Southwark Industrial & Warehousing Land Study

Business Engagement Workshop
Agenda

• Welcome and introductions

• GVA presentation

• Roundtable discussion

• Any other business

• Close
Purpose of the Workshop

• Explain the purpose of the Study and why it is needed

• Provide an overview of the emerging findings and themes

• Test our understanding of Southwark as a business location

• Provide you with the opportunity to
  - Inform the Study
  - Highlight the strengths and weaknesses of the borough
  - Influence future policy decisions
**Context**

- Nature of ‘industrial activity changing
- Central London is growing – gross and as a share of London economy
- Needs to be serviced, but creates pressure on service areas
- Major schemes and rising values displacing businesses and demand from around the core
- Southwark serves central London and outer London
- Highly dynamic context
Why is this Study Needed?

• **Nature of occupiers changing**
  - Noticeable shift away from ‘traditional’ sectors
  - Have different needs and requirement

• **LB Southwark seeking to understand current dynamics better**
  - Stock needs
  - Infrastructure
  - Business types and needs
  - Business ‘reach’

• **Understand the barriers, challenges & opportunities for businesses**
  - Land competition – other uses
  - Attractiveness to businesses
  - ‘Non-b’ encroachment

• **Basis for future policy**
Study Approach

- Market baseline
  - Property market data
  - Values, activity
  - Agent consultation

- Land and premises review
  - Desktop review
  - Site surveys

- Business view
  - Survey
  - Business workshop

- Recommendations
  - Role and function across Borough
  - Future needs
  - Supply chains and linkages
Property Market Activity - Demand

- **Demand Drivers**
  - Driven from other areas e.g. Nine Elms
  - Requirement is for quality
  - Important to deliver the right stock in the right place
  - Local authority a key influence

- **Clear ‘recession’ impact**
  - Declining transactions level
  - Declining values

- **Recovery in gross floorspace**

- **Consistency in unit sizes**

- **Old Kent Road key focus – dominates market**
Occupiers and Activities

• Greater servicing role
  - London-wide ‘admin’
  - Central city services
  - Local service

• Clustering
  - Relatively ‘mixed areas’ but some evidence
    - Arts
    - Printing
    - ‘Distribution’

• Encroachment of non-B class
  - Places of worship
  - Leisure
  - Retail
Property Market Activity - Availability

• Supply
  - Old Kent Rd, Mandela is key component
  - Scarcity of larger units
  - Lack of space for development
  - Quality is considered to be poor
  - Constrained by access

• Purpose built
  - High proportion are lower quality
  - Little new development
  - Low B8 provision

• Arches
  - Key stock supply
  - Mixed quality

• Low supply of large units

• High supply of very small
Stock Supply and Quality

• Limited stock investment
  - Low rate of return
  - Affecting quality
    ▪ Refurbishment
    ▪ Redevelopment

• Residential development challenging sites
  - Land value pressure
  - Conflicting uses
  - Hours of operation

• Access
  - Density of residential development
  - Routes to trunk roads
  - Quality of roads
Property Market Conclusions

• Market Overview
  – Not a ‘major’ industrial location
  – Constrained by access
  – Sub-areas play different roles

• Changing focus
  – Arts/creative uses
  – Service function
  – Greater ‘office’ component

• The future?
  – Losing the ‘quirky’ spaces that encourage new uses
  – Residual is not fit for purpose
  – Access and loading key issues
  – Perception of wider area – safety and security
Southwark as a Business Base

- Stable Core Occupier Base
  - Long term commitments
  - Locally operated business
  - Majority from Southwark or other London Boroughs
  - Low level of planned relocations

- Reported Advantages
  - Access to markets
  - Transport links
  - Cost
  - Proximity to staff

- Reported Disadvantages
  - Congestion
  - Business rate costs
  - Lack of space to grow
  - Energy costs
Business Prospects and Expectations

• Labour Force
  - Focus on SMEs
  - 40% based within Southwark
  - 33% in South East London
  - Predominantly lower skilled categories
  - Some recruitment issues – skilled/managerial
  - Skills shortages – literacy, ICT, management

• Business Prospects
  - Core market is Southwark and Central London
  - Some national coverage
  - No ‘exporting’
  - Supply chains not locally based

• Half expect to grow next 12 months
  - Not necessarily increase staffing
Core Messages

• Market is diverse
  - Central city facing – outer London facing
  - Requires different stock in different locations

• Attractive for ‘creative’ businesses
  - Moving from Hackney / Deptford
  - Live – work locally

• Significant employment contribution
  - Range of job roles
  - Strong link between business and location

• Remains a demand for ‘industrial’ stock
  - Not a major distribution location
  - Retaining ‘manufacturing’ activity
  - Attracting occupiers from other places

• Stock quality can be poor
  - Still meeting some business needs
  - Drives other uses in sites
Group Discussion – Southwark as a business location

• Does this reflect your experience of Southwark?

• If not, what are the key issues for your business in terms of:
  - Your decision to locate in Southwark
  - Your current premises
  - Your ability to recruit and retain staff
  - Your ability to access clients and markets
  - Future decisions on business location

• What impacts do new ‘types’ of occupiers have on Southwark’s industrial estates?

• What can support and encourage future economic growth in Southwark?

• What will limit growth?