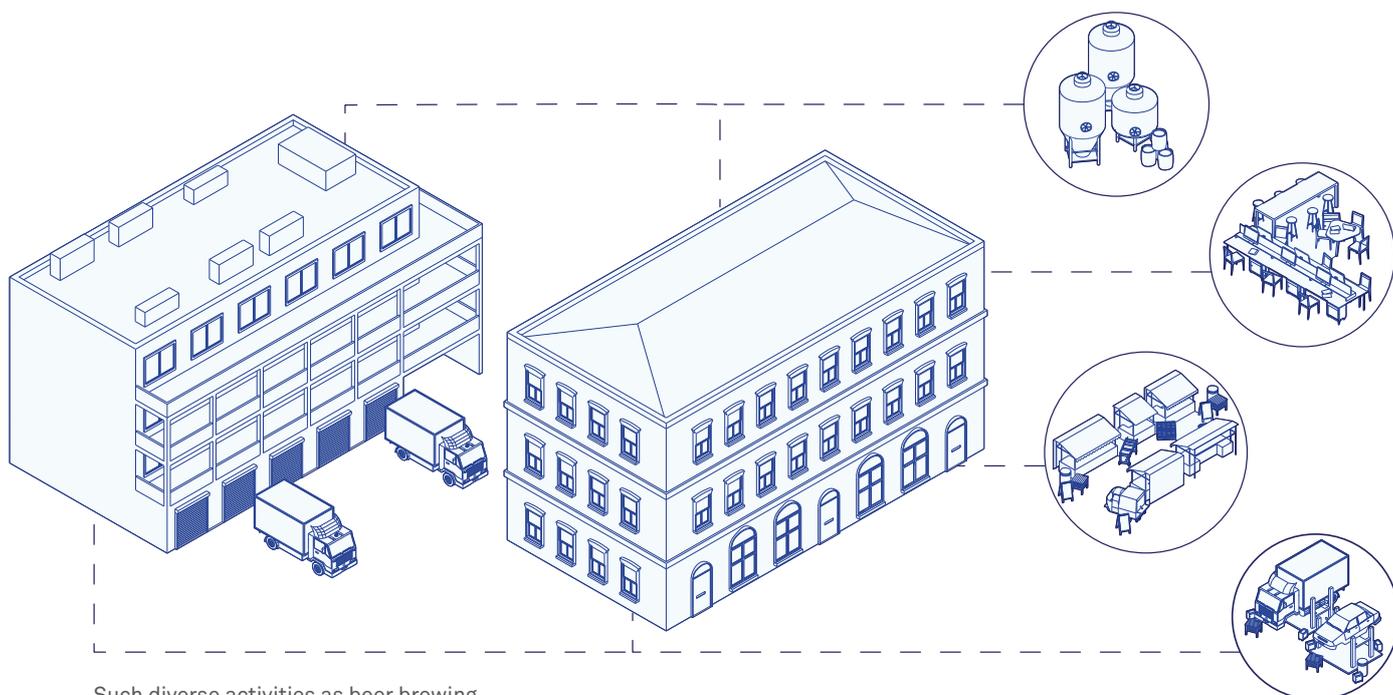
- Suggests some typical basic specifications for large and small industrial units to ensure that any intensified or mixed space is suitable for industrial occupiers.
- Explores characteristics and precedents of the following typologies: operational intensification, site and built intensification, smaller industrial units stacked on small units, smaller industrial units above larger units
- Explores typologies and precedents for industrial co-location with residential: industrial space alongside residential, smaller industrial units below residential, and larger industrial unit integrated into residential.

Key design issues

In the context of the OKR and its diverse sub-areas, a number of key issues emerge:

3.17 Change and continuity

The medium term future will unfold against the context of ongoing and fundamental economic change, with technological and life-style changes driving multiple (and sometimes contradictory) trends such as robotisation, last-mile logistics disruption and a growth in high-end hyperlocal manual crafts. This means it is not possible to predict in detail what kind of activities the OKR will accommodate. However we do know the series of place-specific trends outlined in Chapter 2, as well as a general understanding that a wide range of old and new activities can take place in a relatively simple set of (light) industrial units, such as those outlined in the GLA's Industrial Intensification Primer. Appendix 2 shows this logic in more detail. Providing flexible, adaptable units in mixed use contexts following the evolving best price guidance summarised above, rather than designing for specific businesses, will be appropriate in most cases, unless specific relocation arrangements are made for particular businesses.

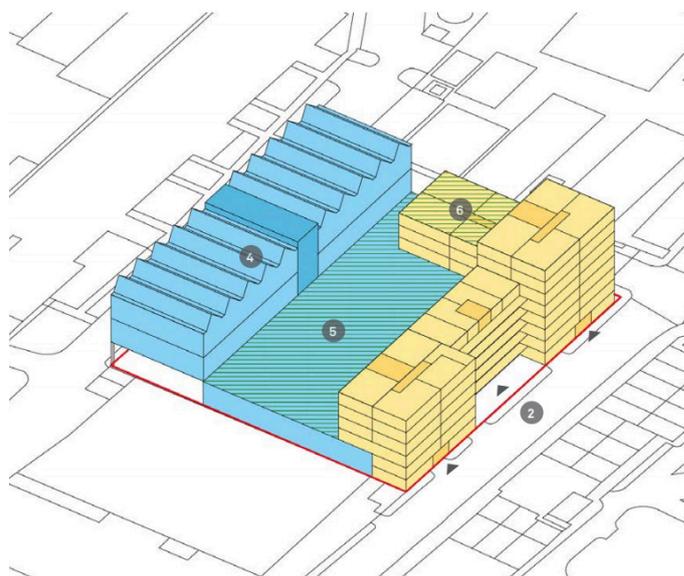


Such diverse activities as beer brewing, advanced digital prototyping and car repair can often take place in a basic series of building typologies

3.18 Ground Floors and upper floors

Chapter 2 in particular outlined the need to accommodate employment growth across a particular variety of spatial characteristics, namely traditional industrial / logistics units; light industrial provision; studio / workroom spaces for a hybrid of office / production activities; and serviced, flexible or co-working office space. These logically present a variety of employment densities. There is a stated ambition to generate space for an additional 10,000 jobs within the OKR areas of change. When taking into account the large share of activities with relatively lower employment densities in some OKR sub-areas (see section 4), this means the vast majority of ground floor areas across the OKR areas of change ought to be employment-focussed (apart from entrances and other servicing of residential units).

‘Vertical mixed use’ should therefore be the norm; even when this is achieved, there is still a need for a significant amount of ‘upper floor’ employment space on first, second and further floors. This either generates 100% employment premises, or a type of vertical mixed use where residential accommodation sits on top of a sizeable ‘employment plinth.’ In some instances in the short term it will be more realistic to limit ‘vertical mixed use’ to B1a / B1c light industrial under residential, whilst intensified industrial/B8 uses can have residential accommodation adjacent (‘wrapped’). The 2018 ‘Industrial intensification and co-location study’ commissioned by the GLA shows a series of typologies tested for viability in various locations across London. However, given the long-term outlook of some of the OKR sites, this viability profile may change over time to enable more complex combinations of uses.



- KEY
- Medium industrial
 - Residential units
 - Residential cores
 - Yard
 - ▨ Urban greening
 - ▲ Vehicular site entrance
 - ▲ Pedestrian entrance

Stacked medium industrial with residential above - image credit: Industrial intensification and co-location study, WeMadeThat / Savills / Feasibility 2018

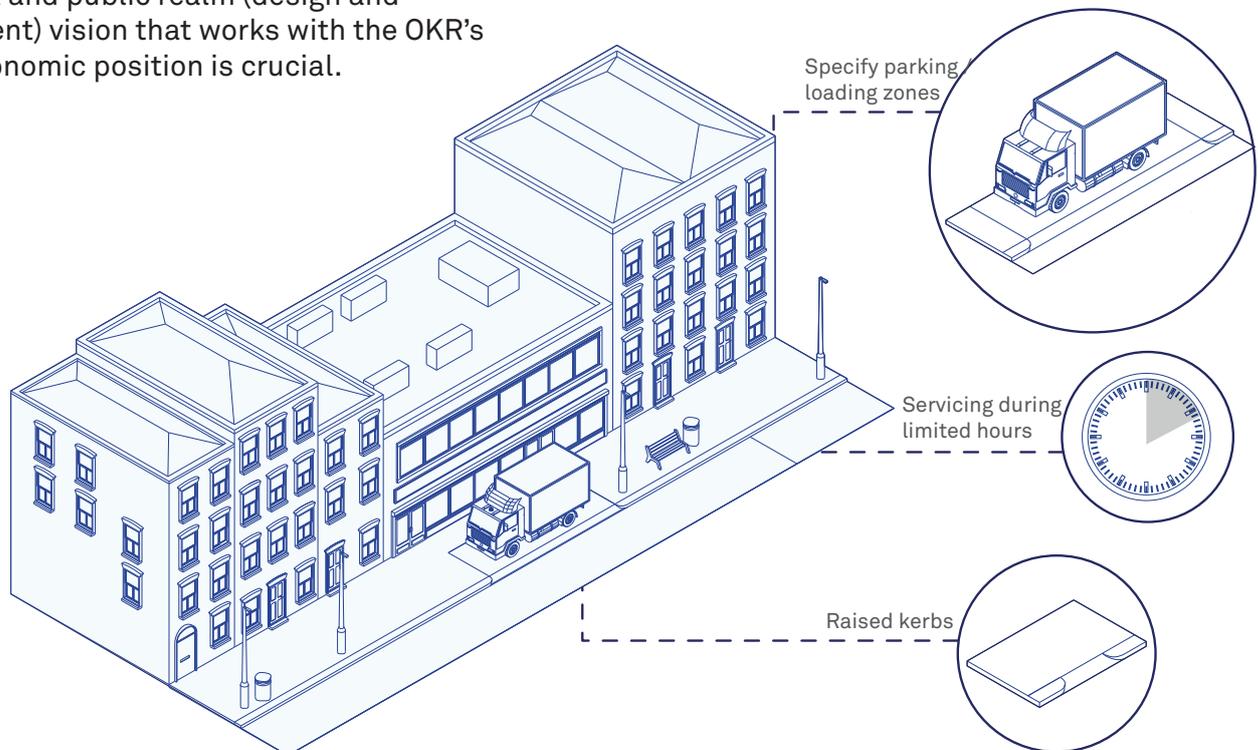
3.19 Servicing and the public realm

The servicing needs of employment space are of paramount importance. The emerging proposals for the OKR area already show a range of ways to accommodate such needs whilst mitigating their effect on residential amenity: from residential accommodation ‘wrapped’ around open service yards for industrial/B8 uses to more complex propositions that cover servicing yards to create e.g. residential amenity space on top.

Whilst such aspirations are laudable and could increasingly become viable, it is important to stress that many employment activities can be serviced from the street without necessarily having to affect the quality of the public realm in a negative way. This is true for smaller scale ‘hybrid’ B1c office-and-production activities which we see grow in importance, but also for some activities that require more sporadic servicing by HGVs. Traditionally, many supermarkets are serviced in this way. Rather than aiming to design traffic-free and servicing-free routes, the servicing needs of businesses can be accommodated in the public realm if street design, and public realm management (e.g. time-restricted access for servicing, speed restrictions) are attuned to this. A movement framework and public realm (design and management) vision that works with the OKR’s unique economic position is crucial.



The public realm experience in an area with employment space can add a unique sense of place

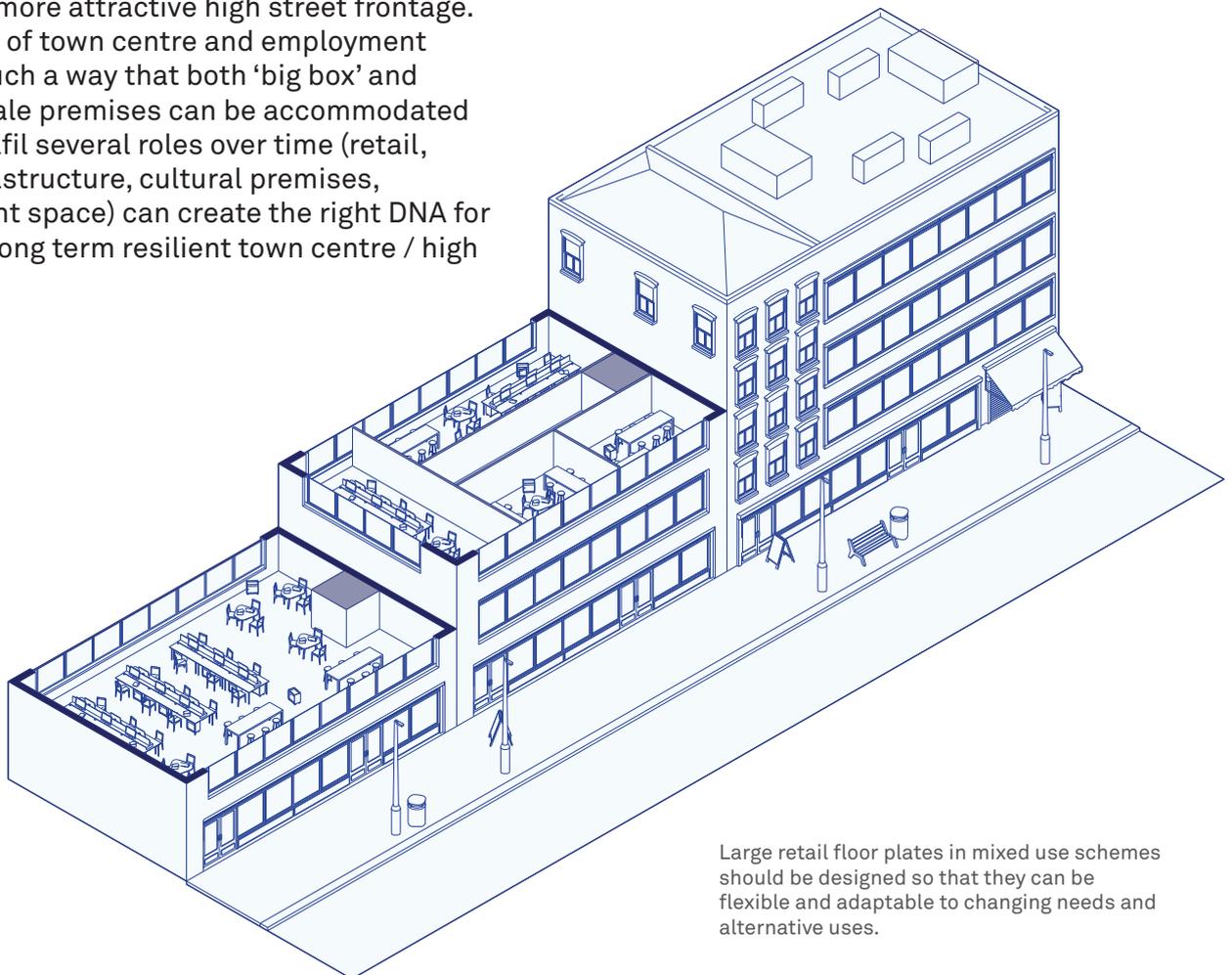


Many smaller employment activities can be serviced from the street without necessarily having to affect the quality of the public realm in a negative way, in a similar way to many retail activities. Public realm design and management is key.

3.20 Town centres beyond retail

Given the pressures affecting retail trade and the food and drink sector, many of which seem structural, it is critical for the long term success of the OKR as a place to understand and foster the contribution that a diverse productive economy can make to a vibrant town centre / high road environment. Recent studies like the 2018 *Southwark Retail Study Old Kent Road Update* suggest demand is holding up, a view reflected in schemes coming forward with sizeable retail elements. However, for future resilience, it is important that large retail floor plates in mixed use schemes are designed so that they can be flexible and adaptable to changing needs and alternative uses. This would be in sync with London's tradition of high roads accommodating a wide range of economic activities beyond retail, particularly in locations further away from 'focal points' with the best transport accessibility.

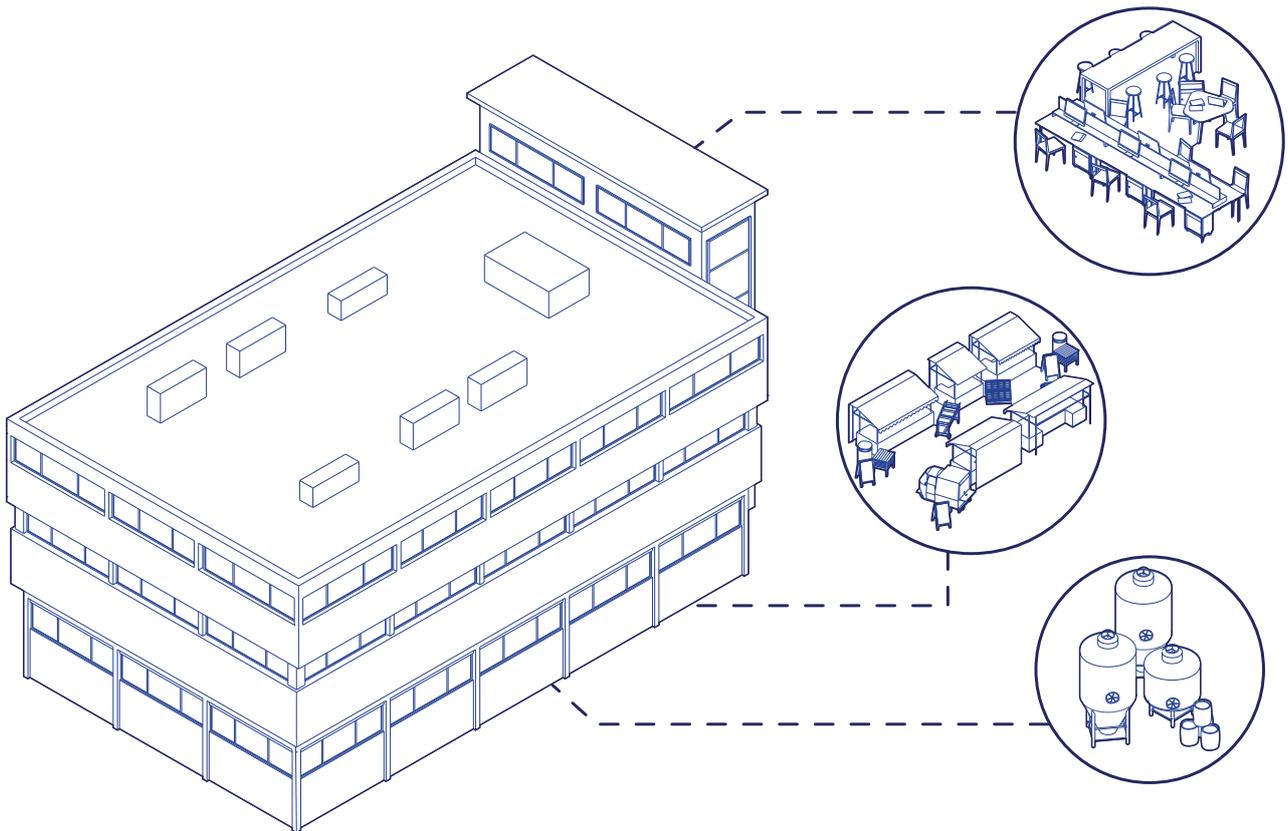
Secondly, a range of town centre floor plate sizes should be provided from the outset, with 'big box' retail possibly located on first rather than ground floors, so that street facing smaller units are on ground floor level, or with smaller units wrapping around larger units, thus creating a more attractive high street frontage. Conceiving of town centre and employment space in such a way that both 'big box' and smaller scale premises can be accommodated and can fulfil several roles over time (retail, social infrastructure, cultural premises, employment space) can create the right DNA for a flexible, long term resilient town centre / high road.



Large retail floor plates in mixed use schemes should be designed so that they can be flexible and adaptable to changing needs and alternative uses.

3.21 Existing buildings

The OKR has a wide range of successful existing employment premises, many of which are high-density 'stacked' employment spaces from the early 20th century offering both ground floor and upstairs 'studio-workroom' space. Given the challenges of affordability associated with re-providing such typologies, retaining and adapting / intensifying such existing space alongside high-density residential-led mixed-use should be promoted where possible.



Retaining and adapting / intensifying existing high density employment space should be promoted where possible

04 Sub-Area Studies

04 Sub-Area Studies

4.1 The council has the opportunity to 'hardwire' a unique identity and economic role into the physical hardware of the Old Kent Road. As discussed before, this does not mean trying to predict in detail the future sectors and activities that will take place in the OKR against the background of a fast-changing economic landscape, but to ensure that the OKR has the affordances to cater for a wide range of activities in sync with its current strengths and a set of emerging trends.

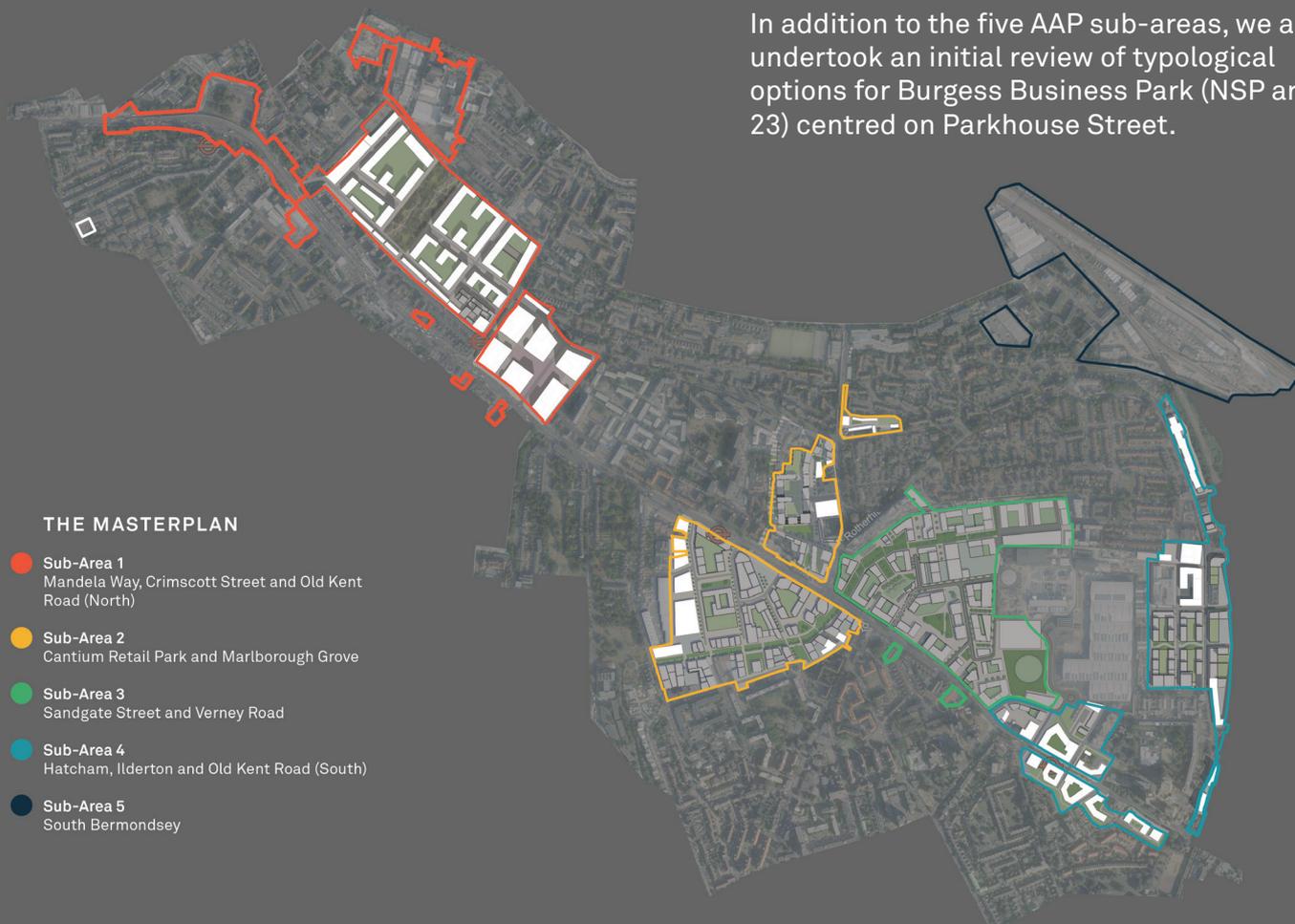
Instead of specifying 'sectors' per sub-area, the approach we take is suggesting broad activity types and building typologies, and then give a headline review of where current planning approaches and propositions coming forward provide opportunities or generate risks from a physical typology perspective.

4.2 Working with Southwark Council and their masterplanning teams we have sought to understand how each sub-area within the Old Kent Road can deliver a range of workspace to meet the future requirements we have identified.

Whilst the precise mix of sectors and occupiers is unknown, the study confirms a need to deliver space for a range of activities which will operate with differing employment densities.

In exploring the employment potential of each sub area the masterplans have sought to establish development opportunities at a site specific level. The mix of high, medium and low density employment space is therefore informed by the characteristics of the site, existing development proposals and the direction of travel recommended within this study.

In addition to the five AAP sub-areas, we also undertook an initial review of typological options for Burgess Business Park (NSP area 23) centred on Parkhouse Street.



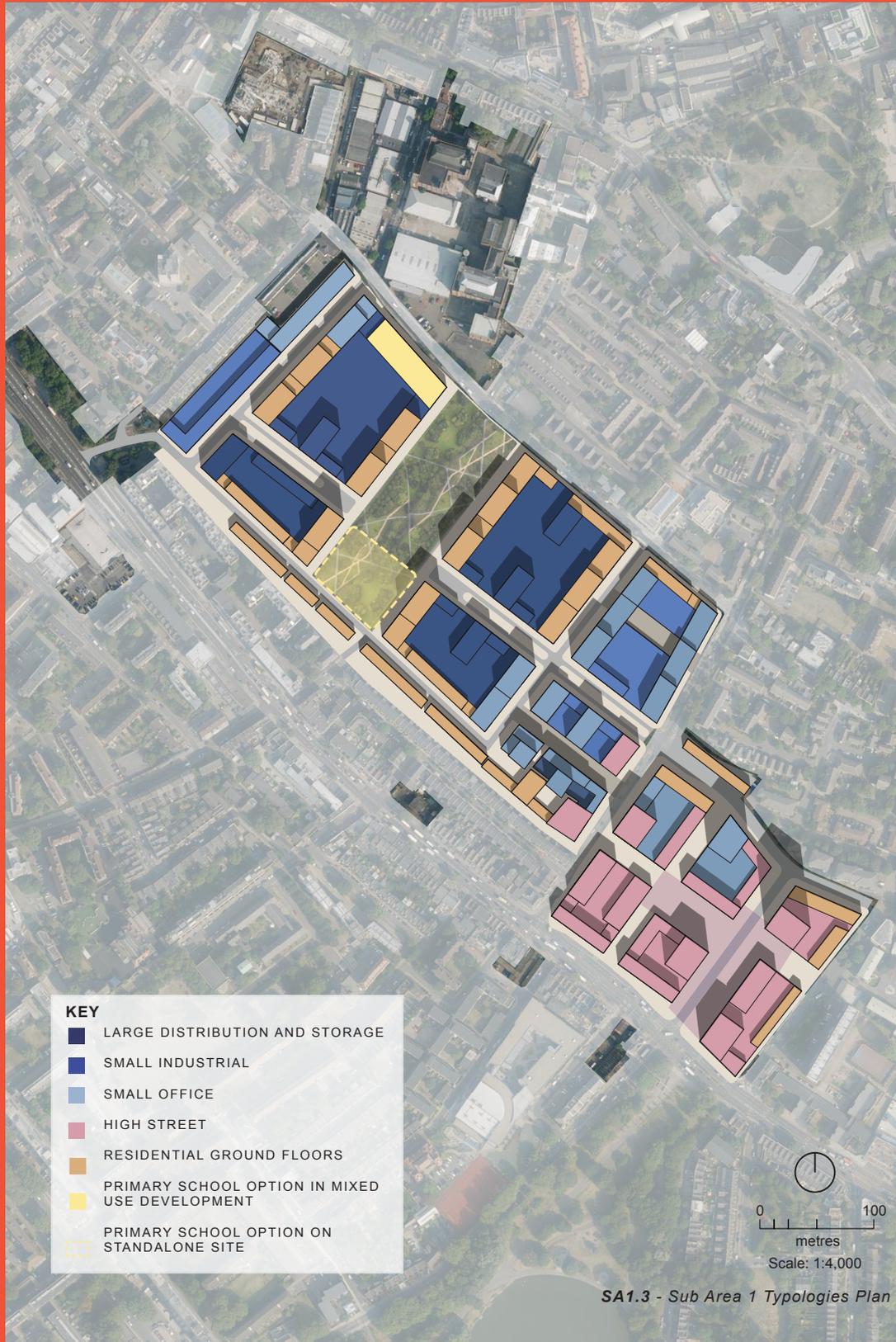
No quantitative analysis was done regarding the number, mix and type of employment spaces and jobs; this would require further study for more detailed recommendations.

4.3 Based on the masterplans the AAP overall would seek to provide:

- 40% of B class employment space for high density activity, with an employment density of 11sqm per employee (e.g. office, studio or co-working spaces)
- 32% of B class employment space for medium density activity, with an employment density of 25sqm per employee (e.g. light industrial, small scale production or workshop spaces)
- 28% of B class employment space for low density activity, with an employment density of 50sqm per employee (e.g. large warehouses, final mile and parcel hubs or depots).

Sub-area 1

Mandela Way, Crimscott Street and Old Kent Road (North)



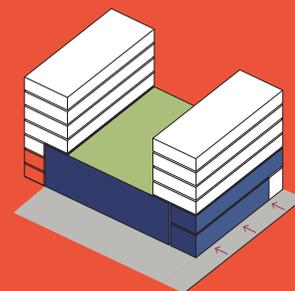
BUILDING TYPOLOGIES AND LAND USES

It is important that development provides a range of commercial spaces including shops, offices, small, medium and large sized industrial and warehousing units and that these can be integrated into a mixed use area.

HORIZONTAL MIX: Large distribution and storage

Large units over 500m² on the ground floor for large distribution and storage uses. Units should have large spans which minimise the use of columns. Ceiling heights should be at least 6-8m, with potential for mezzanine levels. For larger spaces 10-13m would be more appropriate. Single aspect units should be 15-20 metres deep and those with dual aspect 40-80m deep. Ancillary or separate offices may be stacked and provided on the street frontage with separate staff and visitor access. Residential flats can be provided above with sound insulation and protection from noise, dust pollutants and odours. Servicing should take place within the blocks.

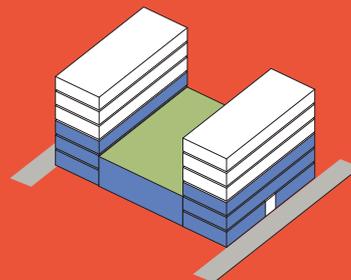
Suitable uses: *Warehouses, distribution centres, large storage, depots (Class B1c, B8 and sui generis depots)*



HORIZONTAL/VERTICAL MIX: Small industrial units

Individual light industrial workspaces which are less than 500m² and typically 150-200m². Vehicular access should be provided internally. Units may be stacked above ground floor, with large servicing lifts to facilitate deliveries. Units should be 15-20m deep for single aspect, in square proportions and avoiding columns. There may be potential for subdivision and formulation of hybrid spaces to include an element of office space. Residential is stacked above or adjacent to industrial uses.

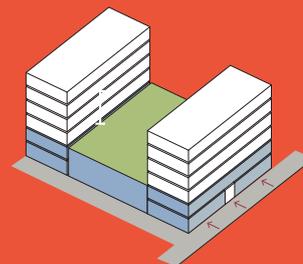
Suitable uses: *Small scale manufacturing, storage and wholesale, food and drink manufacturing (Class B1c, B2 and B8 uses)*



VERTICAL MIX: Small Office / Studio

Offices and smaller studio spaces, typically comprising of units of between 10m² and 150m². Ceiling heights are generally lower, around 3.5 metres on average and up to 4.4 metres. Offices and studios should have dual aspect where possible to allow for maximum levels of daylight and natural ventilation. The building should allow for shared facilities and open plan floorspace allowing for different configurations to suit individual user needs. Units may be stacked above ground floor with residential on upper floors.

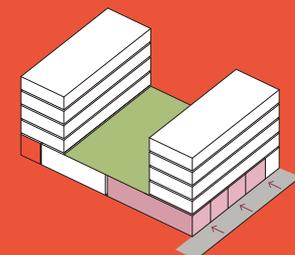
Suitable uses: *Professional and business services, artist's studios, creative businesses, small scale makers (Class B1a and/or B1c uses)*



VERTICAL MIX: High street

New retail uses are provided on ground and possibly first floor. New retail and town centre uses should be provided below residential on Old Kent Road frontage and within the Southernwood Retail Park. There is potential to accommodate larger units such as supermarkets or leisure facilities which should have double height ceilings and internal access and servicing.

Suitable uses: *A range of shops, town centre services and leisure facilities (Class A1, A2, A3, A4, D1)*



Sub-area 1 Recommendations Summary

4.4 Previously classified as a CAZ extension and office intensification location, the Mandela Way sub-area currently serves a requirement for large depots, Central London servicing uses such as DHL, and access for heavier vehicles, whereas the area around the Rich Industrial Estate (Crimscott Street) has been home to a large range of high density studio-workspace and medium density activities.

4.5 The emerging sub-area masterplan by Maccreeanor Lavington and guidance for OKR3 clearly engages with the issue of accommodating employment uses including industrial warehousing uses and the proposals for working yards, and a school ground on top of a large scale industry / distribution would be highly innovative. As one of the biggest site allocations in Mandela Way, the Council have planned for a mix of large distribution sheds and storage (see typology plan previous page) to reprovide the types of uses that are situated in this part of the OKR.

Planning Applications

4.6 Current approved Planning applications propose a total of 21,408 sqm of Employment space within the Rich Industrial Estate, OKR8, and OKR2. The employment space provided is predominantly high density (B1), “to meet identified demand for flexible self-contained commercial space, to support a more local office market”.

4.7 A recently approved application for 1,377sqm of employment space on site OKR2 includes ground floor B1 office / light industrial units.

4.8 So far, planning applications have come forward providing high density employment uses in a mixed use setting. As mentioned above, it is expected that the redevelopment of the Mandela Way industrial area will see significant medium and low density employment spaces, and Council conversations in pre-application stage suggest this is achievable, however, clear policy, guidance and expectation setting will be require to make sure this potential is achieved across future propositions.

Risks

4.9 There is a risk of not achieving the amount of lower density industrial and logistics space that the OKR area may need in terms of its ‘servicing’ (distribution, depots, warehousing / industry) role in the London context. But even an economic growth scenario where many more jobs would be in ‘high density’ activities, assuming an overall job density of 4200 jobs in this sub-area would require around 83,000 sqm of employment space. The emerging sub-area masterplan would need to provide a significant amount of mixed-use employment space, including in ‘vertical mix’, to achieve this.

Recommendations

4.10 We expect the majority of ‘high density employment uses’ in this location to be either serviced office / incubator / co-working space (B1a) or managed workspace / studio / workroom typologies - essentially a B1c use class to suit a wide range of micro business and SMEs, including creative offices, makers, tech businesses, artists etc.

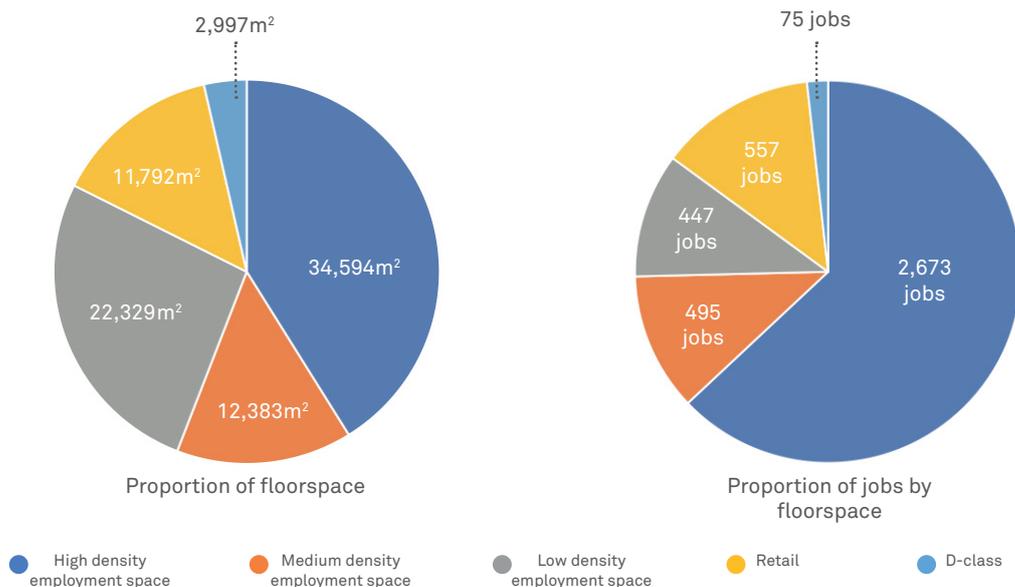
4.11 Alongside this there will be a continuing (and potentially increasing) need for medium and low activities to service London. This requires access for larger vehicles (both LGV and HGV) and logistics solutions – this would potentially include significant loading/unloading infrastructure within buildings such as dock levellers .

4.12 Vertically stacked employment space combining both medium and high density space adjacent to residential, should be considered to maximise the contribution of this sub-area to the OKR’s overall employment potential quantum, particularly due to the area’s size and proximity to potential BLE stations.

Summary Employment Space Capacity

Existing number of jobs (Business Atlas): 2466

Future employment capacity: 4,247



Key considerations for future employment space typologies & business archetypes

4.13 Such high-density employment uses can be accommodated either in high-density stand-alone buildings (see precedent 100PP Singapore building) or in high density vertical mixed use. Servicing solutions (e.g., covered yards) may be necessary in some but not all cases.

4.14 Given the timeframe of the development, we suggest that, depending on future market conditions, some of this demand could be accommodated in:

- ambitious ‘large-scale vertical mix’ of the type emerging in the Camley Street masterplan: big box employment uses with internal servicing access, with residential courtyards and towers above, possibly with smaller scale workspace in between as “buffer”; or
- ‘large-scale vertical employment space’ stand-alone big box employment uses with internal servicing access in large scale covered yards, and small scale workspace above.

4.15 Both typologies are largely untested in the UK, though retail-based podiums with supermarket servicing are a relevant precedent.

4.16 Part of the area may have to be focused exclusively on ‘multi-story intensified industry/ logistics’ without residential with appropriate vertical logistics solutions, for activities that cannot be mixed due to environmental overspills or frequency of traffic generated. Current industrial unit ceiling heights suggested are not higher than 6-8m. Considering the need to accommodate logistics/depots, it might be appropriate to include typologies with higher ceiling heights (up to 10-12m). (Ref to the large industrial unit specs from the ‘GLA Industrial Intensification Primer’). Generally it would be appropriate to state specific height/yard/turning circle dimensions for employment spaces in design guidance.

4.17 Both ‘large-scale vertical mix’ and ‘multi-story intensified industry/logistics’ should be located to minimise disruption to residential / education / green space environments and with shortest possible access to the Old Kent Road, and logically away from public transport, hence to the North-West of the site.

4.18 The ‘wrapping’ of further industry / logistics with smaller scale logistics is appropriate but unlikely to generate the quantum required so should be seen as a complementary typology.

Precedents

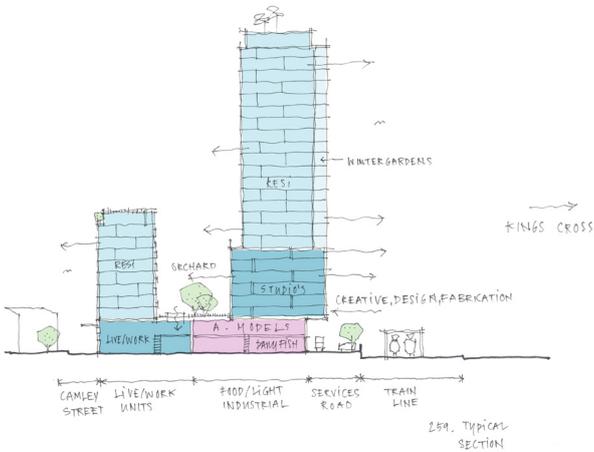
100PP - Singapore

Stand-alone employment building providing mix of light industrial spaces with HGV loading areas and stacked car parking- 8 story.



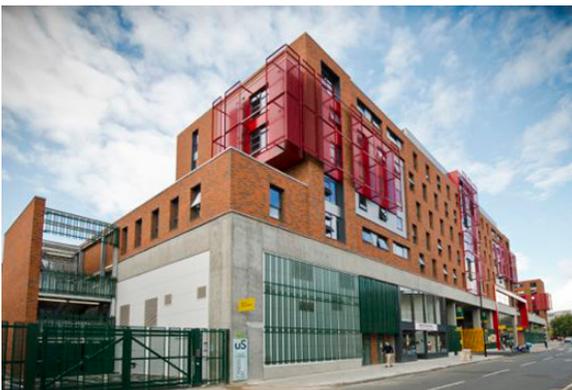
Camley Street - Kings Cross

Mixed-use industrial-residential proposed development with 700 affordable new rented homes & 1,000 new and existing jobs (scope to decant businesses), relevant as precedent for large scale residential above light-industry.



Travis Perkins - Kings Cross

Mixed use comprising 3,877 sqm of builders merchant, with student accommodation above (563 bedspaces).



Future business type on this site could include:



Source: Air Cargo News 2017

- B8** - eg: International courier and secure mail service
- Bus and other vehicle depots
- Recycling yards
- Arts storage
- Builders merchants



Source: Stonecloud Brewing Co

- B1c** - eg: Brewery, bakery, food manufacture & distribution
- Restaurant suppliers
- Catering companies



Source: Impact Hub

- B1a** Services office/ co-working
- B1c** Graphic design/ architect
- Start-up tech company
- Digital manufacturing
- Photography



Source: Technical University of Munich

- B1c** smaller scale making e.g: textile production on upper floor; or design / prototyping of digital kit on upper floors

Sub-area 2

Cantium Retail Park and Marlborough Grove

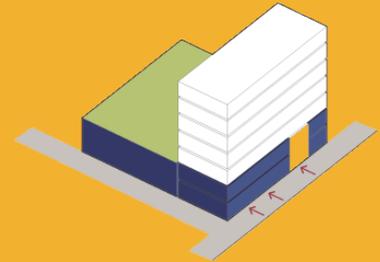


BUILDING TYPOLOGIES AND LAND USES

It is important that development provides a range of commercial spaces including shops, offices, small, medium and large sized industrial and warehousing units and that these can be integrated into a mixed use area.

HORIZONTAL MIX: Medium-large storage and distribution units

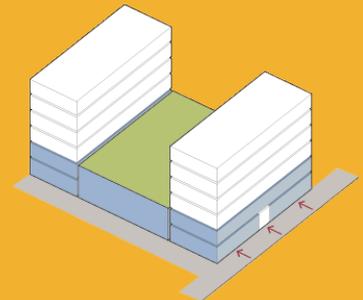
Large industrial units within mixed use buildings. Ceiling heights should be at least 6-8m and ideally 10m-13m for larger units. . The number of columns should be minimised and there should be sufficient space for on-site servicing and storage. The frontages around blocks provide scope for two storeys of commercial space which can be used for offices, showrooms and studios. Residential amenity areas can be located on the rooftop.



Suitable uses: *Storage, wholesale, distribution, depots (Class B1c, B8 and sui generis depot uses) within the central spaces.*

HORIZONTAL/VERTICAL MIX: Small industrial units

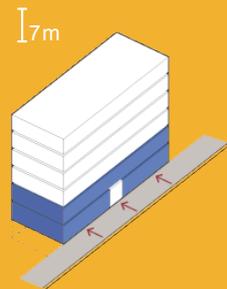
Double height spaces of 6-8m can be accommodated within the centre of blocks. Units would typically be 150-200m². Blocks can be wrapped within two storeys of workspace that can be used for offices, showrooms and studios. Basement levels should be utilised to accommodate residential servicing, storage or commercial uses where appropriate.



Suitable uses: *Light industrial uses (Class B1c use) and maker spaces within the central space.*

VERTICAL MIX: Small office and studio

Workspace will be provided at ground and first floor. Ground floor ceiling heights should be a minimum of 4m. Basement levels should be utilised to accommodate residential servicing, storage or commercial uses where appropriate.

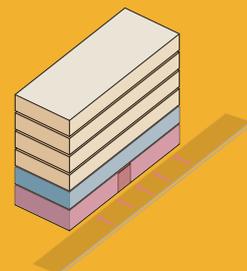


Suitable uses: *Artists' studios and office space (Class B1a and/or B1c use).*

VERTICAL MIX: High street

New retail use to be provided below residential flats or office uses. Where there are large retail units at ground floor, these will be double height and served by generous footways.

Suitable uses: *Larger retail units on Old Kent Road suitable for supermarkets or larger stores.*



SHARED COURTYARD SPACES

For residential and commercial uses with shared access.

Sub-area 2 Recommendations Summary

4.19 Overall, the large scale of this sub-area could allow for greater quantum and of specific types of employment space through ground floor and upper floor provision, both in the phase of current applications and future restructuring. Given the experience of large-scale high-density residential masterplans elsewhere in London (e.g. Quintain development in Wembley), unless guidance is very clear on ground floor employment space, lots of ground floor space might instead become resident lounges, servicing, and security offices.

Planning Applications

4.20 Current approved Planning application on site OKR10 proposes a total of 138sqm of retail and warehouse (A1) space.

4.21 Current live Planning applications within site OKR10 propose a total of 21,708sqm of employment space which comprises of:

- predominantly B1 “flexible employment use”, ranging from typical offices to light industrial ‘maker’ users with access to a service yard.
- flexible workspace focussed towards SME, startup and creative-type uses.
- re-provision of existing B1 light industrial space and providing smaller spaces designed to be attractive to creative industries, SME type businesses and artist/start-up studio spaces.
- office floorspace
- office / light industrial (Use Classes B1(a)/ B1(c)) loading bay with goods lift to upper levels, flexible office B1a floorplate, open plan or cellular/subdivided offices, B1c Light Industrial workshop units.

4.22 Within sub area 2, around the Six Bridges Estate, there is interest and potential for exploring up to 10,000sqm of medium and low density (B8) space and a dedicated servicing yard that could accommodate articulated lorries below a residential podium. This would represent an increase in the existing floorspace on the site.

Recommendations

4.23 Our study suggests that retaining existing storage and distribution uses while adding residential uses above will be relevant for the current and future economy of the OKR.

4.24 Proposed large podium buildings with ‘industrial’ space under a residential courtyard, wrapped around with non-industrial uses, could be an innovative and relevant solution if appropriate engineering solutions can be found for access / servicing / residential amenity.

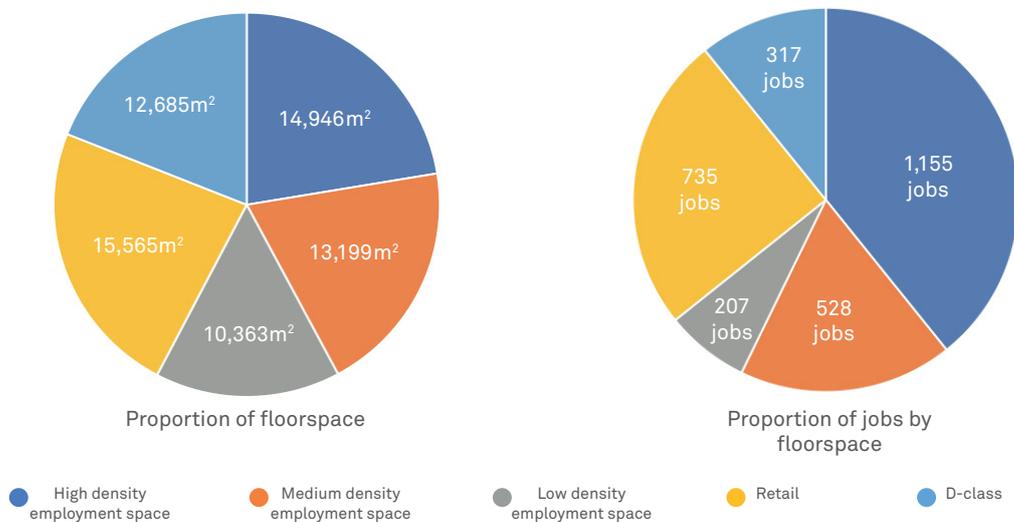
4.25 We would suggest a greater density of non-industrial employment space would be suitable near the Old Kent Road, leading to greater employment capacity.

4.26 The emphasis and insistence on achieving ground floor employment space in each planning application across the sub-area is welcome and useful, and may need to be strengthened given planning applications currently coming forward. There is a risk that opportunities to viably create high and medium density space on ground floors would be mixed unless such planning aspirations are followed through. In particular, design and process guidance should be very clear regarding the detailed design and delivery process of ground floor employment space, so that such space does not instead lie vacant or become resident lounges, servicing, or security offices. There are several examples across London where medium density space has been delivered under residential development, e.g. the Kings Cross Travis Perkins development with student housing above. Such typologies would be desirable across the sub-area.

Summary Employment Space Capacity

Existing number of jobs (Business Atlas): 1065

Future employment capacity: 2,942



Key considerations for future employment space typologies & business archetypes (OKR10)

4.27 Employment space typology observations:

- Extending the employment cluster from Latona Road to Old Kent Road, centered on ‘working yards’ is a useful idea. The precise mix of light industrial (B1c) uses (and their requirements) vs other uses should be clarified. Equally, to the north of the proposed linear green space in the ‘21st C mix / grain’, employment use should be (re) provided on ground and upper floors as is suggested.
- The sites west of Ossory Road currently contain buildings that could be retained as industrial / affordable space, and uses that could be retained / intensified in an employment-led mix like in Hatcham/ Ilderton Road, strongly related to the Glengall Road industrial estate. The ‘employment grain’ could thus be extended to the entirety of sites west of Ossory Road.
- In the employment cluster, the use of covered yards with residential courtyards on top typologies could increase the amount of employment floorspace.
- Need to specify yard/turning circle/floor to ceiling height dimensions across all sub-area typologies, particularly the employment zone.

4.28 Servicing and public realm observations:

- It should be explored whether the employment space context of alleyways and yards could be more visible and integrated with this proposed linear green space.
- As in the case of Verney Road, it should be possible for vehicles (access / servicing) to cross the proposed linear green space without this harming the quality of this route.
- The courtyards (as opposed to yards) suggested may not always support operational efficiency of employment spaces and their amenity role might be equally effective on upper floors (or even more so given the height of surrounding buildings). As long as light entry to ground floor units is maintained, it may be more effective to have courtyards on first floors only, with ground floors focussed on maximising employment floorspace efficiency. Yards should be seen to primarily serve a functional role as servicing, if required.

Precedents

Strathcona Village - Vancouver

An industrial, retail, office and residential mixed-use development comprised of 60,000 square feet of industrial-retail flex and office space.



Future business type on OKR10 could include:



A1 - eg:
Big box retail

Source: Max Holmes

Royal Albert Wharf - London

Bow Arts affordable workspace provider and Notting Hill Housing will provide artists studios and community facilities with 5-8 story residential units above.



B1c - eg:
Brewery,
bakery, food
manufacture &
distribution

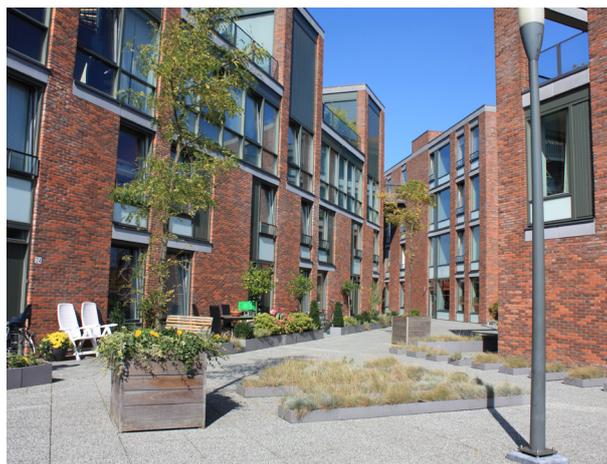
Restaurant
suppliers

Catering
companies

Source: CNET

Zuidpoort - Delft

Mixed-use residential led development with cinema in new cultural square shared with the existing theatre and local library; residential uses located on two-storey retail / employment space plinth with high quality residential courtyard on level +2.



B1a
Services office/
co-working

B1c
Graphic design/
architect

Start-up tech
company

Digital
manufacturing

Photography

Source: Opinions

Key considerations for future employment space typologies & business archetypes (OKR11)

4.29 Area-specific design guidance could outline:

- Expectations of employment floorspace quantum and type (ground and upper floors). We imagine that, beyond the large podium building, ground / first floor employment space to be 1) high-density employment uses (B1c Studio / Workroom / Managed workspace) given the flexibility for use as an office, / co-working 2) medium density employment uses (B1c small batch production / small scale industry, accessed from the street, possibly with internal office space on 1st floor / mezzanine)
- Key issues for high/medium employment density: ceiling heights (4.5m min), facade treatment (e.g. good quality / transparent garage door), on-street loading / off-loading, ventilation
- Key issues for low employment density space: very bespoke building but ceiling height (8-12m), access / servicing plan (yard size / turning circles), ventilation systems (avoiding impact on residential amenity), quality of residential outdoor amenity space.

Future business type on OKR11 could include:



Source: Denbigh

B8 - eg:
International courier & secure mail
Bus and other vehicle depots
Recycle yard
Scaffold yard
Art storage
Self storage



Source: Bexley Garage

B1c - eg:
Brewery, bakery, food manufacture & distribution
Industrial laundry
Restaurant suppliers
Textiles
Printing
Metal works



Source: Avo Photography

B1c
Graphic design/ architect
Start-up tech company
Digital manufacturing
Photography
Sound recording

Sub-area 3

Sandgate Street and Verney Road

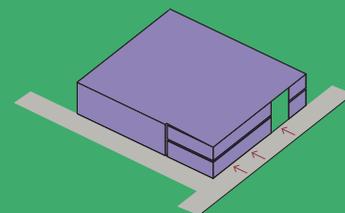


BUILDING TYPOLOGIES AND LAND USES

It is important that development provides a range of commercial spaces including shops, offices, small, medium and large sized industrial and warehousing units and that these can be integrated into a mixed use area.

HORIZONTAL MIX: Standalone large industrial storage and distribution units

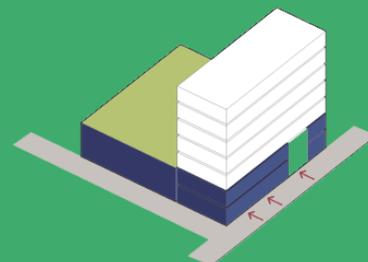
These buildings provide an opportunity for large units of 500sqm+ and which are not part of mixed use development. Ceiling heights should be at least 6-8m and ideally 10m-13m for larger units. Units should have square proportions and provide predominantly column free space with large clear spans. There should be sufficient space for on-site servicing and storage.



Suitable uses: Storage, wholesale, distribution, depots (Class B1c, B8 and sui generis depot uses).

HORIZONTAL MIX: Medium-large storage and distribution in mixed use developments

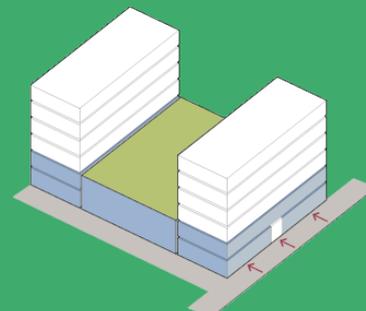
Ceiling heights should be at least 6-8m. The number of columns should be minimised and there should be sufficient space for on-site servicing and storage. The frontages around blocks provide scope for two storeys of commercial space which can be used for offices, showrooms and studios. Residential amenity areas can be located on the rooftop.



Suitable uses: Storage, wholesale, distribution, depots (Class B1c, B2, B8 and sui generis depot uses) within the central spaces.

HORIZONTAL/VERTICAL MIX: Small industrial units

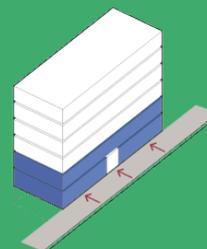
Double height spaces of at least 6-8m can be accommodated within the centre of blocks. Units would typically be 150-200m². Blocks can be wrapped within two storeys of workspace that can be used for offices, showrooms and studios.



Suitable uses: Light industrial uses (Class B1c and B8 use) and maker spaces within the central space.

VERTICAL MIX: Small office and studio

Workspace will be provided at ground and first floor. Ground floor ceiling heights should be a minimum of 4m.

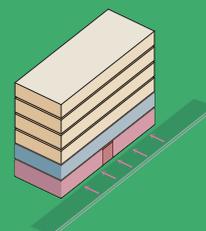


Suitable uses: Artists' studios and office space (Class B1a and/or B1c use).

VERTICAL MIX: High Street

New retail use to be provided below residential flats or office uses. Where there are large retail units at ground floor, these will be double height and served by generous footways.

Suitable uses: Larger retail units on Old Kent Road suitable for supermarkets or larger stores.



Sub-area 3 Recommendations Summary

4.30 The AAP 2018's mention of this sub-area's potential for "a range of business spaces, including standalone industrial buildings, large warehouses that are integrated into mixed use buildings, small and medium sized industrial spaces and offices" shows the potential for innovation in typologies for this area. Emerging propositions coming forward from the market in some instances already reflect this potential.

Planning Applications

4.31 The current approved Planning application in OKR13 proposes a total of 249sqm provision of flexible employment / retail space on ground floor. The space is designated as high density (B1) usage, anticipating creative workspace, architects, designers, co-work, or charities.

4.32 Current live Planning applications within OKR13 propose a total of 11,793sqm of employment space consisting of:

- B1 space on ground and mezzanine level to promote active frontages and a strong business community set around a new courtyard. Accommodation has been designed for flexible working and co-working for artists and/or other creative industries.
- B1(a/b/c) space allowing flexibility to expand or subdivide studio or office spaces. Suitable for light industrial and SME use, with loading bay, level goods entrance, goods lift, min 4m high minimum floor to ceiling heights.
- B1(c) light industrial - Local businesses being encouraged to relocate within the site, offering affordable business space with 10 units (approximately 40m² per unit) and tailored to applicants based in Southwark and within the OKR AAP.

4.33 Proposals for this area include stand alone industrial buildings and lower density uses towards the top end of Verney Road which would transition from the retained SPIL at the gasholders and substation. Approx. 50% of the space is allocated for low and medium spaces. Given the uncertainty around the future of town centre retail, it would be beneficial if the 'high street' typology proposed would be

complemented by a more flexible 'high road' typology, enabling spaces to be used by a wider range of activities in the future.

Recommendations

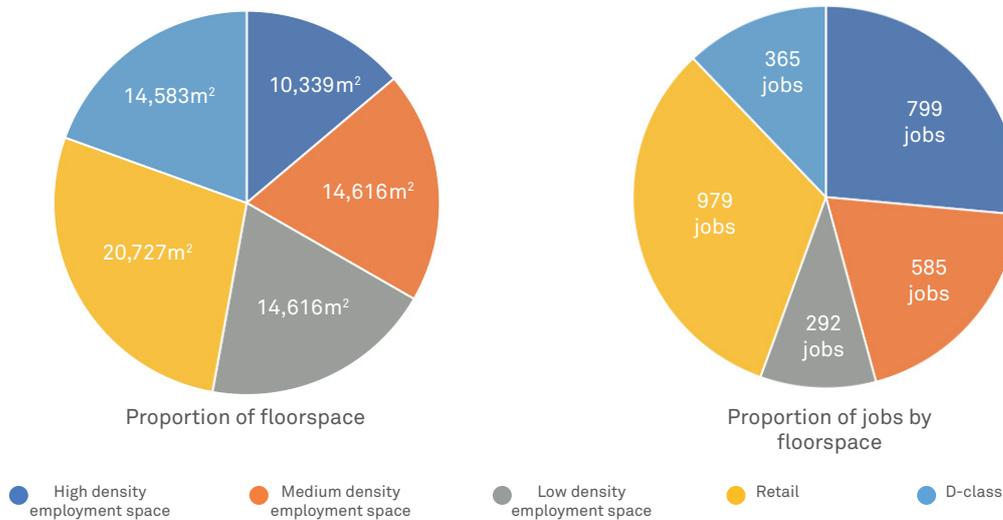
4.34 Our study suggests:

- Here is a great potential to support innovative 'productive high street typologies' as well as a range of medium and high density employment space in the depth of the blocks, including new 'iconic' high density employment space buildings.
- Creating a gradient within the sub-area from 'town centre' (employment and other) uses to medium density employment enables high density residential in combination with employment uses to the OKR front and middle of the sub-area, whereas 'transition buildings' could be suitable to manage the interface with e.g. proposed school. Such transition buildings could accommodate both high and medium density employment space with medium-level servicing traffic frequency.
- Alongside Mandela Way, this sub-area and the OKR frontage of sub-area 2 are the other locations where an element of B1a serviced offices could be appropriate, depending on the precise locations of future BLE station locations.

Summary Employment Space Capacity

Existing number of jobs (Business Atlas): 2497

Future employment capacity: 3,019



Key considerations for future employment space typologies & business archetypes

4.35 Area-specific design guidance could outline:

- 100% employment space on ground floors / first floors except residential servicing which should be minimised / concentrated in basements Expectations of employment floorspace quantum per block/zone (specifying number of floors expected to be A/B use classes, and which typology).
- Residential courtyards always at +1 / +2 level.
- Active edges of industrial / B8 activities towards proposed green route and other non-vehicular space (could be office activities of a industrial / B8 unit, with or without entrances, but avoiding blind walls /ventilation shafts.
- Active edge facade treatment doors towards vehicular streets (high quality transparent garage doors / roller shutters).
- Minimum ceiling heights for employment space (min 4.5m for B1c / 8-12m for larger scale industrial).
- Access strategies, service & circulation strategies, yard/turning circle dimensions (specify which are for vans and which are for HGV). Avoid dead-end streets.
- Residential amenity space and public realm strategies, e.g. 'Public Podiums, Park crossings'.
- Due to the complexity of the mix of uses a Public Realm circulation and access policy should be drafted.

Precedents

St Jakob Foundation - Zurich

Compact / urban mixed use employment development with light industry (bakery), offices and flexible work space for special needs charity.



St George - Northfields, London

'The Generator' will serve as a hub for entrepreneurs, start-ups and small businesses, providing over 100,000 sq ft of workspace.



25 Kent - Brooklyn

Large standalone workspace building featuring 350,000 sqft of office space, 70,000 sqft of retail, and 80,000 sqft of light manufacturing, with active ground floor.



Future business type on the site could include:



Source: Arden Self Storage

- B8** - eg:
International courier & secure mail
- Bus and other vehicle depots
- Recycle yard
- Scaffold yard
- Art storage
- Self storage



Source: Plum Tree Event Catering

- B1c** - eg:
Brewery, bakery, food manufacture & distribution
- Industrial laundry
- Restaurant suppliers
- Textiles
- Printing
- Metal works



Source: Architizer

- B1a**
Serviced office/ co-working
- B1c**
Graphic design/ architect
- Start-up tech company
- Digital manufacturing
- Photography
- Sound recording

Sub-area 4

Hatcham, Ilderton and Old Kent Road (South)

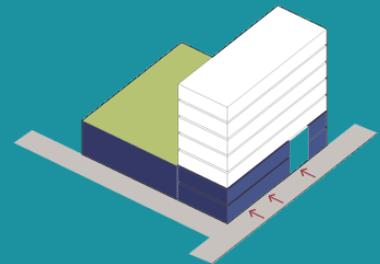


BUILDING TYPOLOGIES AND LAND USES

It is important that development provides a range of commercial spaces including shops, offices, small, medium and large sized industrial and warehousing units and that these can be integrated into mixed use areas.

HORIZONTAL MIX: Depots and medium-large storage and distribution units in mixed use developments

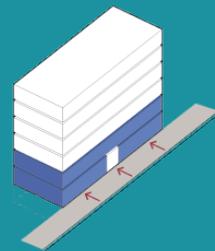
Units at the rear, which are adjacent to the railway embankment should have large floorspans, minimising the number of columns at ground floor. Ceiling heights should be at least 7m. There should be sufficient space for on-site servicing and storage. Yards and servicing may be covered if there is sufficient height for operations and should be designed to minimise impacts on residential amenity. Frontages on Ilderton Road to provide space for offices, showrooms, staff facilities, residential cores or retail where appropriate.



Suitable uses: Builders merchants, vehicle storage, warehouses, distribution, depots (Class B1c, B8 and sui generis depot uses).

VERTICAL MIX: Small office and studio

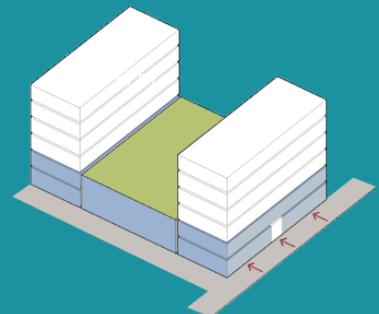
Workspace will be provided at ground and first floor. Ground floor ceiling heights should be a minimum of 4m. Basement levels should be utilised to accommodate residential servicing, storage or commercial uses where appropriate



Suitable uses: Artists' studios, galleries, maker spaces and office space (Class B1a and/or B1c use).

HORIZONTAL/VERTICAL MIX: Small industrial units

The street frontages on ground and first floor should provide space for offices, showrooms, staff facilities, studios etc. Ceiling heights should be a minimum of 4m at ground floor. The central space should be a minimum of 7m high. The number of columns on plan should be reduced to an absolute minimum. Individual units should be accessible off street via roller shutter doors. Residential amenity space should be provided on the rooftop.

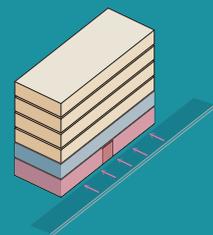


Suitable uses: Light industrial uses (Class B1c use) and maker spaces within the central space.

VERTICAL MIX: High street

New retail use to be provided below residential flats or office uses. Where there are large retail units at ground floor, these will be double height and served by generous footways.

Suitable uses: Larger retail units on Old Kent Road suitable for supermarkets or larger stores. Small shops or cafés can be integrated on Ilderton Road or Hatcham Road where these serve the local residential and worker population.



Sub-area 4 Recommendations Summary

4.36 The AAP 2018 contains detailed proposals for this complex series of sites, characterised by fragmented land-ownership and incremental redevelopment. The consideration of different mixed use typologies in the sub-area masterplan could provide for a successful mixed use neighbourhood suitable for a wide range of future businesses. Avoiding any ground residential accommodation (and including employment space on upper floors) reduces the risk of 'bad neighbour' issues and should be considered across the entire OKR AAP area.

Planning Applications

4.37 Current approved Planning applications propose a total of 2,905sqm of Employment space within site OKR16. The employment space provided is B1 ground floor flexible commercial units.

4.38 Current live Planning applications in OKR16 propose a total of 6,252sqm of employment space consisting of:

- B1c (light industrial) and flexible A1-4, B1a, D1 and D2 accommodation. Floor to floor heights average 4.5m and 3.5- 4.0m. Delivering up to 10% of B1c floorspace as affordable.
- 1,185sqm (GIA) of commercial space (Use Class B1) at ground floor, providing ready-to-use, flexible and secure spaces without the pressures of a long term lease, and intended for a variety of uses from light engineering / manufacturing workshops, to photographic studios and offices for small start-ups.
- B1 units at ground level that can be subdivided into units to suit small business start-ups and creative industries.

4.39 A recent application at OKR17 proposes a total of 1,950sqm of B1 employment use at ground and first floor with a service yard for off-street delivery.

4.40 Given the typological diversity across this sub area, it is recognised that in the Hatcham Road area the capacity is for smaller scale employment units, whereas along Ilderton Road larger scale medium and low density floor plates should be sought. It is encouraging to see Ilderton Road is

starting to see such applications coming forward, in accordance with the masterplan which requires such uses: 75% of the space is allocated for low and medium uses. The Council is seeing schemes in pre-application stage which promote B8 with residential over warehouse use, and servicing for articulated lorries; and early proposals that combine standalone buildings for B1c workspace with vertical mix of B1c and residential above. Such typologies will be very important to ensure new development meets the sub-area's large capacity for medium and lower density employment uses.

Recommendations

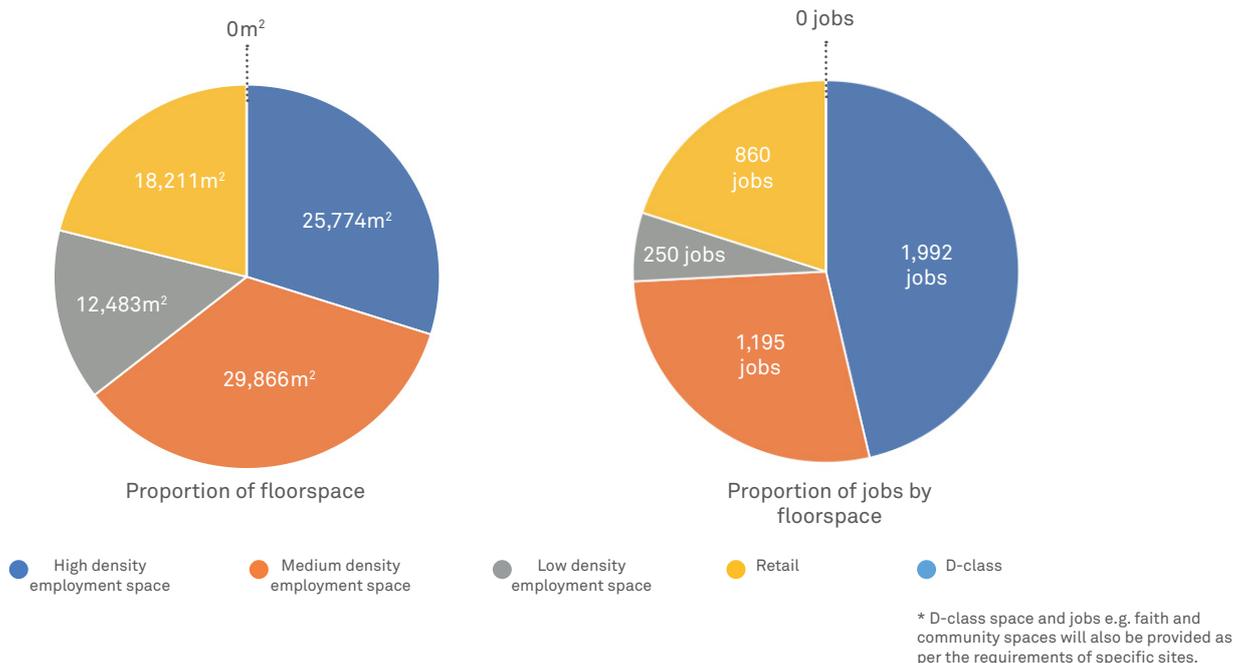
4.41 The typologies proposed in this sub-area would work for a wide range of businesses if:

- A generic B1c is assumed (B1c Studio / Workroom / Managed workspace) given the flexibility in this use class for premise use as an office.
- The unit size range has a sufficient mix between 20m² and 500m².
- The emphasis on off-site servicing for certain light industrial uses is complemented with street-based servicing using raised kerbs in areas with a more fine-grained street pattern.
- Basements for residential servicing are adhered to, or alternatively basement commercial space is created with sufficient daylight entry from street / courtyards.
- On the sites abutting the Old Kent Road (AAP 17&18) the emphasis on retail could be complemented by an appreciation of a wider range of town centre uses including B1-class employment space and social infrastructure (D-class).

Summary Employment Space Capacity

Existing number of jobs (Business Atlas): 810

Future employment capacity: 4,296



Key considerations for future employment space typologies & business archetypes

4.42 Area-specific design guidance could outline:

- 100% employment space on ground floors / first floors except residential servicing which should be minimised / concentrated in basements
- Residential courtyards always at +1 / +2 level
- Minimum ceiling heights for employment space (min 4.5m for B1c / 8-12m for larger scale industrial / B8)
- Facade treatment (e.g. high quality / transparent garage doors / shutters)
- Daylight entry for any below ground floor employment uses (via street / stairwell)
- HGV access specify turning radii and floor to ceiling heights.

Precedents

St Jakob's Foundation - Zurich

Compact / Urban Mixed use employment development with light industry (bakery), offices & internal yard.



Future business type on the Verney Road site could include:



Trade Winds,
Southwark Council

- B8** - eg:
Bus and other vehicle depots
- Recycle yard
- Material storage
- Trade counters

Travis Perkins - Kings Cross

Mixed use comprising 3,877 sqm of builders merchant, with student accommodation above (563 bedspaces).



Butlers Dry
Cleaners, Southwark
Council

- B1c** - eg:
Brewery,
bakery, food
manufacture &
distribution
- Industrial
laundry
- Restaurant
suppliers
- Printing
- Cultural
production

Arts Building - Finsbury Park

Compact / Urban Mixed use employment development, light industry (John Jones Picture Framers), internal yard.



Source: Metropolis
Studios

- B1c**
Graphic design/
architect
- Start-up tech
company
- Digital
manufacturing
- Photography
- Sound
recording

Sub-area 5

South Bermondsey



Sub-area 5 Recommendations Summary

4.43 The OKR AAP 2018's emphasis on industrial intensification in this area is an important starting point for maximising the contribution of this sub-area to job creation and growth. This area would accommodate predominantly medium density employment uses (B1c, small batch production / small & medium - scale industry & logistics with yard), with an element of lower-density employment uses (e.g. B2-B8 depots, yards, large industrial / warehousing, last mile distribution).

Recommendations

4.44 To achieve the area's full potential, medium density (light industrial) employment uses should be stacked with internal servicing solutions.

- This is an opportunity for the Council to support on the delivery of innovative typologies and delivery mechanisms to achieve high density as well as affordability, as well as an innovative mix of different employment space categories (e.g. vertically stacked B1c above B2/B8).
- It is not evident whether the market, or the technical constraints of the site, currently support low-density employment uses (larger scale B2 and B8) being vertically stacked in this location, with associated logistics ramps etc. This should be tested with market parties through site-specific design exercises.
- There would be merit in requiring proposals to include buildings that enable positive transition between industrial and residential areas, through the configuration of site design, differentiated entrances and servicing (rear / yard access for vehicles; office entrances facing residential streets) and amenity space or social infrastructure.

Key considerations for future employment space typologies & business archetypes

4.45 *Area-specific design guidance could outline:*

- The industrial intensification aspiration, such as the vertical stacking of employment space.
- The key principles for vehicle access / servicing so that negative impact on adjoining residential areas is minimised.
- Facade treatment where new employment buildings face adjoining residential areas or streets.

Precedents

Belartza Donostia - San Sebastian, Spain

Industrial estate over two floors for medium / large size industrial users, with HGV access to 2nd floor yard.



Gewerbehof Laim - Munich

Laim trade center includes 11,000 sqm of commercial space for small and medium-sized industrial and commercial businesses.



SOAR Works - Sheffield

Public sector-supported high density employment space development mixing of offices, creative studios and light industrial workshops within residential area



Future business type on the Verney Road site could include:



*Trade Winds,
Southwark Council*

- B8** - eg:
Bus and other vehicle depots
- Recycle yard
- Material storage
- Trade counters



*Butlers Dry
Cleaners, Southwark
Council*

- B1c** - eg:
Brewery,
bakery, food
manufacture &
distribution
- Industrial
laundry
- Restaurant
suppliers
- Printing
- Cultural
production



*Source: Metropolis
Studios*

- B1c**
Graphic design/
architect
- Start-up tech
company
- Digital
manufacturing
- Photography
- Sound
recording

Sub-area 6

Parkhouse Street



Sub-area 6 Recommendations Summary

Recommendations Summary

4.46 This is a mixed employment area currently designated as a preferred industrial location (local), seeing several development proposals affecting the nature of employment activities taking place on site. Mixed use development is proposed for the site in the NSP. Given the current mix of industrial, warehousing and other ‘urban servicing’ activities on site, its relatively long distance from public transport and fairly limited access to road infrastructure (South Circular), we envisage future employment space should aim to accommodate a broadly even mix of :

- higher-density employment uses (managed workspace / studio / workroom), which given its location and relatively limited accessibility profile would be expected to be relatively affordable and more focussed on light industrial / ‘studio/workroom’ space rather than office;
- medium density employment uses (small batch production / small & medium-scale industry with yard);
- a more limited element of lower-density employment uses (e.g. some last mile distribution, but no larger scale logistics).

4.47 Activities with vehicular / HGV servicing requirements going beyond levels currently on site may not be desirable. However, e.g. decanting arts storage from OKR sites to here may be an option where they require relatively limited vehicular movement.

4.48 All of the suggested employment activities can be mixed with residential accommodation. We are assuming and would recommend that wholesale on-site re-provision of current employment space (not just occupied employment space) including yards is appropriate, through the creating of an employment plinth (potentially multi-storey to achieve full re-provision) containing a range of workspace typologies, with a mixture of yard and street-based servicing. Given the growing scarcity of similar space across Southwark, and the high presence of creative / light industrial businesses across Old Kent Road and nearby Camberwell / Walworth Road, a relatively affordable pricing level in sync with the area’s local connectivity could see good levels of demand.

Key considerations for future employment space typologies & business archetypes

- Vertical mix: residential on podium of 1-2-3 floors of employment space, possibly with residential courtyard above a covered yard.
- Horizontal mix: It could be explored how one or more well-designed vertically stacked employment space buildings of 6-8 storeys, with internal yard logistics solutions, could accommodate both larger scale (lower employment density) and smaller scale (higher employment density) employment activities adjacent to residential development. This could help drive place quality / identity, and generate footfall for local amenities like cafes.
- Horizontal mix: residential space ‘wrapped’ around larger scale employment space or with differentiated orientation: depending on site ownerships, this may be difficult as this requires larger sites for differentiating different zones across the site, as well as access.

Sub-Area Study Conclusion

4.49 The analysis in this section has considered how current AAP strategies and the evidence in this Report compare in terms of the scale, mix and nature of employment opportunities that development within the Old Kent Road would deliver.

4.50 In general the AAP approach seeks to achieve a mix of different types of employment spaces, with a range of employment densities. These spaces and the activities they can accommodate both build on and add to what is there in the present, which is dominated by lower and medium density activities. It is relevant to note, in this context, that there are some instances where traditionally lower employment density uses are currently delivering more jobs in the OKR than would be expected on the basis of national employment density averages, though this is not consistent across the area, nor guaranteed to be reflected by other / new occupiers.

4.51 In our view, there is a risk that a one-sided focus on higher density employment space would orientate the economy towards a different activity mix than what this Study suggests the market may want to deliver. It is therefore important that the balance between high, medium and lower density employment spaces as suggested in the current AAP approach is indeed realised in emerging and future planning applications.

4.52 Achieving the ambitious mix of high, medium and lower density employment spaces in mixed use settings will require continuously clear policy, guidance and expectation-setting by the Council. This is likely to require proactive intervention by the Council as it will rely on delivering more ambitious building typologies that have a higher proportion of non-residential space and that also co-locate uses in new ways. It may affect development viability and therefore impact future S106 and other developer contribution negotiations.

4.53 The final section of this Report presents a more detailed overview of the wider interventions the Council could make to ensure an appropriate scale and mix of employment floorspace is delivered.

05 The Affordability of Workspace in the Old Kent Road

05 The Affordability of Workspace in the Old Kent Road

5.1 Traditionally the Old Kent Road has been a base for a range of 'industrial' activities, providing space close to the central city to allow businesses to service the area and a range of markets across the south of London and beyond.

5.2 This dominance of industrial activity has created a large stock of industrial and warehousing floorspace which dominates the commercial floorspace supply within the area. Drawing on data provided by CoStar (2018) we estimate that the Old Kent Road accommodates approximately 350,000sqm of B class employment space, of which 85% would be classed as industrial stock.

5.3 As established in the previous sections of this report the Old Kent Road has, and continues, to attract businesses based on three key factors:

- It's proximity and accessibility to/from major clusters of activity within Central and South London, giving businesses easy access to their clients
- The range and nature of commercial space provided, meaning businesses have a choice of size and type of property to meet their needs
- The cost of occupying space, which has traditionally been cheaper than many similarly located (comparable) parts of London

5.4 Clearly the location and accessibility of the Old Kent Road will remain and, with the introduction of the Bakerloo Line, will be much enhanced. Even with major change and development this Study, alongside many of the development proposals coming forward, show that the diversity of commercial space can be maintained in the future.

5.5 Whilst it is therefore likely (or at least possible) that the OKR can retain the two major competitive strengths, its ability to maintain affordability within the workspace portfolio will be a significant challenge.

The Challenge for the Old Kent Road

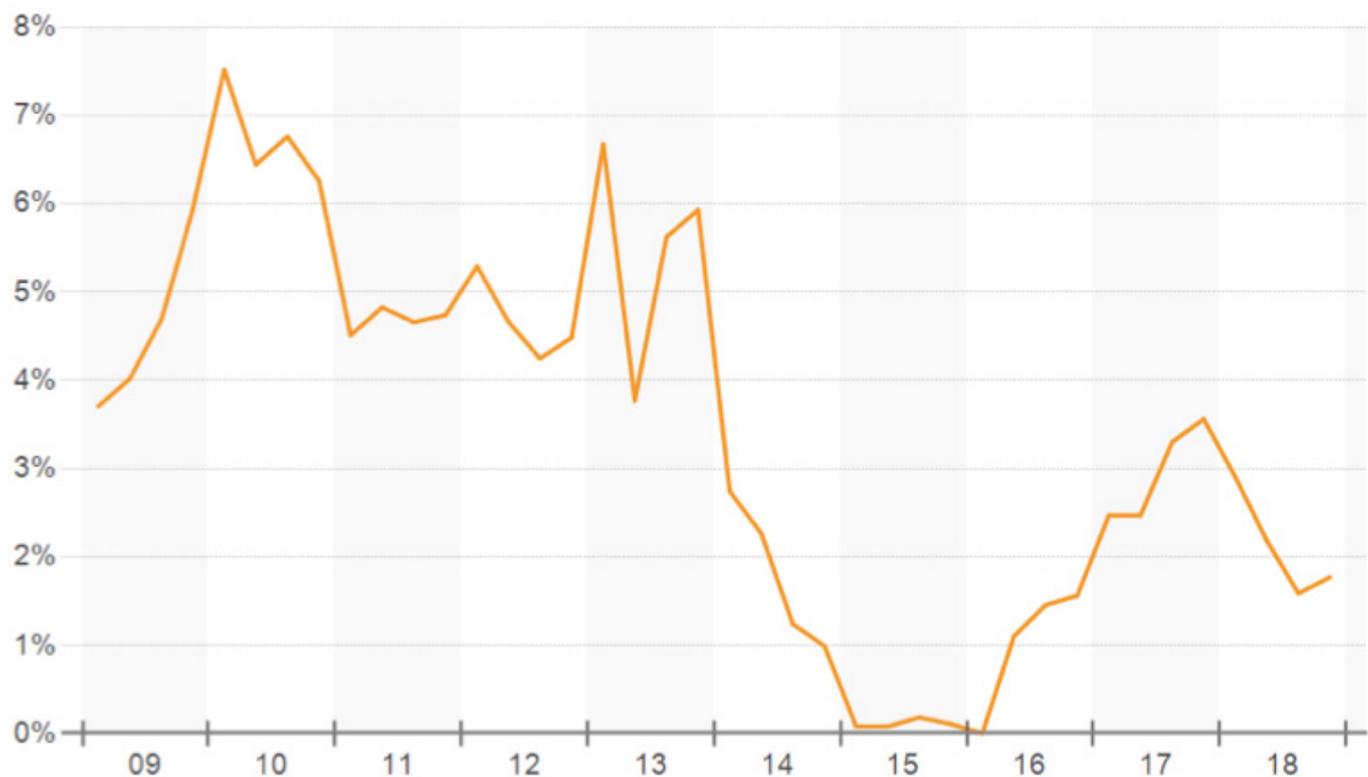
5.6 Despite remaining relatively affordable the cost of occupying space within the Old Kent Road has seen significant increases in recent years, particularly for spaces that would broadly be considered 'industrial' in nature (i.e. are workshops, studios or warehouses).

5.7 This reflects a much wider trend within London, where space for a range of employment activities has become increasingly scarce as land has been redeveloped for other uses. At the same time the demand for 'industrial' space has begun to increase, largely as a result of greater levels of final mile distribution activities, which require close proximity to customers. Added to ongoing demand from a range of high value storage, production and repair based activities already in, and seeking to grow within, London there

has been inevitable upward pressure on pricing as demand has outstripped supply.

5.8 In the Old Kent Road specifically, increasing demand and diminishing supply has B class employment space vacancies fall to below 2% of total stock:

Figure 12 - Commercial Stock Vacancy Rate



Source: CoStar, 2018

5.9 Given the dominance of the industrial sector within the Old Kent Road it is unsurprising that the trend in that sector specifically mirrors what is presented in Figure 1, with industrial vacancy rates recorded at 1.6%. Office vacancy rates are higher at c.4% of stock.

5.10 Critically, it would appear that this industrial low vacancy rate isn't solely a result of space being lost. Leasing demand in 2018 has been up on the 5 year average, with demand strengthening in the last 2 years in particular.

5.11 Coupled with a lack of new space being delivered (the last units were built at Glengall Road/Ossary Road in 2010) this has inevitably pushed up average rents across the OKR area, as shown in Figure 2.

5.12 Again industrial space has been the primary driver of this increase in recent years, with current average rents close to £16/sqft. For the limited office stock provided across the OKR rents have been relatively flat at c. £13/sqft - with some indication rents may have fallen in the last 18 months to 2 years. However, given the lack of stock and its varying quality these cannot be considered particularly robust figures on which a trend can be established.

5.13 Clearly this overall increase in rents is having an impact on the ability of businesses to locate or remain within the OKR area. Whilst there are a number who are able to retain a viable presence here many more are being priced out and having to seek alternate space elsewhere in London or outside of the city.

5.14 It should be recognised that this market data tends to only capture rents for spaces that are directly let via a commercial property agent. In general it tends to exclude 'managed' workspace provision or where a workspace provider undertakes letting activity themselves. The rent models used by workspace providers tend to be more varied than those of a direct commercial letting, with space tending not to be considered on a per square foot basis but let as a unit or via a membership system.

5.15 These approaches tend to make accessing workspace more affordable to a number of businesses, particularly as they often represent 'all in' costs (excluding business rates) so simplify things for occupiers – however it does make comparison of rents difficult. We consider the OKR specific workspace provision and its impact on affordability below.

Figure 13 - Average Commercial Property Rents (per sqft)



Source: CoStar, 2018

Sub-Area Performance

5.16 Whilst the OKR-wide context is helpful in understanding the general trend it masks some significant differences that exist within the individual character areas considered within the draft AAP. Each sub-area tends to have both a different mix of property types and also variances in the nature of activities undertaken within them. Combined these are having a particular impact on rental values.

5.17 The table below shows a more fine grained analysis of the rents being achieved in particular areas of the OKR. These are presented as ranges to show the spread of values being achieved and to allow some sense of how unit size and quality may influence pricing. It should be recognised that at this micro-area scale there is limited data available and therefore it should be considered as

indicative only as one-off deals or very specific circumstances can have a significant impact at this scale.

Table 2 - Sub-Area Rent Ranges (£ per sqft)

	Industrial		Office		Specialist Provision	
	Low	High	Low	High		
Mandela Way	11	19			Bricklayers	14to18
Crimscott St	5	19	15	18		
Willow / Pages Walk	11	15	21	26		
Glengall Road	12	19				
Haymerle, Latona, Bianca Rd	6	17			Space Studios 3-5 Latona Rd	11to13 30
Ossory Rd, Malt St	9	20				
St James's Rd	7	14	21	28		
Marlborough Grove	13	19	12	15		
Sandgate Street	8	15	12	15	Action House	40
Verney Road	8	19	22	26		
Devon Street / Sylvan Grove	11	15	27	33		
Ruby Street	13	19				
Old Kent Rd	12	15	20	31		
Hatcham Road	9	15	10	35	Hatcham Studios	29 to 35
Ilderton Road	12	23	22	27	V22	22
Ormside Street	6	14	21	26		
Penarth Street	11	14				

Source: CoStar, Avison Young, 2018

5.18 As shown in Table 1 there is a significant variance in the rents being achieved across the OKR area both for office and industrial space with the majority of areas exceeding the average rent presented earlier in this section. This would suggest that, even within the existing space portfolio businesses are experiencing considerable cost pressures that are eroding one of the three key competitive advantages of the OKR.

5.19 What is also noticeable is that the rents being charged within space operated by workspace providers do, at face value, appear to command higher per square foot values, with Space Studios being a notable exception. However, comparison of these figures should not be made directly, given rents at Action House, Hatcham Studios, V22 etc will also capture a number of additional charges – even between these locations the additional charges are not consistent.

5.20 However, whilst the estimated per square foot rents for workspace appear higher they are often still considered affordable by the tenants. In part this reflects the nature of rent as ‘all in’ removing other costs the businesses would otherwise face. It is likely, however, that the affordability (or more accurately, cost effectiveness) of the space is driven by the lease terms on which they’re let, lower up front costs (for example no rent advances or fit out) and the size of the units available.

5.21 The latter factor is critical to businesses. All of the workspaces considered charge rent per occupiable unit rather than by square foot, with units of varying sizes provided – with a particular focus on smaller spaces. This supports affordability by ensuring businesses can occupy only the space they need, reducing the overall rent cost. The calibration of unit sizes to business needs (and the ability to flex these over time) will be critical to achieving affordability in the OKR.

Why is Intervention Needed/ Justified?

5.22 There is a recognition that the change in planning policies, general market conditions and proposed enhanced connectivity will fundamentally change the availability of affordable space in the OKR beyond what has already been experienced in the area.

5.23 Looking around London in areas which have undergone a similar process of change to the OKR it is clear that any new/ replacement space that is delivered as part of a redevelopment comes forward at the top end of the current rent range, if not setting a new rental level altogether.

5.24 In many cases the increase in rent is allied to a shift in the nature of space, providing both a better quality and different format of units that may attract new occupiers but not meet the needs of current businesses. In areas where a new higher density mix of development is coming forward this is a particular challenge, displacing many of the existing activities – however this is not unique to new developments, and a change in perception and demand in an area can also lead to a shift in the nature and cost of space.

Why is the provision of an appropriate range and cost of workspace important?

5.25 Given the scale of change planned there is a significant risk that commercial floorspace delivered in future developments will fail to deliver the range of space that can support the diversity of the OKR economy and also that its price point may exclude many businesses from remaining, or indeed moving to, the area.

5.26 This poses a significant risk for the OKR, however beyond this risk there are many positive outcomes that can be achieved by Southwark Council through active intervention in the workspace sector:

- **Retention of existing businesses:** Many of the existing businesses provide important jobs for local people and form part of wider supply chains. By securing the re-provision of appropriate and affordable space for them the Council can maintain the strong economic and/or social rationale for their current location
- **Support new and existing SMEs:** SMEs tend to struggle more in finding suitable workspace, and therefore intervention would support start ups, early growth and smaller businesses. Affordable in the context of SMEs can be far wider than the cost of rent and may include scale of space, levels of fit out, lease flexibility etc.
- **Support BAME communities:** Intervention would tend to focus on small and start-up enterprises. A wealth of research suggests SMEs tend to have an over-representation of BAME groups and therefore intervention can help these communities succeed.
- **Support key sectors:** Particular sectors may warrant greater support given their wider impact in terms of employment, supply chain or even place branding roles. The creative sectors including artists and craftspeople, some production sectors (e.g. Food and specialist fabricators) and early stage tech are often priced out of changing locations, despite having strong links locally.
- **Achieve ‘good growth’ outcomes:** A broad range of targeted space types and rents can attract significant demand. They can therefore support a range of local employment and create much greater levels of animation and street activity at different times of day, making areas ‘feel safer’.

- **Manage loss of other types of ‘affordable’ workspace:** Permitted Development rights to convert commercial space to residential disproportionately impacts low value (and typically more affordable) spaces, particularly in areas of high residential value change. Because no planning permission is required, no intervention can be made, therefore intervening in locations where planning does offer a lever can preserve and even enhance the stock of appropriate space.
- **Manage speculation:** By including an effective workspace policy, the planning policy helps to direct developers to more suitable solutions and also manage overvaluation of land where generally this space would not be provided by the market on its own due to relative values.
- **Create certainty of outcome:** Other ‘case by case’ mechanisms of securing affordable workspace such as through s.106 agreements are dependent on a buoyant development market, overall scheme cost considerations and affordable workspace not being negotiated away in favour of higher political priorities such as affordable housing or public realm. A clear, common, policy approach (whilst still subject to viability) can overcome these issues and create a clear pipeline of space for businesses.

5.27 Overall, there is increasing evidence to suggest that the development industry has a willingness to provide a greater range of workspace options than has traditionally been the case, but generally only where policy compels them to do so. Residential focussed developers in particular have a growing realisation that such spaces can be of benefit to their schemes, but need greater levels of support to bring this forward given their lack of knowledge / experience. A well-focussed policy approach allied to wider support from Southwark Council could therefore deliver significant local benefits.

5.28 Policies within the draft New London Plan provide a strategic framework for intervention within the OKR, however local policy in the AAP will need to be cognisant of the wider risks and challenges of introducing such a policy and that these cannot operate in isolation. Key considerations/test of policy should be:

- **Viability of developments:** Complex development sites have high costs already which workspace policies should not exacerbate – intervention rates should be appropriately calibrated and viability tested. However, this risk should be low given the scale of development and the overall proportion of GDV any workspace element would represent. In some cases the workspace may positively impact residential value so become closer to cost neutral.
- **Subsidy for unviable businesses:** Affordable workspace should be a platform from which sustainable business can grow, ideally giving them a base in early years which decreases the risk of failure, creating value from public investment. However, it shouldn’t be a means of allowing businesses to continue if they are unviable. Careful management of lettings will be needed to ensure any provision is well targeted.
- **Planning for a balance of spaces:** intervention should seek to retain capacity that may not otherwise come forward (if value maximisation were the only driver). If intervention is not well focussed it could further squeeze out those businesses less compatible with residential-led redevelopment
- **Limiting competition:** There is a growing array of workspace providers, many of whom deliver affordable spaces. Intervention should not limit their ability to operate or create situations where they are undercut. To make the most of public investment intervention should only focus on areas where commercial operators are not engaged.

What Should Intervention Seek to Achieve?

5.29 Given there are a number of challenges in securing meaningful workspace capacity largely due to a lack of knowledge within the sector and potential economic ‘incentives’ for developers to minimize future provision of workspace the supply in regeneration areas can be poor. Often, when space is provided, it will focus on certain ‘sales friendly’ sectors such as artists studios or ‘office’ spaces rather than address wider needs.

5.30 All planning policies are by their very nature blunt tools, but on balance the inclusion of a well-worded affordable workspace policy can be helpful in securing a diverse, inclusive and successful local economy. It can also encourage developers to innovate by providing a faster route through planning due to more local support and less required negotiations.

5.31 To secure the nature of space the economy of the OKR will require in the future any OKR specific workspace policy cannot be considered in isolation and only focus on issues of rent. To be fully effective it will need to be accompanied by appropriate re-provision, typology, urban design, business engagement, use class and other policies/guidance.

5.32 Area specific workspace policies are not uncommon in London and many boroughs have included them in their existing or emerging planning policy documents.

5.33 From our experience and from a review of approaches being used across London (and an understanding of the results they are yielding it is clear there are a range of considerations any policy for the OKR will need to address:

Definition of affordability:

5.34 As already highlighted in the OKR AAP there are no agreed definitions of affordable workspace. It might be defined as one or more of the following:

- Space provided at below current market rents (i.e. a discounted rent)
- Space provided with a significant rent free period (e.g. 10 years).
- Space that includes shared services or support for occupiers (such as

management or shared deskspaces or equipment) and support (such as training or job brokerage).

- Space that offers units of an appropriate size and type so businesses do not pay for things they do not need (such as unrequired space, air conditioning etc)
- Flexibility of lease terms to avoid large upfront payments or long lease periods with no break clauses (often delivered through short term rolling licences)
- Flexibility in rental structure, such as ‘membership’ based models that allow businesses to manage how much time they rent in a workspace (as opposed to simply space)
- Provision of ‘all in’ agreements where businesses have a clear base operational cost

5.35 A truly effective approach to workspace delivery within the AAP will need to consider all of these factors if it is ensure a range of spaces are available and affordable to target businesses.

Eligibility and access criteria

5.36 Unlike in housing, there is no widely adopted points system or framework to determine which occupiers should have access to Affordable Workspace. Policies should be clear on the role and engagement approach with recognised providers. The registered providers list needs to be kept up to date and complement the other policy objectives. Affordable workspace policies should be clear on prioritising which one or more of the following groups is to be targeted for the provision:

- Existing occupiers who are often on existing market rents in older stock and who want or need to stay in the area or occupiers who have to be relocated from other areas due to redevelopment. This is particularly important for existing light industrial and lower-value manufacturing businesses that might have strong local labour and supply chain connections but are considered less ‘sales friendly’ for developers than, say, artists studios.

- SMEs or start-ups who often struggle to find suitable space in new developments (for which, in effect, there is some extent of market failure).
- Key sectors identified by the local authority as important because of their potential for growth (such as tech), ability to attract or retain skilled workers (such as creative), or the sectors' role in supporting greater equality of opportunity within under-represented groups or those with a local connection (such as the food and drink sector and BAME entrepreneurs).

Longevity/security:

5.37 This aspect is often overlooked in policy. Affordable workspace providers often struggle to raise capital for workspaces because lease terms being offered by developers are too short. If lease terms extend to 25 years and beyond, there is ability for providers to secure suitable loan funding and schemes become more viable even without grant. If affordable workspace is to be provided in perpetuity then suitable re-provision mechanisms would need to be developed.

Clustering and critical mass:

5.38 Pepperpotted, small-scale affordable workspace provision is likely to severely restrict the type of occupiers, reduce the quantum of space and flexibility of use and reduce the ability of providers to deliver benefits most effectively:

- offsite provision could be allowed where it is delivered locally and in a timely fashion in a way that protects its operational sustainability;
- establish a special purpose vehicle that can aggregate small spaces across an area to develop a viable business model;
- secure payments in lieu that can be invested into a single project via an intermediary organisation.

5.39 Setting general size thresholds for what is operationally viable and therefore an appropriate/inappropriate 'on-site' level of provision is challenging given significant variances in approaches and management structures of operators, which require different quantum of space to support them, differing dynamics between types of provision and impacts on cashflow of how space is rented (for example by floor area, desk or time based memberships).

5.40 Further some space won't need to be managed by an operator and could be directly let via a standard 'agent' route - particularly where self contained light industrial/warehouse units are being provided.

5.41 In terms of workspace that requires an operator to manage it, it is unlikely this could be a sustainable business model at less than 1,500-2,000sqm of space as a standalone offer. However this would need more detailed and ongoing testing with the operator market paying attention to different operator requirements in different employment space sub-categories, which could form part of the intelligence established through an approved provider list (i.e. they would state in their approval process what size spaces they would seek to operate) or via an intermediary, who again would understand individual operator requirements in more detail.

Design and Access:

5.42 Often because of the overwhelming focus and experience of developers on the housing 'product', too many non-residential spaces are designed without suitable consideration of occupier's operational arrangements. This may well mean that the workspaces that are provided do not suit the market sectors or policy aspirations of Southwark Council. As well as requiring evidence of very early (pre application) engagement with suitable providers/occupiers by developers, designers should demonstrate how layouts can accommodate differing uses and operational requirements over time. The LLDC's Employment Space Study³ and the GLA's Industrial Intensification Primer⁴ and Industrial Intensification Viability Study⁵ have provided useful detailed design guidance of how incorporation of such spaces can be considered within mixed developments.

Space Fit Out:

5.43 As noted elsewhere in this Report affordability is directly linked to the cost of 'entry' into a new workspace unit for occupiers. If extensive capital works are required by the tenant before being operational it can act as a significant barrier to take up. This again is an issue that needs to be understood and dealt with at the pre-application stage and, where, necessary included in the Section 106 agreement.

5.44 Ensuring new development provides an appropriate level of fit out is therefore critical. This needs to move beyond shell and core to ensure base services are in place throughout the unit and (particularly for industrial space) appropriate safety systems (such as sprinklers) are provided to ensure the unit is insurable. This will also be required prior to residential occupiers can move in, to ensure homes are also protected.

5.45 By better understanding occupier needs base fit outs can be delivered in a more efficient way. For example many businesses won't need a Cat A fit out, which would reduce development costs. Others will be able to invest 'sweat equity' in their space to

customise and finish and will there not need full finishes on walls etc.

5.46 Some developers understand this issue and have established approaches for ensuring units are appropriately specified, however others may need support and guidance as ground floor uses move away from traditional A Class uses.

5.47 Ultimately intervention, either through the pre-app process, by the developer engaging a workspace operator or through an intermediary body, should seek to decrease risk and cost for both the developer and occupier by ensuring fit outs are fit for purpose.

Use Classes and Typologies:

5.48 The way in which the planning system describes employment spaces often fails to understand or provide for how the real economy works. Many buildings in protected industrial areas are used in whole or in part for service sector, retail, leisure or community or faith uses. Sub-letting smaller spaces to different occupiers is often used as way of businesses remaining sustainable during fluctuations in their turnover. Informal and tertiary spaces and market stalls often provide important incubator functions and support economic inclusion. Affordable Workspace and other policies should seek to recognise this complexity rather than stick rigidly to the Use Class system.

Potential Workspace Policy Options

5.49 The analysis presented in this Report demonstrates there is a clear rationale and justification for public sector intervention in the OKR in order to secure an appropriate mix of workspace is delivered in the future and that this space is affordable and accessible to a range of existing and future businesses.

5.50 As shown by the review of other workspace policies being implemented or proposed across London there are a variety of approaches that Southwark could use to secure appropriate workspace within the AAP area, blending considerations of affordability and appropriateness of space.

The Current Plan Position

5.51 The Southwark Plan establishes the requirement for any development coming forward on employment land to (as a minimum) ensure there is no net loss of floorspace within the development (subject to viability) – this aligns with the approach of the draft new London Plan in Policy E7.

5.52 However, the OKR AAP provides an opportunity to extend or modify this policy to ensure it is tailored to local circumstances and delivers the outcomes needed to sustain a mixed and balanced economy within the OKR.

5.53 The current Southwark Plan position could simply be carried forward within the OKR AAP, this would have the following advantages:

- Creates a clear, borough-wide position that is understood by developers operating across Southwark;
- This consistency would make it simple to implement/monitor;
- Secures a 'known' quantum of space and therefore jobs,

- No long term resource requirement beyond usual DM role for the Council

5.54 However, despite these strengths, the blanket approach has a number of limitations:

- Little control/influence over form of space provided, however this could be potentially overcome through discussion at the pre-application stage to help applicants define a specification etc (using the information in this report as a starting point).
- With no type/specification guidance the approach may not provide the range of spaces / operators needed to meet differentiated demands identified in this study
- Coupled with a developer view on value creation this could result in over-supply of singular space typology,
- Ultimately, with no control there is a risk of increased displacement of businesses.

5.55 Overall, it is therefore critical that the current Southwark Plan position is the 'minimum' level of intervention the AAP should make, with further workspace policies and guidance provided in order to secure the AAP economic objectives. We consider options for this below.

Specific Affordability Criteria

5.56 Affordability is a key concern for a number of businesses, and has been a challenge in other parts of London where major change has occurred.

5.57 A simple approach to addressing this issue would be to extend the Southwark Plan position to require (in developments over a certain size) a set proportion of space to be delivered as affordable space, at a set rent discount to market rates.

5.58 This is the approach being adopted by Hackney Council in their draft LP33, with specific rates set for different parts of the borough to reflect different market conditions. This will be carried forward into the new Shoreditch AAP. The LLDC uses a similar approach and suggests a starting point of 75% of market rent is appropriate.

5.59 As discussed above affordability in the current workspace market is complex and the setting of these discounted rent levels is complicated by the varying and complex way in which different operators charge for space. For example many include a range of other costs/benefits (such as service charges, rates, ICT, level of fit out and incentives) and may not charge per area of floorspace but by desk or occupiable unit. What is/isn't included in the rent is not consistent between providers.

5.60 It also needs to be clear who is benefiting from the discounted rent, an end user business or a workspace operator. If the latter the affordability benefit may be weakened to businesses as the operator will need to cover their costs from the rent they charge occupiers.

5.61 This approach could therefore have some complications in its application with the Council needing to understand in detail the terms on offer and how it aligns to a simple affordability metric (£/sqm), it would also need to keep an accurate and up to date understanding of prevailing rents for the type of space being proposed within the OKR market area. This could be managed through the pre-application process alongside the other planning issues.

5.62 In setting the rent the Council would need to also establish that the proportion and rent of this space does not have a significant or unreasonable impact on development viability and therefore place delivery at risk. Given the overall proportion of a GDV this is likely to represent this scenario is unlikely, however a balance needs to be struck to ensure the rental discount is meaningful enough for businesses to afford, unlocks a sufficient scale of space and allows developers to deliver their project viably.

5.63 A further challenge may be that, even with a threshold in place, a proportional requirement as part of an overall development could result in a 'pepperpotting' of small workspaces across the OKR, which would present operational challenges in terms of the cost of management.

5.64 It may therefore be beneficial for the policy to seek to establish an investment pool from 'in kind' payments, which can then be used to deliver a more meaningful scale workspace that offers a viable proposition for operators. The contribution rates should reflect up to date build cost estimates for an appropriately specified permanent workspace building.

Directing the Specification

5.65 A discounted rent approach can help secure affordable space, however it provides the Council with limited control or influence over the type of space that is being delivered and therefore would not necessarily create affordable space of the type needed.

5.66 The Southwark Plan policy could therefore be extended within the AAP to provide greater direction and control over the level of specification in commercial floorspace provided to ensure it meets the needs identified in this study and also can respond to changes over time encourage space that can respond to changing demands over time.

5.67 Key considerations for engaging this approach would be:

- Using the AAP (or an accompanying Design Guide) to set requirement for spaces to be fitted out to basic usable standard (Category A fit-out: facade; plumbing, electrics and ICT as a minimum), this will apply to both end user and operator based models.
- Ensure space does provide an opportunity for end users to be able to 'customise' space where an operator is not used – this an enhanced shell and core that allows sub-division. This is particularly important for end user focused developments.
- Options exist to extend the guidance from 'fit out' to types and use classes, which could help broaden the range of space provided.
- The Council would need to maintain an up to date understanding of needs of businesses in the area, to be certain of what is being requested from developers

Directing the Target Occupiers

5.68 This study has identified a number of activities that currently underpin the OKR economy and are likely to be important in the future. Many of these are also likely to be impacted most significantly by a loss of space and increasing costs.

5.69 As custodian of the OKR economy Southwark Council could seek to actively protect and promote these specific sectors and require new developments to provide space to the existing level of floorspace in a form suitable for occupation by businesses within the creative/cultural, production-based or industrial economy. This would need to be considered subject to viability.

5.70 In pursuing this approach policy:

- Would need to be supported by more detailed guidance on specification and (potentially) procurement parameters. The previous chapter of this study provides a guide to the key considerations in incorporating these spaces into mixed use environments.
- Would require clear and up to date evidence of businesses requiring space. This study has started that process however going forward the Council (or another partner) may need a more direct approach that holds a 'waiting list' of occupiers.
- Developers would need to be given clear guidance on the required use classes within their developments, which would help maintain a diversity of stock, given 'sector' needs cut across a range of use classes and activities.

5.71 This approach would help existing businesses to remain in the OKR, and ensure similar businesses can locate here in the future. However, it does risk the policy becoming outdated quickly as the economy continues to evolve, new sectors emerge and demand increases for other forms of space or business activity. This approach would therefore likely result in significant levels of challenge and/or discussion with developers over levels of demand.

5.72 The draft AAP does set out a requirement for the retention of OKR businesses to be the first consideration in any redevelopment. This requires developers to have a different approach to understanding of workspace scale, fit out etc and should be guided by the prospective tenant.

5.73 Despite the risks discussed above this does appear to be having some early impact, at Ruby Triangle re-provision is being made for existing occupiers and additional space being made available for a workspace operator.

5.74 In instances such as this focus should be placed on an residual space provided to ensure it is of sufficient scale and type to meet wider market needs (in line with factors considered elsewhere in this report).

Specify Workspace Providers

5.75 Many boroughs in London have developed, or are in the process of developing, approved workspace provider lists, either for whole boroughs or specific areas. Southwark Council could do similar and develop a specific OKR Workspace Provider list that closely aligns with the scale and type of space that will be delivered in the area. This would then sit alongside a policy that required developers to deliver a proportion of affordable space in their development, with the operator coming from the list.

5.76 Given the future nature of demand, this is likely to require two elements. The first focused on providers who specialise in the provision and management of office/studio space which will be required, particularly around the new Bakerloo Line stations. The second would be more orientated towards workshop/light industrial spaces that are needed now and could co-exist across the area

with other development.

5.77 In the first instance the Council would need to 'vet' the providers through a procurement process, completing appropriate due diligence to ensure they can reliably be used to manage workspace. This will create confidence with developers that operators won't have a negative impact on their overall development, critical in managing risk. The Council could then act as a broker or intermediary to introduce developers to operators in order to secure appropriate affordable workspace provision.

5.78 To further manage risk the Council could use a similar approach to Islington, where Council is assigned a lease at a nominal cost (or even assigned the freehold) and then invites proposals from their workspace provider list to operate the space. This transfers all of the risk away from the developer as the Council effectively guarantees the appropriate use of the workspace provided. In appointing the operator the Council can then shape the offer to directly meet local needs, with opportunities to achieve a wide set of social, financial or other outcomes.

5.79 Whichever of the routes is pursued, the following need to be addressed to ensure a policy/intervention functions properly:

- Needs clarity on expected length of agreement (10 / 20 years+ / perpetuity) to allow operators to secure funding
- The way in which a 'registered operator' list is created and managed is critical. Would there be suitable procurement with regular and robust assessments of operators' processes, resilience and finances, impact evaluation, rent setting and other policy assessments, charities commission/other governance ratings and ongoing market engagement to ensure it includes new and relevant entrants. This is not a small job and could be taken on sub regionally.
- The procurement process will need to be transparent and secure a range of providers to prevent developers challenging the list or raising concerns about how provision could affect the overall value of their development if the quality of provision/activity is not guaranteed

- The developer needs to provide certainty through the planning process to enable commercial discussions, this (borrowing from Islington’s approach) could include policy wording such as [the developer shall provide] “suitable evidence of commitment to provide this from a third party and Heads of Terms agreed” or similar formulation as condition

sufficient evidence (heads of terms etc) that provider is credible and an integrated part of the team.

5.83 By working with developers and providers the process would alleviate developer concerns over quality of provision, demand for space and impact on wider scheme value.

Brokerage and Intervention to Create Partnerships

5.80 Similar to the approach above, although less formal, the Council could operate outside of the AAP policy through its economic development and regeneration teams to support the development of new partnerships between developers and operators. Rather than an approved list the Council could maintain a contact database of providers interested in the OKR, or who are known to deliver the type of space the OKR requires.

5.81 Through pre-application processes the Council could then seek to bring parties together to develop any workspace concept, ensuring space is tailored to local requirements across sectors, leading to agreement (on spec and lease terms) subject to Council approval.

5.82 This requires much lower levels of resource for the Council than an ‘approved’ list and would expose the Council to lower risk, however it would require buy in from across the Council, beyond planning policy. The Council’s involvement may still be required to:

- Ensure space is tailored to specific provider needs – with pricing and specification aligned to providers understanding of the market demand in the OKR
- Secure certainty through including “suitable evidence of commitment to provide this from a third party and Heads of Terms agreed” or similar formulation as a planning condition
- Seek clarity on expected length of agreement (10 / 20 years+ / perpetuity)
- Ensure any alternative providers proposed by the applicant are suitable, seeking

An Exceptions Approach

5.84 The Council will need a strong position in terms of workspace policy within the OKR, however it should not seek to limit the imagination and innovation that the private sector can deliver, it therefore needs to set out clear objectives but not be overly prescriptive.

5.85 To encourage and enable private sector innovation any of the options considered above could be supported by an ‘exceptions’ policy which could be applied where it can be demonstrate an alternate approach would meet the overall aims of the policy. This would still provide a strong signal to the market and help encourage innovation in provision and partnerships that could benefit the OKR overall.

5.86 The onus would pass to the scheme promoter to demonstrate the benefits of the approach, with the Council needing to seek clarity and reassurance on key issues such as approach to letting, terms of agreement, track record of provider, overall workspace strategy for the development (any support from specialist 3rd party advisor etc) and evidence of demand for this space.

5.87 From the Council’s perspective it would need to ensure it had sufficient knowledge and support to be able to assess incoming proposals, which could be in house or drawn from the GLA Special Assistance or Open Workspace teams.

Recommended Approach

5.88 Based on the analysis and options considered in this section of the report it is clear that the scale of change at the Old Kent Road is driving a clear requirement for the Council to intervene in the workspace/commercial floorspace market to ensure the full range of businesses needs are met, both in terms of the appropriateness of space provided and its affordability.

5.89 In developing a policy for the Old Kent Road the AAP should:

- Set a minimum threshold for the provision of affordable workspace within schemes that provide a significant quantum of commercial space
- Require that this space is provided in perpetuity
- Set clear expectation of affordable rent levels (compared to relevant market average for the particular property type)
- Clearly define the target of the rental level (i.e. if rent is targeted at an end user business the rent could be higher than if it is the rent charged to a workspace operator)

5.90 The setting of these thresholds will need to be determined through specific viability testing to ensure that outcomes are optimised in terms of space delivery but not overly burden the overall development and prevent delivery.

5.91 This simple 'blanket' approach should provide the starting point, however to ensure it delivers against the full range of needs in the Old Kent Road the Council should

- Provides dynamic support/guidance to developers on current needs and demands for space given these will change over time

and in light of what other schemes deliver to inform typologies and specification

- Engage proactively with developers through the pre-application process (or even beforehand) to develop relationships between providers and developers to allow them to shape the workspace offer and ensure it is tailored to needs
- Develop a mechanism for offsite contributions to be pooled for sites where on-site provision is not feasible (the offsite contribution rate should be set at a level which reflects the true build cost of a permanent workspace facility)
- Provide flexibility for developer led propositions to be considered as 'exceptions' to the prescribed policy where it is demonstrated they deliver equivalent or additional benefits.
- Explore opportunities for a specific workspace intermediary company to be created (potentially owned/backed by the Council) that can act as an aggregator of space across developments, take the long lease position on 'ground floor' space and secure appropriate operators - effectively de-risking the process for housebuilders.

06 Conclusions and Recommendations

06 Conclusions and Recommendations

6.1 Throughout this report we have drawn conclusions and suggested approaches to addressing the specific issues being considered in terms of the future nature of the economy, the space requirements this generates, key design and operational considerations and approaches to achieving suitable provision of affordable workspace.

6.2 Within this final section we consider the over-arching themes and issues that this Study has revealed which, in many respects, cut across the areas of focus within this study and will need to be considered strategically by the Council and its partners both within and outside the Masterplan.

Employment in the Old Kent Road

6.3 The AAP has set the ambitious target to double the number of job opportunities within the OKR through development and regeneration. This would mean raising the level of jobs to c.18,600 over the plan period.

6.4 Ultimately, the strategy within the AAP seeks to mix a range of employment types across the area, retaining an industrial base as well as increasing the level of activity within higher density activities.

6.5 This will require a mix of employment spaces across the AAP area and also within opportunity sites, blending lower density distribution activity with workshop, office, studio and other types of space to allow existing businesses to grow and new businesses to locate here.

6.6 Achieving this ambitious level of growth will require some refocussing of the employment floorspace offer to secure a more significant proportion of higher density employment opportunities than exists today. This will require more proactive intervention to create the conditions and spaces that these

businesses will want to populate - the delivery of the BLE will undoubtedly help to change the market position of parts of the OKR and support this shift.

6.7 At present, however, the market is more focussed towards industrial, distribution and studio spaces, which tend to offer lower employment densities (albeit with a number of examples of where these can achieve higher than average performance in the local context) than may generally be required to achieve the goals of the AAP. As such the market will need some support (starting with clear AAP policies) to direct delivery in the early phases.

Future Space Considerations

6.8 As established through the analysis in this report there is significant potential for the OKR economy to grow and evolve over the lifetime of the AAP to enable existing activities and businesses to remain, new (similar) ones to locate here and additional activities to join them and diversify the range, nature and quality of employment opportunities. In general terms we would expect there to be a continuation of the 'industrial' character (in terms of production, storage and distribution space), growth in the existing creative and cultural activities and the introduction of other London-wide growth sectors in the digital/creative/tech sector.

6.9 However to achieve this the fundamental strengths of the OKR (in terms of accessibility, affordability and property proposition) will need to be protected and enhanced in order to provide the conditions that allow a range of businesses to succeed here. Stronger links to Central London (through the Bakerloo Line), the growing range of institutions around the OKR and the growing and diversifying local population will be critical to achieve this economic diversification.

6.10 Given this mix of demand and opportunity it is clear that future employment won't require a single type of space but a mix of spaces that can attract and retain a much more diverse range of activities from across the tech-based, creative, industrial and warehousing sectors. Key space requirements include:

- Small-medium logistics / warehouse space
- Light industrial
- Small manufacturing units
- Studio / workroom
- Smaller office / co-working

6.11 This mix will present some challenges for development in the future in order to deliver the capacity needed to accommodate a significant number of jobs across this range of typologies. Even though occupational densities in the OKR are higher than average for the type of property provided, they are still reasonably low when compared to pure office activity.

6.12 This will mean that a greater share of development capacity will be needed if the area is to accommodate the scale of employment that is being targeted by the AAP. Given the finite land resources available the developments planned will need to deliver fit for purpose working environments that are innovative in the way that they deliver standalone employment uses and co-location approaches. To achieve the necessary capacity, sites will need to:

- Deliver B class employment space on more than the ground floor of buildings, this would include:
 - o Stacked industrial in locations such as South Bermondsey Trading Estate, South Bermondsey Trading Estate and Ilderton Road where demand for larger floorplates is likely to be strongest
 - o Vertical mixes of industrial with studio/office above either as standalone or integrated buildings with residential in a range of locations such as Cantium, St James' Road or Verney Road
 - o Multi-floor office/co-working space (potentially in a mixed use building) in areas around the new Bakerloo Line Stations.
- Retain existing premises where this is delivering a high density of employment or accommodate an activity that cannot be relocated. This building retention could

also aid future affordability.

- Creating additional workspace capacity on 'early win' sites (which currently have little or no employment activity) to enable businesses to relocate and remain in the area and unlock other sites in the area.
- Ensure appropriate yard spaces, goods access to upper floors and managed relationships between different uses to ensure they meet occupier needs.

6.13 Delivering this mix will be an evolution over time to ensure that the 'right' spaces are provided at the point they are needed in locations that can provide the right conditions for their operation. Spatially, the provision will need to work with the grain of the wider area and the scale of infrastructure provided; suggesting some of the larger sites offer the greatest potential to deliver the larger space requirements businesses will have in the area. Ensuring the B class component and an operational public realm work together will be key on these sites in areas such as Mandela Way, Verney Road, St James' Road and Ilderton Road.

Delivery Challenges

6.14 Realising the potential of the Old Kent Road economy will not be straightforward. Given the need for innovation it is unlikely that the solution can be solely achieved by reliance on the developer and investor community – this reflects the wider industrial intensification debate that is ongoing across London.

6.15 In short, whilst building structure, engineering and typological issues are now understood in terms of industrial co-location there remain a number of challenges the industry will need to overcome if the OKR is to achieve its objectives, these include:

- The proposed mix is untested in modern development in London (despite being more established across the globe) and therefore considered high risk by investors and housebuilders, which impacts their view on viability;
- A lack of existing operators to take on space created and help reduce developers view of risk - unlike other forms of non-residential floorspace, where the route to occupiers and long term management is more established making them easier to deliver. Leaving the developer with little

- option in terms of exit strategy;
- Complex structures in mixed use buildings will push up development cost and therefore the values needed to be achieved to make development viable. This has a range of impacts if values are not sufficiently high in the residential and industrial sector to support development. It also impacts on the affordability of commercial space, potentially exacerbating issues of workspace affordability in the OKR;
- Workspace/industrial premises succeed on the basis they offer flexibility and can be easily (and economically) adapted to meet a variety of needs. Integrated space may be less easily adaptable, risking a higher rate of obsolescence.

6.16 As much as this will be a challenge to delivery, it should also become a key strength and selling point for the Old Kent Road in terms of its proposition to investors and occupiers. Leading the way in terms of innovative development can be a unique selling point for the area and can also, through strong place identity, create value in development. However it may require new approaches to investment, potentially with the public sector co-investing in pioneer schemes to demonstrate their deliverability and attractiveness to occupiers. The GLA in particular are currently considering these opportunities and Southwark Council may be able to partner them.

Tools and Approaches to Delivery

6.17 The Council will be a critical player in unlocking the economic potential of the OKR, however its role may need to extend beyond simply setting the planning framework for future growth to engage in direct delivery or management of development to ensure it meets future needs. We see a number of specific roles need to start by establishing the development approach via the AAP, but will need to extend into a much broader remit in terms of the delivery and (potentially) management of space.

Role of Policy and Guidance

6.18 The Council, through the AAP, is setting out a positive proposition for the Old Kent Road which includes considerable area-wide guidance on space typologies and design. However, as discussed in Chapter 3 there remain a number of site specific

considerations that may be worthy of more detailed thinking and guidance to ensure the environments created are fit for purpose.

6.19 Potentially site specific development studies (potentially developed into site specific development briefs) for key locations with the wider masterplan areas can provide further detail on operational requirements and provide a basis for planning negotiations. This can help to provide/increase certainty to landowners, from what is expected from development and positively support the delivery of functional employment space – this would also help to manage land value expectations. Key locations could include key residential / employment / open space interfaces at Ruby Triangle/ Sandgate, St James' Road and Bianca / Latona Road.

6.20 Businesses will need more than functioning space to be successful in the OKR, the spaces between buildings and that connect developments will need equal amounts of care and attention. The creation of a detailed public realm vision / design code that balances the needs of businesses with wider requirements of residents could be critical in ensuring the Old Kent Road is 'business ready' without compromising on the quality or standards of the urban realm. This will be critical to ensure a proper business environment is created in areas with disparate land ownership such as Mandela Way, Hatch Road and Verney Road.

Use of Public Land Assets

6.21 The way the Council, and its public sector partners, utilise and deploy their land assets will be critical in establishing the tone and expectation of development across the Old Kent Road. Through its land ownership, or the acquisition of new sites, the Council can help set a new standard for development in terms of both the quantum and nature of workspace provided. This can help to demonstrate the market for new forms of development and show demand for a range of products.

6.22 The Council should focus its workspace provision on elements that will broaden the offer, allow businesses to remain, and which would not otherwise be brought forward at this point in time. This may include:

- Developments that offer, in separate spaces, both residential accommodation and employment space and which promote

affordability by offering combined leases (for both the residential and workspace elements) to end-users (similar to the Bernard Works development in South Tottenham). This is sometimes referred to as ‘tethered live work’ but it does not constitute live-work in planning terms, as the residential accommodation and employment space is physically separate;

- Stacked industrial space that integrate yard spaces for industrial servicing;
- Integration of space for social enterprises and other ‘meeting’ spaces or exhibition facilities to meet a range of needs in the community, creative and other business sectors. This may have wider benefit of reducing requirements on other sites and allowing more straightforward workspace to be delivered.

6.23 In bringing forward these, and potentially other, workspace propositions the Council’s development approach should positively promote the concept of vertical space provision across different uses. For example delivering office and studio space over industrial, with the potential for residential above, in order to optimise workspace provision and as an approach for managing use conflicts without a reliance on mechanical or other physical buffers.

6.24 To demonstrate best practice in locations such as Sandgate Street the Council should seek to work up proposals with providers to maximise workspace provision in mixed developments. This co-design will allow providers to shape plans for sites to ensure the development provides space that they can make a success. This may unlock opportunities for a portfolio approach to space provision and management that, as part of the Council’s asset strategy, maximises every opportunity to create additional workspace – which could (if the Council became an operator) bring in a new revenue stream to the authority.

6.25 The Council has a number of mechanisms through which it can consider income and development viability in a different way to a private developer, which will be critical to achieve the OKR vision. This may require alternative views of return to be taken, focused on long term returns rather than short term capital receipts, it may also involve the inclusion of broader fiscal impacts of more

mixed development as part of any assessment of ‘viability’ – such as the inclusion of business rates receipts into the assessment model or as a long term cost reduction in terms of supporting third sector organisations.

6.26 The Council can also initiate new approaches to investing in a wide range of employment space alongside the private sector, leveraging in GLA funding or social investment in order to improve viability of employment space fit-out and management, and thus achieving overall affordability.

Operator Models

6.27 As set out in Chapter 4, to achieve an appropriate range and affordability of workspace in the OKR the Council may need to play a more direct role than simply setting policy. Through the pre-app process the Council should seek to actively broker relationships between residential developers and potential employment space operators. It should seek to work with both parties to support the development of proposals that work for both housebuilders and workspace operators and (where necessary) set clear conditions in planning negotiations around detailed space typological questions and lease arrangements to ensure an investible product is delivered, allowing operators to raise funding.

6.28 As discussed establishing an Old Kent Road specific approved provider panel will help to improve the understanding of the opportunity amongst house builders and provide reassurance that these businesses are trustworthy and, offering a Council back up should they fail.

6.29 The Council could go beyond this brokerage role and establish a public sector owned/backed investment and operator vehicle to take on space created within developments, this would solve an issue for house builder and potentially provide a long term income stream and stake in the area for the Council if part of a long term asset strategy and could be underpinned by development on its own sites such as Sandgate St.

6.30 A Council operated vehicle would also allow the Council to control/manage rents set in the area, or establish a mechanism to vary rents for particular target occupiers who create wider benefits that ‘justify’ additional support

in order to help overcome affordability issues.

Affordability

6.31 As established in Chapter 4 a blanket percentage of floorspace approach to the provision of affordable workspace will help achieve affordability but is unlikely to deliver all of the aspirations of the Council for the Old Kent Road as, without an operator, it is not likely to be effectively managed or targeted at appropriate groups.

6.32 The approach to affordability will need to be more nuanced and build on a number of tactics including:

- Working with the natural value profile of the area and creating of 'secondary' spaces (on back streets or upper floors) that will naturally command a lower rent as they offer location or space compromises
- Seeking off site contribution from smaller developments to invest in a more substantial workspace offer elsewhere in the area, addressing issues both of cost effectiveness of investment and long term operational viability of a more dispersed (smaller) set of spaces
- Encourage a broader range of rental models and structures to allow rents to be geared to business income/turnover, allowing (in effect) rents to increase as businesses grow
- Seeking to protect buildings that provide a viable long term workspace offer and where they positively contribute to the area
- Support owner operators in understanding the opportunity to redevelop their site and remain in the area – unlocking wider value but retaining their core function.

6.33 Clearly affordability will not be an issue for all activities, so the use of a range of tools (alongside a potentially Council backed operator vehicle) will allow the approach to suit the site conditions and target those types of space/activities that most need support.

Relocation

6.34 Successful growth and regeneration in the OKR should balance the retention of existing businesses with the creation of new spaces for people to live and work in, particularly given a large number of existing businesses provide valuable local jobs. Inevitably, as development happens, some business displacement will occur however it

is vital that this is kept to a minimum if the character and economic value of the Old Kent Road is not to be lost.

6.30 To minimise disruption any relocation approach should seek to achieve a 'single move' for businesses, particularly if they have significant equipment and/or high commissioning and decommissioning costs. The AAP and the support the Council provides alongside it should achieve a detailed understanding of any affected businesses needs and issues and develop a strategy (or require the developer to develop a strategy) that directly addresses these.

6.31 To achieve a 'single move' approach new, permanent additional workspace will be required now in order to move businesses out of early sites before they are lost completely. This may mean a new development would be required on a site that doesn't currently provide workspace or where workspace provision can be greatly enhanced without disrupting existing businesses. Locations such as Cantium, South Bermondsey and under-used land at Sandgate Street could all offer early opportunities.

6.32 Aside from additional space provision wider support, such as a pooled relocation fund set up from developer contributions (subject to viability) and public funding, can also help to minimise the impact and support businesses to continue trading.

Footnotes

1. https://www.london.gov.uk/sites/default/files/ilds_final_report_june_2017.pdf pg.19
2. https://www.london.gov.uk/sites/default/files/london_office_policy_review_2017_final_17_06_07.pdf pg.19
3. <http://www.queenelizabetholympicpark.co.uk/-/media/final-lldc-employment-space-study-november-2015.ashx> pg.64
4. <https://www.london.gov.uk/sites/default/files/industrialintensificationprimer.pdf> pg.64
5. https://www.london.gov.uk/sites/default/files/136_industrial_intensification_and_co-location_study_-_design_and_delivery_testing_reduced_size.pdf pg.64

Appendices

Appendix 1 - SIC Code Abbreviations

SIC Number & Title	Report Abbreviation
01 : Crop and animal production, hunting and related service activities	Farming
02 : Forestry and logging	Forestry
03 : Fishing and aquaculture	Fishing
05 : Mining of coal and lignite	Coal Mining
06 : Extraction of crude petroleum and natural gas	Oil+Gas Extraction
07 : Mining of metal ores	Mining - Metal
08 : Other mining and quarrying	Other Mining
09 : Mining support service activities	Mining Support Services
10 : Manufacture of food products	Food Manufacture
11 : Manufacture of beverages	Beverage Manufacture
12 : Manufacture of tobacco products	Tobacco Manufacture
13 : Manufacture of textiles	Textiles Manufacture
14 : Manufacture of wearing apparel	Clothing Manufacture
15 : Manufacture of leather and related products	Leather Goods Manufacture
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	Wood Products Manufacture
17 : Manufacture of paper and paper products	Paper Products Manufacture
18 : Printing and reproduction of recorded media	Sound Recording
19 : Manufacture of coke and refined petroleum products	Petrol Products Manufacture
20 : Manufacture of chemicals and chemical products	Chemical Manufacture
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	Pharmaceuticals Manufacture
22 : Manufacture of rubber and plastic products	Plastic Manufacture
23 : Manufacture of other non-metallic mineral products	Mineral Manufacture
24 : Manufacture of basic metals	Metal Manufacture
25 : Manufacture of fabricated metal products, except machinery and equipment	Metal Fabrication
26 : Manufacture of computer, electronic and optical products	Computer/electronics Manufacture
27 : Manufacture of electrical equipment	Electrical Equipment Manufacture
28 : Manufacture of machinery and equipment n.e.c.	Other Machinery Manufacture
29 : Manufacture of motor vehicles, trailers and semi-trailers	Vehicle Manufacture
30 : Manufacture of other transport equipment	Other Transport Manufacture
31 : Manufacture of furniture	Furniture Manufacture
32 : Other manufacturing	Other Manufacture
33 : Repair and installation of machinery and equipment	Machinery Repair/Installation
35 : Electricity, gas, steam and air conditioning supply	Utilities Supply
36 : Water collection, treatment and supply	Waste Treatment/Collection
37 : Sewerage	Sewerage
38 : Waste collection, treatment and disposal activities; materials recovery	Materials Recovery
39 : Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the cleanup of contaminated buildings and sites, soil, surface or ground water.	Remediation
41 : Construction of buildings	Construction
42 : Civil engineering	Civil Engineering
43 : Specialised construction activities	Specialised Construction
45 : Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale/Retail Motor Vehicles
46 : Wholesale trade, except of motor vehicles and motorcycles	Wholesaling
47 : Retail trade, except of motor vehicles and motorcycles	Retail
49 : Land transport and transport via pipelines	Land Transport
50 : Water transport	Water Transport
51 : Air transport	Air Transport
52 : Warehousing and support activities for transportation	Warehousing
53 : Postal and courier activities	Post/Courier Services
55 : Accommodation	Accommodation
56 : Food and beverage service activities	Food & Beverage
58 : Publishing activities	Publishing
59 : Motion picture, video and television programme production, sound recording and music publishing activities	TV/Film Production
60 : Programming and broadcasting activities	Broadcasting
61 : Telecommunications	Telecomms
62 : Computer programming, consultancy and related activities	Computer Services
63 : Information service activities	Information Services
64 : Financial service activities, except insurance and pension funding	Financial Services

65 : Insurance, reinsurance and pension funding, except compulsory social security	Insurance & Pensions
66 : Activities auxiliary to financial services and insurance activities	Financial Supporting Services
68 : Real estate activities	Real Estate
69 : Legal and accounting activities	Legal & Accounting
70 : Activities of head offices; management consultancy activities	Management Consultancy
71 : Architectural and engineering activities; technical testing and analysis	Architecture & Engineering
72 : Scientific research and development	R&D
73 : Advertising and market research	Advertising
74 : Other professional, scientific and technical activities	Other Professional Services
75 : Veterinary activities	Vets
77 : Rental and leasing activities	Renting & Leasing
78 : Employment activities	Employment Activities
79 : Travel agency, tour operator and other reservation service and related activities	Travel Agency
80 : Security and investigation activities	Security Services
81 : Services to buildings and landscape activities	Building Services
82 : Office administrative, office support and other business support activities	Office Admin
84 : Public administration and defence; compulsory social security	Public Admin
85 : Education	Education
86 : Human health activities	Health
87 : Residential care activities	Residential Care
88 : Social work activities without accommodation	Social Work
90 : Creative, arts and entertainment activities	Creative & Art
91 : Libraries, archives, museums and other cultural activities	Libraries & Museums
92 : Gambling and betting activities	Betting/Gambling
93 : Sports activities and amusement and recreation activities	Sports
94 : Activities of membership organisations	Membership Organisations
95 : Repair of computers and personal and household goods	Repair of Electrical Goods
96 : Other personal service activities	Personal Services
97 : Activities of households as employers of domestic personnel	Domestic Personnel
98 : Undifferentiated goods- and services-producing activities of private households for own use	Undifferentiated Goods
99 : Activities of extraterritorial organisations and bodies	Extraterritorial Bodies

Appendix 2 - Employment Density Matrix

Use Class	Sub-Category	Sub-Sector	Density (sqm)	Notes
B1a Offices	General Office	Corporate	13	NIA
		Professional Services	12	NIA
		Public Sector	12	NIA
		TMT	11	NIA
		Finance & Insurance	10	NIA
	Call Centres		8	NIA
B1b	R&D Space		40-60	NIA lower densities will be achieved in units with higher provision of shared or communal spaces
B1c	Light Industrial		47	NIA
B2	Industrial & Manufacturing		36	GIA
B8	Storage & Distribution	National Distribution Centre	95	GEA
		Regional Distribution Centre	77	GEA
		'Final Mile' Distribution Centre	70	GEA
Mixed B Class	Small Business Workspace	Incubator	30-60	B1a, B1b – the density will relate to balance between spaces, as the share of B1a increases so too will employment densities.
		Maker Spaces	15-40	B1c, B2, B8 - Difference between 'planned space' density and utilisation due to membership model
		Studio	20-40	B1c, B8
		Co-Working	10-15	B1a - Difference between 'planned space' density and utilisation due to membership model
		Managed Workspace	12-47	B1a, b, c
B8 / Sui Generis	Data Centres	Wholesale	200-950	
		Wholesale Dark Site	440-1,400	
		Co-location Facility	180-540	
A1	Retail	High Street	15-20	NIA
		Foodstore	15-20	NIA
		Retail Warehouse	90	NIA
A2	Finance & Professional Services		16	NIA
A3	Restaurants & Cafes		15-20	NIA
C1	Hotels	Limited Service / Budget	1 per 5 beds	FTE per bed
		Mid-scale	1 per 3 beds	FTE per bed
		Upscale	1 per 2 beds	FTE per bed
		Luxury	1 per 1 bed	FTE per bed
D2	Fitness Centres	Budget	100	GIA
		Mid Market	65	GIA – both types tend to generate between 40-50 jobs per gym
		Family		
	Cinema		200	GIA
	Visitor & Cultural Attractions		30-300	The diversity of the cultural attraction sector means a very wide range exists
Amusement & Entertainment Centres		70	Potential range of 20-100sqm	

Source: Homes & Communities Agency - Employment Density Guide (2015)

From “Sectors” to “Activities”

