

South London Partnership Office Capacity Study (23/6)

**Geoff Marsh
Damian Harrington**

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EXECUTIVE SUMMARY

This study examines the supply and demand for office accommodation in the seven South London Partnership (SLP) boroughs. The University of Kingston (UoK) analysed demand, primarily through surveys of occupiers, agents, and economic promotion agencies. London Property Research (LPR) undertook the supply side data collection and analysis, focussing on:

- Office space currently available for letting and under construction.
- The planning pipeline, comprising unimplemented permissions for B1, including light industrial and planning applications awaiting determination.
- Other potential office development sites, identified by virtue of UDP designations, relevant published reports (Arup), analysis of development trends, and LPR's market knowledge and site visits.

The backdrop to the study is the draft London Plan, and whether its employment policies are likely to enable the SLP boroughs to achieve their employment growth potential, consistent with broader policies to promote sustainable economic growth.

The University of Kingston has found that, despite widely varying economic circumstances both within and between the seven boroughs, some remarkably consistent findings have emerged.

Large Occupiers – Over 250 Staff

With the exception of Croydon, the demand for offices from large occupiers with more than 250 staff, requiring in excess of 50,000 sq ft is very weak. There are a few examples of locally based firms relocating out of London to the Home Counties, but this is not a major trend at present. Equally, and again with the exception of Croydon, there is very little evidence of firms based in central London seeking to decentralise to the SLP area.

“Small and Medium Sized Enterprises” – SMEs

In contrast to large office occupiers, the SME sector is very buoyant. These firms undertake a very wide range of activities, some of a traditional office nature, others based around studio or workshop type activities. The conventional office stock is frequently seen as unsuited to the needs of these very dynamic businesses, by virtue of cost, inflexibility of tenure, and lack of suitable small units under 1,000 sq ft. Business centres offering flexible space specifically to meet the needs of the SME sector are flourishing, typically in out of town centre locations, and relying on car based access.

Strengths of South London as an Office Location

- Proximity to high value residential locations – making it attractive for owner managers and senior directors who drive to work.
- Good pool of “routine labour”, further improved since completion of Tramlink.
- Good public transport to central London and road access to M25
- Availability of business centres offering flexible occupancy for SMEs.

Weaknesses of South London as an Office Location

- Traffic congestion and difficult parking.
- Many town centres and industrial estate locations present a very poor image, making companies reluctant to invite clients to their offices.
- Difficulties attracting ambitious staff, who are more inclined towards central London, offering higher pay, brighter lights, better career prospects
- Office costs for SMEs quite high

The London Property Research findings may be summarised as follows.

Profile of Available Space

Supply is adequate for current demand in statistical terms, but not in a qualitative sense. In terms of the most buoyant demand sector, the SMEs, the conventional letting market frequently offers the "Wrong Sort of Space". In terms of larger occupiers, there is only one building available over 100,000 sq ft, which amounts to "no choice". There is in fact very little choice for any size band in excess of 25,000 sq ft. Insofar as major users tend to require brand new of Grade A space, the SLP boroughs simply cannot deliver.

In terms of general quality of space and costs, the picture is mixed. Although south London does seem to have an image of "60s crap", and there's plenty of it about, as a prevailing image it's unfair. Far more common is solid and respectable 1970s and 1980s "institutional space", well maintained, and of well mannered design. About 40% of available space we have categorised as Grade B, which is efficient and functional. Most of the balance is Grade C. Apart from in the LB of Wandsworth, there is less than 100,000 sq ft of new office space under construction. Much of the Grade B space is available at around £15 per sq ft, significantly less than in the late 1980s. Although rental levels should not be a deterrent to most established occupiers, inflexible lease structures, typically still offered on "Full Repairing and Insuring" (FRI) terms are a major turn off.

Profile of the Planning Pipeline

The current planning pipeline wholly inadequate to meet any sustained revival in demand. The Table illustrates that the current planning pipeline (column 4) is inadequate to meet the (modest) FBS employment projections for each SLP borough in the dLP. It could be argued that the current low level of permitted offices doesn't matter, since there 12 years or so to "catch up". This argument is not in our view a robust approach to planning for employment growth. First, in central London, the office development pipeline is already large enough to meet projected demand to 2016. Second, the lack of "oven ready" office permissions means that the SLP boroughs are unable to respond positively to major occupiers who might at any time be looking for "build to suit".

Comparison of Draft London Plan FBS Projections and Office Development Capacity					
	DLP FBS Forecast On 70:30 Basis	Implied Office Space Requirement Deriving from dLP Net Sq Ft	Offices gain to Stock from Schemes UC, Permissions and Applications	Pre-Application Development Capacity – GLA (Optimistic) Demand Scenario	Comment on dLP FBS Forecast
Bromley	3,509	614,000	100,000	700,000	About right
Croydon	6,334	1,108,000	1,500,000	2,000,000	Far too low
Sutton	3,161	553,000	100,000	400,000	About right
Merton	3,856	675,000	350,000	1,000,000	Too low
Wandsworth	4,906	859,000	900,000	1,000,000	Far too low
Richmond	2,887	505,000	200,000	500,000	About right
Kingston	3,010	527,000	100,000	400,000	Aboutright

Column 5 shows that, in our opinion, there is a significant volume of development potential over and above the current planning pipeline. The development potential shown in column 5 is based on our own assessment of employment potential and development potential, assuming that the dLP's projection of 463,000 additional FBS jobs is robust. There are however serious obstacles to releasing that development potential.

Competition for Land Between Employment and Residential Uses

This is probably the biggest single issue facing the planners at the present time. All the SLP boroughs are under pressure from residential to replace employment uses, both office and industrial. In terms of offices, the pressure is both for conversion of existing office buildings, and redevelopment of sites with permission for offices to become wholly or partly residential. In terms of industrial land, the Housebuilders Federation has been waging an intense lobbying campaign to ease or remove policies which protect industrial land.

This debate is frequently couched as an “either or” situation for the planners to resolve – jobs or housing. There is increasing evidence that a mixed-use approach can deliver a “win win” outcome for both the LPA and the developer. In outer London centres, “high rise” living has become fashionable, a trend residential developers are keen to cash in on. New residential development can be highly influential in kick starting the regeneration of outer London town centres, both in a functional and image sense. New residential development in town centres will be able to provide a worthwhile proportion of office space, subject to the requirement for affordable housing.

The redevelopment of industrial estates for housing is more controversial. It is our strongly held view, based on various consultancy assignments we are currently undertaking, that non-strategic industrial sites, not protected by the UDP, do lend themselves to the win win outcome and more homes and more jobs. Many of these estates, described in the report as “scruffy, small scale in primarily residential neighbourhoods” are massively under-used, support far fewer jobs than the land potential, and detract from residential amenity. Residential led redevelopment, required to incorporate new B1 space which ensures an increase in actual employment on the site

is entirely feasible in market terms. Furthermore, the B1 space could be conditioned to made available to SMEs on the kind of flexible terms which are in such short supply.

(RB Kingston are not at all happy with this reference to residential led redevelopment of non-strategic industrial estates. We have limited industrial sites in the borough, a number of local companies looking to expand and one of the main factors why development hasn't taken place in a "scruffy" area like St John's is that developers have been seeking retail-led redevelopment. This has been successfully refused and we are now hopeful of getting an entirely business/industrial based scheme coming forward. Any suggestion that we might be looking for residential-led redevelopment in such areas would inevitably result in what has happened on most other small redevelopment sites in the borough – primarily residential development and the inability to accommodate our indigenous expanding SMEs and the many service industries (like garage repairs, distribution depots) that require industrial type settings. If you really feel the residential-led approach is appropriate please make it clear that this isn't necessarily the case across the patch and especially in areas such as RB Kingston where employment land is tight and demand is still reasonably buoyant.)

How Can SLP Boroughs Compete for Office Employment With M25 Towns, and India? The Role of Information.

At the end of the day, the only effective way to compete is to have a better offer – more cost effective staff, more flexible and efficient buildings, better transport, more attractive town centres. This may sound like a glib and obvious statement. It is not meant to be. The debate around the future role of outer London town centres is not new, but it has been given greater impetus and urgency by the draft London Plan and the EiP. As close observers and participants at the EiP, we would be surprised if The Panel does not see fit to give the regeneration of outer London town centres much higher priority than has hitherto been the case. That will be an important opportunity for the local authorities and all the various stakeholders to grasp.

With regard to this study, the good news is we have been able to collect a great deal of office market data, in both a quantitative and qualitative sense. The less good news is that the four main market sources used, EGi, South London Business, ATIS and agents' web sites do not show a great deal of consistency. The fact that data on outer London offices is less reliable than for central London, and indeed competing locations in the Home Counties may well hinder south London's ability to compete for occupiers. An enhanced service from South London Business **(and Kingston University's Centre for Economic Research and Intelligence)** may well be the appropriate way forward.

Will the draft London Plan Help or Hinder?

At the technical level, the draft London Plan could certainly do a bit more to promote employment in SLP boroughs, especially in Croydon and Wandsworth. However, we regard this as a relatively minor issue, unlikely on its own to harm SLP borough economies. Far more important is the fact that outer London in general, including south London has been seeing a slow, but corrosive decline in its office based economy. Rents are generally too low to support new office development, and the traditional institutional investment market has largely given up hope of any revival. That is a formula for economic decline and increasing physical shabbiness.

The dLP is the single most important opportunity for outer London to make its voice heard, and ensure that central London and the Thames gateway does not grab all the

attention and new infrastructure. We stated in our first presentation to SLP representatives on June 11th that it will be possible to:

“Regenerate outer London town centre, through mixed-use (residential led) development, which in effect cross subsidise offices until such time as the town centres once again become attractive and self-sustaining office centres”.

We stick by that assertion.

SLP Preliminary Findings (Mon 23/6/03) 41,080

1.0 INTRODUCTION

1.1 Project Brief

There are two possible ways to describe the brief. One is to go into quite a long description of the possible strengths and weaknesses of the office markets in the seven South London Partnership boroughs, and how the planning system might best respond to the problems and opportunities. This is the approach taken in our submission letter of January 30th, reproduced at the end of this report as Appendix 1

The second approach is to say that the SLP boroughs believe that they have got a raw deal from the draft London Plan. The projections for Financial and Business Services employment growth in the SLP boroughs are far below the levels which could be achieved with a pro-active planning regime. As it stands, the “low” growth allocations for SLP boroughs might not only constrain employment growth, but the wider allocation of resources, for transport, social and community infrastructure.

Following on from the Examination in Public into the Draft London Plan, where the problems and challenges facing outer London in general and town centres in particular featured prominently, we have positioned this report more as a “challenges and opportunities” review, than as a technical piece of work seeking to “unpick” the draft London Plan’s employment projections. We have however attempted to produce a data rich report, which will contribute to any debate about employment projections. Above all, we are seeking to establish whether commercial office property markets are working efficiently in the SLP boroughs, and whether current and potential future planning policies are helping or hindering efficient development markets.

1.2 Methodology

The project specification requires data to be collected as summarised below:

- An analysis of vacant stock.
- Analysis of office developments under construction.
- Office permissions granted, construction not started, and planning applications awaiting determination.
- UDP designations and submissions by the SLP boroughs to the recent draft London Plan Examination in Public (EiP).
- Sites currently in industrial use where there may be scope for offices, either as pure commercial schemes, or as part of mixed-use redevelopment including residential and or other non commercial uses.

In order to collect this wide range of data, we have relied both on market data, starting with on-line sources, and on local planning authority data and site visits for future potential development.

In the first instance, we have relied on EGI Property Link, the most widely used on-line listings service. EGIPL has then been supplemented by searching the web sites of the most active local agents. In addition, since February 2003 we have collected the brochures which are circulated on a daily basis within the agent community. We have also used the on-line “Commercial Property Database” service, provided by South London Business, which we have found to be most helpful. ATIS Real Weatheralls have kindly provided their in-house register of available office space in the study area.

The good news is we have been able to collect a great deal of office market data, in both a quantitative and qualitative sense. The less good news is that the four main market sources referred to do not show a great deal of consistency. The fact that data on outer London offices is less reliable than for central London, and indeed competing locations in the Home Counties may well hinder south London's ability to compete for occupiers.

For non-market sources we have relied on Local Authority "issue notes", such as Patricia Cahalane's very helpful January 2003 report on the Croydon office market, Unitary Development Plans, published surveys in the Estates Gazette, Property Week etc, and site visits. We consider the site visits to be of particular importance, given the widespread belief that (several of) the SLP boroughs' office markets suffer from an image problem, which must in large part reflect the visual appearance and local setting of office buildings which are available for letting.

On the basis of our extensive site visits to all seven SLP boroughs, we have concluded that in the short to medium term, say up to 2008, there are three potential sources of pure new office space (B1a) in the SLP boroughs. These are:

- Redevelopment of existing office buildings, primarily in established town centres. The land capacity is certainly there, demand is another issue. Tired or redundant office buildings are under significant pressure for change of use to residential.
- Intensification of under-used commercial sites, typically single storey commercial buildings in edge of town centre locations, probably through mixed-use redevelopment.
- Redevelopment of non-strategic industrial estates, in primarily residential settings, where mixed use development for primarily residential, but retaining existing employment capacity is feasible.

If we expand the definition of "office" employment to include light industrial, R & D and even "quiet manufacturing", then the development potential is likely to go up significantly, including in the short-term, despite depressed demand for offices generally in London.

In the longer-term, there may be scope for large scale office development:

- On airspace above and adjoining railway stations and their car parks, but only at the busiest stations, such as East Croydon, Bromley South and Surbiton
- Trough redevelopment of a very limited number of industrial estates, to provide mid urban business parks along the lines of Chiswick Park, albeit these would require high parking provision to succeed.

This longer-term large scale potential can only be realised if two pre-conditions apply.

First, outer London generally and south London in particular reinvents itself as a generic location where large scale occupiers wish to locate. The draft London Plan (and EiP proceedings) imply that this is not currently the case, except for car based business parks along the M4 corridor. Second, London as a city does indeed achieve the scale of FBS employment growth envisaged in the draft London Plan, so that central areas are sufficiently overheated in terms of both property costs and staff shortages to make alternative locations interesting.

Although we are anxious to avoid this study becoming a tool for adversarial debate between the SLP boroughs and the GLA (which is an important client of LPR!) it is necessary to have a benchmark against which to set the office development capacity of each borough. Table 1 shows the FBS employment projections for each London borough, with SLP boroughs highlighted.

For each SLP borough, we compare our assessment of office development capacity, with the projected FBS employment growth, as derived by Roger Tym, relying on their 70:30

methodology, whereby 70% of FBS employment growth is based on development capacity, and 30% on local economic trends. We recognise that the South London Partnership is not happy with the 70:30 methodology, but in the first instance, we believe it is the correct starting point for the analysis of office development potential. A recurring theme at the recent draft London Plan Examination in Public (EiP) was the desirability of matching employment growth to population growth, to reduce the need for residents of outer London to commute. Table 1.1 shows that employment projections for the SLP boroughs envisage a growth of 27,000 FBS jobs by 2016, 6% of the total for the whole of London. In 2001, the SLP boroughs accounted for 22% of London's population.

Table 1.1 – Borough Projections For Financial & Business Services Employment 2001-2016

Borough	2001	2006	2011	2016	Change 2001-2016	Change 2001-2016 %
<i>Central London – Camden</i>	77,718	84,009	89,781	96,057	18,339	23.6%
<i>Central London – Hackney</i>	22,629	24,603	26,900	28,736	6,107	27.0%
<i>Central London – Kensington & Chelsea</i>	4,068	4,241	4,400	4,547	479	11.8%
<i>Central London – Lambeth</i>	15,196	17,211	20,262	24,217	9,021	59.4%
<i>Central London – Southwark</i>	31,188	33,704	42,812	49,800	18,612	59.7%
<i>Central London – Westminster</i>	155,803	171,188	186,296	199,694	43,891	28.2%
<i>Central London - Tower Hamlets</i>	20,242	25,644	29,598	34,671	14,429	71.3%
<i>Isle of Dogs</i>	30,084	58,948	79,793	97,778	67,693	225.0%
<i>Rest of Tower Hamlets</i>	8,375	9,064	9,635	13,002	4,627	55.2%
<i>Rest of Camden</i>	19,634	20,801	22,313	26,875	7,241	36.9%
<i>Rest of Hackney</i>	11,550	12,468	14,255	15,690	4,140	35.8%
<i>Rest of Kensington & Chelsea</i>	29,953	31,517	32,930	34,249	4,296	14.3%
<i>Rest of Lambeth</i>	24,882	26,214	27,416	28,546	3,664	14.7%
<i>Rest of Southwark</i>	22,596	23,617	25,432	26,986	4,390	19.4%
<i>Rest of Westminster</i>	76,687	80,846	86,601	91,552	14,865	19.4%
<i>Tower Hamlets</i>	58,701	93,656	119,025	145,451	86,750	147.8%
<i>City</i>	226,970	263,917	291,648	313,089	86,118	37.9%
<i>Westminster</i>	232,489	252,034	273,112	291,620	59,130	25.4%
<i>Camden</i>	97,352	104,810	112,094	122,932	25,581	26.3%
<i>Southwark</i>	53,784	57,321	68,244	76,786	23,002	42.8%
<i>Newham</i>	18,389	21,570	30,237	36,820	18,432	100.2%
<i>Hounslow</i>	43,167	49,634	54,644	58,751	15,583	36.1%
<i>Hillingdon</i>	34,473	36,919	41,815	47,268	12,796	37.1%
<i>Lambeth</i>	40,078	43,425	47,678	52,763	12,685	31.7%
<i>Islington</i>	61,221	65,744	69,605	73,049	11,828	19.3%
<i>Hammersmith and Fulham</i>	32,266	36,549	39,913	43,857	11,591	35.9%
<i>Hackney</i>	34,178	37,072	41,155	44,426	10,248	30.0%
<i>Brent</i>	21,525	24,558	27,320	30,379	8,854	41.1%
<i>Greenwich</i>	20,012	21,732	23,779	28,497	8,486	42.4%
<i>Ealing</i>	33,896	36,454	39,182	42,329	8,433	24.9%
Croydon	39,305	41,725	43,802	45,639	6,334	16.1%
<i>Barnet</i>	32,242	33,410	35,490	37,316	5,074	15.7%
Wandsworth	32,172	33,961	35,387	37,079	4,906	15.2%
<i>Kensington & Chelsea</i>	34,021	35,758	37,330	38,796	4,775	14.0%
<i>Enfield</i>	21,394	22,822	24,027	26,111	4,717	22.0%
<i>Bexley</i>	12,934	14,444	15,635	17,514	4,581	35.4%
Merton	23,745	25,050	26,388	27,600	3,856	16.2%
<i>Lewisham</i>	16,677	18,108	19,284	20,297	3,620	21.7%
Bromley	27,943	29,215	30,376	31,452	3,509	12.6%
<i>Haringey</i>	13,410	14,137	15,409	16,617	3,208	23.9%
Sutton	17,425	18,236	19,504	20,586	3,161	18.1%
Kingston upon Thames	23,464	24,454	25,492	26,474	3,010	12.8%
Richmond upon Thames	23,717	24,724	25,679	26,603	2,887	12.2%
<i>Harrow</i>	19,995	20,733	21,699	22,672	2,676	13.4%
<i>Redbridge</i>	19,591	20,346	21,074	21,853	2,262	11.5%
<i> Havering</i>	16,501	17,192	17,865	18,490	1,989	12.1%
<i>Waltham Forest</i>	11,950	12,502	13,013	13,499	1,549	13.0%
<i>Barking and Dagenham</i>	7,345	7,788	8,310	8,758	1,412	19.2%
London	1,402,333	1,560,000	1,715,000	1,865,000	462,667	33.0%

Source: Roger Tym & Partners (NB: sub borough areas in *italics*)

Each borough is analysed as follows:

- **Market Background** - A short review of key office market trends and events, relying primarily on an archive search from the Estates gazette, going back to January 2000, including recorded lettings.
- **University of Kingston Analysis of Demand** - A much more detailed summary of the findings of the University of Kingston's demand survey, based on interviews with agents, a wide range of occupiers, operators of business centres catering for small and medium sized enterprises (SME) and business promotion agencies.
- **Current Availability of Offices** - A listing of individual office units available for letting or sale, showing size, specification and asking price, graded as Class A, B and C quality space. More detailed information, including photographs and pictures of the larger units is presented in Appendices. This section also includes developments under construction.
- **The Planning Pipeline** - We rely in the first instance on the London Development Monitoring System (LDMS – now part of the GLA) data for all B1 permissions granted since 1/1/1998. Over 90% of the sites listed by LDMS have been visited to check on implementation, and type of development. LDMS planning data is then supplemented by our in-house data.
- **Pre-Application Development Capacity** - This includes UDP proposal map sites, but more importantly, opportunities identified through site visits and market knowledge.

The data presented is very much in raw form, and we would welcome the opportunity to check it for accuracy and omissions with the respective boroughs.

Our definitions of Grade A, B and C are as follows:

Grade A: Built post 1988, air conditioned (AC), efficient floorplate, prestige entrance lobby.

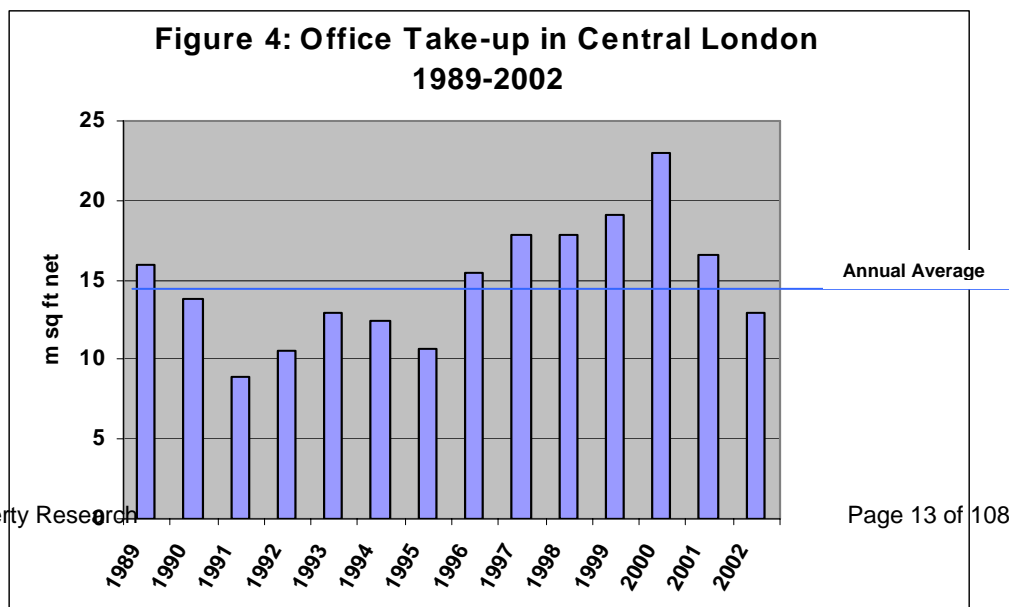
Grade B: Non AC, but with raised floors or suspended ceilings, respectable entrance lobby.

Grade C: Purpose built offices, not meeting criteria for Grades A and B.

Again, these gradings are of necessity somewhat impressionistic in terms of individual buildings or indeed floors, but across the board, we are satisfied that the big picture which emerges is accurate.

1.3 The London Wide Market Background

In briefly reviewing office market conditions in the SLP boroughs, our emphasis is both short-term and longer-term. We do not believe it is sensible to ignore short-term market conditions, even though this study is looking at office development capacity over the next 10 to 15 years. Figure 1 illustrates that the central London office market is in effect in recession, with take-up in 2002 below the long-run average for the first time since 1995.



It is not possible to reproduce this graph for outer London boroughs, since those surveys of outer London which do exist, such as the Knight Frank and CB Hillier Parker surveys do not provide comprehensive coverage of all outer London boroughs. Indeed, these surveys concentrate on “M25” locations, which are generally seen as more exciting than outer London town centres by the big commercial agents based in the West End and City of London. In the absence of reliable demand data for large parts of outer London, it is not possible to set in place “office market benchmarks” which the GLA has initiated for central London (See GLA 2001 Report Office Market Benchmarks). Without equivalent benchmarks for outer London, the “Plan Monitor Manage” approach to development plan making and implementation is clearly much more difficult to attempt.

Even without decent demand data, it is well known that outer London offices have under-performed central area offices for many years. In our recent report to the GLA, “London Office Policy Review 2002”, we stated:

“There is widely perceived to be an image problem for many, if not most outer London town centre office markets, most notably Croydon. Although Croydon’s image problem gets the most publicity, that’s only because it’s the largest and most important outer London office centre. Many outer London town centres and other off-pitch “High Street” office locations have equally if not more visually challenged office stock. Is the image issue primarily a visual and “presentation” problem, or does it reflect more structural and fundamental problems, which cannot be tackled through public relations and largely cosmetic urban “treatments”?

We suspect that the image problem has now become a structural economic problem, creating a spiral of decline. It may be that when centres like Croydon and Sutton and Harrow enjoyed their office development “heyday” in the 1960s and 1970s, London as a city had a far more suburban culture. Now the business culture of London is very urban. In our view, only a handful of outer London town centres, with the potential for critical mass, excellent transport and urban style, will be able to reverse this decline, through market led office development”t.

It used to be that one of the main competitive advantages enjoyed by outer London was the much lower cost of office property than in central London. Even this advantage has been seriously eroded by the current recession in the London office market.

Table 1.2 shows examples of “cheap and cheerful office space in central London at end 2003. The rents shown set an important backdrop against which to set current rents in outer London, shown subsequently for each SLP borough.

Address	Location	Space Available sq ft net	Specification and “Style”	Asking Rent	Comment
11 Fashion Street, E1	City Fringe	6,000	Fully refurbished, loft-style	19.00	Fully refurbished offices in Spitalfields, a location to which the City is advancing
3 Harbour Exchange Square, E14	Docklands	16,749	Air-conditioned Grade A 1980s	27.50	1980s offices in a 1 m sq ft self-contained complex with blue glass cladding, shops, the lot (space available as low as £18 psf in other units)
The Isis Building, 193 Marsh Wall, E14	Docklands	15,005	Air-conditioned 1980s offices	14.68	Grade A 1980s offices, where rents were £22.80 when first let in early 1990s
1 West Smithfield, EC1	City Fringe	8,977	Raised floors, comfort cooling	26.00	Newly refurbished offices in mixed-use residential scheme

Table 1.2 - "Cheap and Cheerful" Office Space Available in Central London at End 2002

Address	Location	Space Available sq ft net	Specification and "Style"	Asking Rent	Comment
207 Old Street, EC1	City Fringe	114,679	Air-conditioned offices refurbished in last ten years	17.00	Prominent mirror glass –clad office building available from BT, bang on Old Street roundabout
15 Bonhill Street, EC2	City Fringe	62,732	Air-conditioned, refurbished	29.50-30.00	Newly reconstructed 1950s offices in northern City Fringe
27-28 Throgmorton Street, EC2	City	10,140	Central heating, comfort cooling	25.00	Cost effective offices in the shadow of the Bank
4 Crosby Square, EC3	City	17,890	Air conditioned, raised floors	24.00	1980s refurbished offices in the City Core
Sceptre Court, 40 Tower Hill, EC3	City	12,658	Air-conditioned, raised floors	29.50	1980s offices over-looking Tower of London in tasteful pink granite
30-31 Furnival Street, EC4	City	12,292	Underfloor trunking, comfort cooling	22.50	Newly refurbished self-contained office building
Walbrook House, 23-29 Wallbrook, EC4	City	9,655	Air-conditioned, raised floors	20.00	Pending redevelopment, with landlord's break on 9 months notice
250 Euston Road, NW1	West End	145,303	Air-conditioned, raised floors	24.00	Blue mirror-glass clad offices from early 1980s, surplus to the Pru
Carriage Row, 183 Eversholt Street, NW1	West End Fringe	9,849	Central heating, comfort cooling	17.50	Refurbished in late 1980s, Victorian railway offices
The Waterloo Centre, Elizabeth House, York Road, SZE1	South Bank	8,204	Air-conditioned, but funky	16.50	Short-term but decent quality space available pending long-awaited redevelopment
1 America Street, SE1	South Bank	25,575	Central heating	8.00	Short-term pending redevelopment, very cheap and cheerful
1 London Bridge, SE1	South Bank	140,080	Air-conditioned, raised floors	29.00	Quality 1980s space on south side of London Bridge
Buchanan House, 3 St James's Square, SW1	West End	8,905	Air-conditioned, raised floors	30.00	Cost effective space in 1980s refurbishment in one of London's rental hot spots
Sullivan House, 4 Grosvenor Gardens, SW1	West End	13,014	Air-conditioned, underfloor trunking	24.81	Self-contained period building
Berkeley Square House, Berkeley Square, W1	West End	10,160	Air-conditioned, raised floors	30.00	Cost effective space in one of the West End's best known buildings and Super Prime location
The Quadrangle, 180 Wardour Street, W1	West End	6,286	Air-conditioned	25.00	1980s refurbishment on south side of Oxford Street
Fairfax House, Fulwood Place, WC1	Mid Town	31,624	Central heating, underfloor trunking	27.00	Cost effective space in Holborn
1 Kingsway, WC2	Mid Town	10,441	Central heating, trunking	17.00	Short lease, redevelopment site

Source: EGi London Property Research (From London Office Policy Review 2002)

The general weakness of the office market in most if not all of the SLP boroughs is creating significant pressures for “change of use” from office land and buildings to residential. This pressure manifests itself in three main ways:

- Planning applications for conversion of existing office buildings to either pure residential, or primarily residential with some commercial space retained on ground and or lower floors.
- Planning applications to develop sites which previously had a permission for office development being subject to primarily residential proposals.
- Land in commercial or office use, without any planning permission, which might previously been considered a candidate for office or commercial redevelopment now being subject to residential applications.

These short-term development pressures are, by definition, reducing the longer-term development capacity in the respective boroughs. A key aspect of this research is decide whether today’s decision to “release” office land and buildings to residential or other uses will significantly inhibit employment growth in future. In forming our opinions of future office development viability, we consider that short-term market conditions remain a good guide to the future, despite the current office market recession.

2.0 London Borough of Croydon

2.1 Market Background

There is no need here to review in any detail the history of Croydon as outer London's largest and best known office market. The creation of Croydon as a "mini Manhattan" was largely a local authority inspired vision in the 1960s, which came to fruition. New office development, including very high quality large scale buildings continued intermittently until the early 1990s, when "Prospect West", 85 Wellesley Road and the Lansdowne Building were completed. Since then, the story has been generally disappointing. Although demand has been steady, rents have slid back to mid 1980s levels, and there has been virtually no brand new office development in central Croydon or elsewhere in the borough. Croydon epitomises the challenges facing most if not all outer London town centres in terms of office employment and development, issues which attracted considerable attention at the recent EiP into the draft London Plan.

The London Borough of Croydon recognises that a new vision is needed, and Vision 20/20, launched in 1999, reflects the commitment which LBC has to promoting Croydon as an expanding 21st century office centre, able to compete for a wider range of occupiers, not just on the basis of price, but all round attractiveness as a business location. In terms of the potential for new development, the Croydon office market is perhaps best described as a conundrum:

- According to Patricia Cahalane's very useful note of 21/1/2003, there is genuine demand for large scale new office space, from both existing and incoming occupiers.
- This demand cannot be accommodated, because there are no new buildings available, either for immediate occupation, or on a realistic pre-let basis.
- There is plenty of land in central Croydon highly suitable for office development, but few if any "over ready" permissions.

The underlying reason for the conundrum is low rents, insufficient to generate speculative new development.

The most prestigious letting achieved in Croydon in recent times was 65,000 sq ft to Merrill Lynch, at the Lansdowne Building. Reported rent passing was £15.80 psf, on three eighteen year leases, with break clauses in 2008. Merrill uses the space as the regional support headquarters for its International Private Client Group. The highest reported recent rent was £20 per sq ft, paid in late 2001 (?) by the Home Office for "Metro Point", 49 Sydenham Road, a 40,500 sq ft refurbishment by Taylor Woodrow. Demand has been underwritten by The Home Office in recent years, to the extent that it now occupies over 1 million sq ft in central Croydon in 14 buildings. This is both a strength and a weakness. It is a strength in terms of office demand and employment. It is a weakness in terms of image, and the possibility, reported in the press on (date) that the Home office was considering a new 250,000 central London building to accommodate some of the Asylum Act functions currently undertaken in Croydon.

2.2 University of Kingston Demand Analysis (Written Entirely by UoK)

As stated by Croydon Marketing and Development Ltd:

"Plans for maintaining Croydon's lead as a major international business centre into the new century are already well advanced through Vision 2020, a masterplan to guide, influence and promote the development of the town centre.

The Vision 2020 masterplan sets out the next stage in Croydon's evolution, establishing ambitious aspirations for the Town Centre over the next 20 years. The main thrust of Vision 2020 is to develop Croydon as a modern 'lifestyle centre' offering a diverse range

of town centre activities. This will involve developing the 24-hour economy, encouraging mixed-use sites, ensuring a modern transport system and providing high-quality open spaces.”

As with other locations in south London, particularly Sutton, there are always different perspectives depending on whether the viewpoint is internal or external. From the point of view of Croydon Marketing and Development Ltd, the area has performed well over the last five years attracting key investments from both the public and private sectors. Whereas, from the point of view of key London agents, “it is a budget place”. Up until March of this year the development and investment facts clearly revealed a steady growth in the location as a key office location, very much based on relocations out the central London over the past growth period, and the consolidation of firm operations within the area.

Throughout the 1990s there was a growth period – companies like Direct Line and BT saw the place as a significant location. Since communications have been boosted by Tramlink other firms/operators moved in Merrill Lynch, Mourant, Utell, Inland Revenue, and above all the Home Office. Utell moved from Sutton and now has its European HQ and call centre based in Croydon. Merrill Lynch brought in 350 jobs from the City and whilst covers back office issues, very high skilled, highly paid workers.

The job growth in the area has been far more than predicted and this has occurred in a time of relative economic uncertainty. This has fed the local economy in an upward spiral – with a demand for bars, restaurants, hotels, conference venues – Nandos, Tiger Tiger, Jury’s Inn. There has been a trebling of licenced premises over the last eight years.

In addition there has also been some international inward investment through London First but mainly for small scale operations.

“The key drivers for this demand are the accessibility and labour market catchment areas, over 2 million people within half an hours travel time.”

The interest, as indicated, has come from the City and the West End and is still there. But the area is hampered by poor 1960s and 1970s office stock in comparison and as the rents are low there is no speculative development occurring. Developers are looking for prices to reach the magic £25 sq ft price before they will consider development.

The Croydon commercial property market recorded a take up figure of approximately 14,000 sq.m. in the first quarter of 2002. This figure represents almost 80% of the entire take up of 2001 and represents a return to the record levels seen in 2000. This resurgence has been headed by the Home Office leasing approximately 1 million sq.ft of space in Croydon. **(This latter figure needs clarifying – GM)**

From an agents point of view, the facts and figures are explained because Croydon is an atypical kind of place, that has done relatively well in the face of adversity over the past four years, when other areas such as the Golden Triangle and south of the M25 have witnessed a collapse in IT markets. This is because:

- The main attraction of Croydon is its accessibility both into London and also out of London onto the M25.
- The overheads are also relatively low compared to the West-End, Victoria (although rents in these central locations have reduced in the last two years). The overheads are also competitive compared to locations slightly further out – Redhill, Reigate, M25.
- Croydon is also close to the country so business people can live in rural areas and commute in a reasonable length of time.
- Croydon also has a large catchment area in terms of employees.

- In the last couple of years the main clients have been public sector institutions particularly the Home Office which has expanded dramatically, Railtrack and Go-ahead. Sectors which have grown in other areas such as IT have not got (never had) a strong presence in Croydon.
- Croydon has always attracted the 'back-office' operations of companies or organisations, particularly public sector departments who are decentralising from inner-London because they have no real need to have a presence in a more visible location.
- Croydon has never attracted the more 'sophisticated' industries such as media, marketing, IT etc
- Croydon does not attract large companies decentralising all operations, but rather institutions and organisations which are decentralising one or two departments.

So the economy is stable, cheap, flexible and very much reliant on back office type demand operations. However, this is very much a surface level interpretation of the local economy, which holds potentially a wide range of problems and opportunities within it.

From the serviced office operators point of view (dominated by Westmead Group and Regus), there is a buoyant SME market operating across the borough. Westmead have three locations in Croydon:

- Airport House 60,000 sq ft
- Challenge House 30,000 sq ft
- Wrencote House 3,000 sq ft semi serviced space

The present profile of 230 clients is extremely mixed and there are no dominant patterns, accountants, mortgage advisers, computer, IT and security firms. However, this has changed. Three to four years ago the serviced office market was dominated by the IT and internet business, however this has declined quite dramatically.

They remain competitive because they offer a low cost business solution, which is good quality and there is continual demand. The demand from existing clients is very significant, as some clients have stayed with them for 10 years (usual term for serviced office stay is 18 months). In some locations such as Challenge House their rates equate to £30 sq ft, but the services are estimated to be at least 50% of the cost, so this equates very favourably with other non-serviced sites. The business demand mostly comes from local operators, they have a couple of national operators in their units, but this is limited, as the largest unit size they have is 5000 sq ft. They have over 90% occupancy, never 100% as this would indicate a fault in pricing policy and would not provide the flexibility for businesses moving between units.

Regus, based in the centre of Croydon target a different market. They have 85% occupancy and deal with a large number of public sector operators, who do not want long-term risk. However this means they may move at relatively short notice and it is possible one of their clients will be leaving in the next 12 months.

The SME operations within the area cover a wide variety of very technical and skilled operations, not just back office operations, some of which are located in the town centre. TPS Consult employs 275 people based in Centre Tower, Whitgift Centre, covering architects and engineers. Apollo Enterprises Ltd, Pegasus International (UK) Ltd, and Jacobs Engineering U.K Ltd are also part of this cluster. EMAP Maclaren Ltd and Quantum Business Media Ltd are central organisations of a large publishing sector in the borough, occupying town centre locations in Scarbrook Road and High Street.

The biggest employers in the borough are Mondial Assistance (UK) Ltd and Utell, both call centre based operations that chose the location due to its catchment area for skilled staff (including language skills), communication links and value for money.

Manufacturing did decline during 1990s but has started to turn a corner, based on small scale operations, a Business Innovation Centre in Croydon and possibly the opportunity of a science park at Cane Hill in the south of the borough.

At the moment peaks rents are at £20 sq ft, during the 1980s they hit a high of £26.50 and did drop to a low of £15. The area competes on an international scale with other European locations, as indicated by the key companies in the location, BT, Direct Line, Nestle. From a business perspective the firms interviewed indicated a range of reason for their choice of location, including some negative issues:

“The location was not chosen, it was the result of a merger and one of the companies already had accommodation here. The lease is too expensive and when the 5 years is up we will consider a move. The location is good in terms of access, but can’t get professional staff to move here – they won’t come to Croydon, they stay in London where major competitors are. Its easy to get admin and office staff in the area.”

“The cost and communications are the most beneficial aspects of this site. There was no strategic decision to be here, a legacy issue. The communications are excellent for staff as most drive and the car parking is good. But the building and its image are poor and this affects staff. A real negative aspect of the site is being removed from core functions in London.”

“Contracts and market are the real reason we are here. We came here to get a market share and the catchment area is large. We would not move unless contract situation changed.”

“We stayed in the area because we asked our staff. We have been here for 10 years and owned the previous building. When we expanded we conducted a survey of our staff and it was very apparent they wanted to stay, and with a workforce of 500 this was significant.”

“If we were to move it would be out of the area, possibly Brighton, because staff travel in from Surrey and the commute would not be much different.”

“We came here from central London and we took over the whole building. We chose the area because of the excellent communications, rail is very important. The main problems are being located so far away from main production facilities in Yorkshire and car parking. We would not move, but maybe decentralise to accommodation and land the company already owns.”

In recent months the down turn in the economy, particularly the financial services has exposed Croydon as a marginal location within the London economy. Merrill Lynch has relocated their operations back to central London, not because of the location, which suited their requirements whilst they were expanding, but because of the downsizing of the operations. (This needs checking – GM) In addition, it is very apparent that the Home Office are looking to restructure their operations, under their ‘Regionalisation’ process. They are actively seeking large office premises in the western corridor and this will no doubt have a knock on effect in Croydon.

2.3 Current Office Availability

The stock of offices in the borough was 817,000 net sq metres, at 2000, according to the VOA. Within the borough, the main office centres are:

- Central Croydon – 475,639 net sq metres
- Cherry Orchard Road (in effect Central Croydon) – 22,565
- Coulsdon – 5,348
- Norbury – 26,405
- Purley – 9,205
- Thornton Heath 6,481
- Upper Norwood 5,882

According to LBC (Patricia Cahalane), the availability level at early 2003 was 55,276 net sq metres, or 600,000 net sq ft. Our own availability survey undertaken in April and May 2003 has identified over 1 million sq ft of available space, implying an availability rate of 12%, which would be in line with many office locations in central London. The discrepancy may arise because Patricia's data is for Croydon town centre, and the LPR data is for the whole borough.

For the purposes of the current analysis, we rely on the raw data shown in Table 2.1. Pictures of the available buildings, together with more detailed information on the asking rents and lease terms are presented in Appendix (Croydon 1)

Table 2.1 – Summary of Offices Availability in LB of Croydon at Q2 2003							
Unit Available	Location	Size	Type of Space				Asking Rent
			Net Sq Ft	New	Second Hand Grade A	Second Hand Grade B	
Under Construction at Q2 2003							
Point Central, 33 Dingwall Road	Croydon (Town Centre)	9,935					
Existing Stock Available for Letting							
Prospect West, 85 Wellesley Road	Croydon (Town Centre)	175,000		175,000			£17.50
Norfolk House, Wellesley Road	Croydon (Town Centre)	91,344				91,344	£16.50
Impact House, Dingwall Road	Croydon (Town Centre)	87,682				87,682	NQ
69, Park Lane	Croydon (Town Centre)	77,380		77,380			£15.75
Capella Court, Brighton Road	Purley (Out of Town)	71,190				71,190	NQ
Leon House, 201-204 High Street	Croydon (Town Centre)	53,087				53,087	£15
Park Place, High Street	Croydon (Town Centre)	42,431				42,431	NQ
Segas House, Katharine Street	Croydon (Town Centre)	31,605				31,605	£8

Table 2.1 – Summary of Offices Availability in LB of Croydon at Q2 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
The Philips Centre, 420-430 London Road,	Croydon (Out of Town)	29,672			29,672		£11
NLA Tower, 1 st , 4 th , 5 th and 16 th floors	Croydon (Town Centre)	28,880				28,880	£15
Shackleton Gate, 209 Purley Way	Croydon (Out of Town)	27,850			27,850		£16.88
11, Wellesley Road	Croydon (Town Centre)	27,730			27,730		£18
Carolyn House (Floors 8-11), Dingwall Road	Croydon (Town Centre)	25,361				25,361	£13.50
Suffolk House (part 1 st & 3 rd), George Street	Croydon (Town Centre)	24,037				24,037	£8
Knollys House, Cherry Orchard Road	Croydon (Town Centre)	24,000			24,000		TBD
Ambassador House, Brigstock Road,	Thornton Heath	20,170				20,170	£7.50
17, Landsdowne Road	Croydon (Town Centre)	19,400			19,400		£17
Ascom House, 7/8 Commerce Way	Croydon (Out of Town)	17,000	17,000				NQ
Waddon House (Floors 3-5), 283 Stafford Road	Croydon (Out of Town)	16,325				16,325	£7.43
Exchange Court, Bedford Park	Croydon (Town Centre)	16,325			16,325		£18.75
Park House, 22 Park Street	Croydon (Town Centre)	15,500 (E)				15,500	£19
14-32, High Street	Croydon (Town Centre)	10,000 (E)				10,000 (E)	TBD
AMP House (Floor 2), Dingwall Road	Croydon (Town Centre)	9,950				9,950	NQ

Table 2.1 – Summary of Offices Availability in LB of Croydon at Q2 2003							
Unit Available	Location	Size	Type of Space				Asking Rent
			Net Sq Ft	New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C
Jessop House, 100 Tamworth Road	Croydon (Town Centre)	9,235				9,235	£6.34
Floors 3-4, Sycamore House, London Road	Thornton Heath	9,140				9,140	£7
Melrose House, 42 Dingwall Road	Croydon (Town Centre)	8,755				8,755	TBD
St Matthews House, 99-100 George Street	Croydon (Town Centre)	8,500 (E)				8,500 (E)	TBD
26, Dingwall Road (Grouparmer House)	Croydon (Town Centre)	8,450				8,450	£13.86
Vistec House, 185 London Road	Croydon - West (Town Centre)	8,080				8,080	£8.50
Units A, B & F, Lombard Business Park, 20-26 Purley Way	Croydon (Out of Town)	6,808				6,808	£8.34
Simpson House (LG & G), 2-6 Cherry Orchard Road	Croydon (Town Centre)	6,666				6,666	£13.35
188-196, Canterbury Road	Croydon (Out of Town)	6,022				6,022	£10
188 Canterbury Road	Croydon (Out of Town)	6,021				6,021	£10
94, Park Lane	Croydon (Town Centre)	5,729				5,729	£15.75
Beech House, 840 Brighton Road	Purley (Town Centre)	5,305				5,305	TBD
23 & 27, Lower Coombe Street	Croydon (Town Centre)	3,951				3,951	£8.74
Rose House, 109 South End	Croydon - South (Edge Town Centre)	3,898				3,898	NQ
96, George Street	Croydon (Town)	3,489				3,489	NQ

Unit Available	Location	Size Net Sq Ft	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
	Centre)						
Park Lane (Park Street & High Street)	Croydon (Town Centre)	3,150				3,150	
164 Thornton Road	Croydon (Out of Town)	2,771			2,771		NQ
Unit 5, The Pavilions, Brighton Road	Croydon (Edge Town Centre)	2,720			2,720		£13.23
9-11, London Road	Croydon- West (Town Centre)	2,700				2,700	£5 (initial)
Lennig House, 2 Masons Avenue	Croydon (Town Centre)	2,640				2,640	NQ
Beddington Farm Road, off Purley Way	Croydon (Out of Town)	2,518				2,518	NQ
Nordic House, Cliff Road	Purley (Town Centre)	2,390			2,390		?
22, South End	Croydon (Edge Town Centre)	2,291				2,291	For Sale £450,000
6, Bedford Park	Croydon (Town Centre)	1,975			1,975		£14
1A Katharine Street	Croydon (Town Centre)	1,737				1,737	£8.63
Mercantile House, 30 Dingwall Road	Croydon (Town Centre)	1,650			1,650		NQ
59, Lower Addiscombe Road	Croydon (Edge Town Centre)	1,505				1,505	£10.63
Ruskin House, 23 Coombe Road (Park Lane)	Croydon (Edge Town Centre)	1,310			1,310		£20 (inc.)

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The main conclusions we would draw from Table 2.1 are:

- **Size band** – with the arrival on the market on Prospect West, 85 Wellesley Road, from BT, there is now a good quality building available at 175,000 sq ft, with five more units available of between 50,000 and 100,000 sq ft. With a steady supply of smaller units at all size bands down to 1,000 sq ft.

- **Quality** – Even taking account of Prospect House, there is nothing available which is less than 10 years old. Croydon is famous for its stock of tired 1960s and 1970s office buildings, which according to Cahalane comprise 68% of the total stock. Although we have classified most of the available stock as Grade C, in refurbished condition, individual floors in this era of building can provide efficient space, and there is a constant process of at least minor refurbishment in Croydon's older stock.
- **Image** – the overwhelming image is one of utilitarian office buildings, with little if anything of interest at street level to distract attention from the drab upper floors. Although the individual buildings present a poor image, in totality, central Croydon's office buildings do still generate a certain "awe" factor, if not much shock. Office buildings outside Croydon town centre, in places like Norbury, tend to present a particularly poor image, being prominent, as well as tired.
- **Location** – with the exception of Capella Court in Purley and the Phillips Centre, almost all of Croydon's available office stock is in central Croydon, which is clearly a major advantage in terms of accessibility to staff and visitors, and the business support infrastructure, which has much improved in the past couple of years. We have written in our London Office Policy Reviews over many years that Croydon's transport and business infrastructure makes it "a natural" to be London's most important outer London office location.
- **Prices and Lease Structures** – basically Croydon's offices are too cheap, with top rents for newly refurbished or Grade A second hand space at around £18 to £20psf. With top rents at this level, speculative development is not viable for mid or high rise office development in a central location. **Leases still to be analysed.**

In our opinion, the image problem is still a major factor in the failure of Croydon's office market to perform in line with its underlying potential.

Table 2.1 leads us to conclude that there is very substantial redevelopment potential from the existing office stock, and in particular the 1960s and 1970s buildings, which typically offer "long and thin" floorplates which can be "intensified" with modern, fatter, floorplate configurations. However, several of the buildings listed in Table Croydon 1, including Capella House and the Phillips Centre do look like obvious candidates for residential conversion, and there are market rumours that both buildings may be heading in this direction, subject of course to planning.

2.4 The Planning Pipeline and Pre-Application Sites

According to LDMS, 89,595 gross sq m B1 permissions have been granted since 01/01/1998 in 21 separate schemes. LDMS states that eight of these schemes have been implemented comprising 26,640 gross sq m. However, our site visits for this study indicate that there are some inaccuracies in the implementation data. The results of our recent site visits are shown in the right hand column.

Permission Date	Address 1	Address 2	Gross Sq m Offices	LDMS Status	LRR Comment
22/08/02		COMMERCE WAY (19)	4609	B	Shed location
30/01/01	PART OF ADJOINING HIGHWAY AND	EDRIDGE ROAD (4-20)	11709	B	Not built – see table 2.3
17/07/01	TRAFALGAR HOUSE & EXCHANGE COURT	BEDFORD PARK (2)	5374	B	Not built – see table 2.3
10/02/98		CHERRY ORCHARD ROAD (37-39)	7127	B	Not built – see table 2.3
04/02/99		COMMERCE WAY (7-8)	1525	C	Shed location
08/02/01	QUEST HOUSE	CROSS ROAD (11)	10319	C	Not built – see table 2.3
25/02/99		IMPERIAL WAY (35)	1917	C	Shed location
21/01/00	MARCO POLO HOUSE	LANSDOWNE ROAD (3-5)	1216	C	
20/12/00		PROGRESS WAY (26)	1540	C	Shed location
18/02/99		SYDENHAM ROAD (12-14)	3339	C	Mixed use resi + B1 scheme Under Construction, offices only 9,500 sq ft
04/10/00	UNIT 4, COULSDON NORTH INDUSTRIAL ESTATE	STATION APPROACH	1052	C	Shed location
26/09/01	LAND AT WADDON FACTORY ESTATE, REAR OF	PURLEY WAY (598-604)	5365	E	Shed location
18/01/01		SYDENHAM ROAD (49)	5274	E	Built and let
17/08/99		DINGWALL ROAD (13-16)	15679	G	
31/03/00	UNIT D	IMPERIAL WAY (18)	1048	G	Shed location
12/02/02		IMPERIAL WAY (4)	1570	G	Shed location
03/09/01		IMPERIAL WAY (41)	2242	G	Shed location
26/11/98	MILTON HOUSE	MILTON AVENUE (2), GLOUCESTER ROAD (19-21)	3434	G	
26/11/98		PARK LANE (82-90)	3584	G	
28/07/98	FORMER UNIGATE DEPOT	PEALL ROAD	1672	G	Shed location

* G=Borough permission work not started, H=Appeal allowed work not started, B=Work started, C=Work completed, E=Expired.

Table 3.3 presents what we hope is a comprehensive schedule of current office permissions, using data from LDMS, our own in-house data, and LBC's published schedules. This table suggests that there is currently 93,000 gross sq metres of permitted offices in Croydon, in 17 developments of 1,000 or more gross sq metres. 13 of these permissions are in the town centre or edge town centre. The East Croydon Gateway site could double the stock of permissions on its own.

Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
13-16, Dingwall Road, Croydon (Town Centre)	<ul style="list-style-type: none"> 15,679 gross sq m offices 0 gross sq m retail 	17/08/99 (LDMS)	Empty and run-down	Vacant post war office block on south side Dingwall Road, excellent location for East Croydon station.
4-20 Edridge Road, Croydon (Town Centre)	<ul style="list-style-type: none"> 11,709 gross sq m offices 0 gross sq m retail 	30/01/01 (LDMS)	Car park	UDP Site P22. Car park site (unauthorised?) on south side of Flyover, hence somewhat off-pitch.
Quest House, 11 Cross Road, Croydon (Edge Town Centre)	<ul style="list-style-type: none"> 10,319 gross sq m offices 0 gross sq m retail 0 car park spaces 	08/02/01 (LDMS)	Vacant office building	Graffiti on the walls and sign outside suggest a lack of activity for some time. Would be excellent residential site
Park Place (Minerva)	<ul style="list-style-type: none"> 10,000 gross sq m offices 100,000 gross sq m retail 	03/08/00 (LRR)	Mainly vacant retail and offices.	Offices to be new Nestle Headquarters. Construction start possible by 2004, according to Minerva.
XL Centre (Former Essex House), 3-9 George Street, Croydon (Town Centre)	<ul style="list-style-type: none"> 9,297 gross sq m offices 	20/03/97 (LRR)	Very 'long time' vacant site. KF board still has 0171 phone number	Marketing board states new HQ development of 8,940 net sq m. LBC states new scheme being worked up for 250,000 sq ft, possible pre-let to US company.
17-39, Cherry Orchard Road, Croydon (Town Centre)	<ul style="list-style-type: none"> 7,127 gross sq m offices 	10/02/98 (LDMS)	Vacant site.	Down from Knollys House and close to another modern office block, but on wrong side of the tracks? (UDP Site P5)
Carlton Road, Croydon (South) (Out of Town)	<ul style="list-style-type: none"> 5,599 gross sq m offices 0 gross sq m retail 0 car park spaces 	24/07/02 (LRR)	Firmly in use as small warehousing and industrial estate. Some redevelopment has taken place.	Near train lines, though not obviously so. Would be a good residential site in due course.
Trafalgar House & Exchange Court,	<ul style="list-style-type: none"> 5,374 gross sq m 	17/07/01 (LDMS)	Vacant site, a 'derelict' 1960s	North side of Bedford Park, adjoining Randolph and

Table 3.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Croydon				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
Bedford Park, Croydon (Town Centre)	offices		office and a more modern office block	Pembroke House site.
82-90, Park Lane Croydon (Edge Town Centre)	<ul style="list-style-type: none"> 3,584 gross sq m offices 	26/11/98 (LDMS)	Vacant site.	Site on southern route out of town. New residential development by Quintain/Berkeley next door, on former office permission site.
Milton House, Milton Avenue, Croydon (Edge Town Centre)	<ul style="list-style-type: none"> 3,434 gross sq m offices 	26/11/98 (LRR)	Vacant.	Fronts the beginning of small, messy industrial estate.
Cygnets House, 12-14 Sydenham Road, Croydon (Town Centre)	<ul style="list-style-type: none"> 2,600 gross sq m offices 	Unimplemented permission? (LRR)	Still the same building	Mixed-use permission for residential, hotel and offices. Current home of South London Business.
13-15, Wandle Road, Croydon (Town Centre)	<ul style="list-style-type: none"> 2,005 gross sq m offices 	Refused March 2003 (LRR)	Boarded-up, inactive site in back-water street on the edge of Croydon	Numerous redundant buildings along this street, some way off the main drag, including offices.
4, Imperial Way, off Purley Way, Croydon (Out of Town)	<ul style="list-style-type: none"> 1,570 gross sq m offices 0 gross sq m retail 0 car park spaces 	12/02/02 (LDMS)	Boarded up 1970s block	No 4 & 6 are both vacant and redundant. Lots of new, modern space being built in the vicinity.
26, Progress Way, Waddon (Out of Town)	<ul style="list-style-type: none"> 1,540 sq m offices 	20/12/00 (LDMS)	Some new buildings on this site and some old – difficult to ascertain the exact address	Industrial, warehousing and storage functions off Purley Way with front-end office functions
Oval Road (office machines Site), Croydon (Edge Town Centre)	<ul style="list-style-type: none"> 1,476 gross sq m offices 0 gross sq m retail 0 car park spaces 	20/06/02 (LRR)	No change-fenced off and derelict	A pre-war, residential cul-de-sac. Should stay residential
Marco Polo House, 3-5 Landsdowne Road, Croydon (Town Centre)	<ul style="list-style-type: none"> 1,216 gross sq m offices 0 gross sq m retail 0 car park spaces 	21/01/00 (LDMS)	Currently occupied.	Lies almost directly opposite the new Jury's Inn.

Table 3.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Croydon				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
18, Imperial Way, off Purley Way, Croydon (Out of Town)	<ul style="list-style-type: none"> • 1,048 gross sq m offices • 0 gross sq m retail • 0 car park spaces 	31/03/00 (LDMS)	More boarded up space on same estate	No's 16, 18 & 20 are all up for redevelopment.
Current Applications				
Croydon Gateway, Dingwall Road Non-Arena Scheme (see Table 3, UDP has it as 3 sites) Croydon (Town Centre)	<ul style="list-style-type: none"> • 99,170 gross sq m offices • 2,880 leisure gross sq m • 5,195 gross sq m retail/A3 • 340 private residential units • 185 affordable units • 0 car park spaces 	15/08/02 (LRR)	Vacant sites and car park.	UDP sites P4, P6, P7. Controversial, shall we say. Press comment about Stanhope reviewing potential for a 2 m sq ft office development.
Wellesley Gateway, (former Randolph & Pembroke House site), Wellesley Road, Croydon (Town Centre)	<ul style="list-style-type: none"> • 57,000 gross sq m offices • 3,300 gross sq m retail • 84 hotel rooms • 140 car park spaces 	28/04/1999 (LRR)	Vacant sites	No signs of development activity. One of the major sites being touted by LBC as another gateway site, directly opposite the BT Building, Delta Point.
Land r/o 57-59 South End, Croydon (Edge Town Centre)	<ul style="list-style-type: none"> • 1,748 gross sq m offices • 33 car park spaces 	01/06/2000	Boarded up and vacant	Previous occupiers of the garage space have since moved on. Not an ideal office location.
<i>London Property Research 2003</i>				

. We would make two main observations of Table 2.3:

- First, none of the permissions on their own would be enough to change Croydon's generally negative visual image, although every little helps.
- Second the scale of development implied by the existing permissions is only a fraction, maybe no more than 20% of Croydon's true office development capacity.

Perhaps the most surprising aspect of Table 2.3 is the failure of very well located sites on George Street and Dingwall Road to be implemented, during the recent boom. The reasons why a planning permission fails to get built are various and complex, and we do not have detailed knowledge on individual sites. We might however surmise, that as well

as low rental levels, land owners in the vicinity of the Croydon Gateway site are waiting for the uncertainty over Croydon Gateway to be resolved. A successful outcome to Croydon Gateway would of course produce a massive “halo effect” on the immediate vicinity.

Table 2.4 lists possible office development sites which are at pre-application stage. The table has been compiled using the UDP proposals map, press coverage and market knowledge. The UDP, apart from the East Croydon Gateway site, does not reflect the scale of office development which is physically possible in central Croydon. We have only included two existing office buildings in central Croydon as large scale redevelopment options, these being Suffolk House and Knollys and Stephenson House. There are certainly more.

Table 2.4 – Potential Office Development, Pre-Application Stage in LB of Croydon				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity (Gross Sq Metres)	Existing (Previous) Uses	Comment
Cane Hill Science & Business Park	LB Croydon	74,000 gross sq m	Victorian hospital and mental asylum, closed in 1993	12 hectare site. Site earmarked for redevelopment for innovation, research and related businesses and support services, to provide accommodation for large and small high-tech knowledge based businesses. Supported by the Mayor
Ex – ‘Randolph & Pembroke House’, Wellesley Road, Croydon (Town Centre)	LB Croydon UDP site:	60,000 gross sq m	Offices demolished 1990s, vacant land since then	According to LBC, AXA market testing for 480,000 net sq ft office scheme. Also interest from residential developers.
Suffolk House, George Street, Croydon	Market gossip	50,000 gross sq m	Occupied low rise offices above retail on prime intersection	Owned by Freshwater, who were thought to be working up plans for an office tower, designed by HOK (?) 2-3 years ago, up to 500,000 sq ft. Freshwater not renowned for actually building.
Knollys House and Stephenson House	Profile of Great Portland Estates portfolio in EG 5/3/2003	20,000 gross sq m	Occupied on leases with 4 years to run.	Described by EG as 180,000 sq ft 1960s office building over-rented and in need of refurbishment. Sold to UBS Triton Property Fund for 323.4m, yield of 11%.
Royal Mail Sorting Office, by East Croydon Station				
‘Porter & Sorter’ PH, Cherry Orchard Rd & 1-5 Addiscombe Road, Croydon (Town Centre)	P8 – 0.44ha for offices and/or hotel while retaining PO counter service.	Low	PH	Boarded up pub on corner. Better suited to residential.

Table 2.4 – Potential Office Development, Pre-Application Stage in LB of Croydon				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity (Gross Sq Metres)	Existing (Previous) Uses	Comment
28-30, Addiscombe Grove, Croydon (Town Centre)	P9 – 0.08ha for offices	Medium	'Period' Residential semi's	In use as offices by Sherwood & Partners (Chartered Accountants).
Drummond Road/Keeley Road, Croydon (Town Centre)	P12 – 0.20ha for offices and recreation or housing & recreation.	Nil	Vacant	Now a new residential development
Essex House, College Road and car park at ro Croydon College, Croydon (Town Centre)	P15 – 0.73ha for offices and landscaped open space.	Medium	Same	No change here, but will form the rear of the new XL development.
Waterworks Yard and land adj Scarbrook Road & Charles Street, Croydon (Town Centre)	P20 – 0.82ha for small scale shops and offices, restaurants, residential and recreation.	Low	Vacant	Tricky site construction wise with poor light and access
4-20 Edridge Road, Croydon (Town Centre)	P22 – 0.21ha fof offices	Medium	Offices	See Table 2 – current planning permission.
1-29, Clifford Road and 30a Doyle Road, Norwood Junction (Town Centre)	P24 – 0.43ha for offices, residential and public conveniences	Low	Adjacent train station	Should be predominantly residential – not an office location.
Purley Memorial Hospital, Pampisford Road, Purley (Town Centre)	P26 - 0.49ha for offices	Nil	Hospital	Bovis Retirement Homes on the opposite side of the road. No occupied as offices
Russell Hill Place public car park, ro 16-24 Pampisford Road, Purley (Town Centre)	P27 – 0.40ha for financial and business services and car park	Nil	Car park	Been built as offices already?
60 Whytecliffe Road, Purley (Town Centre)	P28 – 0.53ha for multi-storey car park with offices and residential above.	Nil	Car park	Been built as offices – Nordic House.

London Property Research 2003

2.5 Assessment of Draft London Plan FBS Employment Projections

On the basis of Tables 2.3 and 2.4, which we regard as only a starting point in terms of physical office development capacity, we would suggest that a figure of 5 million sq ft gain to stock would be an entirely realistic figure for central Croydon over the period to

2016. This level of development could support an additional 28,000 office jobs, using the floorspace per head ration of 1:175 net sq ft used in the draft London Plan. That being so, the dLP's figure for Croydon of 5,000 additional jobs (not just offices) is completely inadequate.

However, if market conditions which have prevailed over the past 15 years continue, then there is very little prospect of this amount of space actually being built. The counter argument regarding potential demand, as opposed to potential supply, is that if the draft London Plan's employment projections for London as a whole do prove to be reasonably accurate, then there should be sufficient demand for Croydon to attract at least 2-3 million sq ft of demand. Furthermore, if Croydon Gateway were to be successful, it would be a trigger for development in the whole town.

There is also the further issue of office development in non central locations, We have read with great interest the recent report by Arup Economics and Planning on behalf of South Wandle Regeneration Partnership "South Wandle Forward Strategy". We entirely agree with the statement at page 34 that:

In some circumstances, there may be potential to encourage mixed use development, particularly where it can deliver suitable high quality business space, alleviate the problems of environmental degradation on derelict or under-used sites, and strengthen the area's position and attractiveness as a business location.

Taken together with the statement in Spreading Success (page 41) that "new housing is not necessarily the enemy of jobs", there is clearly scope for a significant increase in the business services sector away from Croydon town centre.

3.0 LONDON BOROUGH OF RICHMOND-UPON-THAMES

3.1 Market Background

Richmond town centre and its environs has always been a “hot” outer London town centre for offices, reflecting the town’s very high quality environment and facilities, the highest value housing stock in outer London, excellent public transport, good road access to the M3 and M4 corridors and Heathrow, although local traffic congestion is a problem. In terms of Richmond’s occupier profile, it has more in common with popular office locations outside the M25, than with other town centres within outer south London boroughs. Over the past 2 years, Richmond’s office market has suffered along with the rest of the M3, M25, M4 office markets. Richmond’s proven popularity with US multinationals is proving to be a double edged sword.

In July 2001, at the height of the TMT boom, Dynergy (a Houston based mini Enron without the fraud) leased “The Quadrant”, a 42,000 sq ft refurbished office building in Richmond town centre for a reported £37 per sq ft, the highest ever rent in an outer London town centre. With the implosion of TMT, Dynergy decided to close its European operations, and vacate the Quadrant, which is now on the market for £26 psf. In the early 1990s, Compaq (as was) leased 83,000 sq ft at the Richmond Riverside development (Quinlan Terry’s answer to modernism). Following Compaq’s take-over by Hewlett Packard, the former Compaq offices in Richmond have been closed, and are on the market. The fact that office rents in Richmond have “gone nowhere” in the last 15 years is amply demonstrated by the Compaq story. Compaq sub-let about 30,000 sq ft at Richmond Riverside in 1989 at a reported rent of £28 per sq ft. That same space is on the market today at an asking rent of £27.50 psf.

However, Richmond does remain fundamentally attractive as an office location, and the fact that asking rents for decent quality space are still in the range of £20-30 psf implies that new office development will become viable again. The problem is development capacity. The submission of the LBRUT to the draft London Plan Examination in Public (in respect of Topic 3d West London) was fairly blunt in this respect:

“2.4 It is increasingly evident that the area has reached its capacity and that further growth will lead to deterioration in the environment, in the local economy and in the quality of people’s lives”.

We would suggest from our research that although Richmond town centre is “nearly full”, Twickenham town centre does still have significant office development capacity.

3.2 University of Kingston Demand Analysis (Written Entirely by UoK)

Very tight office market, demand has been maintained, but little opportunity for development. The main thrust of the demand comes from SME professional businesses and US corporate locations. The main thing that links these together is that the demand for office space is directly tied up with the residential prestige of the area.

A high number of MDs and CEOs live in and around the area and don’t want to travel into London. They like the environment for both living and working, even though cost is not cheap, the life style is significant. This has also fed into the American psyche as Richmond as a business location, as US firms dominate a large number of sites in the area. In addition to this, the borough has a relatively large number of people working in the creative industries sector (and presumably living in the areas), just under 15,000, which does not take into account the high levels of legal and financial professional services in the area.

The ambiance of the area is essential for a wide range of office occupiers, whether it is over looking the Thames or around Richmond Green. The transport issue is significant, particularly as virtually all the MDs/CEOs interviewed drove to work. This is potentially the only reason they may consider relocating, if this section of their working day becomes unbearable. This was highlighted by the critical issue of plans to close Richmond Park to traffic. Many firms indicated they would relocate, as this would put undue pressure on the existing infrastructure and they would have found alternative locations.

There are some significant international operations within the area, such as European HQ Pepsi, William Grants Whiskey, ADC Software, Reed Exhibitions and St George's Property. However the use of the area by America corporations is epitomised by the location of Anheuser Busch Europe Ltd on Church Road, which is the HQ for their European and Middle East operations. August Busch III lives on Richmond Hill and the family have a long-standing relationship with the area, both in terms of business and residential occupation.

In terms of the character of Richmond, it is split into two types of location. The floor space near the station and river side, which offer larger areas and immediate access to transport infrastructure and buildings located around the Richmond Green offering smaller scale period accommodation. According to Haselmere Estates, who deal with the management of the Richmond Riverside development, the loss of Compaq Computers in 2002 was not a problem. The Riverside Development of 95,000 sq ft, which was developed in 1988 and mostly, taken by Compaq Computers, has since been re let. Two buildings were immediately assigned to Prebon Yeman and MLS, who both moved from the City. The final building has been re let to three firms (Ebay, a Telecoms operation from Hampton, an oil company and there is also a management consultant waiting in the wings).

The case of the Riverside Development indicates that even within a depressed market Richmond can generate demand for the right type of office space. Modern development over looking Thames, with a limited car park ratio of 1 to 800 sq ft. The enquiries have been steady and even generated a small waiting list. They are all US companies, where the CEOs live in Richmond and where the company is prepared to pay £32 sq ft for a 5 year lease.

The demand for serviced office space has also been maintained within the area through a depressed market. MWB who operate within the area, clearly indicate that whilst they are not the cheapest serviced office operators in south west London, they are certainly one of the busiest. They deal with a wide range of companies from single operators up to approx 6,000 sq ft units covering 40 workstations. Their comparable rents with traditional space is between £28 and £33 sq ft and they consider themselves to offer a superior service, even in comparison to their operations in Kingston. "More of a 5 star operation".

Their occupancy rate has been maintained at above 90% and over the past year, enquiries have been increasing with clients making much quicker decisions after viewing, moving in under one week. The only minor trend that has been noticed is that firm size has been on a slight decrease, but they still require short term agreements, with break options and, even though the average stay is approx 16 months, clients are staying longer (3-4 years).

For MWB Richmond sells itself, in terms of transport, location and image. In addition to the micro businesses they also attract attention from a lot of corporate medium sized clients from the US, who like the residential qualities of the area and the office locations. The main competition comes from Hammersmith, Cheswick and Heathrow, mostly Regus operations, but these are different locations both in terms of image and residential

ambience. From MWB's point of view of there is not enough supply within the Richmond area to meet demand, but there is very little opportunity to generate additional supply. This is also the same for other serviced office operators such as Bridger Bell Commercial, who own Parkshot house which is fully occupied.

This reflects the comments made by West London Business, Sue Rippon (part time economic officer for Richmond Borough) and Karen Pengelly (Richmond Town Centre Manager). The area maintains demand even under a laissez faire approach from the borough, which has devoted no resources into understanding or promoting its commercial property sector. In many respects the approach is also anti business development, due to the heritage mentality of the borough and its residents. Business is lost to other areas, even Kingston, due to the rigid preservation of the environment, which limits growth, and as a result due to the limited scope for new development.

The main losses to the commercial property sector recently, Compaq and Dynegey, were as a result of the down turn in the US economy and the global collapse in their particular markets. Even in such a depressed climate Richmond is fairing relatively well in comparison to other areas nearby. This is considering areas like Hayes are a lot nearer Heathrow and are one-fifth the cost. The cost of Richmond is reflected both in terms of its office space and its car parking rates. The parking bill for Reed Exhibitions is £130, 000 per year, which is given as a perk for its staff.

The work by Rogers Chapman on the Golden Triangle (GT) and the research conducted by West London Business, indicate that Richmond is on the periphery of the key west London developments, such as T5. Their impact will be minimal upon the commercial property market within the area, due to the fact that large these developments will require large space, something which is available in spades in the GT and not available in the short to long term in Richmond.

The only other town areas within the borough, which have generated demand, are Twickenham and Teddington. These are small-scale locations, but have significant image and functionality to create and maintain demand. Firms surveyed within these areas indicated their preference because they could utilise the residential locations of the borough, yet still afford to keep their businesses within the area. The locations tend to be on mixed use sites and offer links to a reasonably wealthy environment and basic infrastructure, particularly the train links out of Twickenham.

However, across all these locations commercial property is under pressure from retail and residential, as these will pay premium rates to be located within the area. This even applies to the specialist offices of the National Physical Laboratories, located just outside Teddington, which consolidated its operations and sold part of the site to Laing for residential development.

The property agents that cover the area from a local to regional perspective thought that Richmond was a very specialised market, attracting high levels of interest from specific sectors, particularly American companies and had a good reputation for professional service based operations. However, the supply of property is limited and very contained around the town centres and there has been no attempt at development. This was illustrated by the planning department response to any development interest:

"The most recent office developments we have had were along the Lower Mortlake Road, i.e. Nos 136-186, 86-89 and 76. However, these have been individual developers and like many just speculative. Most of these are also now coming back to us with mixed B1/residential or just residential. Berni says 'MM Cox' have previously done work in Hampton, but not sure whether much recently."

“Did a troll round the Development Control colleagues. Derek Tanner thought Howard Holdings used to be active here. Rather a thing of the past though.”

It appears that whilst Richmond, as a borough, fares well in comparison to other locations for commercial property demand, primarily based upon its image, transport links and residential attractions, its vision and public sector resources to maintain this demand are non-existent. Key strategic sites have been given over to retail or are left undeveloped (open air pool site in the centre of Richmond). The only key proposal is a mixed-use development at the station site, which will certainly not meet future demand once the economy has started to improve in the next five years, considering many operating in the area believe the supply is limited even in an economic downturn.

The problem for Richmond will be that it will lose business in the future if it cannot provide suitable accommodation for expanding companies and larger clients that want to utilise the area. Its residential markets and high profile retail operators will come to dominate the market and the laissez faire attitude to commercial property will not be able to capitalise upon its prime position.

3.3 Current Office Availability

The total stock of offices in the borough at 2000 was stated by the VOA as 368,000 sq metres, or 4 million sq ft offices in round terms. The breakdown of offices within the borough is 78,000 sq metres (21%) in Richmond town centre, 46,000 sq metres (12.5%) in Twickenham, 15,000 sq metres (4%) in Teddington, and the rest spread elsewhere.

Table 3.1 summarises office space available in the LBRUT, at the time of the survey in March and April 2003. Our survey identified about 410,000 sq ft of available space, representing an availability rate of not less than 10%. Photographs of and more detailed information on each of the buildings featuring in Table 3.1 are presented in [Appendix x](#).

Table 3.1 – Summary of Offices Availability in LB Richmond at March/April 2003							
Unit Available	Location	Size Net Sq Ft	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Office Developments Under Construction							
Vineyard Heights	Mortlake (Town Centre)	20,000 (E)	20,000				
Hampton Wick Riverside	Hampton Wick	16,973	16,973				
Existing Stock Available for Letting							
28, The Quadrant	Richmond (Town Centre)	45,370		45,370			£26
Whittaker House, Richmond Riverside	Richmond (Town Centre)	29,963		29,963			£27.50
Avalon House, Lower Mortlake Road	Richmond (Edge Town Centre)	28,400		28,400			£32
Royal House, London Road	Twickenham (Town Centre)	24,000*				24,000*	?
Ambassador	Richmond	22,598			22,598		£25

Table 3.1 – Summary of Offices Availability in LB Richmond at March/April 2003							
Unit Available	Location	Size Net Sq Ft	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
House, Paradise Road	(Town Centre)						
37-38, Kew Foot Road	Richmond (Edge Town Centre)	17,950			17,950		£26
Centenary House, 3 Water Lane	Richmond (Town Centre)	16,915			16,915		£22
High Park Road, Kew	Kew						
18, Parkshot	Richmond (Town Centre)	10,740			10,740		£26
Hotham House, 1 Heron Square	Richmond (Town Centre)	10,710		10,710			£26
Ashley House, 18-20 George Street	Richmond (Town Centre)	10,118			10,118		£25
18 Petersham Road	Richmond (Edge Town Centre)	9,118					
The Bridge, Lower Richmond Road	Richmond (Out of Town)	9,060			9,060		£18
Eton House, 18-24 Paradise Road	Richmond (Town Centre)	8,740				8,740	£15
22 The Quadrant	Richmond (Town Centre)	8,062			8,062		£25
99, Waldegrave Road	Teddington (Edge Town Centre)	7,308			7,308		£14.23
Osborne House, Lower Teddington Road	Hampton Wick (Town Centre)	7,313			7,313		?
Lion House, Red Lion Street	Richmond (Town Centre)	7,300				7,300	£20
Bridge House, 69 London Road	Twickenham (Town Centre)	7,217			7,217		£18.75
Causeway, The Causeway	Teddington (Town Centre)	5,939				5,939	£15.70
Unit 1, Becketts Wharf, Lower Teddington Road	Hampton Wick (Edge Town Centre)	5,886				5,886	?
The Courtyard, 37 Sheen Road	Richmond (Town Centre)	5,605				5,605	?
Holbrooke House, Hill Rise	Richmond (Town Centre)	5,375				5,375	£20
Premier House, 52 London Road	Twickenham (Town Centre)	5,360			5,360		£20

Table 3.1 – Summary of Offices Availability in LB Richmond at March/April 2003							
Unit Available	Location	Size Net Sq Ft	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Queens House, 2 Holly Road	Twickenham (Town Centre)	5,177				5,117	£20
Northumberland House, 2-4 King Street	Twickenham (Town Centre)	5,059				5,059	£20
102, The Green	Twickenham (Out of Town)	5,059				5,059	£18
Imperial House, Lower Teddington Rd	Hampton Wick (Edge Town Centre)	4,925			4,925		£26.54
12-13 King Street	Twickenham (Town Centre)	4,620				4,620	£27.50
110, High Street	Hampton Hill (Town Centre)	4,077				4,077	?
Westminster House, Kew Road	Richmond (Town Centre)	3,931				3,931	NQ
Riverview House, 20 Old Bridge St	Hampton Wick (Town Centre)	3,675			3,675		£27.21
Bridge House, 3 Heron Square	Richmond (Town Centre)	3,660		3,660			£32.50
Harlequin House, High Street	Teddington (Town Centre)	3,550			3,550		£17.60
Fitzroy House, 3 Paradise Road	Richmond (Town Centre)	3,453			3,453		£28.96
Boston House, The Little Green	Richmond (Town Centre)	3,275			3,275		£28.50
See Appendix x for units of smaller size							
<i>London Property Research 2003</i>							

The main conclusions we would draw from Table 3.1 are as follows:

- **Size band** – nothing available over 50,000, but a wide range below this, including self contained buildings.
- **Quality** – a predominance of second hand Grade A and Grade B, so a good choice of modern and efficient space available. Most of the grade C stock is in smaller units of less than 8,000 sq ft.
- **Image** – predominantly “safe, conservative, institutional”, red brick or traditional image. Also a significant volume of modern space with neo classic elevations in and around Richmond. “1960s” curtain walling style buildings predominate in Twickenham. The image of many town centre buildings in Richmond is greatly enhanced by a high quality setting, and not just the riverside or Green.
- **Location** – primarily town centre in Richmond and Twickenham, and edge of town centre in Richmond. LBRUT has no significant car based office parks. Richmond town centre offers excellent public transport and business support services, and Twickenham is also a “coherent” town centre.

- **Price and Lease Structures** - high rents by outer London standards, and most leases still being offered on an FRI basis, with various lease lengths on offer. LBRUT is the only SLP borough where asking rents above £30 psf are still common.

Table 3.1 also shows that there are currently only two new office developments under construction in the borough. Both schemes are part of a larger residential development, and it is highly unlikely that either would be under construction at present if the residential was not proceeding.

Table 3.1 implies that there are two main types of office space which are not available at present, which might inhibit company mobility and employment growth. The first is large units, over 50,000 sq ft, in both town centre and out of town locations. Second, there appears to be very little “creative style” space available, of the sort which is abundant in the inner city, and is also being developed in and around Ealing and Hayes in west London. There is no shortage of small units at competitive prices, but again most of the small units available are in buildings which present an institutional or conservative image, rather than an energetic, high adrenaline image

We would also conclude from Table 3.1 that the redevelopment potential of the existing office stock is very limited in Richmond, by virtue of conservation factors, but that it is significant in Twickenham. Twickenham is a famous name, so it has a strong identity, and if we take a 10-15 year horizon, it does in fact have the potential to act as a counter magnet or complementary office market to Richmond. In addition to existing offices with redevelopment and “intensification potential” Twickenham also has underdeveloped land in the town centre, which is discussed further below.

3.3 The Planning Pipeline and Pre-Application Sites

Table 3.2 summarises the current office development pipeline. According to LDMS, 75,000 gross sq m B1 permissions have been granted since 01/01/1998 in 10 separate schemes. It is obvious from Table 3.2 that this aggregate figure is dominated by the National Physical Laboratory, which has since been (at least part) superseded by residential use. LDMS states that all 10 of these permissions have been implemented. However, our site visits for this study indicate that there are some inaccuracies in the implementation data. The results of our recent site visits are shown in the right hand column.

Permission Date	Address 1	Address 2	Gross Sq m Offices	LDMS Status	LRR Comment
13/02/98	NATIONAL PHYSICAL LABORATORY	QUEENS ROAD	57744	B	Part built as residential – also NPL PFI
19/07/02		HIGH STREET, HAMPTON HILL (55)	1673	B	Built as Residential
23/04/99	ST CLARE BUSINESS PARK	HOLLY ROAD	1468	B	No change
26/10/01	SIGNAL COURT	MORTLAKE HIGH STREET (20)	2408	B	Under Construction Vineyard Heights, mixed offices + resi
15/02/01		STATION ROAD (36)	3474	B	
09/03/01	DENEBANK PRECISION ENGINEERING CO LTD	RAILSHEAD ROAD	1115	C	Double check
01/10/98	COUNCIL DEPOT	LOWER MORTLAKE	3260	C	Built as Avalon House?

		ROAD			
09/02/00		STATION AVENUE (1-17)	1657	C	Built as offices
21/12/00	LAND ADJACENT	CANDLER MEWS (31), Amy and Park Road	1072	C	Dble check
27/04/98		MORTLAKE HIGH STREET (107)	1313	C	No change to offices
* G=Borough permission work not started, H=Appeal allowed work not started, B=Work started, C=Work completed, E=Expired					
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We have then supplemented the LDMS data with data from the LRR database, including applications, as shown in table 3.3. All existing permissions have then been visited. Photographs of each permission are shown in Appendix x.

Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
Teddington Studios, Broom Road, Teddington	<ul style="list-style-type: none"> 11,006 gross sq m offices 844 gross sq m retail 113 car park spaces 	October 2002	TV studios	Earlier applications including residential replaced by 100% commercial scheme. Poor public transport.
2-14 Bardolph Road, Richmond, TW9	<ul style="list-style-type: none"> 5,100 gross sq m offices ? Parking 	22/2/02 (LDMS) (Not on LRR)	Operational storage building, derelict to rear	Out of town centre site, but close to North Sheen station
136-138 Mortlake Road, SW14	<ul style="list-style-type: none"> 3,560 gross sq m offices 14 parking spaces 	2/7/2002 (LDMS)	Cleared site, unused, site for sale	Next door to JS superstore. This site would be more valuable as residential than offices.
86-98 Lower Mortlake Road, TW9	<ul style="list-style-type: none"> 1,939 gross sq m offices parking spaces 	22/11/2001 (LDMS)	Operational and vacant commercial buildings	Should also be seen in conjunction with 76 Lower Mortlake Road
Currie Motors, 94-104 High Street, Hampton Hill	<ul style="list-style-type: none"> 1,927 gross sq m offices parking? 	28/3/2002 (LDMS)	Vacant former car showroom and repairs	Likely to be more valuable for residential
76 Lower Mortlake Road, TW9	<ul style="list-style-type: none"> 1,781 gross sq m offices parking spaces 	21/2/2002 (LDMS)	Vacant commercial building	Application in 2000 for 5,266 sq m on combined sites of 76+ 86-98. Next door to Avalon, where asking rents are £32 psf
42-44 Arundel Terrace, Barnes, SW13	<ul style="list-style-type: none"> 1,437 gross sq m offices parking spaces 	LDMS (25/4/2002)	Internal works proceeding No boards)	Posh residential street, off Castlenau.
Current Applications				

Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
St Clare Business Park, Holly Road, Twickenham	<ul style="list-style-type: none"> • 7,800 gross sq m offices • gross sq m retail • Other 	Application 11/2000 for 7,800 gross sq m offices.	Part underused commercial buildings, part vacant site.	Close to Twickenham town centre, and railway station, but would be far more valuable as residential.
Twickenham Baths, The Embankment, Twickenham		Application for 43 residential units.		Could possibly include some offices.
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Table 3.3 identifies planning permissions for 26,750 gross sq metres of offices. This figure is in absolute terms very low. None of the sites is in Richmond town centre. Most are located in what might be politely called scruffy mixed use locations, which in current market conditions would be unlikely to be able to secure funding for speculative development. Almost without exception, these sites would be more valuable as residential, in pure market terms, before making any allowance for employment policy and affordable housing policy. Notwithstanding current low levels of demand, the office planning pipeline will restrict employment growth in future, if it is not expanded substantially.

In order to test whether this expansion capacity exists, we have compiled Table 3.4 highlighting potential development sites at pre-application stage. The principal data source for Table 3.4 is the UDP Proposals Map, 1999. Again, the story is one of very limited development potential. Four of the UDP sites identified as having offices or employment potential have been built out as wholly or primarily residential schemes. LBRUT has far fewer “tired” and under-developed industrial estates than Kingston Upon Thames, and the Wandle valley boroughs, so this potential source of employment land has only limited potential in LBRUT, although the Jewson site is noteworthy.

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Jewson's Builders Yard, Sandy Lane, Teddington (Edge/Out of Town)	Arup study – 5.124 acres	Medium/High	Currently in part-employment use as a builders yard and vacant offices (SERCO)	Development potential for flexible B1 'shed-type' offices.
Barnes Police Station, Barnes High Street, Barnes, SW13 (Town Centre)	B8 – community, employment, housing, short-term parking	Low	Police Station	Riverside site. Under construction as primarily residential. 31 resi units (inc 12 social) and 2,500 sq ft offices. Check size, compare office and resi values.
Watneys Brewery, Lower Richmond Road, Mortlake, SW14	S4 – conversion and part redevelopment	High if brewery were to close.	Budweiser brewery	This relates to the Victorian warehouse building. Would be a very valuable residential site,

Table 3.4 – Potential Office Development in LB Richmond-upon-Thames, Pre-Application Stage				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
(Edge Town Centre)				office development likely to be only marginal in viability terms. Amenity groups want a museum.
Thames Water Buildings, Upper Sunbury Road, Hampton (Out of Town)	H1 – conversion of redundant Thames water buildings for residential, business or similar uses	Low	Industrial	72 new homes built here 1999 by St James (Thames water + Berkeley). Is that scheme the UDP proposal site?
Platts Eyot, Lower Sunbury Road, Hampton (Out of Town)	H16 – business or industrial space, leisure, residential, restoration of listed buildings	Low		
Kew Sewage Works, ro Kew Meadow Path Kew Riverside (Out of Town)	K1 – housing, community use, open space, primary school, business, recreation etc	Nil	Industrial	Built as primarily residential scheme, “Kew Riverside”, 350 private + 122 affordable units
1-17 Station Avenue, Kew (Town Centre)	K6 – refurbishment for employment uses or museum	Approx 15,000 net sq ft		Built/refurbished as funky. Small units directly adjacent the train station
United Reformed Church, Little Green, Richmond (Town Centre)	R3 – conversion to office/residential use or community building	Nil	Religious	Permission granted for 9 residential units.
Richmond Station, Richmond (Town Centre)	R7 – air space above tracks for mix of retail, business, community, entertainment and residential	High, 100,000 sq ft +	Airspace, car park, retail and offices.	Controversial - see press stories on “Ice Rink Site”.
Hampton Wick Station, High Street, Hampton Wick (Town Centre)	D2 – station redevelopment, business use	Low	Railway land	Stations like this, with relatively infrequent services not suitable for 2stand alone office buildings in terms of demand/rents.
Harcross, Hampton Wick, Broom Road Hampton Wick (Edge of Town)	D15 – employment, leisure, residential river related uses	15,000 sq ft (check)	Industrial/builders merchants	Mixed use, mainly residential development currently under construction, but including self contained offices – see Table (Richmond) 1
Station Yard, Twickenham (Town Centre)	T28 – car free housing & business use	High	Railway station ancillary uses	Twickenham Station and existing offices might make station related office development viable over next 10 years or so. (See below)
Twickenham Railway Station	T21 – town centre mixed-use, interchange improvements,	High	Railway station ancillary uses	Twickenham Station and existing offices might make station related office development viable over

Table 3.4 – Potential Office Development in LB Richmond-upon-Thames, Pre-Application Stage				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
(Town Centre)	booking hall, riverside walk			next 10 years or so.
Post Office Sorting Office, London Road Twickenham (Town Centre)	T4 – public service, mixed-use	High	Royal Mail sorting depot	Lies to direct north of the train tracks. Would be a good mixed-use site, with potential for offices on lower floors, residential above.
Holly Road, Twickenham (Town Centre)	T19 – improvements to rear servicing	Medium	Mixture of small offices and residential.	Also comprises ‘St Clare Business park’, with a number of underdeveloped & vacant buildings to let or for sale. See Table Richmond 2.
Mill Farm Site, nr Hounslow Heath (Out of Town)	W13 – industrial and housing	Low	As is	Might as well be in Wiltshire.
Building on Hampton Court Road, nr jctn with Kingston Bridge. Hampton Wick (Edge Town Centre)	Site visit revealed building up for sale as a development opportunity	8 to 10,000	Disused commercial building	Currently on the market as development site for sale.

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3.5 Assessment of Draft London Plan FBS Employment Projections for Richmond-upon-Thames

On the basis of Tables 3.3 and 3.4, which we regard as only a starting point in terms of physical office development capacity, we would suggest that a figure of not less than 1 million sq ft gain to stock would be a realistic figure for the entire borough over the period to 2016. This level of development could support an additional 5,700 office jobs, using the floorspace per head ration of 1:175 net sq ft used in the draft London Plan. This may seem on the high side, given LBRUT’s submission to the draft London Plan EiP, but if it is accepted that Twickenham town centre and railway station has significant development potential, then 1.0 million sq ft for the whole borough, including out of town mixed use sites seems achievable. All the evidence is that demand is likely to be strong, provided there is good parking provision for new office space.

The GLA projection of 2,887 additional FBS jobs is very undemanding in terms of space required, being about 0.5 million sq ft. If the 2,887 figure was used as a “target”, it would be likely to constrain growth of office and non-office B1 employment in the borough. That may however be what the borough wants.

4.0 Royal Borough of Kingston-Upon-Thames

4.1 Market Background

The Royal Borough of Kingston-Upon-Thames is very big news in terms of retailing, but almost off the office radar screen in recent years. Kingston Town centre now commands the highest retail rents in London outside the West End, with £245 per sq ft Zone A the most recently reported “high”. In terms of the office market in Kingston, the picture has been very quiet. Most press commentary focuses on the possible relocation of Surrey County Council to “proper Surrey”, and what might happen to the County Council’s existing offices.

4.2 Kingston University Demand Analysis (Written Entirely by UoK)

Kingston has a very mixed commercial property sector. Many interviewed feel that it has constantly missed out on opportunities for business development, being dominated by its large-scale retail sector and demand for residential development. There has been no new large scale office development in Kingston since 1988, the last was a building opposite the station adjoining Bentalls Centre, as there has been no interest from developers to construct new large scale commercial sites. The most direct quotation covering information relating to developers was:

“We don't really have any "office" developers as we don't build offices in Kingston as you know!”

At present the only large-scale office development available is Tolworth Tower and this is undergoing substantial refurbishment.

Interviewing Treasury Holdings (owners of Tolworth Tower) revealed that:

- The main Tolworth building of 160,000 sq ft, which was originally government offices and fully air conditioned, is 99% leased with only a few suites remaining.
- The Koreans like the site and it has become significant for back office operations.
- The North Wing, 70,000 sq ft, is being refurbished on a pre let basis, targeting City firms and local clients, rent of £19.75 sq ft.
- At present one of the key clients in the North Wing is Close Brothers Group plc, the largest independent quoted merchant bank in the UK, which is part of their expansion out of the City.
- The refurbishment marketing of the North Wing has been ongoing for over a year and was only undertaken because the redevelopment of the site as a leisure complex did not stack up against office markets at the end of the 1990s. However, now finding it difficult to attract clients (use telesales and direct mailing) so would consider alternative uses, including serviced office accommodation.
- Treasury Holdings believe they compete with Croydon, Kingston and Wimbledon and the site is viable for commercial property: competitive, good links to A3, 1 car space to 500 sq ft.
- At present the original building houses over 1000 people and the North Wing has approx 40 tenants.

The Tolworth area, including Hook Rise, attracts a high level of demand for its serviced office accommodation (Link House 90% occupancy) and a reasonable level for its traditional, but modern office accommodation (Argent House, 9,000 sq ft). The problem is the image of the location and the scale and scope of quality office accommodation, as indicated by Samsung’s move from the area to Chertsey in 2003. Communications are good (A3) and the cost is very competitive (£15 sq ft). There is also a new development

of 20, 000 sq ft near Tolworth Station, this is designed for local employers, but is fairly small scale.

In the ~~A3 corridor at Tolworth central Kingston~~ a small-scale development of 20,000 sq ft was constructed on Red Lion Road ~~(by Robert Taylor)~~ and was marketed as office space at ~~the end of the 1990s~~. ~~during 2000/01~~. However after no interest was shown in the development it was eventually transformed into a children's nursery. This development was aimed at a local market, it was originally intended as a HQ location for a company, which fell through and then offered as a speculative development for offices. It is in an isolated position on an industrial site, which does not appeal as an office location.

~~Workspace GLE Properties~~ recently developed a new ~~business complex building in the Kingsmill location, another site isolated from~~ ~~near to Kingston~~ town centre on a small industrial area. This is a 42,500 sq ft development, ~~now managed by Workspace in conjunction with GLE properties~~. It is a mixed development ~~intended for light industrial below and office above~~ ~~although the space can be used flexibly for any B1 purposes~~. The ~~use for light industrial/incubator type space~~ has been far more in demand, possibly due to market and location, as a result the building is ~~still only 45% let occupied and they are considering converting more space to light industrial~~.

Chessington industrial area has, as with many other locations, witnessed a decline in the take up and demand for office space. The area is not known for its office space, it offers mixed use accommodation with offices as ancillary to industrial operations, as it is B1 C development, as do not have full office consent. The main business parks in the area (Barwell and Argent Court) offer limited and isolated office accommodation, generally taken by ICT companies. However, due to the low level of cost in the area (£8 sq ft) in comparison to warehousing, some organisations have moved out warehousing functions, but kept office space. ~~(This para is inconsistent and wrong insofar as Chessington industrial estate is concerned. The trend in Chessington is for redevelopment of sheds into B2/B1 space with offices often provided via mezzanines.)~~

Overall the market has been quiet for some time and this has been driven by the fall out in terms of research and development and IT. Some companies have remained in the Chessington area, due to low cost, but those who continue to expand cannot find the right space in this area or the rest of Kingston. The vacancy rate has increased slightly within the area from 4 to 7% and the inquiries from FDI have also fallen off over the last year. These were always very minor at the most 10 per month.

The borough ~~is reviewing~~ ~~monitors~~ commercial and industrial development in the south, ~~primarily to find out opportunities for residential development~~ ~~in order to ensure that employment land should continue to be protected primarily from residential development~~. ~~Chessington industrial area and Barwell Business Park are strategically recognised in the Draft London Plan as being of significance to meeting London's industrial and business employment needs~~. This has been a long term problem with Kingston town centre, where residential has taken priority as rents do not stack up for commercial development. The situation in Hampton Wick is better, due to reduced costs and more parking.

~~K+20 is the vision for Kingston~~ ~~but in terms of creating a viable office location part of this package will need significant transport improvements~~ ~~X rail, tram or metro scheme and the development of the Hammerson proposals (these are confidential at the moment and under review by councillors and cabinet)~~. The transport issue is critical as it is also causing problems, in terms of parking space with the hotel development planned on the river on the old power station site. Public office space has also declined in the borough going to retail or residential, along the High Street.

A long-term vision for the future of Kingston town centre is being developed -K+20 – which will be looking at the future uses and improvements to the centre's environment and access. Component studies include car parking, the scope for light rapid transit and retailing. Potential for significant new retailing space through both development of vacant sites and redevelopment has been identified. The study will also be looking at the scope for office and residential uses, especially using airspace above frontage buildings. There is significant potential but at this early stage it cannot be quantified. At present residential use can easily outbid office use.

There is strong developer interest in the town centre. Hammersons are developing proposals for a considerable area. Though retail driven they are likely to be looking at potential for office and other uses. Their proposals are also at too early a stage to quantify.

The town centre is a strong focus for bus services - giving rise to some bus congestion – but suffers in comparison with Surbiton or Wimbledon from being on a loop rail line. However, the recently announced decision to pursue Crossrail includes a proposed link to Richmond and Kingston.

The outward spread of residents parking zones is squeezing out free on-street parking for local businesses which is resulting in complaints from businesses that recruitment is being hit. However at present there is normally adequate capacity in car parks on weekdays and congestion is not a general problem in the centre. A large new multi-storey car park is about to come on stream at Skerne Road. There are however problems during the peak shopping period around Christmas when a seasonal park-and-ride scheme operates. The Council is exploring options for permanent park-and-ride.

Surbiton has **limited identified** capacity even though it has a fast train link and possible opportunity for development near the station. **Surbiton's capacity for offices relying on car access is constrained by difficult access through residential areas and by the listed station buildings.** The main station car park site is allocated for residential in the **UDP Alterations**.

This would be the ideal location for future development potential, due to the residential/retail quality of the environment and the fast link into central London, which Kingston town centre does not have. As a result of these qualities, agents such as Bonsor Penningtons, do get enquiries for the location, but cannot fulfil requirements – not a quantity, rather a quality problem.

There has not been any new accommodation for a long time and the second hand market is difficult to let.

The demand is for a mixed scheme to build upon existing client base, but developers are put off by affordable housing demands, the large anchor scheme for a significant investor is not there unless it is public service based. ~~Surrey County Council?~~

From an agents point of view the trends within the area have moved more towards small enquiries, mostly below 2,000 sq ft, however still get a number of larger size HQ type enquiries. The main problem is that they cannot compete with other areas such as Chertsey, Staines, Leatherhead or Woking, which in the past have been able to offer modern, very high specification accommodation, with good road and rail transport links. But with the increase in small companies, professionals/owners wanting to travel less and the collapse in the ICT market, they would be in a much stronger position if they had quality accommodation to offer.

Of the firms that we interviewed, it was apparent that they all liked the area and appreciated what it had to offer in terms of quality of life. For those offering high street

professional services, embedded in the local economy, it was difficult to acquire reasonable accommodation because retail rents were so high and the space was limited. For those operating at a larger scale it was more to do with the quality of what was available, irrespective of the cost, as represented by the refurbishment of the Lever Faberge Building, so that the company could maintain its position within the area.

From the Town Centre Manager's point of view:

"The demand for Kingston as a prestigious location for large scale companies is obviously here, Lever Faberge, Combined Insurance Company of America and Combined Benefit Services, Specialist Holiday Group are all companies that have recently invested into the Kingston economy, both in terms of locating into the area and in terms of refurbishing their premises."

And

~~*"This demand has remained fairly buoyant considering the market conditions and also considering Kingston offers fairly crappy over priced office accommodation with no parking facilities."*~~

~~The demand for space is however very competitive within the area and the local economy is very much at a crossroads. There is a vision for Kingston (K+20) and recent proposals by one of Europe's leading real estate companies incorporates the demand for office space, by setting aside key sites for both large scale and small scale floor space opportunities. However, the transport system in the town is crippling the economy and congestion and car parking issues, set along side retail and housing development pressures, are likely to threaten the future viability of a mixed local economy.~~

MWB Business Exchange (Marylebone Warwick Balfour Group Plc) offer serviced office accommodation close to Kingston town centre and their site manager also confirmed all the issues raised by agents, business and local governance officials. The demand for space has remained buoyant and they have over 85% occupancy, but they cannot cater for larger or expanding firms and the majority of the clients are micro operators.

For the past few years they have found it fairly easy to accommodate micro business, between 1 and 4 people, but above this level they have had very little business. They have not had any enquiries from the 5+ for sometime and this appears to be an issue across the borough; a Kingston phenomenon.

They have some very long standing clients, approximately 10 who have been there for 4 years who are firmly embedded within the local economy and life style. They do deal with a lot of start ups, and some do expand in situ, however, they have seen a number grow beyond the size of the premises and, due to lack of affordable, larger scale space have moved out of the area, further out to the Thames Valley towns.

All leavers want to stay in Kingston and most try however not always possible – the growing businesses do want own space, but they want car parking facilities (they have 60 spaces and are constantly full). Public transport is not an issue and because people drive from Richmond, Surbiton, Twickenham, they want to be able to drive to new location when they grow and this is not going to be in towards town.

4.3 Current Office Availability

Table 4.1 summarises office space available in the London Borough of Kingston-Upon-Thames, at the time of the survey in March and April 2003. The total stock of offices in the borough at 2000 was stated by the VOA as 347,000 net sq metres, with the principal centres being:

Kingston-upon-Thames	131,932 sq m
New Malden	31,070
Norbiton	12,624
Surbiton	11,486
Tolworth	28,026

Our survey identified about 450,000 net sq ft of available space, implying an availability rate of 12%.

Table 4.1 – Summary of Office/B1 Availability in RB Kingston-Upon-Thames, April 2003							
Unit Available	Location	Size Net Sq Ft	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Developments Under Construction							
North Wing Tolworth Tower, Ewell Road	Tolworth (Town Centre)	68,356 (Refurb)					£19.75
Jupiter Court, Tolworth Rise South	Tolworth (Town Centre)	13,165	13,165				FH for sale
Existing Stock Available for Letting							
Conquest House, 42 Wood Street	Kingston (Town Centre)	40,651		40,651			£18.50
Apex Tower, High Street	New Malden (Town Centre)	32,500			32,500		£18.50
Oakcroft Road	Tolworth (Edge Town Centre)	28,591				28,591	£9.51
Units, 1,2,4, 8-9, 14 & 16-20, Kingsmill Busines	Kingston (Edge Town Centre)	26,270 23,382 B1	26,270 23,382 (Tot. devp is 42,000 sq ft in 20 units)				£15
C.I Tower, Coombe Road	New Malden (Town Centre)	23,940			23,940		£19.50
25-29, High Street	Kingston (Town Centre)	23,636			23,636		£17.50
Millbank House, 171-185, Ewell Road	Surbiton (Out of Town)	15,195				15,195	£15
Surrey House, Eden Street	Kingston (Town Centre)	15,763			15,763		£16.50
Park House, 87 Burlington Road	New Malden (Edge Town Centre)	14,014				14,014	£5 "Incentive rent"
Charlton & Wellington House,	New Malden	12,480			12,480		£10.44

Table 4.1 – Summary of Office/B1 Availability in RB Kingston-Upon-Thames, April 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			Net Sq Ft	New	Second Hand Grade A	Second Hand Grade B	
Kingston Road	(Out of Town)						
Scase House, 145-155 Ewell Road	Surbiton (Out of Town)	11,690				11,690	£15.75
Argyll House, 23 Brook Street	Kingston (Town Centre)	9,610			9,610		£21.33
7 th floor, Tolworth Tower	Tolworth (Town Centre)	8,224			8,224		NQ
Amari House, 52 High Street	Kingston (Edge Town Centre)	8,190				8,190	£17.50
Swan House, 51 High Street	Kingston (Edge Town Centre)	5,263			5,263		£22.50
Manorgate House, 2 Manorgate Road	Norbiton (Edge Town Centre)	8,100			8,100		£18
Bishop's Palace House, 29 Thames Street	Kingston (Town Centre)	7,939			7,939		£17.38
Unit 20, Red Lion Business Park, Red Lion Road	Tolworth (Out of Town)	7,100 B1				7,100	For sale FH - £750,000
Unit C83, Barwell Business Park	Chessington South (Out of Town)	6,138 B1				6,138	£6.92
Thames & Confer House, Kingston Road	New Malden (Out of Town)	6,077				6,077	NQ
150 London Road	Kingston (Edge Town Centre)	5,883			5,883		£16
Drapers Court, Kingston Hall Road	Kingston (Town Centre)	5,845			5,845		£17.50
Greencoat House, 167-181 Clarence Street	Kingston (Town Centre)	5,430			5,430		£19.50
River Reach, 31-35 High Street	Kingston (Town Centre)	4,850				4,850	£17.50
Clarendon House, 147	Kingston (Edge Town)	4,800			4,800		£16

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
London Road	Centre)						
48-50, Coombe Road	New Malden (Edge Town Centre)	4,582				4,582	£18
Apsley House, Wellington Crescent	New Malden (Out of Town)	4,568				4,568	£7.56
Ansell House, 119 Ewell Road	Surbiton (Out of Town)	4,385				4,385	£17.50
Argent Court, Hook Rise South	Tolworth (Edge Town Centre)	4,324 B1				4,324	£13
Princess Mews, Horace Road	Kingston (Edge Town Centre)	3,350 B1				3,350	£13.43
St James's House, 9-15 St James's Street	Surbiton (Town Centre)	3,278			3,278		NQ
Surbiton Hill House, 9 Surbiton Hill Road	Surbiton (Out of Town)	2,680				2,680	£10
Forge House, 66 High Street	Kingston (Town Centre)	2,604				2,604	£22.50
Vine House, 141-143 London Road	Kingston (Edge Town Centre)	2,489				2,489	£15
Units 1&2, Canbury Business Park	Kingston (Town Centre)	2,484 B1				2,484	NQ
No 60, Coombe Road	New Malden (Edge Town Centre)	2,415				2,415	NQ
Kingston House, Coombe Road	Norbiton (Town Centre)	2,250				2,250	NQ
The Ideas Building, 179 London Road	Kingston (Edge Town Centre)	2,135					FH for sale £425,000
8-12, Coombe Road	New Malden (Town Centre)	2,010				2,010	£14
Parkgate House, 356 West Barnes Lane	Motspur Park (Out of Town)	1,940 NOT	IN	RB KINGS	TON	1,940	£14

Table 4.1 – Summary of Office/B1 Availability in RB Kingston-Upon-Thames, April 2003							
Unit Available	Location	Size Net Sq Ft	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Part 2 nd floor, Hanover House, 76 Coombe Road	Norbiton (Town Centre)	1,800				1,800	£18.50
The Quadrant, 118 London	Kingston (Edge Town Centre)	1,775				1,775	£15
Part 2 nd flr, Mace House, 39 High Street	New Malden (Town Centre)	1,716				1,716	£18.50
10/16 Castle Street	Kingston (Town Centre)	1,620				1,620	NQ
Adams House, Dickerage Lane (off Kingston Road)	New Malden (Out of Town)	1,285				1,285	£10
7 Bridle Close, Surbiton Road	Kingston (Edge Town Centre)	1,202				1,202	£17.82
Unit 3, 179 London Road Studios	Kingston (Edge Town centre)	1,200				1,200	£14.16
The Riverside Centre, 42-46 High Street	Kingston (Town Centre)	1,067			1,067		£20

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We would make the following observations on Table 4.1

- **Size band** – only 1 unit above 50,000 sq ft, and that is the refurbishment of the North Block of Tolworth Tower, on 6 floors. Some choice in the 20,000 to 50,000 size band, with 6 units available, but only three of these in Kingston town centre.
- **Quality** – the only brand new space available is in small units on business parks, at Kings Mill, a “shed office” development (referred to above in Section 4.2) and Jupiter Court. However, much of the overall available space is in Grade B space, which can be characterised as modern and efficient.
- **Image** – generally high quality external appearance, with the majority of available units being in institutional style 1970s and 1980s buildings. In terms of earlier vintage stock, the towers at New Malden are still quite striking, as is Tolworth Tower.
- **Location** – approximately 175,000 sq ft of available space is in Kingston itself, including edge of town centre sites. Tolworth has the next highest availability at 115,000 sq ft, followed by New Malden at 100,000 sq ft. The best located office

centre in the borough in terms of public transport is Surbiton, but that had only 37,000 sq ft available.

- **Price and Lease Structures** – In contrast to neighbouring Richmond, nearly all the available stock on Kingston has an asking rent of below £20 per sq ft, which clearly renders new development unviable. Most of the stock is bunched in the £15 to £20 psf band, although there is cheap and cheerful space available at under £15 per sq ft.

4.4 The Planning Pipeline and Pre-Application Sites

According to LDMS, 23,403 ~~24403~~ gross sq m B1 permissions have been granted since 01/01/1998 in 9 ~~10~~ separate schemes. ~~(The following info is out of date and has been accordingly updated. Also the Tables 4.2 and 4.3 duplicate in places)~~ LDMS states that ~~five~~ ~~Six~~ of these schemes have been implemented comprising 11,780 gross sq m ~~and~~ . Our site visits for this study indicate that the LDMS implementation data is accurate. Of the ~~five~~ ~~six~~ implemented schemes, none is a pure office scheme.

Table 4.2 – B1 Permissions Granted and Implemented in the Royal Borough of Kingston Upon Thames since 1/1/1998 According to LDMS					
Permission Date	Address 1	Address 2	Gross Sq M B1 Offices	LDMS Status	LRR Comment
17/01/01	UNITS B & C, BRITISH TELECOM	COX LANE	1705	B	Built (Shed office)
22/12/00	REFUSE STATION	ATHELSTAN ROAD	4312	C	Built (Kings Mill – shed offices)
04/04/00	BRITISH TELECOM	COX LANE	1065	C	Built (Shed Office)
29/03/99	KING RICHARDS BUILDING	DAVIS ROAD	2058	C	Built
06/07/99	OAKCROFT WORKS	OAKCROFT ROAD	1620	C	Built (Shed Office)
01/06/00	GALLEON FIREPLACES	RED LION ROAD (220-228)	1020	G C	Built (Shed Office)
09/07/02	NORTHAMBER	OAKCROFT ROAD	1156	G B	Under Construction – Shed Office)
11/11/02	FORMER GOVERNMENT OFFICES SITE	GARRISON LANE	2217	G B	Not built Under Construction
09/03/99	GALLEON FIREPLACES	RED LION ROAD 230-248)	7950	H	Cleared, not built

* G=Borough permission work not started, H=Appeal allowed work not started, B=Work started, C=Work completed, E=Expired.

Table 4.3 presents what we hope is a comprehensive schedule of current office permissions and applications, using data from LDMS, and our own in-house data. This table suggests that there is currently only 11,367 gross sq metres of permitted offices in the entire borough, in just three developments. None of these three is in Kingston Town Centre. A similar “drought” situation prevails with planning applications for offices yet to be determined. There is only one application involving more than 1,000 gross sq metres of offices, at Crown House, Kingston Road, New Malden.

Table 4.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in Royal Borough of Kingston-Upon-Thames

Location	Permitted Development	Date of Permission (Data Source)	Existing Uses	Comment
Zockoll House, 143 Maple Road, KT6 Surbiton	• 1,200 gross sq m offices	March 1999 (LRR)	Period office building.	Looks like it has been recently refurbished, by not sign of physical restructuring.
Galleon Fireplaces, 220-228 Red Lion Road, Tolworth	• 7,950 gross sq m of which a max of 500 sq m is offices	March 1999 (LDMS)	Part of Red Lion Business Park. There has been a large clearance but no further activity other than at No 230-248.	Business park is to the west of the A3, amidst fairly low-value residential stock, primarily pre and inter war.
Former Government Offices, Garrison Lane, Chessington North	• 2,217 gross sq m offices	November 2002 (LDMS) In Table 4.2	Former offices, adjacent to a school and local community centre in need of some revamping.	Primarily a residential area, with no established office market. Also a UDP proposal site (47)
Current Applications				
Crown House, 165 Kingston Road, New Malden KT3	• 1,745 gross sq m offices • 1,598 gross sq m retail • 88 car park spaces	December 2002 (Sitefinder) Refused pp	Application for demolition of existing buildings and erection of non-food retail and offices.	AXA Sun Life own the freehold to this site. Also see Table 3 – development opportunities.

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It is clear that if office development on any significant scale is to happen, it will be on land which is not yet subject to a planning permission or application. Table 4.4 reviews sites identified in the 2002 UDP, plus sites identified by us as part of the research.

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Kingston Railway Station, Kingston (Town Centre)	PS5 – office development above station	High say 250,000 net sq ft minimum	Railway Station	Potential for building on air space above the station, with potential (as stated in UDP) to link development to above the bus station.
Quebec House, Richmond Road and Cromwell Road, Kingston (Town Centre)	PS6 – replacement offices with retail on ground floor and housing above bus station,.	Medium Say 50,000 net sq ft minimum	Offices, retail, bus station	2-3 storey development possible above bus station, linked by footbridge or other means to the train station; max height 5-storey for Richmond Rd offices.
107-163 Clarence Street/Station Buildings, and 58-66 Fife Road, Kingston (Town Centre)	PS11 – mixed-use, predominantly retail on ground but small provision for offices mixed with residential	Medium/Low	Existing retail with offices above, and former Empire Theatre in the middle.	Built as Odeon + retail. Any land still available to develop? – Limited potential for more intensive redevelopment with use of upper floors for offices or residential or retailing
Refuse Transfer Station and land re, Athelstan Road, Kingston	PS26 – Business Units, storage and distribution.	High	Workspace have developed Kingsmill Business Park	See Table 2. Plenty of land to build additional units at the back of this site

Table 4.4 – Potential Office Development, Pre-Application Stage in the Royal Borough of Kingston-upon-Thames				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
(Out of Town)			at the front of the site	No further potential
St John's Industrial Area, Kingston Road, New Malden (Out of Town)	PS29 – Industrial and business use (B1), limited affordable housing.	High Medium	Lots of scruffy sub-standard units, including predominantly 2 nd -hand car servicing and light engineering sales and bodgers .	Some units are derelict, or available for sale/to let. Most Some land is completely under-developed and needs rationalisation of uses and layout (action plan adopted). Sandwiched by Large retail outlets and distribution adjacent .
Red Lion Industrial Estate, Red Lion Road, Tolworth (Edge Town Centre)	PS41 – industry, storage and distribution – seeking fewer heavy goods vehicles.	Medium	Warehouse, Industrial site with front-office functions.	Already been partly redeveloped, and cleared for further development as 'planned'. Further scope for redevelopment of business park into more efficient space.
Government Offices, Hook Rise South (and Charrington Bowl), Tolworth (Edge Town Centre)	PS42 – mixed-use redevelopment including mainly offices, residential (private and affordable) and community uses with offices, hotel and retail on Kingston Road and station	Medium/Low	Derelict , Low-rise buildings which look like army barracks temporary govt office buildings	Given the location and access to site, should be retained for warehouse, industrial and distribution given proximity to A3. Too unpleasant and noisy for offices, residential distinctly possible at rear of the site. (See Arup South London Sites Review)– Proposed improved transport interchange and A3 access. Offices and business use on other corners of A3 junction.
St Andrews House, 27 Victoria Road, Surbiton (Town Centre)	EGPL – building for sale via Chadston Surveyors for £2.2m FH	Medium/Low Too small	1970s building with retail on ground and offices above.	Located just off 'Surbiton High Street' within a few minutes walk of the station. Would probably be better as residential.
Kwik-Fit, London Road, Kingston (Edge Town Centre)	Site visit	Medium	Underdeveloped site on London Road, on a road with very good private transport access.	Princess Mews, 0.5 miles further out of town looks like the current 'model development' type – fully occupied, flexible small space with parking.
Surbiton Station Car Park, Surbiton (Town Centre)	Station car park is PS39a – earmarked as residential, but wider scheme could work as mixed-use with offices. Station a listed building.	Medium	Completely Underdeveloped as open-air surface level car park.	Two separate lots, either Possible limited scope for offices above and on north side of the tracks. This could provide a vertical split in uses, residential on the larger south-side site.
Royal Mail Building, St Mary's Road, Surbiton (Town Centre)	Site visit – PS36 Mixed use including retail, residential, business	Medium Low	Royal Mail PO and sorting office	Mixed-use potential, with a higher proportion of retail and residential than offices.

Table 4.4 – Potential Office Development, Pre-Application Stage in the Royal Borough of Kingston-upon-Thames				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
	use. Freehold currently under offer via King Sturge for £3m plus			
<i>London Property Research 2003</i>				

Further potential for office development, as part of mixed use redevelopment schemes, is likely to be identified in Kingston town centre through the K+20 strategy currently being developed.

4.5 Assessment of Draft London Plan FBS Employment Projections for Kingston-upon-Thames

On the basis of Tables 4.3 and 4.4, we would suggest that a figure of no more than 0.75 million sq ft gain to stock would be a realistic figure for the entire borough over the period to 2016. This level of development could support an additional 4,300 office jobs, using the floorspace per head ration of 1:175 net sq ft used in the draft London Plan. This is broadly in line with the DLP's figure of 3,000 additional FBS jobs for the borough on the basis of RTP 70:30 methodology.

5.0 LONDON BOROUGH OF BROMLEY

5.1 Market Background

In the early 1980s, Bank of America made big news in the London office market, by leasing over 100,000 sq ft for a back office operation in Elmfield Road, Bromley. The next big office story was Churchill Insurance, which was established in Bromley in 1989 with 60 staff, located on London Road.

Churchill has of course become a household name, expanding to 1,000 staff by the mid 1990s. In 1996 Churchill committed to a 160,000 sq ft purpose built office building at Westmoreland Place opposite Bromley South station, one of largest town centre office developments in Outer London anywhere over the last 10 years. Further expansion of this office was under construction at March 2003. We should perhaps also refer in passing to a recent 40,000 sq ft office acquisition by Churchill, in Delhi, and to the takeover by RBS in June 2003. Churchill is to be integrated with Direct Line, which suggests head office staff cuts in either Croydon or Bromley.

In most other respects, the Bromley office market has been quiet. A search on the EGI "Deals Database" since January 1st 2000 identified only 9 office lettings over this period, the largest being of 13,700 sq ft to Arrandco, at Lancaster House, 7 Elmfield Road. EG has not however identified the new HQ under construction for Excelcare at 61 Widmore Road.

5.2 University of Kingston Demand Analysis (Written Entirely by UoK)

From an agents point of view there has been something of a downturn, but as with other south London areas, the decline of IT has not been that significant. Popular locations at present are secondary locations around Bromley such as Bickely, Sundridge Park, West Wickam, Hayes and towards Orpington. This is because they are less congested and they have parking facilities.

"The closer you get to the centre of Bromley the higher rents become and parking becoming expensive pay-and display. Central locations are more popular when image is an issue. Solicitors and accountants are still attracted to Bromley centre. They are more likely to pay the higher rents."

"The client base has remained the same (no major changes). Most are small and medium sized companies. Very few corporate clients. Start-ups, expanding companies and down-sizers are all clients at present. Certain sectors are undergoing downsizing at present, particularly recruitment industries and financial services. The 'dot com' phenomena did not impact on Bromley market particularly severely."

The main attractions of Bromley are:

- Accessibility (to London and the M25).
- There is a reasonable amount of office supply and the supply is relatively constant.
- The town centre is reasonable for office workers and finally there is a high population and supply of office workers.

"The Bromley office demand market is generally private companies (rather than public sector). The largest employer is Churchill. This company brings in associated

services. Bromley is popular where the owners or principal directors live to the south east of London, such as, Sevenoaks."

Bromley has been a winner in the dispersal trend, as companies leave the high rent areas in central London. There has been an increase in demand for owner-occupied properties (particularly medium-sized companies which are looking to invest in property as part of pension fund investments).

The rental market is characterised by lease renewals/terminations. Over the past 18 months the demand for smaller space has risen (<15,000 square ft.). However there has been less demand for larger spaces.

"there has never really been a demand in Bromley for larger spaces."

Companies with larger space requirements seem to migrate towards the Croydon market. There has been some new (newly built) rental space which has been available for two years or more (i.e. Newman Road). However, generally newly built office space has been let. Planned new built office space is now generally for owner-occupation.

Bromley has benefited from the misfortunes of the City. Companies, particularly smaller ones are moving out of the city to find lower rents. Also the congestion charge and congestion itself are driving companies out of the more central city areas. One agent deals with a wedge between Dartford and Croydon.

"within this Wedge there is not really significant competition, although Croydon is possible. Inner areas of the wedge such as Lewisham have a different market. Sevenoaks is probably the nearest like-for-like competitor."

As with many other south London locations one of the key pressures in the area, due to market conditions, is the competition for commercial sites from residential developers.

The town centre management team cited this as one of the critical problems in the area and whilst demand from the SME sector and some of the major investors was apparent, developers and owners were far more likely to consider residential options for a better return. This is apparent in both town centres and outlying sites. Bromley Hospital Site, Albemarle House (Beckenham), Beckenham Housing Association Offices, Chiselhurst Town Serviced Offices have all either been or are being converted to residential.

"In addition to major sites going for residential, we know of several companies that have been approached by developers to get access to sites for residential development."

"The residential associations are very vocal within the borough and there are a range of personalities in the local community and within council who are determined to get people into town centres."

In addition to these pressures, large scale retailers have become very bullish in their attempts to develop market share. Tesco hold three new sites in the borough and are prepared to, and can, outbid commercial property developers and then they have the capacity to hold onto the site.

The majority of large scale companies within the area, TV Travel Shop, Churchill are home grown within the borough, other large operators such as Cosmos and Bank of America, utilise the area as back office, call centre type activities. They appreciate the location for its communications, but also have some area loyalty because they have been there for over 10 years. The main attractions cited were:

- Staff retention and quality of personnel
- Communications into Victoria (20 minutes)
- Access to the M25
- Amenities within the area, green belt, schools, residential
- Senior managers and owners live in Tonbridge and Sevenoaks

- Major sub regional shopping centre.

Recent developments/investments within the area reflecting demand have been the expansion of Churchill, four phases totalling 14,000 sq m, the development of the Health Trust, Police Station and the inward investment from Allied Irish Bank (20,000 sq ft) and Broomleigh Housing Association (30,000 sq ft) in Bromley town centre.

Orpington is also a very dynamic economy, in terms of sectoral rankings it is one of the most per capita profitable places in the country, due to a high reliance on high turn over service sectors, solicitors, accountants, corporate finance, architects and urban design. These creative, financial and legal sectors provide a constant demand within the area for high quality, high cost accommodation.

The serviced office market in Bromley reflects the state of the SME demand issues and runs contrary to the wishes of those espousing residential development. Bromley town centre has suffered some stagnation in the SME serviced office market, and has become more reliant on its retail and larger operator sector. As a result traditional locations such as Berkley House, which went into receivership recently (Henry Boot), is struggling to fill its capacity, and at the moment only has 60% occupancy.

This problem is also a result of the price for such a central location (£55 sq ft) and competition from newer growing areas, with better communication links. One of these such areas is Beckenham, and the success story of Burnhill Business Centre, which has grown from one location into three sites over the past two years. It has grown from 24 units to over 100 and the centre manager clearly indicates why:

“Beckenham is a very dynamic place, business was thriving so much we had waiting lists and business is still buoyant. Even though we don't have parking the place is very convenient, Clock House and Junction and Tram.”

The business covers all sectors and a wide range of markets from national to local and a wide range of sizes, no particular trends.

From a business perspective the borough has many different qualities depending upon the markets, size and type of operation, however some common elements are:

- Proximity to M25 for motorway transport links to the rest of the country
- Good train links to central London - less than 20mins
- Majority of staff live in Kent / SE London / Surrey
- Rent for offices supportable
- Stock is relatively old, with no flexibility for modern business requirements
- Major problem is envisaged in being able to secure the right kind of accommodation at the right price when need to expand
- Council's attitude towards office parking and the general cost of parking not good.

Allied Irish were clear about their reason for their recent investment in the area, which involved an office relocation from Lewisham and consolidation of services from Croydon:

“It is central to Kent and SE London, with access to where a great deal of directors and owner managers live and work...in comparison to Lewisham the place is safe and nice...it's a good area for business to business communications which is what we are about...it's close to town centre but off high street so car parking and access is good...it was difficult to find 8,000 sq ft we liked so when we did, we were prepared to take over head lease, though not ideal.”

Overall, Bromley and its town centres demand small starter units at affordable prices and a development policy that protects its commercial sites. These sites are under threat and, of all the areas in the SLP area, it was the only one to mention the threat of relocations to East London, or at least competition from the area for footloose investments. Firms have

enquired as to the type of financial support and grants available to them if they move or stay within the area, in direct comparison to Bexley and other eastern locations.

5.3 Current Office Availability

Table 5.1 summarises office space available in the London Borough of Bromley, at the time of the survey in April 2003. The total stock of offices in the borough at 2000 was stated by the VOA as 378,000 net sq metres, or 4.1 million sq ft, located in the following centres:

Bromley -	126,000 net sq metres, including Homesdale Road
Orpington -	26,295
Beckenham -	10,652

With less than one third of the total borough stock, Bromley town centre has a very modest stock given the quality of public transport through Bromley South Station. Table 5.1 identifies about 200,000 sq ft available for letting across the borough as a whole, representing a very low availability rate of 5%. However, within Bromley town centre, there is 130,000 sq ft available, representing an availability rate of nearly 10%, far more typical of general market conditions

Unit Available	Location	Size	Type of Space				Asking Rent
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	£psf
Central Court, Knoll Rise	Orpington (Town Centre)	33,169			33,169		NQ
Royal Court, 81 Tweedy Road	Bromley (Edge Town Centre)	25,241			25,241		£20
26, Elmfield Park	Bromley (Town Centre)	14,550		14,550			NQ
Prospect House, 19-21 Homesdale Road	Bromley (Edge Town Centre)	11,600				11,600	£15.22
1 Elmfield Park (1 st & 2 nd floors)	Bromley (Town Centre)	9,536			9,536		£14.02
Kingfisher House, 21-23 Elmfield Park	Bromley (Town Centre)	8,080			8,080		£20
1-4 Archers Court, 48 Masons Hill	Bromley (Edge Town Centre)	7,727			7,727		£21.73
Newman House, Newman Road	Bromley (Edge Town Centre)	7,460	7,460				£24
Northside House (part 2 nd & 4 th floors), Tweedy	Bromley (Edge Town Centre)	6,514			6,514		£15.97

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Road							
Victoria Works, Fairway,	Petts Wood (Town Centre)	6,890	6,890				NQ
London Biggin Hill Airport	Biggin Hill (Out of Town)	6,000				6,000(E)	£12
Tannery Close	Beckenham (Out of Town)	5,790				5,790	£9.75
Garrard House (1 st & 2 nd floors), Homesdale Road	Bromley (Town Centre)	4,931					£13.18
Linden House, 153-155 Masons Hill	Bromley (Edge Town Centre)	4,855			4,855		NQ
Unit 30, Metro Centre, Kangley Bridge Road	Lower Sydenham (Out of Town)	4,552				4,552	£10
Enterprise House, 160 Croydon Road	Beckenham (Out of Town)	3,790				3,790	NQ
Leonard House, Newman Road	Bromley (Edge Town Centre)	3,455			3,455		£9.40
Mega House, Crest View Drive	Petts Wood (Edge Town Centre)	3,250			3,250		NQ
Justin House, 6 West Street	Bromley (Town Centre)	3,030			3,030		£16.50
Seymour House, South Street	Bromley (Town Centre)	2,893				2,893	£10.32 - £13.88
2 nd floor, 8-10 Homesdale Road	Bromley (Town Centre)	2,866				2,866	£15
Kings House, 32-40 Widmore Road	Bromley (Town Centre)	2,800				2,800	£12.50 - £15.30
Paulis House, Main Road	St Paul's Cray (Out of Town)	2,500				2,500	NQ
452A, Blandford Road	Elmers End (Out of Town)	2,486				2,486	£7.64
Crayfield House,	St Paul's Cray	2,409			2,409		£12

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Crayfield Business park	(Out of Town)						
Bayheath House, Fairway	Petts Wood (Town Centre)	2,347			2,347		£10.05
41 East Street, Bromley	Bromley (Town Centre)	2,296				2,296	£8.71
2 nd & 3 rd Floors, 2A Newman Road	Bromley (Edge Town Centre)	2,200			2,200		£16.82
8-10, Homesdale Road	Bromley (Edge Town Centre)	2,000			2,000	2,000	£9.50
216-218, Main Road	Biggin Hill (Out of Town)	1,962			1,962(E)		£13
Compass House, 30-36 East Street	Bromley (Town Centre)	1,895				1,895	NQ
248, High Street	Beckenham (Town Centre)	1,796				1,796	?
Block B, Berwick House, Knoll Rse	Orpington (Town Centre)	1,735				1,735	NQ
6-10, Sherman Road	Bromley (Edge Town Centre)	1,650				1,650	?
27-29, London Road	Bromley (Edge Town Centre)	1,427				1,427	£9.55
Riverhurst House (1 st Floor), 2a Pembroke Road	Bromley (Out of Town)	1,350				1,350	£12.96
County House, 221-241 Beckenham Road	Beckenham (Out of Town)	?				?	?
London Property Research 2003							

The main conclusions from Table 5,1 are as follows:

- **Size band** – the largest unit available was 33,000 sq ft, and that in Orpington. In Bromley itself, the largest unit is 25,000 and very little choice above 10,000 sq ft. There is a much wider range of smaller spaces available below this, including self-contained buildings

- **Quality** – a predominance of Grade B & C space, in a mix of locations. Very little new or Grade A space is available. Within Bromley itself, Grade B space, which is still efficient for small and mid sized operations, is more common than Grade C. The street scene in the main office locations in Bromley is also of good quality, both visually, and in terms of neighbouring uses.
- **Image** – the predominant image of the stock in Bromley town centre and edge town centre is of modern, well maintained 1970s and 1980s buildings, typically of red brick or even glass curtain wall style. There is relatively little "ugly 60s junk". The overall image can perhaps best be summarised as "decent quality institutional"
- **Location** – Within Bromley itself, space is available in a variety of locations, including Elmfield Park, which is of course highly accessible to the excellent train service at Bromley South.
- **Price and Lease Structures** – although the new space in Newman Road, completed in 2000 is asking £24 psf, top rents, in Bromley are effectively under £20 per sq ft, which is a highly competitive offer for decent quality Grade B space in the town centre. Plenty of Grade C space is available at under £15 per sq ft. Most lease being offered on an FRI basis, with a variety of lease lengths on offer, but typically to 2009 or later..

On the basis of the data in Table 5.1, we would conclude that the existing office stock in Bromley offers relatively little development potential for at least 8-10 years, since most buildings are multi-occupied, normally an obstacle to obtaining vacant possession, even if the owner has an appetite for redevelopment.

5.4 The Planning Pipeline and Pre-Application Sites

Table 5.2 shows that according to LDMS, 29,000 gross sq m B1 permissions have been granted since 01/01/1998 in 10 separate schemes. LDMS states that three of these schemes have been implemented comprising 12,961 gross sq m. However, our site visits for this study indicate that the LDMS implementation data requires updating. Only one pure office scheme has been implemented, that being at 61 Widmore Road.

Permission Date	Address 1	Address 2	Gross Sq m Offices	LDM S Status	LRR Comment
14/09/01	LAND AT	MASONS HILL	10600	B	Police station & Waitrose
19/06/98	GARDNER INDUSTRIAL ESTATE	KENT HOUSE LANE	1061	C	Sheds built
22/06/98	BROOK INDUSTRIAL PARK	MILL BROOK ROAD	1300	C	Sheds built?
05/04/99	CHURCHILL HOUSE	LONDON ROAD (15-17)	2040	G	No visual sign of development
05/07/00	GARRARD HOUSE	HOMESDALE ROAD (2-6)	3750	G	Not implemented – occupied offices
06/07/98	GLAXO WELLCOME BIOTECHNOLOGY, LANGLEY CT	SOUTH EDEN PARK ROAD	4939	G	Most of the complex built as residential

					(Laing + Berkeley)
11/10/02		WIDMORE ROAD (61)	1467	G	Under construction : Excel HQ
17/08/99		CROYDON ROAD (404)	1814	G	No change
18/11/99	WELLCOME RESEARCH LABS., LANGLEY COURT	SOUTH EDEN PARK ROAD	1147	G	Most of the complex built as residential (Laing + Berkeley)
19/06/98	FORMER BT DEPOT, REAR OF	BURNT ASH LANE (91-95)	1083	G	Under construction as residential
* G=Borough permission work not started, H=Appeal allowed work not started, B=Work started, C=Work completed, E=Expired.					
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On the basis of LDMS data, and our in-house data on office permissions and applications, we have compiled Table 5.3, which is designed to provide a snapshot of extant office permissions and applications at Q2 2003. This shows a very low level of permissions, at 12,343 gross sq metres, which allowing for demolitions to facilitate development would represent a pipeline of less than 10,000 gross sq metres. Applications awaiting determination are also very low, at just 3,500 gross sq metres.

Table 5.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Bromley				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
Glaxo Wellcome, South Eden Park Road, West Wickham (Out of Town)	<ul style="list-style-type: none"> • 4,939 gross sq m offices • 0 gross sq m retail • 0 Other 	06/07/98 (LDMS)	Former Wellcome research complex, mainly vacated after Glaxo Wellcome merger	Sandwiched by two residential developments. One gated and complete. One still under construction-Langley Park
Garrard House, 2-6 Homesdale Road, BR2, Croydon (Edge Town Centre)	<ul style="list-style-type: none"> • 3,750 gross sq m offices • 0 gross sq m retail • ? car park spaces 	05/07/00 (LDMS) (LRR)	Occupied offices with vacant space, car park below on ground and lower ground	Homesdale Road lies south of town centre, just off Masons Hill. Residential would certainly be more valuable.
404-436 Croydon Road, Beckenham (Town Centre)	<ul style="list-style-type: none"> • 1,393 gross sq m offices • 14 private residential • 0 car park spaces 	12/08/99 (LRR)	Existing buildings have retail on ground and semi-vacant office premises above.	Probably more suitable for 'flats above the shop'
Glaxo Wellcome, South Eden Park Road, West Wickham (Out of Town)	<ul style="list-style-type: none"> • 1,147 gross sq m offices • 0 gross sq m retail • 0 Other 	06/07/98 (LDMS)	Glaxo Wellcome	Same as above
117 Masons Hill,	<ul style="list-style-type: none"> • 1,114 	09/09/98	Halfords	Adjacent Ford

Table 5.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Bromley				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
Bromley (Edge Town Centre)	gross sq m offices • 0 gross sq m retail • 0 car park spaces	(LRR)		garage site, on opposite side of road to the hospital. Flats above the shop?
Current Applications				
Scrubbs Farm, Lower Gravel Road, BR2, Hayes (Out of Town)	• 2,508 gross sq m offices • 0 gross sq m retail • 0 Other	01/04/01 (LRR)	Low density industrial?	Application for 23 light industrial units.
First Church of Christ Scientist, 54a Widmore Road, Bromley (Town Centre)	• 1,021 gross sq m offices • 0 gross sq m retail • 0 Other	01/12/01 (LRR)	Church	Located to rear of the Glades car park. Redevelopment potential for offices or even mixed-use.
<i>London Property Research 2003</i>				

It is clear that if office development on any significant scale is to happen, it will be on land which is not yet subject to a planning permission or application. Table 5.4 reviews sites identified in the UDP, plus sites identified by us as part of the research. If any of these sites are to happen, two pre-conditions apply, as is the case in most major town centres in the SLP boroughs:

- First, London as a whole has to achieve major growth in office employment and demand, along the lines of the Mayor's 463,000 FBS employment growth, which must in turn generate sustained rental growth in both central and outer London locations, to make high quality office development viable.
- Second, Bromley must be actively promoted, in both a development planning, and a marketing sense. It must be borne in mind, that if pre-condition one does come to fruition, Bromley is going to experience far more intense competition from Croydon than it does already, and equally intense competition from M25 locations in Kent, where huge proposals for commercial and residential development are already being mooted, in advance of the arrival of the High Speed link.

In other words, the land potential for at least 500,000 sq ft of high quality offices in Bromley clearly exists, but market conditions to encourage such development to happen is far more uncertain.

Table 5.4 – Potential Office Development, Pre-Application Stage in LB of Bromley				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Bromley South Station and car park, Bromley (Town Centre)	UDP 13	High	Air space above train tracks	Plenty of development space above and adjacent to tracks. Very important site - see Arup Report May 2003.

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Bromley North air space and car park, Bromley (Edge Town Centre)	UDP 14	Medium	Air space and car park	Potential for large scale, high density development above and adjacent to
Bromley Hospital site, Masons Hill, Bromley (Edge Town Centre)	UDP 5	Medium		Huge site with potential – residential-led development must be the way forward here.
Ford Garage, Masons Hill, Bromley (Edge Town Centre)	Site visit	Medium	Garage	Directly opposite the hospital site on Masons Hill. Large development space, perhaps better suited to residential.
Ex-Police Station, 60 Widmore Rd, Bromley (Edge Town Centre)	UDP 16	Medium	Police station	Excel HQ office being built directly opposite, so office potential here.
Sherman Road adj to Bromley North station, Bromley (Edge Town Centre)	Site visit	Medium	Office and car park, plus vacant space	Room for redevelopment. More likely to go residential. GPO offices almost directly opposite would also provide good conversion capacity. Not far from North Point.
DSS Office, 1 Westmoreland Road, Bromley (Edge Town Centre)	Site visit	High	Office	Room for redevelopment of existing 1960s offices.

London Property Research 2003

One of the highest levels of home-ownership exists in the Borough, compared to other London boroughs, and as such creates a sound environment for residential led development in an area where there is a high proportion of 'latent wealth'. There has been no evident news of office development in the borough since end 1999, and as the analysis of available office space and future development shows, most permissions or new developments have gone to residential.

5.5 Assessment of Draft London Plan FBS Employment Projections for Bromley

On the basis of Tables 5.3 and 5.4, we would suggest that a figure of no more than 0.75 million sq ft gain to stock would be a realistic figure for the entire borough over the period to 2016. This level of development could support an additional 4,300 office jobs, using the floorspace per head ration of 1:175 net sq ft used in the draft London Plan. This is broadly in line with the DLP's figure of 3,500 additional FBS jobs for the borough on the basis of RTP 70:30 methodology. There is thus no basis for arguing that the dLP is currently holding back FBS employment growth in the borough.

6.0 SUTTON

6.0 London Borough of Sutton

6.1 Brief market Analysis

There has been very little coverage of the Sutton office market in the press! In one sense, this is a slight irony, since the Estates Gazette, part of the Reed Business Information Group is controlled from Quadrant House in Sutton, although produced in Soho.

6.2 University of Kingston Demand Analysis (Written Entirely by UoK)

There is a wide range of conflicting messages regarding office space in Sutton, depending on whether they emanate from external or internal views, small or large scale operators or from the public or private sector. The service providers supporting SMEs and the SMEs themselves have a high level of confidence in the location, clearly espousing its virtues as a pleasant place to do business and to work.

The larger operators and external views have a much more critical interpretation of its role and its future, particularly central London agents, large scale land owners and developers.

“Sutton is not close enough to London and not far enough out.”

One of the main problems is that Sutton does not have a clear image; it is many things to many people. Some prefer this, whilst others, for example from a town management perspective, would rather it was a better defined retail entity.

The business support team from the borough have an incredibly difficult job, because of these tensions and have a long term challenge to develop a corporate approach to business support. As ever there is constant pressure for any site that becomes available to become new residential. For example, the Gas works site at the north end of the town and the old Paynes Poppet site are under significant pressure to change from employment sites to predominantly residential.

This is at a time when, even during an economic down turn, Sutton Business Centre, West Mead Business Centre and Edes Business Park indicate that the SME market is still buoyant. The pressure within the area is to maintain and service the demand, which is predominantly small scale to 3,000 sq ft and potentially make sure any of the larger clients (Reed, Halliburton Brown and Root) want to invest long term. This is very much a balancing act between improving the town centres, developing mixed use space (predominantly serviced, high quality multifunctional work space), developing significant transport opportunities, maintaining a quality residential environment and keeping communications open with large sector employers (presenting them with a unified supporting voice).

At present the only speculative development that occurs in the area is small scale 2 to 3 storey new build, which picks up investors such as the Hotel and Catering International Management Institute. This operation moved into the main town area because of the attractive environment, cost and residential proximity of senior managers. However, the view from external large scale developers and agents is much more scathing.

“Sutton is a dump”.

Developers who, during the 1990s established properties in the Golden Triangle and south of the M25, now have a vast amount of spare capacity. During the development period they were never approached to develop in Sutton and did not consider it a good bet in terms of speculation, as rental returns along the 'Western Corridor' were what drove investment. At present, due to interest rates being so low they will hold on to their properties. The south M25 area and Croydon overshadow the development potential of Sutton, with regard communication links and access to the airport.

Those developers that have invested in new office space (Lambourne Estates – Administration House) have done so as part of a mixed use deal with predominantly residential units.

Whilst it is clear there is no potential of long term large scale office development, something which is no surprise to the borough, there is definitely a strong market for SME accommodation.

Tony Smith, Chairman, Ede's Business Park, Wallingston, was extremely confident and positive about the small-scale office market in Sutton:

"I strongly believe that serviced office accommodation is the future. The leases are for one year with a one month notice period. I have owned serviced buildings for 10 years and they have always been popular and profitable. Our buildings are generally not new builds, but converted such as a disused factory. I think that serviced accommodation is popular because they are extremely flexible (companies can move in within 24hours), companies are not tied into lease and rents match overheads (rents have not grown substantially in ten years). We generally have a waiting list for space in our most popular serviced buildings."

From his experience:

"The popularity of Sutton is that it is out of London and yet in London. It is well served by trains and the road network is good. There is little traffic compared to the City. The problems of Sutton are that there is a lack of office accommodation."

From his perspective they can compete with places like Wimbledon, because of the rent issue (generally, £15 sq ft) and that the growing trend for owner occupied accommodation (fuelled by company pension funds investing in property) far out strips the supply in Sutton.

The owners of West Mead House (West Mead Group) echo these sentiments in terms of the demand for their serviced office space. This site offers 46, 000 sq ft and is running at optimum occupancy. The demand is mainly from small business operators, who are either starting up or changing location for the following reasons:

- Moving out of home – this is one of the main reasons.
- Companies that come out of landlord leases needing flexibility – particularly in recession.
- Also companies that have previously bought property, play the property game and will sell at times when prices high.

From their point of view, even though Sutton cannot compete with Croydon, where they have most of their business. Once the economy starts to pick up again and firms become priced out of central locations, or generally expand, then the provision in the area will not be able to cope with increased demand.

From the town manager's point of view the area cannot compete with the West End, in terms of attracting staff and firms and therefore perhaps should not. However, this does not mean that the area should become over taken by expensive residential development, which is a potential problem. Developers cannot cope with affordable housing and mixed

use issues, as this is not commercially viable. Hence the eventual conversion of locations such as Surrey House, with 20 floors that will become residential.

“The office economy is relatively stable, however some of the key players are potentially volatile. Trains are getting better, but could do with cheaper parking.”

From a SME point of view, Sutton offers a cheap location (£15 sq ft) that is “on the way up”. Competing areas are Epsom, Reigate and Croydon, but the first two are more expensive and the last, apart from offering no parking, is a “dump”.

The good thing about the location is the ability of owners and staff to drive to work and or walk to work. “The bus service is there but it is joke if you want to get from A to B, for example from Bansted to Sutton by bus is 40 minutes, by car 10.”

Some companies used to be based in Wallington, but moved into the north end of Sutton town centre to get access to amenities for staff and owners. The move was a result of there being “nothing there, mostly closed down” in Wallington, and did not want to move closer to London, so Sutton centre offered cheap accommodation, particularly in the north end. The only problem is that

“the north end is a bit of a ghetto for hospital users and is a bit dross, need body guards sometimes”.

But the actual buildings are reasonable and if you can control entrance then it is a reasonable place to be.

From the larger firm perspective, Reed Group and Halliburton, Brown and Root, the area is more marginal in terms of investment and location. The Reed organisation came into the area 20 years ago, predominantly because senior management lived in Surrey. The original lease was for 120 years, but this is down to 40 years and they have freehold buildings in central London. They have found it difficult to attract people out from central London over the years and as a result have recently starting relocating some functions back to the centre, including the online recruitment business. Up until several years ago they did consider relocating, but the penalties on the lease were far too expensive, so renegotiated and decided to refurbish several floors to let, so that some functions could be relocated and they could generate revenue.

“Luckily Halliburton, Brown and Root were expanding at the time from their Leatherhead base and took several floors for their engineers and managers.”

However, they have had little demand for their offices apart from this and may consider making the units smaller to meet SME market.

The main problems they have are:

- *“Sutton used to have a real commercial vision, but this has been lost to some hidden residential agenda (Surrey House), and eventually Sutton will go down.”*
- *“We only have dealings with the council when there is something wrong, especially over parking...they do not have*
- *“Other places like, East Grinstead, offer better environment for back office functions, cheaper labour and land.”*
- *“Some of the main players at the moment (Halliburton) are likely to move out when contacts come to an end and it will have a ghost town effect.”*

As a result it is expected that Reed will continue to gradually relocate its operations over the next 20 years and may even not see the end of the lease out, unless something is done to support the local economy.

6.3 Current Office Availability

Table 6.1 summarises office space available in the London Borough of Sutton, at the time of the survey in March and April 2003. The total stock of offices in the borough at 2000 was stated by the VOA as....The breakdown of offices within the borough is...

Sutton

Wallington

Cheam

Table 6.1 identifies a total of only about 110,000 sq ft available, implying an availability rate of about 7%.

However, this figure excludes Surrey House on Throwley way, a 150,000 sq ft 1970s (?) office building, which is vacant but not on the market, pending a likely conversion to residential. If Surrey House was on the office letting market, the availability rate would increase to 15%??. The Surrey House situation shows very vividly that in a relatively small office centre, the loss of a single large building to residential or other uses can have the result of significantly lowering the total stock, if new development is not happening elsewhere in that centre, which is typically the case in all SLP centres facing this issue.

Unit Available	Location	Size	Type of Space				Asking Rent
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	£psf
Quadrant House (2 floors), Brighton Road	Sutton (Town Centre)	12,100			12,100		NQ
Times House, Throwley Way	Sutton (Town Centre)	9,640			9,640		NQ
Unecol House (Entire 2 nd floor), 819 London Road	North Cheam (Out of Town)	8,984				8,984	£12.50
St George House, Station Approach	Cheam (Town Centre)	8,609			8,609		£12.50
Danbury Mews (Units 12 & 14), Manor Road,	Wallington (Edge Town Centre)	8,134 (4,100 + 4,034)				8,134	£10.90 & £8.80-£9.50
Chancery House, St Nicholas Way	Sutton (Town Centre)	7,592			7,592		TBD
Gemini Court, Throwley Way	Sutton (Town Centre)	7,126	7,126				FH for sale or to let NQ
Century House, Station Way	Cheam (Town Centre)	5,300			5,300		£14.44
Group House,	Sutton (Town	4,884			4,884		NQ

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Sutton Court Road	Centre)						
Old Inn House, 2 Carshalton Road	Sutton (Town Centre)	4,400			4,400		£16
Crest House, 19 Lewis Road	Sutton (Town Centre)	3,335			3,335		£14
68, Parkgate Road	Wallington (Edge Town Centre)	3,254			3,254		NQ
IT Training Centre(1 st Floor), St Nicholas Way	Sutton (Town Centre)	3,171			3,171*		NQ
Mulgrave Chambers Business Centre, 26-28 Mulgrave Rd	Sutton (Town Centre)	2,629	2,629				£20
Norman House, Burnell Road	Sutton (Edge Town Centre)	2,486			2,486		£15.58
Centrelink House, 307 High Street	Sutton (Town Centre)	2,121				2,121	£11.20
Benhill House, 12-14 Benhill Avenue	Sutton (Town Centre)	2,035			2,035		£18
59, London Road	Hackbridge (Out of Town)	1,929			1,929		£15.55
50, Grove Road	Sutton (Town Centre)	1,724				1,724	£15.95
Nos 23 & 31 Bedzed, 23 Dunster Way, London Road	Hackbridge (Out of Town)	1,510 (790 + 720)	1,510				£15.82 or £185K VF & £15.97 or £180K VF
Nine, Sutton Court Road	Sutton (Town Centre)	1,454			1,454		NQ
76 High Street & c/o Throwley Road	Sutton (Town Centre)	1,382				1,382	NQ
17, Throwley Way	Sutton (Town Centre)	TBD					TBD
Prologis, Beddington	Hackbridge (Out of	TBD	TBD				TBD

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Lane	Town)						

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Our main conclusions from Table 6.1 are:

- **Size band** – the largest available unit was only 12,000 sq ft (part of which has since been let to Halliburton), with no other units in excess of 10,000 sq ft being marketed. In effect there is no available space for any occupier requiring offices for much more than 50 staff. Choice also remains limited for occupiers seeking smaller units.
- **Quality** – there is no Grade A quality office space available in the London Borough of Sutton. About 60% of the total available space we have classified as Grade B, which is anything implies very little choice of "cheap and cheerful Grade C space,
- **Image** – the office stock in Sutton presents a very mixed image. In the immediate vicinity of Sutton station can be found typical 1960s/70s buildings, and more modern style 1980s glass clad tower. Despite having the park opposite, Throwley Way has a poor image, dominated for the time being by the vacant 20 storey Surrey House. There is very little office architecture which we would describe as either interesting or attractive,
- **Location** – 16 of the 23 units listed in Table 6.1 are in Sutton, either in the town centre or edge of town centre. Cheam has 3 units and Wallington 2. The majority of the available space is adjacent to or close to Sutton railway station, which is an efficient location in terms of public transport and access to town centre facilities.
- **Price and Lease Structures** – Typical asking rents for the reasonable quality available space in Sutton (Grade B) are typically in the £12-£15 per sq ft range, amongst the cheapest in any outer London town centre location.

In terms of development capacity, the existing office stock presents a number of opportunities for redevelopment in the immediate vicinity of Sutton Station, creating a significant gain to stock through intensification.

However, in terms of the market, it seems highly unlikely that Sutton town centre would be able to support large scale speculative development. The LBS submission to the draft London Plan EiP stated that, "Furthermore the rental value of office floor space in Sutton has recently increased from £96.84 per sq m (1996) to £140 per sq m (2000)", but this is way below viability for redevelopment, and very marginal even for a light refurbishment.

6.4 The Planning Pipeline and Pre-Application Sites

Table 6.2 shows that according to LDMS, 21,573 gross sq m B1 permissions have been granted since 01/01/1998 in six separate schemes. However, over 75% of this permitted B1 space is for ancillary offices forming part of primarily shed developments (check).

Permission Date	Address 1	Address 2	Gross Sq m Offices	LDMS Status	LRR Comment
09/10/00	Prologis Park	140 Beddington Lane	8,516	H	Built - mainly shed development with ancillary offices
16/03/98	Land to ro 681 Mitcham Road	Mitcham Road	6,491	G	Under construction
10/01/00	Land south of Kenley	Godstone Road	2,087	E	Built as residential

	Pumping Station				
29/06/01	Junction Therapia lane	Coomber Way, Beddington Lane	1,900	C	Verify not the same as below
20/05/99	Former Snowcem site	Therapia Lane, Coomber Way, Beddington Lane	1,548	C	Built as sheds
04/07/01	152	Beddington Lane	1,031	B	Prologis? – verify
* G=Borough permission work not started, H=Appeal allowed work not started, B=Work started, C=Work completed, E=Expired.					
London Property Research 2003					

On the basis of LDMS data, and our in-house data on office permissions and applications, we have compiled Table 6.3, which is designed to provide a snapshot of extant office permissions and applications at Q2 2003. This shows a very low level of permissions and applications, at about 13,000 gross sq metres. However, if it is the case that the permission for the MRC Laboratories has either expired or been superseded, then the office development pipeline within the planning system is to all intents and purposes zero.

Table 6.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Sutton

Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
MRC Laboratories, Woodmansterne Road, Sutton/Carshalton (Out of Town)	<ul style="list-style-type: none"> 8,361 gross sq m offices 0 gross sq m retail 0 car park spaces 	LRR 1996 Check date	Occupied by BIBRA.	Original application and permission dates from 1993. Application to renew 1996, granted at Committee December 1996, but S106 never signed.
Administration House, Sutton Park Road, Sutton (Town Centre)	<ul style="list-style-type: none"> 1,452 gross sq m offices 85 resi units 	12/2002	1960s low rise office building close to Sutton Station, still occupied as offices	Surrounded by 'bigger & better' offices, plus the new police station and B&Q. .
152A Beddington Lane, Beddington (Out of Town)	<ul style="list-style-type: none"> 1,031 gross sq m offices 0 gross sq m retail 0 car park spaces 	04/07/01 (LDMS)	1960s industrial ancillary offices	Very close to the large Prologis Site.
Current Applications				
Wells House, 229-231 High Street, Sutton (Tesco), SM1	<ul style="list-style-type: none"> 2,500 gross sq m offices ? gross sq m retail Other 	01/10/2000 LRR	On-hold	Is this the new ASDA site on the High Street?
London Property Research 2003				

The London Borough of Sutton is well aware of this situation, and has responded in a very positive manner in recognising the development potential of existing office buildings in Sutton town centre. According to the LBS submission to the draft London Plan EiP:

3.3 *The Sutton Town Centre Opportunity Sites are shown on the Map in Annex 3 and a description of the sites is included in the Schedule in Annex 3a.*

3.4 *The total land area of the Opportunity Sites available for redevelopment is 6.07 ha. However, it should also be noted that there are opportunities for redevelopment and intensification, particularly regarding the older office stock in Sutton Town Centre. There are a number of vacant office blocks which are now obsolete because of their age and design. Their locations are also shown on the Map in Annex 3. Together these sites represent a significant potential for office redevelopment as they currently range from 3 storeys to 13 storeys in height (the 13 storey building has 14,210 sq m of office space). There could be opportunity for further intensification as these units are within the high building zone.*

These sites need to go into Table 6.4

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
EiP Annex 3 sites				
Paynes Poppets	Arup – South Wandle Forward Strategy	Medium		See Arup May 2003
Building and car park to r/o Quadrant House, Sutton (Town Centre)	Site visit	High	Air space, small office and car park	Underdeveloped land, including small office, air space above the train station and the station car park to the rear of Quadrant House.
Sutton Hospital, Belmont (Out of Town)	UDP – proposal site for housing	Low/Nil	Hospital & NHS Trust	Excellent residential site, with embedded high values.
Wandle Technology Park, Goat Road, Mitcham	Market Knowledge	Mid	Under-used industrial estate	Potential for substantial mixed-use development, to include primarily residential, but replace and improve existing employment space
Surrey House, Throwley Way, Sutton (Town Centre)	Planning Permission	Low	Vacant office tower	Permission for conversion to residential, to provide 126 private and 51 affordable flats. Any possibility of retaining some B1 on lower floors?
17, Throwley Way, Sutton (Town Centre)	Site visit	Medium	Up for sale – see Table 1	Moving away from the Sutton 'CAZ' to the northern end of town. Mixed-use with residential is potentially a better option here.
Land at 48	Site visit	Medium	Vacant land	As above – to the north

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Throwley Way, Sutton (Town Centre)				of Gemini Court
Land at 40 Throwley Way, Sutton (Town Centre)	Site visit	Medium	Vacant land + Kwik-fit	As above – to the south of Gemini Court
Site opposite Unecol, London Road, Cheam (Out of Town)	Site visit	Low	Vacant office/retail/showroom	Near to Garth Road industrial sites, part of which have gone to residential. This should also go to residential.
Felnex/Restmor Way, r/o London Rd & Hackbridge Station (Out of Town)	Arup study	Medium	Partly/wholly occupied 'scruffy' industrial site	Potential for redevelopment with a mix of uses/layouts.
Paynes Poppetts site, off Croydon Road, Waddon (Out of Town)	Arup study – 6.9 acres	Medium	Vacant site	The cinema experience has never been the same without them, but potential for B1, workspace type redevelopment.

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The other potential source of new office space lies in the redevelopment of non-strategic industrial estates, which are currently under-utilised in terms of the amount of built space on the site. In our presentation to the SLP on June 11th, we characterised these sites as small or mid scale, scruffy, non strategic industrial estates, in primarily residential locations, which should be seen as development opportunities, capable of delivering greater numbers of jobs than currently exist, and very considerable housing gain. The WS Atkins Report on the Wandle Valley presents an important analysis of the pros and cons of protecting such sites. Examples of such development opportunities include Goat Lane and Willow Lane.

6.5 Assessment of Draft London Plan FBS Employment Projections for Sutton

On the basis of Tables 6.3 and 6.4, we would suggest that a figure of no more than 0.5 million sq ft gain to stock would be a realistic figure for the entire borough over the period to 2016. This level of development could support an additional 2,850 office jobs, using the floorspace per head ratio of 1:175 net sq ft used in the draft London Plan. This is broadly in line with the DLP's figure of 3,100 additional FBS jobs for the borough on the basis of RTP 70:30 methodology. There is thus no basis for arguing that the dLP is currently holding back FBS employment growth in the borough.

7.0 LONDON BOROUGH OF MERTON

7.1 Market background

Wimbledon is a very famous name. The Wombles are known all around the world. As an outer London location "brand", Wimbledon has no equal. Wimbledon Village is also one of the prettiest and most desirable in London, as evidenced by the parade of famous agents, including Knight Frank and FPD Savills. Public transport from Wimbledon is excellent, and the northern line serves Morden and Colliers Wood. And now its got a tram.

Wimbledon has scored some significant successes in terms of "large" office lettings in recent years, at least in the context of the SLP boroughs.

- Lidl
- CIPD
- Heineken

Who else? Expand

7.2 University of Kingston Demand Analysis (Written entirely by UoK)

From an office agent's stand point, the London Borough of Merton area is completely dominated by Wimbledon. Typical comments from agents included:

"The media/marketing companies are looking for more 'quirky' office space, like converted town house, mews developments and lost spaces. We deal with companies looking for accommodation from 200 sq ft to 20,000 sq ft, although most of our business is in the middle range between 500-3000 sq ft."

"The attractions of the area are first and foremost that many managing directors, partners etc. live in South-West London and they are looking for office accommodation in reasonable proximity to their residential location. One of the key attractions of Wimbledon is that it is internationally renowned, due to Tennis, so companies are happy to have a Wimbledon address; this is not the case in Earlsfield or other areas in south London."

The dominance of Wimbledon is also an issue for internal debate within the local authority, as apart from it being the main place where demand is constant, it is the only place where the borough wants to encourage development. At present there appears to be a certain amount of conflict between promoting residential or commercial property within town centre planning.

This is especially a problem in Wimbledon, where space is at a premium, either existing or new development sites (only two potential sites in UDP – P3 or over the tracks). This is reflected in the development situation within the town, which is *"virtually controlled by the Woodcock Brothers, asking rents in excess of £30 sq ft, and they can afford to keep space vacant if they are not met."*

The demand for office space in Wimbledon was clearly indicated by the inward investment from Heineken and CIPD. The location of Heineken into Wimbledon during 2002, was based upon the expansion of its UK operations, after it took charge of its own distribution functions. (Melbury House, 51 Wimbledon Hill Road). As a result it wanted to expand and move from its Fulham location, due to image and, once again, residential proximity of its MD and finance director. The office space was completely refurbished to a very high specification, but the *"building was attractive exterior design which generated*

the right image.” The agents that dealt with the location, Jansons & Partners, clearly thought that Wimbledon was a prime office location for an operation of this size (70 staff), and compared it to Chiswick, Hammersmith, Putney and Richmond, where they also sought accommodation.

The CIPD is one of the largest local employers within Merton, employing 270 staff, with an annual turnover of £30 million. At present they are moving from their base of 20 years, Camp Road, Wimbledon Common, to a purpose built location on the old Odeon site on Wimbledon Broadway (to be completed in 2004). This move is based upon an expansion of their operations, a commitment to the area in terms of work force and senior personnel living nearby, and a belief that the area provides all the specific qualities they consider to be essential:

- Image and values of CIPD
- Access to key transport
- Surrounding facilities, leisure/entertainment
- Rapid access to central London training facilities.

Other companies that were surveyed in and around Wimbledon supported this demand profile, the MDs lived in or around south London and Surrey and the area has a high/prestigious profile.

The main problems they face are traffic congestion, car parking availability and cost. Companies found they had to pay a relatively high cost to be in the location (£21 sq ft) and this was the key issue that might make them relocate to areas such as Kingston, Surbiton, Woking or Esher. They felt they were paying for a prestigious address, but did appreciate the transport communications, although Tramlink was not mentioned.

The concept of image and reality was certainly raised by one interviewed company, who touched upon the issue of security as staff often worked late. They indicated that night security in the building and in the surrounding area were a concern, irrespective of how prestigious the location is. Echoing the significance that other locations in the borough, such as Mitcham, have lower crime rates.

The monopoly of the Wimbledon development market, the lack of available space (due to conservation zones, residential pressure and physical constraints), the high quality of the design and build spaces and prestigious nature of the place, all mean demand is displaced to other locations outside of the town, but not necessarily to other towns with Merton, such as Morden and Mitcham.

Demand is being displaced to locations on the periphery of Wimbledon (serviced office locations such as Merton Abbey Mills and Thornton Road) cheaper locations that do not require passing trade, but have critical communication links (Lombard House) and out of the area to the north Surrey locations. Mitcham does have limited demand for office space, but not necessarily for the space that is available. Eagle house has remained empty for a long time, whilst large houses around the cricket green that have been converted into office space have been quickly taken up.

The area does have a sense of regeneration potential and is both a priority for the borough and for SWELTRAC. The impact of any Tramlink extension, which is well into the future, will be too late to sustain the local economy of SMEs presently seeking attractive modern accommodation.

The firms that were interviewed in the area clearly indicated the problems with the existing accommodation, transport links and local amenities. They felt the area definitely needed modern, maybe serviced, accommodation, which was flexible and reasonably

priced. Some were committed because of long established relationships, but other admitted they were attracted by accommodation such as Lombard House.

Burlington Road was flagged up by the borough and various companies as an area that has attracted a significant level of demand. This area borders New Malden and is adjacent to the A3. The owners of the previous Racal Instruments site, Burlington House, have been very keen to convert the units into office use, as they see this area as a potentially very attractive area for business development. Thales have also acquire land and property in the area and wish to convert to office space. At present the borough is resisting these changes as they see the area as light industry and high tech production space, which they do not want to lose to speculative office development. However, they are prepared to accept the letting of existing space, designated as ancillary office accommodation, on an independent basis.

The pressures for residential development to take over office space are also evident within other parts of the borough. The owners of the Brown and Root Tower in Colliers Wood applied for permission to convert the site to residential on the grounds that the majority of the office space was vacant. However, on inspection it was found that the majority of the 200,000 sq ft building was let on short term basis at £8.50 sq ft, and that the high level of vacancy was more planned than real, so as to limit the actual time the building would be vacant during conversion.

Across the borough, outside of Wimbledon the big carrot for business space is the existing car parking arrangements that were put in place with the old stock. This off sets the poor quality of the accommodation and maintains buoyancy across the area. But this is something that will change and needs serious consideration if new developments are to go ahead, as it will potentially dramatically affect demand.

However, it is clear from the Lombard Business Centre and the Jubilee Centre, who both have high occupancy rates (90%), that the demand for mixed work/office space is significant. Lombard Centre (just off A24) offers 92 serviced units, 27 of which are workshops. The bulk of their clients are towards the smaller end of the SME market and cover a wide range of activities, from web design to screen printers. They offer limited free parking, but have recently refurbished the site, providing clients with prestigious surroundings and a sense of identity. The cost equates to approximately £490 a month for 150 sq ft fully inclusive and the site offers good car access as well as being close to Modern Road Tramlink.

Even though sites like this do not offer in-town amenities, they do offer affordable high quality accommodation with good access. However, these businesses do not need a 'high street' presence and have markets stretching beyond the region. Those that leave these types of centre are either relocating due to owner relocation, are expanding and need larger premises, are consolidating with other operations elsewhere or are going out of business. *"For those that are expanding or consolidating, there are limited opportunities to find the right space in Merton"*.

7.3 Current Office Availability in Merton

Table 7.1 summarises office space available in the London Borough of Merton at the time of the survey in March and April 2003. The total stock of offices in the borough at 2000 was stated by the VOA as 287,000 net sq metres, or 3 million sq ft, as near as makes no odds. The breakdown of offices within the borough is:

- Wimbledon - 83,375 net sq metres
- Morden - 20,696 net sq metres

- Wimbledon Village - 8,370 sq metres
- Colliers Wood - 20,000 net sq metres (Nearly all the Brown & Root tower).

Our survey identified about 275,000 sq ft of available space, representing an availability rate of 9%, a relatively low figure in the context of central London, and lower than the prevailing rates across the SLP boroughs.

Table 7.1 – Summary of Offices Availability in LB Merton at April 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Development Under Construction at Q2 2003							
39-49 St George's Road	Wimbledon (Town Centre)	15,000					
Existing Stock Available for Letting at Q2 2003							
Vantage House, 1 Weir Road	Wimbledon (Out of Town)	31,000			31,000		£12.50
Units 2, 3 & 5, Tramlink Park, Deer Park Road	Merton (Out of Town)	26,097				26,097	£10
Brook House, Cricket Green	Mitcham (Edge Town Centre)	18,680	18,860*				£12.85
Windmill Business Centre, Commonsides East	Mitcham (Out of Town)	15,204				15,204	NQ
Hartfield House, Hartfield Road	Wimbledon (Town Centre)	13,535	13,535				NQ
Olympic House, 199-200 The Broadway	Wimbledon (Town Centre)	12,940				12,940	£15
Coombe Hill House, Beverley Way	Raynes Park (Out of Town)	11,500			11,500		£18.50
Wimbledon Bridge House, Hartfield Road	Wimbledon (Town Centre)	10,400			10,400		NQ
The Tower, 125 High Street	Colliers Wood (Town Centre)	9,772				9,772	£8.50
Melbury House, 49-57 Wimbledon Hill	Wimbledon (Town Centre)	8,860	8,860				£29
Tuition House, 27-37 St George's	Wimbledon (Town Centre)	8,800			8,800		£19.50 to £23.50

Table 7.1 – Summary of Offices Availability in LB Merton at April 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Road							
Enterprise House, 181-189 Garth Road	Morden (Out of Town)	7,673				7,673	£6.50
The Pointe, 89 Hartfield Road	Wimbledon (Town Centre)	6,480			6,480		£22.33
42, Worple Road	Wimbledon (Town Centre)	6,160				6,160	NQ
Heritage House, Inner Park Road	Wimbledon Village (Out of Town)	5,333			5,333		£22
Wellington House, Wimbledon Village	Wimbledon Village (Town Centre)	5,320			5,320		NQ
1-4, Francis Grove	Wimbledon (Town Centre)	5,300			5,300*		£24.50
Strudwick House, Boundary Business Court	Mitcham (Out of Town)	5,179				5,179	£9.75
Sandham House, Boundary Business Court	Mitcham (Out of Town)	5,120				5,120	£12.50
Eagle House, London Road	Mitcham (Out of Town)	4,955			4,955		£12.11
22-24, Worple Road	Wimbledon (Town Centre)	4,898			4,898		£23.50
100 Green Lane (1 st & 2 nd flrs)	St Helier (Town Centre)	4,265				4,265	NQ
Rotunda Point, Hartfield Crescent	Wimbledon (Town Centre)	4,254		4,254			£33.10
Pinnacle House, Hartfield Crsecent	Wimbledon (Town Centre)	3,869			3,869		£26.50
Spa House, 11-17 Worple Road	Wimbledon (Town Centre)	3,600				3,600	£17
Justin Plaza 2, 341 London Road	Mitcham (Edge Town Centre)	3,500				3,500	NQ
165, The Broadway	Wimbledon (Town Centre)	3,529				3,529	£18.50 - £20

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
5/6 Alt Grove,	Wimbledon (Town Centre)	2,869			2,869		£25.82
222, The Broadway	Wimbledon (Town Centre)	2,828				2,828*	NQ
The Old Bank House, Cricket Green	Mitcham (Out of Town)	2,400				2,400	£10.42
300, Kingston Road	Wimbledon Chase (Out of Town)	2,318				2,318	£12.50
Faraday House, 39 Thornton Road	Wimbledon Village (Town Centre)	2,287				2,287	£25
The Apprentice Shop, 14 Watermill Way	Colliers Wood (Out of Town)	2,200				2,200	£11.40
4, Lyon Road, SW19	Morden (Out of Town)	2,101				2,101	£5.71 - £8
Unit 6, Abbey Parade, Merton High Street	Colliers Wood (Town Centre)	2,016	2,016				£225,000 for 999 yr lease
Broadway House, The Broadway	Wimbledon (Town Centre)	1,900				1,900	£15
16, West Barnes Lane	Raynes Park (Out of Town)	1,233				1,233	£30
58, Wimbledon Hill	Wimbledon (Town Centre)	2,800				2,800	NQ
60 High Street	Wimbledon Village (Town Centre)	1,625				1,625	£20
10, Beulah Road	Wimbledon (Town Centre)	1,491				1,491	NQ
Woodcock House(1 st flr), Gibbard Mews, High Street	Wimbledon Village (Town Centre)	1,420				1,420	£30
Suites G, L & M, The Jubilee Centre	Morden (Out of Town)	1,252				1,252	£20 (initial, and inclusive)
Ridings House (part)	Raynes Park	1,233				1,233	£9.89

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
2 nd flr), 28 -30 West Barnes Lane	(Out of Town)						

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The main conclusions from Table 7.1 are that:

- **Size band** – the largest unit available was at Vantage House, Weir Road. With so little choice of even mid sized units, (above 25,000 sq ft) it is clear why CIPD had to go down the pre-letting route. The largest unit available in Wimbledon town centre was Hartfield House, Hartfield Road, at 13,535 sq ft.
- **Quality** – apart from the 40,000 sq ft of new space identified in Table 7.1, there was no grade A space available in the borough during the survey period. Grade B space comprised 100,000 sq ft of the 275,000 sq ft total, the balance being grade C.
- **Image** – the image of the office stock in Wimbledon is quite strong, not least because the first impressions on leaving the station are "The Fridge" across the road, and high quality red brick space immediately to the north. Worple Road is characterised by "Sixties Office Blocks on stilts", but this is not the dominant image. In complete contrast to the modernist and/or "traditional style high quality" image of Wimbledon town centre is the Brown and Root tower at Colliers Wood, which might best be described as brutal but lonely.
- **Location** – 18 of the 44 units listed in Table 7.1 are in Wimbledon town centre, and a further 5 in Wimbledon Village. The next most "popular" location was Mitcham with 6 units available. Raynes Park also featured on 3 occasions. Those of us around in the property industry in the 1980s have fond memories of John Lelliott's lunches in Raynes Park, which did not abide by the modern principles of just in time or sobriety,
- **Price and Lease Structures** – despite Wimbledon's reputation for being a high cost office location, Table 1 identifies a wide choice of space in the borough at under £15 per sq ft. In terms of prestige, pricing and quality, Merton appears to offer the widest choice of any of the SLP boroughs. Leases are of varying lengths, normally up to 10-12 years, and usually offered on an FRI basis.

The existing office stock in Wimbledon offers only limited redevelopment potential, by virtue of the very "tight" nature of Wimbledon town centre, the prevailing height limit of 8 storeys (check) and existing rental levels which preclude redevelopment for new offices as a viable option.

7.4 The Planning Pipeline and Pre-Application Sites

Table 7.2 shows that according to LDMS, 63,041 gross sq m B1 permissions have been granted since 01/01/1998 in 22 separate schemes. The relative buoyancy of the Wimbledon office market is evidenced by the fact that 4 pure office developments, comprising just over 10,000 gross sq metres have actually been built. The volume of new offices built actually exceeds by the volume of ancillary offices built out as part of primarily shed schemes, which totals 7,200 gross sq metres, also in 4 schemes.

Permission Date	Address 1	Address 2	Gross Sq M Offices	LDMS Status	LRR Comment
05/11/99		DEER PARK ROAD (5)	16192	G	No change
27/05/99	LAND NORTH OF ROYAL MARSDEN HOSPITAL	DOWNS ROAD	6250	G	Check
16/01/03		WORPLE ROAD (11-17)	4942	G	Spa House – no change
15/09/00	41-47	Hartfield Road	3329	G	Offices built
31/05/00	MITCHAM ENTERPRISE PARK	MORDEN ROAD	3228	C	Check
10/01/02	LB MERTON TRANSPORT DEPOT	DURNSFORD ROAD (92)	3185	G	Built as sheds
05/03/98	LAND ADJOINING	GARTH ROAD (239)	2570	G	Cleared
13/01/99	LOMBARD TRADING ESTATE	WINDSOR AVENUE (63)	2558	G	No change
27/01/98		WIMBLEDON HILL ROAD (49-57)	2500	C	Offices have been built
07/09/00	BUILDINGS 2-4	BUSHEY ROAD (88)	1858	G	No change
22/01/99	REAR OF	GARTH ROAD (167)	1728	G	No change
01/05/98	CIPD HOUSE	CAMP ROAD (35)	1650	G	No change
08/05/98		THE BROADWAY (153-161)	1613	C	No change
31/10/01		ST GEORGE'S ROAD (39-49)	1480	B	Site clearance – about to start
01/02/01	UNITS 3,4 & 5 WINDMILL TRADING ESTATE	COMMONSIDE EAST (302-310)	1400	E	Construction starting
25/07/01	FORMER BUILDERS YARD	LONDON ROAD (14)	1400	H	Built as sheds
27/01/00	BOC LTD	DEER PARK ROAD (24)	1363	G	Shed has been built
22/06/01	UNITS 1 & 2 BOUNDARY BUSINESS COURT	CHURCH ROAD (92-94)	1292	G	Built as sheds
14/12/00	LAND AT	BATSWORTH ROAD	1260	G	No change
24/06/99	CONNOLLY LEATHER WORKS (SCHEME 1)	EAST ROAD	1215	C	Built as residential
17/11/00		LYON ROAD (7)	1024	B	No change
24/11/00		WORPLE ROAD (19)	1004	C	Offices been built
* G=Borough permission work not started, H=Appeal allowed work not started, B=Work started, C=Work completed, E=Expired.					
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On the basis of LDMS data, and our in-house data on office permissions and applications, we have compiled Table 7.3, which is designed to provide a snapshot of extant office permissions and applications at Q2 2003. This shows a relatively high level of permissions, at about 43,000 gross sq metres. One of the most important features of the planning pipeline is the role of industrial estates providing land for commercial development, which although coming under a B1 use class, is more likely to be light industrial or a “shed office”, than a pure, stand alone office building.

Table 7.3 – Unimplemented B1 Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Merton				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
5, Deer Park Road Morden (Out of Town)	<ul style="list-style-type: none"> • 16,192 gross sq m offices • gross sq m retail • car park spaces 	05/11/99 (LDMS)	'Scruffy' industrial/warehouse estate	Substantial development potential on this large, messy site. Very close to entrance to estate from Morden Road, and Morden station.
Former Odeon Cinema, 143-151 The Broadway	<ul style="list-style-type: none"> • 6,000 gross sq metres offices 	3/2002	Vacant cinema	Pre-let to CIPD –n early construction start
Spa House, 11-17 Worple Road, Wimbledon (Town Centre)	<ul style="list-style-type: none"> • 5,878 gross sq m offices • 500 gsm retail • 31 car park spaces 	16/01/03 (LDMS)	Site cleared	Plans have been drawn up and pre-planning info available through FPD Savills & Cattaneo
Lombard Trading Estate, 63 Windsor Avenue, Morden (Out of Town)	<ul style="list-style-type: none"> • 2,558 gross sq m offices 	2,558 (LDMS)	NO change – same 1960s low-rise structure with front-end ancillary office, complementing storage etc to the rear.	Windsor Avenue feeds off Deer Park Road, into the industrial abyss of Morden. Plenty of redevelopment potential here.
6-10, St George's Road, Wimbledon (Town Centre)	<ul style="list-style-type: none"> • 2,341 gross sq m offices 	24/01/01 (LRR)	Vacant Site.	Surrounded by some large, modern offices. Very central.
Buildings 2-4, 88 Bushey Road, Raynes Park (Out of Town)	<ul style="list-style-type: none"> • 1,858 gross sq m offices 	1,858 (LDMS)	Same existing office space.	Good site for distribution/logistics, with immediate access to the A3.
Land r/o 167, Garth Road, Morden (Out of Town)	<ul style="list-style-type: none"> • 1,728 gross sq m offices 	1,728 (LDMS) 1/1999	Rather scruffy industrial estate.	Part of this estate is being redeveloped as sheds, and part as residential to the north by Fairview. Some site clearance at 239 Garth Rd.
CIPD House, 35 Camp Road, Wimbledon Village (Out of Town)	<ul style="list-style-type: none"> • 1,650 gross sq m offices 	1,650 (LDMS)	No change to period building, directly adjacent Royal Wimbledon Golf Course.	Permission is for extension and improvement to offices and a library. (CIPD now moving to Wimbledon town centre)
153-161, The Broadway, Wimbledon (Town Centre)	<ul style="list-style-type: none"> • 1,613 gross sq m offices 	1,613 (LDMS)	Same 1960s, 2xstorey stand-alone office building.	Redevelopment potential, but probably better suited to mixed-use or residential, as moving away from

Table 7.3 – Unimplemented B1 Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Merton				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
				natural town centre of Wimbledon.
Land at Batsworth Road, Morden (Out of Town)	<ul style="list-style-type: none"> 1,260 gross sq m offices 	14/12/00 (LDMS)	Sheds on site	Relatively new social housing development to the rear. Boundary Business Park, Church Road is directly opposite.
7, Lyon Road, Morden (Out of Town)	<ul style="list-style-type: none"> 1,024 gross sq m offices 	17/11/00 (LDMS)	No change- still a big ugly shed	Lyon Road feeds off Deer Park Rd, into the industrial abyss of Morden. Lots of redevelopment potential here.
Menin Works, Bond Road, Mitcham (Edge Town Centre)	<ul style="list-style-type: none"> 1,000 gross sq m offices 	24/04/98 (LRR) This permission has now lapsed	No change – still a very scruffy site	A residential area. New development will help improve the existing stock in terms of image, reputation & value.
Current Applications				
Former UGI Smith Meters Factory site, 170 Rowan Road, Streatham Vale (Out of Town)	<ul style="list-style-type: none"> 1,851 gross sq m offices 531 gross sq m retail 218 private residential units 72 affordable resi units 	01/06/01 (LRR)	Industrial site on east side of Rowan Road. (See Arup “South London Sites Review”)	Application June 2003 for large-mixed use development, primarily residential. Site was zoned as an employment generating use under Merton UDP, but in predominantly residential area.
Statpro House, 81-87 Hartfield Road, SW19, Wimbledon (Town Centre)	<ul style="list-style-type: none"> 2,200 gross sq m offices 22 car park spaces 	01/11/98 (LRR)	Same office building	There are a few office buildings on this street which is predominantly residential. Residential uses are probably more appropriate.
Pearson TV Production Site, Deer Park Road, SW19, Morden (Out of Town)	<ul style="list-style-type: none"> 1,344 gross sq m offices 	21/05/03 (LRR)	Part of the industrial site	This is most likely to be another shed with ancillary office space.

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In addition to the planning pipeline, we have briefly reviewed other office development potential, as shown in Table 7.4. This table relies on four data sources:

- The UDP and draft London Plan
- LPR site visits and market knowledge
- Arup Study – South Wandle Forward Strategy

- Arup Study – South London Sites Review

Table 7.4 highlights that the London Borough of Merton does have substantial office development potential, both in town centre, and on former industrial land. The scale of the challenge, both for the market and the planners is neatly summed up in para 2B.120 of the draft London Plan, where it states, “The Colliers Wood/South Wimbledon area is particularly important. This contains four major opportunities for intensification and brownfield redevelopment – Wandle valley Sewage Works, Wimbledon football club and dog track sites, Durnsford Road industrial estate and Colliers Wood itself”.

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Wimbledon Station	UDP (3.75 ha) – designated for B1, housing, retail and leisure	High	Train station and air space	Definite case for strong mixed-use scheme, with a solid case for a high proportion of office space. Very expensive to build above tracks, limiting planning gain potential
Colliers Wood/South Wimbledon	Draft London Plan para 2B.120	High	Various commercial and infrastructure	
120-126 Lavender Avenue, Mitcham (Town Centre)	UDP 69P – redevelopment of building for employment and housing	Low	Redundant office/light industrial	Residential location, out of town. Old office-shed structure on-site has potential for redevelopment, but probably better suited to residential uses.
Belgrave Walk, Mitcham (Town Centre)	UDP 61P – employment and open spaces	Low	Local authority housing estate.	Very limited scope for offices. Should remain as residential, with an opportunity to improve on the tenure mix, in an otherwise, seemingly ‘blighted’ housing estate.
Singlegate First School, 2 South Gardens, Colliers Wood (Town Centre)	UDP 62P - Residential/offices subject to separate SPGs	Low	Old school and new school adjacent looks to have been recently built.	Directly below ‘The Tower’. Poor office location. Could become part of the application to redevelop ‘The Tower’ as residential.
Priory Kitchen, Craven Gardens, Wimbledon, SW19 (Edge Town Centre)	UDP 63P – Residential/B1 studios subject to separate SPGs.	Medium	School building still stands	An opportunity for either a good residential refurb, or some form of mixed-use split with small flexible B1 units and some high-value residential (including live-work)
Rowan High School, Rowan Rd, Mitcham (Out of Town)	UDP 67P – Mixed-use development, predominantly residential	Low	School building still stands.	Primarily a residential location, with very limited officem potential.
Racal Instruments Site, Burlington Houe	University of Kingston			See Section 7.2
Thales Site	University of Kingston			See Section 7.2
Windmill Industrial Estate, Windmill	Market knowledge	Medium	Under occupied, very	Potential for redevelopment and intensification, to

Table 7.4 – Potential Office Development, Pre-Application Stage in LB of Merton				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Road, Mitcham			tatty industrial	provide residential + B1
St Georges Road, Wimbledon (Town Centre)	Site Visit	High	1960s low-rise.	Room for improvement in a definitive office location, surrounded by new stock and under construction very close to train station.
Coombe Lane & Lambton Road, Raynes park	Site visit	Medium	1960s office	Potential for redevelopment, although would be better served as residential. Greater opportunities for creation of business units along the lines of those created by Workspace on other side of the train tracks.
Kwik-fit, Worple Road, Raynes Park	Site visit	Medium/Low	Vacant garage & forecourt.	Better suited to redevelopment as residential.
Raynes Park Train Station car park, Raynes Park (Town Centre)	Site visit	Medium	Car park	Air space above. See Workspace development for 'model of good practice'
Kingston Road, Raynes park	Site visit	High	Low-rise, low density light industrial	Opportunity for redevelopment and intensification of uses.
West Barnes Lane, Raynes Park (Out of Town)	Site Visit			Directly adjacent the train tracks and redundant (vacant) office space. Very close to new Tesco.
Milner & Morden, South Wimbledon (Edge Town Centre)	Site Visit	Medium	1960s office	Close to train station. Would be better for residential.
Christchurch Road, Prince George's Road	Site visit	Medium	Mix of low quality residential, vacant sites and old industrial estate.	Very close to Merton Abbey Mills site, in somewhat blighted zone of Christchurch Road. Not quite residential, but close to road network so could be a good 'shed-office' business park location for SME's
Deer Park Road, Morden (Out of Town)	Site visit	Medium		Huge scope for redevelopment, which could improve design and layout, intensify current uses, retain employment and car parking space, whilst producing land for residential development
Garth Road Works, Morden/St Helier (Out of Town)	Site visit	As above	As above	As above – Fairview have started building here.
Durnsford Road and Weir Road,	Site visit	As above	As above. Very industrial	As above – Very close to Plough Lane site.

Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
Wimbledon Park				
<i>London Property Research 2003</i>				

7.5 Assessment of Draft London Plan FBS Employment Projections for Merton

On the basis of Tables 7.3 and 7.4, which are very much preliminary, we would suggest that a figure of at least 1.5 million sq ft gain to stock would be a realistic figure for the entire borough over the period to 2016. This level of development could support an additional 8,600 office jobs, using the floorspace per head ration of 1:175 net sq ft used in the draft London Plan. This is significantly higher than the DLP's figure of 3,800 additional FBS jobs for the borough on the basis of RTP 70:30 methodology.

Given the relative buoyancy of the Wimbledon town centre office market, and the potential for light industrial type B1 jobs on former industrial locations, we would suggest that the London Borough of Merton does have a reasonable case for arguing that in terms of employment forecasts, the dLP is "somewhat mean" in its treatment of Merton.

8.0 LONDON BOROUGH OF WANDSWORTH

8.1 Market Background

Wandsworth is of course a very diverse borough, and is distinguished from the other SLP boroughs by virtue of the fact that it is primarily a central and inner city borough, rather than an outer London or suburban borough. At the risk of oversimplifying, we would characterise the main locations which comprise the Wandsworth office market as follows:

- Vauxhall - West End and Victoria Fringe, with most of the established office location at Vauxhall within the LB of Lambeth.
- Battersea - riverside now very high value residential location, with new office development happening due primarily to “planning gain” policies requiring employment space as part of large scale residential development. Inland Battersea, broadly from Chelsea Bridge to Wandsworth Bridge is trendy inner city, with “funky” warehouse style office conversions popular with the creative community.
- Clapham - no coherent office market. Clapham Junction proves the old adage that “good public transport is a precondition of successful office development in central and inner London, but not a guarantee”.
- Wandsworth - the riverside running from Wandsworth Bridge to the eastern end of Wandsworth Park is also generating office development as planning gain from residential development. Wandsworth town centre is dominated by the Borough Council in terms of office employment, and by traffic jams in terms of “ambience”
- Putney - characterised by institutional style postwar office development, particularly on Upper Richmond Road, between East Putney station and Putney High Street.

Wandsworth is one of the most interesting inner London boroughs in terms of office to residential conversions. A few examples of office to residential conversions might help to illustrate some of the trends in the (London Borough of) Wandsworth) office market over the past 15 years or so. Volatility and developer over-optimism are recurring themes. Being a west end fringe location, Wandsworth has a history of attracting speculative office development late in the cycle, with unhappy consequences for the developer.

One of the first office to residential conversions in London was the tower at Plantation Wharf, in about 1993 during the depths of the early 1990s office market recession. The conversion was instigated by Arthur Andersen, receivers to the development. A courtyard office development in Osiers Road followed in 1996 (check). In a quiet office market, new developments in fringe locations like Plantation Wharf and Osiers Road often fail, but they are intrinsically strong residential locations. Moving on a decade, the conversion of the former ICL tower on Putney Bridge was more a reflection of the massive value gap between riverside residential, at around £700 per sq ft capital value, and office values of say around £300 per sq ft, assuming a rent of £25 psf at a yield of 8%. The competition for development land (including existing office buildings) is one of the recurring themes of the Wandsworth analysis.

8.2 - University of Kingston Demand Analysis

Wandsworth is characterised by property agents as a residential location with riverside business development. But on closer inspection the agents who work within the area offer quite a dynamic and positive interpretation of the location. One leading local agent, Houston Lawrence acknowledged they have a:

“Broad client base, with the average size of space dealt with being 2000-3000 square ft. The range would be from 400-500 sq. ft. to about 10,000 sq. ft. Client include media companies, IT, Event Organisers, Design and Graphics Companies and Publishing. Client base has not really changed over the last two years apart from the ‘dotcoms’ have come and gone. Companies are moving out of the West End as they are fed up with congestion and congestion charges. This is particularly the case when directors/owners and partners live in the SW London and Surrey Areas. About 25% of enquiries come from start ups, the rest are relocations (particularly small companies that are growing). Most companies are moving within and around the local area or moving from more central locations.”

One of the most popular locations in the area is Battersea and the majority of (Houston Lawrence's) business is conducted in this area. It is popular because of its links to Clapham Junction and the amenities in the area, which attract 'good' employees and businesses. The aesthetic of the area is significant and other locations like Vauxhall, even though it is closer to the West End, do not have the same attraction for firm location. Wandsworth town centre is known for its traffic and the one way system and not as an office location. Putney has a good aesthetic, but does not necessarily have the scope and scale of development, but it does keep some companies which expand such as Mironews.

Enquiries have actually increased over the past two years, against the tide of the market. There has been no fall off, apart from the immediate decline after 9/11. "Tenants are out there and demand has increased".

However the market has changed over the past two years:

- Those seeking are mostly SMEs and are locally based because there is a growing trend for people leaving the West End or for whatever reason starting their own business.
- These owners/directors and partners live in south west London or Surrey and these types of companies find developments like Plantation Wharf very useful.
- Companies want far more flexibility and high spec, the days of the long lease are gone.
- There are fewer opportunities to buy, because large corporations and pension funds are buying the premises and letting it out to achieve revenue on the back of low interest rates.
- Rents have gone down 10% in the last year and will go down at least another 10% in the next 12 months.

Overall the agents have not witnessed a great deal of movement out of the area, apart from some of the larger firms which cannot find the right type of space, such as Arthur's Telecom out of Battersea to Richmond.

This type of demand from SMEs within the area is also supported by the managers of serviced office and workspace units, which is also a reflection that Wandsworth has a high percentage of creative industries within its local economy, approximately 15,000 within this sector (ABI, 2001).

The Workspace Group for example have three locations in Wandsworth. Several years ago they only owned Glenville Mews on Kimber Road (45, 000 sq ft, full for several years). However due to the demand within the area for light industrial, studio and office units they took over Wandsworth Business Centre (215 units, 86,000 sq ft) and established the Riverside Business Centre, Bendon Valley (82, 000 sq ft). Both of these newer locations have maintained a high occupancy rate over the past two years, above 90%.

The average size business within these locations is 3-5 people, using an average space of 300 sq ft. They do have larger clients, but this is not part of their strategy at present, so the numbers of businesses with 10-15 people are limited. Their enquiries are very strong and cover a wide range of interests, including: architects, accountants, carpenters, organ repairers, publishers, and furniture makers. Their rents are approximately £17 sq ft depending on the size of the unit taken and the quality of the location. They also offer very flexible terms, one year license agreement with a three month break option.

“Workspace provide a flexible, good quality option for micro businesses at an affordable cost and there is certainly the demand for our services within this area (Wandsworth), otherwise we would not be here.”

Other service office providers in the area, Trident Business Centre, Tooting, (40,000 sq ft of space, 90 units, 78 businesses in at present 96% occupancy), supported this view of constant demand for small business/office space.

“At the moment we are not witnessing any sign of recession and the businesses appear to be fairly stable and active. Business may want more flexibility in times of recession, but our client base has been relatively stable, with good demand, even in recent periods.”

Trident Business Centre attract businesses based upon their:

- Pricing structure
- Type of place – relatively modern with recently refurbished and well designed
- Location
- Synergy between businesses on site (cluster)

The businesses coming in are relocations mostly because they are moving out of home or office share, outgrown previous premises or lease expired. They tend to be getting a great deal of intermediary businesses (between start up and medium size) that are expanding, but need flexibility.

They offer client 5 year lease (not licence) with a break clause after 9 months so they can move to a 3 month rolling contract. They have a wide range of clients who do stay for the full 5 year period. In terms of movement they have witnessed a reasonable level of relocation from central London, such as Aroma Cushions. A large percentage of their clients do expand whilst with them and then can join units together (Epicure Catering started with one and now have three) probably as large as can go on site 1,500 sq ft. Any larger and they will have to move.

This is a typical story as several clients do expand beyond the capacity of the site and then they move on, but the key issue is, there is really nowhere for them to move to in the borough and they leave the area. The odd one ends up in Gloucester, whilst the majority move beyond Croydon. So they are lost to the London economy as a whole. This is because they cannot find anything larger because it does not exist in the area or because, what they can find is too expensive.

Larger spaces are not viable at the moment in the borough due to the cost which developers use for residential. There is a demand for the larger 4,000 - 7,000 sq ft space, which is the next step up, but this is not available. There is a dwindling supply of business units/office space in Wandsworth, which has occurred over the past 3 years due to competition from residential development and cost of land/premises. “Examples are the Nightingale Centre and Charter House, both lost to development. But this is not a demand issue; it is a market competition issue.”

There is a need to increase the provision of smaller units and the next step up units in the area as the demand is there to develop these spaces and not lose the business. These need to be clever units in that they can expand or contract with the business. This means new build as existing buildings cannot accommodate this, but new build is not attractive to developers.

All these issues were echoed by the project management team at the Riverside Quarter development (Jonathan Alexander Ltd), the developer (Teesland) and the borough's economic development unit.

Within the Riverside Quarter there is approximately 100,000 sq ft of outline permission for mixed use. 33,000 sq ft of this is designated B1 use, under a 106 agreement, not necessarily developers choice. This is too large and will be difficult to let as one unit. Will have to break into 6 smaller units to generate interest, because over 6,000 sq ft there is little demand.

“The big investor in Wandsworth is rare, and there is no strategy to attract a large scale anchor company. Better to go for retention and help SMEs, bit of a bird in the hand syndrome, and even those expanding to medium size who want to stay leave because Wandsworth is full and they have no choice.”

There are instances of large scale investors in the area, some in the north east of the borough have been there for a long time, HMSO, Securicor, Post Office, but these may move as business cycles have changed. There are other recent investors such as QVC, Ridley Broadcasting and Micromuse, but these are usually not long term investors, due to expansion or market fluctuations.

Therefore at the moment, and for the past several years, the growing and expanding SMEs have been struggling to find space and fulfil the GLAs dream of a creative industry based economy. Development is being skewed towards residential and affordable units, which needs reassessing, as this practise will destroy the local economy.

The response from the firms that were interviewed also reflected these critical areas. The larger operators such as Micromuse appear to be very happy with the location, both in terms of aesthetic, leisure/entertainment and communications, but their continued expansion may cause problems, as they have already taken over 43,000 sq ft of offices in 4 interconnected buildings. “Anything over 45,000 sq ft will be a challenge to find.” Other more medium sized firms, such as Belleair Holidays, moved to the area (Putney) from central London due to the cost, image and accessibility.

“Finding what we wanted for 50 people was difficult, but Putney offered the building and the image we wanted.”

Smaller operators, use the area to be close to their clients and their own residential areas or at least be accessible from south west London or Surrey, without going into the City. At the micro scale, several architects, for example had converted their attics and worked from home as start up, but if expanded would consider rented accommodation.

For most the borough was a convenient place to be, although the issue of congestion was a problem for some. The main criticisms apart from the limited space to expand into and the one way system/parking was the image of the High Street. The companies that were based in the Wandsworth town centre were very derogatory about its image, and only stayed with it because of the cost and centrality. They tended not to let clients visit them.

8.3 Current Office Availability in Wandsworth

The stock of offices in the borough was 388,000 net sq metres at 2000, according to the VOA, which for the sake of simple arithmetic, we shall take to be 4 million net sq ft, making due allowance for additions to and subtractions from the stock since 2000. Our survey of availability undertaken in April and May 2003 has identified about 390,000 sq ft available for letting, including developments currently under construction. This implies an availability rate of about 10%, slightly better than the central London market as a whole, but still sufficiently high to put downward pressure on rents.

Table 8.1 – Summary of Offices Availability in LB Wandsworth at Q2 2003							
Unit Available	Location	Size	Type of Space			Asking Rent £psf	
			New	Second Hand Grade A	Second Hand Grade B		Second Hand Grade C
Under Construction at Q2 2003							
RQ 33 Riverside Quarter, Point Pleasant	Putney (Out of Town)	33,196	33,196				NQ
Albion Riverside, Hester Rd	Battersea (Edge Town Centre)	35,984	35,984				£35
Oyster Wharf, 16-22 Lombard Road	Wandsworth (Out of Town Centre)	27,000	27,000				Check with Barratt
Riverside West – Omega Building, Smugglers way	Wandsworth (Out of Town Centre)	15,618	15,618				
The Paint Factory, 86-96, Garratt Lane, SW18	Wandsworth (Town Centre)	14,613	14,613				NQ Refurb
Vista, 65 Putney Bridge Road	Putney (Edge Town Centre)	12,000	12,000				
Putney Wharf, Brewhouse Street	Putney (Town Centre)	9,246	9,246				
Swish, Upper Richmond Road	Putney (Edge Town Centre)	6,997	6,997				
Candlemakers, 110 York Road	Wandsworth (Edge Town Centre)	3,003	3,003				
Immediately Available							
Land at Morie Street, adj. Ferrier Street Estate	Wandsworth (Edge Town Centre)	22,000	22,000				?
2, Burston Road, SW15	Putney (Town Centre)	17,500		17,500			£20
347 York Road, SW18,	Wandsworth (Edge Town Centre)	15,000			15,000		For Sale
Jessica House, 191 Red Lion	Wandsworth (Town Centre)	12,735			12,735		£17.50

Table 8.1 – Summary of Offices Availability in LB Wandsworth at Q2 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Square							
The Tower @ Putney Wharf, Putney High Street	Putney (Town Centre)	12,500	12,500				NQ Mainly Resi conversion
River House, 33 Point Pleasant,	Putney (Edge Town Centre)	12,190			12,190		NQ
Bishops Wharf, Ransomes Dock	Battersea (Edge Town Centre)	12,000			12,000		?
Parkgate House, 40 Parkgate Road	Battersea (Edge Town Centre)	11,483		11,483			£20
Berkeley Court, Riverside Plaza, Chatfield Road	Wandsworth (Edge Town Centre)	9,705	9,705				?
Unit C, Park House, 14 Northfields, off Putney Bridge Rd, SW18	Putney (Edge Town Centre)	9,109			9,109		£22.50
Ima House, 20 Northfields, off Putney Bridge Road	Putney (Edge Town Centre)	7,187				7,187	£20
55 Lydden Grove, off Garratt Lane	Wandsworth (Out of Town)	7,014	7,014				£12.50 (Shed office)
Lumiere, 209 Balham High Road	Balham (Edge Town Centre)	6,500	6,500				£16.50 Resi driven
Gemini House, 10-18, Putney Hill	Putney (Edge Town Centre)	6,000			6,000		£23
Spice Court, Ivory Square, Plantation Wharf,	Battersea (Out of Town Centre)	4,116			4,116		£27
Calico House, Clove Hitch Quay, Plantation Wharf,	Battersea (Out of Town Centre)	2,300			2,300		£27
1 Ivory House, Plantation Wharf	Battersea (Out of Town Centre)	2,000				2,000	£10
Ship House, 34-35 Battersea Square	Battersea (Edge Town Centre)	5,856			5,856		£25
Heliport Industrial Estate, Lombard Road	Wandsworth (Out of Town Centre)	4,734				4,734	£15
220, Queenstown	Battersea (Edge Town Centre)	4,695			4,695		?

Table 8.1 – Summary of Offices Availability in LB Wandsworth at Q2 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Road	Centre)						
9, Weir Road, SW12	Clapham/Balham (Out of Town Centre)	4,457	CHECK NOT IN LAMBETH			4,457	FH £525,000
162-164 Upper Richmond Road, SW15	Putney (Town Centre)	3,398				3,398	£17.50
113-123 (5 th floor), Upper Richmond Road, SW15	Putney (Town Centre)	3,905				3,905	£18
Garratt Court, Furmage Street	Wandsworth (Edge Town Centre)	2,600				2,600	£10
18-20 Gwynne Road,	Battersea (Edge Town Centre)	2,553				2,553	£10.20
42-46, Fairfield Street	Wandsworth (Town Centre)	2,500				2,500	£7.20 (£18,000 pa)
297-301, Balham High Road	Balham (Edge Town Centre)	2,250				2,250	?
266, Upper Richmond Road	Putney (Edge Town Centre)	2,366			2,366		£25
Units 6, 11&12, Cotswold Mews, off Vicarage Crescent, SW11	Battersea (Edge Town Centre)	2,186				2,186	£20.10
260 Balham High Road, SW17	Balham (Edge Town Centre)	2,020				2,020	£14
13 & 17 Smith's Yard, Summerley Street	Earlsfield (Town Centre)	2,550				2,550	£19.95 or Unit 13 is for sale FH @ £463,500
Vicarage Crescent, SW11	Battersea (Edge Town Centre)	1,650				1,650	£15.15
Parkfield Industrial Estate, Culvert Place	Battersea (Edge Town Centre)	1,600				1,600	£10
St Georges Court, 131 Putney Bridge Road	Putney (Edge Town Centre)	1,587			1,587		£24
The Chapel, Royal Victoria Patriotic Building	Wandsworth (Out of Town)	1,520				1,520	For sale at £260psf
113-123 Upper Richmond Road	Putney (Edge Town Centre)	1,440			1,440		£18
The Old	Battersea	1,434				1,434	£25

Table 8.1 – Summary of Offices Availability in LB Wandsworth at Q2 2003							
Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Imperial Laundry, 71 Warriner Gardens	(Edge Town Centre)						
119 Putney High Street,	Putney (Town Centre)	1,260				1,260	£18
212, St Ann's Hill, SW18	Wandsworth (Edge Town Centre)	1,250			1,250		£30 (inc.)
Unit 4, Ransomes Mews,	Battersea (Edge Town Centre)	1,155			1,155		£25.54 or FH for sale @ £330,000
342, Old York Road	Wandsworth (Town Centre)	1,130				1,130	£19.50
Carlton House, Carlton Drive, Upper Richmond Road	Putney (Edge Town Centre)	1,116				1,116	£25
Hillgate Place, 18-20, Balham Hill	Balham (Edge Town Centre)	1,095				1,095	£20
St George's Court (Unit 4), Putney, SW15	Putney (Edge Town Centre)	1,087			1,087*		£23.92
Mortimer House, 230/236 Lavender Hill, SW11	Clapham (Town Centre)	1,055				1,055	£18
248-250, Lavender Hill	Clapham (Edge Town Centre)	1,040				1,040	£15.95
1 Northfields Prospect, Putney Bridge Road	Putney (Edge Town Centre)	1,030				1,030	For sale FH £285,000
4, Crescent Stables, 139 Upper Richmond Road	Putney (Edge Town Centre)	1,033				1,033	£23.23
Units 1 & 14, The Glassmill, Battersea Bridge Road	Battersea (Edge Town Centre)	2,549 (875+1,674)			2,549		Both for sale: 1 @ £343 psf; 14 @ £289 psf
Plough Brewery, c/o Silverthorne Rd & Wandsworth Rd,	Battersea (Edge Town Centre)	TBD					
220, Queenstown Road	Battersea (Edge Town Centre)	TBD					
Abbey Business Centre, Ingate	Battersea (Edge Town Centre)	TBD					

Unit Available	Location	Size	Type of Space				Asking Rent £psf
			New	Second Hand Grade A	Second Hand Grade B	Second Hand Grade C	
Place							
Bradmead Road, off Battersea Park Road	Battersea (Edge Town Centre)	TBD					

The most important feature of Table 8.1 is the relatively high volume of new office space under construction, at 159,000 net sq ft. In comparison with the six other SLP boroughs, Wandsworth is streets ahead in terms of recent and current construction activity. All of the nine developments listed as under construction in Table 8.1 are “residential driven”. To the extent that it is highly unlikely that more than one of two of the nine schemes would have started office construction through market forces alone, Wandsworth’s policies to promote mixed use development is clearly working, at least in terms of the policy objective of generating additional office space. It is however a controversial policy, highlighted at the EIP by George Wimpey, to the extent that most of the new offices under construction are poorly served by public transport.

Leaving aside policy issues for the time being, we would make the following observations on the overall availability data for Wandsworth

:

- **Size band** - there is in effect no choice for larger occupiers looking for over 50,000 sq ft. The largest available unit is the new build development at Albion Riverside, at 33,000 sq ft. Below 20,000 sq ft, there is increasing choice as the unit size goes down, as is to be expected.
- **Quality** - the nine schemes under construction providing new and refurbished space offer a much wider choice of high quality space than is generally available in south London. In terms of second hand space, there is very little Grade A space available, and a roughly an even split between Grade B and Grace C space.
- **Image** - unlike most of the SLP boroughs, Wandsworth does have a healthy supply of “funky” space, in terms of external and internal architecture, as well as reasonable availability in trendy locations like Randsome’s Dock, inland Battersea and Planatation Wharf. Only Upper Richmond Road in Putney conforms to the stereotypical south London image of “boring post war institutional”.
- **Location** – there is a wide variety of town centre, edge of town centre and out of town (car dependent) locations shown on Table 8.1. It does not appear to be the case that locations with poor public transport are less popular than town centre locations, provided they have good parking standards.
- **Price and Lease Structures** – Brand new space still has asking rents in excess of £30 per sq ft, which probably means £25 per sq ft in reality. Grade B second hand space is typically asking £20-£27 per sq ft, with Grade C at £12-£18. A high proportion of the second hand space available is being offered on conventional leases, of up to 10 years.

If we compare Table 8.1 with the findings of University of Kingston, there appear to be one or two inconsistencies, which deserve attention.

The University of Kingston mentions a shortage of space for start-up companies and established SMEs needing to expand and move on. SMEs also complain about available

space being too expensive. The UoK has identified strong demand amongst service industries which require flexible workspace rather than pure offices. Although Table 8.1 includes plenty of small units, it is nearly all Bi offices, rather than studio or light industrial space. On the issue of cost, asking prices in Wandsworth, there is very limited space available at less than £15 per sq ft. As we have said on various occasions in tis report, a rent of £15 psf or more for an SME should not be a “deal-breaker”, it’s the lease structure, length and repairing obligations which are the big deterrent for SMEs.

8.4 The Planning Pipeline and Pre-Application Sites

Table 8.2 lists all B1 permissions over 999 gross sq metres, granted since 1998, according to LDMS. The 33 permissions listed comprise 109,000 gross sq metres. Of this total, we estimate that 53,000 gross sq metres can be regarded as planning gain from mainly residential developments. Nearly every one of the 33 sites has been visited for this research project, and the outcomes are recorded in the “LRR Comment” column. We estimate that

Table 8.2 - B1 Permissions Granted Since 1/1/1998 According to LDMS					
Permission Date	Address 1	Address 2	Gross Sq M Offices	LDMS Status	LRR Comment
22/06/01	SHELL OIL TERMINAL SITE	POINT PLEASANT, OSIERS ROAD	10873	G	Now called “Riverside Quarter”, mainly residential, 33,000 net sq ft started as part of S.106 (see RQ33)
27/02/02	GARGOYLE WHARF	YORK ROAD	10000	C	Now called “Battersea Reach”, mainly residential. Resi started early 2003, commercial uses not yet started
26/10/01	BATTERSEA WHARF	QUEENSTOWN ROAD	8490	G	Now called “Chelsea Bridge Wharf”, mainly residential. S.106 requires 70,000 sq ft offices to be built when 350 resi units started, which is soon!
04/11/02	SITE ON SOUTH EAST CORNER OF JUNCTION	KIRTLING STREET, CRINGLE STREET	7850	G	No construction activity
27/07/01	PARKSTEAD HOUSE (FORMERLY MANRESA HOUSE)	HOLYBOURNE AVENUE	7367	G	Needs a visit
12/05/99	S.E. PART OF PRICES CANDLES FACTORY SITE	YORK ROAD (110)	6533	C	Now mainly residential scheme called Candlemakers. Check
15/03/01	BATTERSEA BUS GARAGE SITE, ALBION WHARF	HESTER ROAD	4840	B	Self contained office building at rear of Albion Riverside, under construction.
19/08/98	RIVERSIDE WEST	SMUGGLERS WAY	3810	G	Riverside West
17/04/00	FORMER THAMES WATER STORES BUILDING	KIRTLING STREET	3465	H	Has been refurbished and is in use as the Battersea Power Station Project Office for Parkview.
10/09/02		HESTOR ROAD (7-11)	3255	G	Albion Riverside (separate ancillary office) Is this a 2x count with Batersea Bus Garage site?
24/06/02		INGATE PLACE (8-10)	3200	B	Occupied as head office and warehouse of Neal’s Yard.

Table 8.2 - B1 Permissions Granted Since 1/1/1998 According to LDMS					
Permission Date	Address 1	Address 2	Gross Sq M Offices	LDMS Status	LRR Comment
29/10/01	REGENT AND GROVE WHARVES	LOMBARD ROAD (16-22)	2971	G	Now known as Oyster Wharf, mainly resi scheme under construction. Offices can use resi parking spaces.
26/06/01	TILEMAN HOUSE	UPPER RICHMOND ROAD (131-133)	2851	G	No change, but recently acquired
06/09/99	LAND AT	STEWART'S ROAD (18-24), LINFORD STREET (2-20 AND REAR OF)	2683	G	Under construction
24/03/00		STEWART'S ROAD (44-54)	2525	G	Built as sheds
05/10/99	LAND ADJOINING FERRIER STREET ESTATE	MORIE STREET	2375	G	Offices built
27/10/00	PARKGATE HOUSE & WELSBACH HOUSE EAST	BROOMHILL ROAD	2305	G	Built - The Business Village
16/12/02	SOUTH BANK BUSINESS CENTRE	BATTERSEA PARK ROAD (140)	2199	C	Refurbished
30/04/99	RIVERSIDE PLAZA, MENDIP/SHERWOOD WHARVES	CHATFIELD ROAD (48)	2170	B	2 self contained office buildings inland from Mendip and Sherwood. Mainly unlet since 2001.
22/07/02	CAPITAL STUDIOS	WANDSWORTH PLAIN (13)	2140	G	No change
18/01/02		BURR ROAD (5-25)	2028	B	Under construction
18/03/02		QUEENSTOWN ROAD (220-220A)	1807	G	No change
09/10/02	LAND NORTH & SOUTH BETWEEN RIVER THAMES	SMUGGLERS WAY	1415	G	Formerly a much larger office permission, but offices reduced after evidence of failure to pre-let. Mainly resi scheme under construction
30/10/98	CLOISTERS BUSINESS CENTRE	BATTERSEA PARK ROAD	1396	C	Cannot verify actual location
31/07/02	ICL TOWER	PUTNEY HIGH STREET (1)	1372	B	Now called Putney Wharf, mainly residential scheme, built
01/07/02		INGATE PLACE (12)	1320	C	See above
27/02/01	SUDBURY HOUSE	WANDSWORTH HIGH STREET (85)	1288	B	Refurbishment under construction
18/10/01		LYDDEN GROVE (53)	1288	G	No change
23/08/02		HARDWICKS WAY (1-9)	1175	B	Under construction
03/04/02	LAND AT WESTERN HALF OF	CULVERT PLACE	1124	G	Built as sheds
18/04/02	MARBLE CITY	SMUGGLER'S WAY (22)	1082	G	Riverside West
27/05/02	(Vista)	PUTNEY BRIDGE ROAD (65)	1050	G	Now called Vista, mainly residential scheme, under construction
31/07/02	LAND AT	BREWHOUSE STREET	1011	B	Now called Putney Wharf, mainly residential scheme under construction.

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On the basis of Table 8.2, we have compiled Table 8.3, which is designed to provide a snapshot of all unimplemented office permissions in Wandsworth, at Q2 2003, making full allowance for the phasing of office permissions which have started in part, such as Riverside Quarter. Assuming that Battersea Power Station should be counted as a permission (bearing in mind the judicial review problem reported on the EG on June 14th), the volume of extant permissions at Q2 2003 is about 110,000 gross sq metres, representing a gain to stock, allowing for demolitions of around 100,000 gross sq metres, or 750,000 net sq ft. Applications awaiting determination comprise a further 20,000 gross sq metres, or 150,000 net sq ft. The total planning pipeline is thus about 900,000 net sq ft.

Table 8.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Wandsworth

Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
Battersea Power Station	<ul style="list-style-type: none"> • 42,000 gross sq m offices • 657 private residential • 9,400 gross sq m retail (A1) • 1,500,000 gross sq m leisure (D2) • 1,100 hotel rooms • 3,476 car park spaces 	01/09/2000 (LRR)	Derelict power station, wharves and former industrial land	Various mega proposals since the 1980s. "Let them ride slides" said Mrs T with John Broome (he of Alton Towers) in 1980s . Parkview major plans for media complex. Lend Lease involvement 2002? Judicial review likely June 2003.
Battersea Reach, Gargoyle Wharf	<ul style="list-style-type: none"> • 10,000 gross sq m offices 	27/2/2002 (LDMS)	Residential construction started	See notes in Table 8.2
Battersea Wharf	<ul style="list-style-type: none"> • 8,490 gross sq m offices 	26/10/01	Residential construction started	See notes in Table 8.2
Site on SE side of Kirtling Street, Wandsworth	<ul style="list-style-type: none"> • 7,850 gross sq m offices • 745 gross sq m retail (A3) • 124 private residential • 21 social residential • 87 hotel rooms • 152 car park spaces 	LDMS	Site clearance but no construction	Residential construction and launch due to start September 2003.
Riverside Quarter	<ul style="list-style-type: none"> • 7,000 gross sq metres offices 	22/6/2001 (LDMS)	Residential construction started	See notes in Table 8.2
S.E part of Prices Candle factory site	<ul style="list-style-type: none"> • 6,533 gross sq 	12/5/99		Has this been superseded by resi?

Table 8.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Wandsworth				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
	metres			
1 Osiers Road, Point Pleasant, Wandsworth	<ul style="list-style-type: none"> 4,200 gross sq m offices 52 private residential 104 car park spaces 	LRR	Site is boarded up but no 'direct' activity	Directly adjacent Riverside Quarter development to the south.
Falcon Wharf, Lombard Road	<ul style="list-style-type: none"> 3,500 gross sq m offices 		Mainly derelict industrial	Mainly residential scheme, to be undertaken by Wimpey, construction start scheduled by end 2003
8-10 Ingate Place	<ul style="list-style-type: none"> 3,200 gross sq m offices 	LRR	Occupied	See Table 8.2 notes
Tileman House, Upper Richmond Road, Putney	<ul style="list-style-type: none"> 2,851 gross sq m offices 	LDMS	1960s high-rise office tower, recently acquired via Winkworths.	One of several "tired" office buildings on this stretch.
South Bank Business centre, 140 Battersea park Road	<ul style="list-style-type: none"> 2,500 gross sq m offices 40 private residential 14 social residential 180 gross sq m retail (A1) 67 car park spaces 	LRR & LDMS	Has perhaps been lightly refurbished, and currently being offered as space to let.	Ugly 1960s block on north side of Battersea Park Road. Ripe for redevelopment, but better suited to residential/mixed-use.
Capital Studios, Wandsworth Plain	<ul style="list-style-type: none"> 2,140 gross sq m offices 	LDMS	No change	Warehouse style building with development potential.
220 Queenstown Road, Battersea	<ul style="list-style-type: none"> 1,807 gross sq m offices 	LDMS	Currently available to let	Good office location in relation to public transport as it lies directly adjacent Queenstown Road train station.
53 Lydden Grove, Wandsworth	<ul style="list-style-type: none"> 1,288 gross sq m offices 	LDMS	No change	No 55 has been built as shed office, No 53 is a 1960s brick structure.
12 Ingate Place	<ul style="list-style-type: none"> 1,320 gross sq m offices 		Occupied by car service business	
Current Applications				
Land to East of Battersea Bridge Road & Howie Street	<ul style="list-style-type: none"> 8,772 gross sq m offices 24 car 	LRR	Mix of buildings, some occupied some vacant	Foster & Partners application to redevelop this site as offices for their own use.

Table 8.3 – Unimplemented Planning Permissions Granted Since 1/1/1998 and Current Applications in LB of Wandsworth				
Location	Permitted Development	Date of Permission (Data source)	Existing Uses	Comment
	park spaces			
86-88 Upper Richmond Road, Putney	<ul style="list-style-type: none"> 3,500 gross sq m offices 54 private residential 			
20-30 Buckhold Road, Wandsworth	<ul style="list-style-type: none"> 7,300 gross sq m offices 			
<i>London Property Research 2003</i>				

In addition to the planning pipeline, we have briefly reviewed other office development potential, as shown in Table 8.4.

Table 8.4 – Potential Office Development, Pre-Application Stage in LB of Wandsworth				
Location	UDP Proposal (or Other Data Source)	Potential Office Capacity	Existing (Previous) Uses	Comment
"Vauxhall City", Nine Elms Lane	Estates Gazette, 8 th June 2002	2 million net sq ft		Long-term potential to create office park, including high rise, if demand permits.
Land at Clapham Junction Station	166 – 3.6ha site: Mixed-use with improved access to Clapham Junction Station	1 million net sq ft	Clapham Junction with retail on ground floor.	Plenty of air space in addition to existing 'land' here. Unsure if it would work as offices, as distinct lack of offices in area
Feathers Wharf, The Causeway, SW18	0.8ha site: Mixed-use development	Medium	Unsure if this has been absorbed by other current mixed-use developments along the Thames.	Located at Mouth of the River Wandle, near Riverside West. Double check
Lidl, Clapham Junction	Site visit	Medium	Retail with air space	Could go either residential or as offices
Land adj Kirtling Street	Site visit	High	Vacant land	Need to establish boundary of Battersea Power Station permission to establish capacity available in the periphery
Lydden Grove Industrial Estate.	Site visit	Medium	Scruffy industrial and warehousing/B8	Scruffy estate with plenty of potential for redevelopment
Stewart's Road Industrial Estate	Site visit/Arup study	High	Scruffy industrial and storage	Plenty of room for intensification of uses and redevelopment for mixed use, including flexible B1 uses.
More UDP sites				
<i>London Property Research 2003</i>				

There are three main sources of office development potential in Wandsworth:

- Very large strategic sites, such as the industrial and commercial uses on both sides of Nine Elms Lane, and Clapham Junction air space above the railway lines and adjoining land. These are potentially very large sites. In simple land use terms, the two sites could take at least 5 million sq ft of offices. However, current market conditions, and the huge overhang of unimplemented permissions in central London causes us to be very cautious about demand for large scale space in these locations. However, if we accept the 463,000 extra FBS jobs by 2016, then it is not entirely fanciful to suggest that 3 million sq ft of offices might at some point be built, almost certainly as a junior partner in residential led mixed use schemes.
- Redevelopment of existing offices and commercial premises in established locations, including “cool” inner city locations such as Battersea, and “respectable” locations such as Upper Richmond Road. Again however, office development will only happen if a very strong letting market emerges in London as a whole.
- Redevelopment of industrial estates, primarily for residential, but facilitating an increase in employment capacity, by replacing low intensity industrial space with high intensity B1. This type of development is most likely to meet the demand from SME’s for low cost flexible tenure accommodation

The latter two categories are unlikely to generate more than half a million sq ft of additional offices, even in a good market.

8.4 The Supply and Demand Balance

According to the GLA employment projections, Wandsworth will generate an additional 4,906 FBS jobs by 2016. On that basis, then the existing planning pipeline and available stock will be adequate. If however the various planning authorities do wish to see Vauxhall/Nine Elms and Clapham Junction built out as strategic mixed-use locations, then 4,906 jobs is far too low.

9.0 Bed Time Story

APPENDIX 1

Christine Seaman
Director
South London Partnership
C/o London Borough of Croydon
Room 6.14 Taberner House
Park Lane
Croydon
CR9 3JS

January 30th 2003

Dear Christine

SURVEY OF OFFICE CAPACITY AND POTENTIAL IN SOUTH LONDON

Following our various discussions and meetings before Christmas, and on January 24th, I am pleased to submit our revised research proposal. This proposal should be seen as a joint submission by London Property Research (LPR) and the Centre for Economic Research and Intelligence (CERI) at Kingston University.

Before setting out our specific proposals for each of the five parts of the study set out in the LDA Project Specification, I think it might be helpful just to highlight some of the issues which help define the background to the research.

- There is widely perceived to be an image problem for many, if not most south London town centre office markets, most notably Croydon. Is the image issue primarily a visual and “presentation” problem, or does it reflect more structural and fundamental problems, which cannot be tackled through public relations and largely cosmetic urban “treatments”?
- A tired and inefficient office stock, where a downward spiral of falling rents over the past 15 years makes new development less and less likely, exacerbating the problem of obsolescence of the existing office stock. The underlying lack of new office development in the SLP area since the 1980s will need to be set in the context of a comprehensive competition review, both in the rest of London, and in the wider M25 region. (It should however be recognised from the outset that low levels of office development has been a feature of all outer London boroughs since the late 1980s, except Hounslow and Hillingdon).
- An erosion of the office occupier base, through downsizing and relocation to the home counties of “front office” private sector operations, and the potential threat from low cost locations in the UK (or India) of “back office” operations such as call centres and data processing.
- Office to residential and hotel conversions in south London town centres such as Croydon, Sutton, Wimbledon and Beckenham have become common. There is strong market pressure for more such conversions of prominent south London town centre office buildings at present. The benefits of such conversions in terms of highly visible regeneration and the arrival of “cappuccino society” will need to be evaluated against the potential loss of office employment they represent, both in the short and longer term.
- Inadequate transport, both in terms of public transport and road traffic congestion, both within and around the centres, exacerbated by inadequate parking standards. Notwithstanding Tramlink, public transport in south London is still

primarily radial, which prevents efficient linkages between town centres. Further delays in implementing the capacity upgrades to Thameslink, announced on January 29th are also likely to be detrimental to the potential for new offices in south London. The role of the draft London Plan in promoting, or failing to promote “unglamorous” local improvements in south London will feature prominently in this analysis.

- The potential for south London to create a “dispersed cluster” of high growth industries in trendy locations like Wandsworth and Wimbledon, and the role of planning in identifying and enabling these growth industries to expand locally and create the business linkages essential for clusters to flourish.

The conundrum for south London has been summed up most succinctly by Mike Brook, the Economic Development Officer for the London Borough of Wandsworth, when he states in his comments on the research that, “many of the senior people who work in offices in the City (of London) live in south London. If it's a good place to live, why isn't it a good place to work?”

I have deliberately put the image issue at the top of the list, because it intrigues me. Over the 20+ years that I have been researching and writing about London's office and residential development markets, I have never covered outer London in the same depth we give to the centre. Nor I suspect have other property research organisations. When I worked at Jones Lang Wootton in the early 1980s, they had a Croydon office. Since the 1980s, outer London has been largely ignored by the big central London agents, in terms of detailed research and publications. At best, the outer London boroughs get covered in “M25” reports. Local agents have not filled the gap. The information (or propaganda) gap means that outer London is immediately disadvantaged when occupiers and developers are making their relocation and investment decisions.

Visionary and successful development can often be attributed to the actions of a “champion”, as much as economic fundamentals. I think it is fair to say that outer south London has few champions of real influence within the property industry. The planning authorities cannot do it on their own. This stands in marked contrast to the Thames Gateway lobby for East London, and the Heathrow lobby for west London.

I would like to think that the proposed study can help fill the gap, by providing an authoritative report on why the SLP boroughs should be on the radar screens of the property industry's decision takers and influencers, as well as the policy makers at the GLA. This role for the study does of course presuppose that the South London Partnership boroughs do offer attractive locations to locate office based businesses, prepared to pay high enough rents to justify new development. The study will have to be objective to be authoritative and influential.

STUDY OUTPUTS

Part 1 – Available and Potential Capacity

- **Current and occupied provision.** Within the timescale and budget for the study, it will not be possible to produce a comprehensive schedule of existing occupied office stock. It will however be possible to produce a reliable stock profile, by age of stock and key specification factors such as floorplate size, air conditioning and IT capacity factors such as raised floors. Qualitative issues like external appearance can also be researched.

- In order to provide an analysis of vacant stock, we shall provide schedules of space currently being marketed through the normal agents' brochure distribution service as well as internet sites. We cannot promise these schedules will be comprehensive, but they will be representative. We will however take a deliberately low size threshold of 1,000 sq ft, so as not to miss the "cheap and cheerful" end of the market, which is so important to small and start up businesses. The schedules will seek to show:
 - address/location,
 - unit size, (whole building or part building)
 - specification,
 - lease structure,
 - asking rent,
 - parking, and
 - any qualitative information we feel may assist us better to understand the strengths and weaknesses of the existing stock in promoting economic vitality.

Image, in terms of visual appearance will be particularly important to analyse, especially if the demand side research discovers that there are creative growing businesses in the SLP boroughs who require space which provides both function and fashion.

As well as current stock, we will also analyse office stock lost to other uses since 1998, mainly residential and hotel, through conversions and redevelopment. We have monitored all office conversions in London, including outer London since the mid 1990s. What were the characteristics of the lost stock, which rendered it redundant? And on the basis of that analysis, how much of the existing stock might be threatened with conversion, if planning policy allows?

- **Permissions granted.** I would propose that we seek to provide a comprehensive schedule of office permissions granted since January 1998, for all permissions over 1,000 gross sq metres, and follow up each one in terms of implementation. Again, these would need to be analysed by qualitative as well as quantitative factors. For example, is the permission town centre, edge of town centre or out of town? Is the permission a "pure" office permission, driven by market factors, or is it planning gain from a residential scheme, as is the case with many of the office permissions in Wandsworth? Great care must be taken to differentiate pure stand-alone offices from ancillary offices within industrial or shed space. We shall also provide a comprehensive schedule of applications awaiting determination at the time of the study.

From a qualitative standpoint, I will offer an opinion on the stock of permissions and applications as to whether they are likely to be successful in market terms, and actually get built. If I feel success is not assured, I will give the reasons for my doubts. In order to make these judgements, I shall visit all the relevant sites. This process will enable us to offer thoroughly researched opinions (and I stress "opinions") on the "**potential impact on existing and potential supply from possible competition for sites/space for housing, retail, leisure and other uses**", with the emphasis on housing. (Affordable housing policy will be an important factor to take into account, bearing in mind its impact on land values).

- **UDP Designations.** This is presumably straightforward, although I am not an avid reader of UDPs, but it is a skill I am prepared to attempt to learn. Time allowing, I shall also attempt to visit a good proportion of the UDP designated sites, to form an opinion of "market place reality".

- Sites currently designated for industrial/housing/other uses, where there is scope for office development as part of a mixed use scheme. **This is something I am very keen on, having recently been the author of a DTLR Study “Developing additional housing above and on non-residential sites”, published by HMSO in May 2002. We are currently working as consultants on two major mixed use developments within the SLP study area where mixed use commercial and residential of low quality industrial estates is envisaged. Although it would not be possible in the study to produce a comprehensive schedule of industrial land with mixed use development potential, we shall be able to produce examples to give an idea of the overall potential within the SLP boroughs.**

Part 2 - Demand Side

In order to provide an assessment of current and potential demand, in accordance with the factors you cite, CERI propose to undertake the following occupier and demand surveys.

- **Firm Survey** - Stratification by sector/size – but will ratio the sample to reflect dominant industrial sectors in the area to enhance representation. Looking to survey (in depth) 30 firms.
- **Movements** - Track and review firms that have recently moved out of and into the area – with the help of the economic development units in each area – potentially 10/20 firms to be tracked – equal representation from each borough, if appropriate.
- **Clusters** - Identify and survey small scale clusters with the aid of the local authorities and send out questionnaires – if considered important – will conduct interviews – but would have to reduce interview regime elsewhere.
- **Employers Survey** - analyse the most recently accessible employers survey for SLP area and by borough – for pull/push factors.

The outputs from these surveys can then be evaluated against the employment projections from the draft London Plan. The surveys will be designed to test the strengths and weaknesses of SLP boroughs against competing locations, from the occupiers' perspective.

I would also hope that we can interview three or four commercial estate agents, maybe two from big central London firms, and two local firms, to gain their overall perspective on the SLP office markets, and what is needed, first, to defend the existing occupier base, and second, to push for expansion. The timescale for the demand side surveys is set out below.

Timescale

To set up and conduct interviews – 20 days

To track firm movements and interview – 10 days (includes out of area travel)

Small-scale cluster review – 7 days

Employers survey analysis – 2 days

Total 39 days

Staff

P Garside to conduct interviews – for 1 & 2. Researcher to identify firms, issue questionnaires, analyse returns and conduct employers survey analysis.

Literature Review

The literature review we discussed could be included as part of this package, if it was felt appropriate, but we would have to reduce and/or remove designated sections.

Part 3 – Qualitative Assessment

London Property Research is not afraid to express qualitative opinions. We have a habit of doing so, and not always winning friends in the process. Whatever we say will have to be defensible on the basis of accepted statistical trends, and our own experience in the market place. Our opinions will also have to be consistent with other reports and publications we have produced in the past, and are currently working on. Clearly, our findings will have to be consistent with what we say in our latest report for the GLA, “London Office Policy Review 2003”.

In the context of transport, for example, we have often said in our London Office Policy Reviews that highly restrictive parking policies in outer London actually work against the sustainability agenda, by encouraging firms to move to Home Counties locations with easier parking standards. Our Report will not be afraid to challenge the boundaries of political correctness if we think the arguments merit such an approach.

Our assessment of the quality, location and appropriateness of existing and potential supply has already been referred to above. CERl's demand research will also significantly influence our conclusions. With regard to developer interest, we shall have to rely primarily on press comment and anecdote, since it will not be possible to conduct a structured survey of the developers and their advisers.

Part 4 Relationship Between Supply and Demand

It is at this juncture that we need to remind ourselves that the study has to take a time horizon to 2016 and beyond. That requires heroic assumptions to be made about the different demand sectors. In order to be consistent with LOPR 2003, I suggest we review the supply and demand balance in the context of:

- companies and organisations serving an international market
- companies serving a UK wide market
- companies serving the local economy.

Bearing in mind the conversations leading up to this proposal, I am assuming that most if not all SLP boroughs do have ambitions to have headquarter offices serving international and national markets, and are not content with back offices, call centres, and government agencies, which are typically offer mid or low pay scales in the London context, and which are already under extreme and increasing cost competition pressures from overseas locations. We do believe strongly that it is not the high paid London jobs which are most likely to relocate from London, but the low paid.

Part 5 Recommendations on Future Actions That Could Be Taken to Seek to Match the Supply of Space with Likely Demand

The issues highlighted in the LDA note are very wide ranging, and beyond the scope of the research in terms of available time and resources. We can certainly address some of the issues in passing, but we do not have the expertise to make specific recommendations on all the issues listed.

