EMPLOYMENT LAND AND ECONOMIC NEEDS ASSESSMENT

For **London Borough of Sutton**

May 2023

Stantec UK Limited
Registered Office: Buckingham Court, Kingsmead Business Park, London Road, High Wycombe, Buckinghamshire, HP11 1JU

Document control sheet

Project reference: LB Sutton

Project name: EMPLOYMENT LAND

Report title: Second draft

	Name	Position	Signature	Date
Prepared by:	SC / AL	Director / Associate	SC / AL	28 Apr 23
Reviewed by:	AL / RP	Associate / Director	AL / SC	02 May 23
Approved by:	RP	Director	RP	05 May 23

For and on behalf of Stantec UK Limited

Revision	Date	Description	Prepared	Reviewed	Approved
2	09 May 23	Second draft	SC / AL	AL / RP	RP

This document is formatted for double-sided printing.

Contents

Figures

Tables

Appendices

1 Introduction

1.1 This report provides the evidence base to assist the Council in the preparation of new economic policies and land allocations in the emerging Borough Local Plan that will support economic growth and the provision of jobs and guide employment provision over the new Plan period to 2038.

1.2 The background to the study is the uncertain macro-economic outlook. The economic 'shocks' of Brexit, the Covid pandemic and war in Ukraine will have significant and potentially long-lasting impacts on both macro and local economic performance. These factors are affecting how businesses operate, and manifesting in ways such as firms seeking to build-in supply chain resilience (requiring more floorspace in the UK), and more broadly changes in working habits that are affecting the way employment space is used (particularly office space), and the levels of overall economic demand. These unsettled economic times are set against the backdrop of historic high employment activity rates, that in line with Government stimulus are forecast to go even higher, but relatively low productivity.

1.3 Time is needed to see how these macro-economic factors play out, but Sutton's Local Plan needs to build in some resilience and flexibility in its approach to ensure it is well placed to support economic growth, and respond to any further future economic 'shocks' that may occur over the Plan period.

1.4 The framework for the study is the policy requirements set out in national and regional policy documents. At the national lever policy support for offices has shifted through the Government's approach to PDR/A4D, and changes have been introduced to the GPDO and Use Class E that, in particular, impact on town centres and on the local economy. In some areas micro-delivery and workspace are coming into town centre locations, benefitting from the flexibility of the E class and providing new uses for town centre stock.

1.5 A further important policy change introduced by the Government in 2019 is the requirement for Local Plans to take account of the needs of the storage and distribution sector. This was of course prior to Covid and it is well documented that Covid has 'super-charged' this part of the national economy, and while some operators clearly over-reached in the immediate aftermath, long term growth in the logistics and distribution economic sectors is likely to remain strong.

1.6 Covid has further fuelled the move away from high streets as an increasing volume of transactions take place on-line and in warehouses. Warehouse operators generally need to be close to centres of population because consumers demand ever shortening delivery 'windows' with many operators moving to same day or even same hour delivery slots. This means that in the London context demand and the need for floorspace is 'bottled' within the M25, with even stronger demand in areas where operators can most easily access the CAZ (Central Activity Zone), which is the area broadly within the South Circular.

1.7 At the regional level the 2021 London Plan has introduced a new approach to managing London's industrial needs by seeking to deliver employment floorspace principally through intensification of existing sites, but also looks at co-location and substitution. But intensification brings major challenges in terms of the viability of decked formats, and the economic shocks have made this much more difficult in at the very least the short term, and also finding sites able to accommodate the height, mass and transport network usage implications of intensified formats.

1.8 The demand for industrial land has also been driven up because manufacturing is no longer declining in London, partly driven by the need for supply chain resilience, but also part of a longer-term trend, 'reshoring' of activity over the past five or six years. The growth of land hungry data centres is also generating more competition for industrial land. This means that the historic trend of the loss of industrial land to accommodate non-employment uses has moved into reverse, and we are now beginning to see proposals[1] for industrial land to be recycled for intensified industrial/logistics formats. We are also seeing land currently in retail and leisure use promoted for a mix of uses that includes employment activity.

1.9 The London Plan strategy is very pro-office growth – with proposals for new 'CAZ' satellites including the 50,000 sq m (currently vacant) Chinese financed ABP scheme in the Royal Docks, and a very large pipeline of space is proposed along the Crossrail / HS2 route. But, the potential for office growth on the scale proposed across London is seriously called into question by the macro-economic shocks.

1.10 At the sub-regional level, the other boroughs are larger economies and out-perform LB Sutton's economy. The Borough is generally characterised as a comparatively small low waged local economy with relatively high rates of outflow of commuting. Improving opportunities for higher value business sectors, most obviously life sciences is a major policy driver.

1.11 This study is underpinned by a range of time series economic data including the latest available and the views of the property market, and it uses this information to both make sense of the past and to project and forecast how best to plan to deliver economic growth in the Borough over the Plan period.

1.12 In line with the PPG (Planning Practice Guidance) we identify a large increase in economic need for industrial uses compared to the previous plan. But this is partly because the plan was, with hindsight, based on a too low an assessment of need even before Covid supercharged logistics. Sutton is a strong logistics location with a sub-regional role and the assessment reflect this. Any increase in logistics need in Sutton is part of a much wider London story – most obviously including Croydon. There is no supply to meet this need and a reliance on intensification, while the correct policy approach, may struggle to meet this need so engagement with strategic partners and neighbours will be needed.

1.13 We have also identified a need for office space, but this is very different. The need is generated by increased office sector jobs – so a positive and optimistic outlook. But there was, and still is, a difficulty in translating jobs to floorspace. Sutton is not unique in this regard – the scale of future homeworking and hybrid working is still not firmly established. It also takes time for the practical implications of business decisions to work through to the property market, as leases have to align etc. There is no firm way to effectively discount the PPG based assessment of demand, so we suggest the Borough states its office need in terms of jobs, and looks to allocate only a small (five year or so) element of the need as a minimum. If a greater floorspace is promoted for inclusion in the plan that should be welcomed. A pipeline of sites is still needed so, the plan can respond positively should job growth transcribe into floorspace demand – and/or the balance of demand shifts across London, as it may for example through a move away from the CAZ to the suburbs, hence boosting the Sutton market.

1.14 This approach does not mitigate the need for the plan to address its economic needs in full but reflects the fact that, in the current climate, developers are not formally promoting new office schemes. So, the plan should still develop a strategy to deliver additional floorspace but this may be through flagging additional potential to be considered when major sites are redeveloped or regenerated. For example, ensuring that prominence is given to meeting office demand when major sites are redeveloped or when areas are regenerated.

[1] G-park and Albert Island in Newham, Vpark in Barking and Dagenham and British Land's Heritage House in Enfield

1.15 We also note that how the office market responds in the medium term is a critical issue for London as whole and not Sutton in isolation. If vacancy rates increase because there is less demand for floorspace there may be scope to work with other boroughs to ensure that the best use is made of existing stock and opportunity sites and the most appropriate areas to accommodate remaining office demand (and need) is outside the Borough.

1.16 While demonstrating a robust, large supply of future office space is not a realistic ask at the moment – there remains a need for flexibility and scope to grow should the market demand more physical space.

Report Structure

1.17 The report firstly provides the policy context, summarising national policy and practice, the strategy and policy approach in the London Plan and neighbouring borough approaches to employment planning policies (chapter 2). This is important as it identifies the context and themes that the study needs to review. Then chapter 3 sets out the Borough's economic context, looking at the indicators of resident, workforce and business performance. Researching the Borough's socio-economic context will help identify and understand the economic issues. Next Chapter 4 provides a property market commentary on the industrial/ warehouse and office markets. Chapter 5 reviews the existing stock commenting on the overall fitness for purpose. Chapter 6 considers economic need. Chapter 6 considers the potential future supply to meet unmet demand. Finally, conclusions in terms of the demand and supply balance and recommendations are drawn in chapter 7.

2 Policy context

2.1 This section provides an update on policy and guidance changes at national, regional, local, and neighbouring local planning authorities since the last Sutton Employment Land Review (ELR) and the update were published in 2013 and 2015.

2.2 At the national level in recent times there has been significant change to key economic policies including in the National Planning Policy Framework (NPPF), several major amendments to the General Permitted Development Order and the Use Class Order, and the evidence base and new Local Plan need to respond to these.

2.3 At the regional level the London Plan was adopted in 2021 with ‘good growth’ policies forming the basis of the plan. As referred to in the introduction, the key policy change was the added emphasis on intensification of employment uses on existing employment sites. The London Plan is accompanied by a range of Practice Guidance, but as yet none covering economic issues although guidance for industry and logistics is expected in the future.

National Planning Policy and Legislation

National Planning Policy Framework

2.4 The Government’s overarching economic objective for the planning system as set out in the NPPF is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure (paragraph 8). This was introduced in the original NPPF and has remained unaltered ever since, and the proposed changes to the NPPF published for consultation at the end of 2022 do not propose changes to this objective.

2.5 Local plans are expected to apply a presumption in favour of sustainable development, which means they should meet the development needs of the area and align growth and infrastructure, making effective use of land in urban areas (paragraph 11). The Government consulted on proposed changes between December 2022 and March 2023, and these do not change this.

2.6 Paragraph 20 of the NPPF expects strategic policies to set out an overall strategy for the pattern, scale and design quality of places and make sufficient provision for employment and other commercial development. In respect of meeting needs, the Plan should be positively prepared – meeting as a minimum the assessed needs (paragraphs 26 and 35). Proposed changes would remove reference to ‘as a minimum’ and instead the requirement would be to meet an areas assessed needs.

2.7 Changes introduced in 2021 (paragraph 53) tighten the remit for Article 4 Directions (A4D) to remove permitted development rights. These are discussed in more detail in a later section.

2.8 In respect of economic development, the guiding principle is that local plans and decisions should apply significant weight on the need to support economic growth and productivity. This should take account of local business needs and wider opportunities for development (paragraph 81). No changes are currently proposed to the Building a strong, competitive economy section.

2.9 Paragraph 82 states that planning policies should:

- set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

- set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
- be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

2.10 One significant change to the original NPPF is paragraph 83 which supports storage and distribution operations, and knowledge, data-driven, creative and high technology industries. In paragraph 83, planning policies are expected to recognise and address the specific locational requirements of the different sectors.

2.11 The recognition and support for storage and distribution operations is considered to be long overdue and is testament to the growing role that logistics plays in the wider economy. It is noteworthy that the Government announced that it wishes to undertake a call for evidence to consider what planning and other reforms are needed to the PPG to support the freight industry.

2.12 The Levelling Up and Regeneration Bill seeks to introduce a number of changes to the NPPF, but nothing specific to the policy support for the economy. It will however change the way cross-boundary issues such as the economy and employment are addressed by no longer requiring Authorities to co-operate with one another, instead seeking alignment. Some general policy matters will no longer be addressed at the local level, and Local Plans will be limited to locally specific matters.

Planning Practice Guidance (PPG)

2.13 The housing and economic needs assessment section of the PPG acknowledges that national economic trends will not apply universally, and business needs will vary according to local circumstances and market conditions. Functional Economic Market Areas (FEMA) may extend over more than one Local Authority area, and the assessment of employment land need should reflect this.

2.14 The guidance states that evidence on economic need should cover the following (paragraph 26):

- Best fit FEMA;
- The existing stock of employment land;
- Recent patterns of gains and losses of employment land;
- Market demand and business requirements (including requirements for particular types of business);
- Wider market signals; and
- Oversupply and market failure (preventing land being used effectively for employment).

2.15 Paragraph 27 of the PPG goes on to state that future need should be based on a range of data such as:

- Sectoral and employment forecasts and projections;
- Demographically derived assessments of current and future local labour supply;
- Analysis based on the past take-up of employment land and property and/or future property market requirements; and,
- Consultation with relevant organisations, studies of business trends, and understanding of innovative and changing business models

2.16 The guidance states that the existing stock of employment land and recent pattern of gains and losses should be identified. This can be done through a simple typology of employment land by market segment and sub-areas, and supplemented by information on permissions for other uses on sites formerly in employment use.

2.17 Current market demand according to the guidance can be analysed by comparing the available stock of land with the particular requirements of the area. It is also important to consider recent employment land take-up, projections and forecasts.

2.18 Paragraph 30 of the guidance states that when translating employment and output forecasts into land requirements there are four key relationships which need to be qualified. The following can be used to inform the assessment of land requirements:

- Standard Industrial Classification sectors to use classes;
- Standard Industrial Classification sectors to type of property;
- Employment to floorspace (employment density); and
- Floorspace to site area (plot ratios based on industry proxies).

2.19 Finally, a 2019 amendment expands the guidance as it relates to logistics (paragraph 31), recognising the critical economic role played, and the substantial expansion there continues to be in logistics and distribution that requires warehouse space. It advises on how to assess need and allocate space specifically for logistics.

2.20 The guidance advises that strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. The need can be informed by:

- Engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of type, size and location including impact of new technologies;
- Analysis of market signals, including trends in take-up and availability of logistics land;
- Analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities; and
- Engagement with LEP.

2.21 The policy-maker then needs to consider the most appropriate locations to meet the identified need.

2.22 In 2020 as we discuss below, Use Class E was introduced, but here we point out that such a wide-reaching change did not result in any changes to the NPPF or PPG, and thus planning authorities are still required to understand and plan for ***business needs*****,** which are not specifically defined, but widely held to be for office, light industrial and the remaining B class uses.

2.23 Authorities will also need to assess the extent to which land and policy support is required for other forms of logistics requirements, including the needs of SMEs and of ‘last mile’ facilities serving local markets. This can be done through considering market signals, local population and housing stock change as well as the local business base and infrastructure availability.

2.24 The extra guidance in terms of logistics and distribution is the major change in the Economic Need section of the PPG since its introduction in 2015, and emphasises the crucial role that logistics and associated services provide, reflecting the continued expansion of the warehouse sector. Economic/employment evidence will need to ensure it adequately addresses the needs of the logistics/distribution sector.

General Permitted Development Order

2.25 Following the introduction of Class O to the General Permitted Development Order in 2013 permitting change of use from office to residential. The Permitted Development Right was used extensively in LB Sutton.

2.26 In 2020 further major changes were made including the introduction of Class ZA, which subject to a number of caveats limitations and conditions, allows for the demolition of buildings used for any of the former B1 uses and replacement by residential. While the impact of the introduction of residential on transport and highways issues and on businesses are considerations, no consideration is given to the loss of employment space.

2.27 New Class AA allows for the construction of up to two new storeys of flats in the airspace above detached buildings in commercial (now E class uses). Although there is unlikely to be much direct impact on employment use, the introduction of elements of residential could potentially disrupt opportunities for wholescale redevelopment, such as in out of town retail parks.

2.28 Most recently Class MA was introduced to allow Use Class E ('Commercial, business and service uses) including office and light industrial, to convert to residential use. The new right applies to buildings which have been vacant for at least three months prior to submission of the prior approval. This builds on the flexibility created by the introduction of the new Use Class E in September 2020 as set out below.

Use Class Order

2.29 Revisions to the Use Class Order in 2021 included merging Use Classes A1, A2, A3, B1, B2, D1 and D2 into Use Class E 'commercial, business and service'. This means buildings can change 'use' within the same use class without requiring planning permission, including office and light industrial to any other E class use, and vice versa.

2.30 This new flexibility within Use Class E could bring positive benefits for the supply of office and light industrial space because it comes at a time when town centres retailing in particular, but also retail parks will be rationalising their stock in light of the restructuring of how retailing is undertaken.

2.31 Classes B2 (general industrial) and B8 (storage and distribution) remain unaffected by the amendments to the Use Class Order

Article 4 Directions

2.32 As referred to above, new GPDO Class MA introduces Use Class E to residential permitted development rights. Where there was an existing Article 4 Direction in place relating to Class O, that direction continued only until 31st July 2022. In this regard we note the Article 4 Direction that had applied to Sutton town centre since 2015 has now been discontinued.

2.33 The 2021 amendments to the NPPF (paragraph 53) indicate that the use of Article 4 Direction to remove Permitted Development Rights should, where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 Direction is *necessary to avoid wholly unacceptable adverse impacts.* In all cases, Article 4 Direction must be based on robust evidence and apply to the smallest geographical area possible.

2.34 Recent decisions on Article 4 Direction s by DLUHC has engaged the NPPF position of being based on robust evidence and applying to the smallest geographical area on a number of occasions. Several Councils have had proposed boundaries reduced substantially by DLUHC who argue that proposals did not take a *"sufficiently targeted approach*". The clear steer is to identify the precise groupings of premises to include, supported by evidence that these type of premises are important in the local economy and under threat.

2.35 The Mayor of London published Strategic Evidence to Support Article 4 Directions related to commercial (Class E) to residential Permitted Development Rights. The evidence supports a co-ordinated approach to Article 4 Directions to help safeguard the important contributions that town centres and high streets make as well as safeguarding industrial areas. The document notes that office locations provide an important source of employment and economic activity and contribute to the vibrancy and weekday spend in the town centres and high streets.

2.36 The document also advises that London's industrial capacity can be impacted by Class E to residential Permitted Development Rights both directly, through the loss of light industrial and creative production uses that fall within Class E, and indirectly, through the introduction of residential uses in industrial areas which can compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis.

2.37 The evidence also makes it clear that where a borough has indicated that an LSIS is suitable for industrial intensification or residential co-location, there is a risk that such locations could be particularly vulnerable to permitted development as it may be more difficult in such circumstances to rely on clause MA.2(2)(g) in the legislation, which allows LPAs to assess the impact of the introduction of the residential use. Permitted development in these locations could undermine the industrial activities in an LSIS and fail to optimise future industrial development capacity that could otherwise have been delivered through Local Plan-led and masterplan processes.

2.38 Article 4 Directions would therefore be appropriate to mitigate against negative impacts on industrial occupiers and to fully allow for opportunities for industrial intensification and co-location.

Regional Planning Policy

2.39 Since the 2015 ELR update, the London Plan has been replaced twice, most recently in March 2021. The current London Plan guides development up to 2041, and the overarching Good Growth policies include policy GG5 that seeks to conserve and enhance London's global economic competitiveness and ensure that economic success is shared amongst all Londoners. Boroughs should plan for sufficient employment and industrial space in the right locations to support economic development and regeneration. How Boroughs should achieve this is set out in the Economy chapter.

2.40 Policy E1 directs office development to town centres, existing urban business parks, and locally orientated town centre office provision to meet local needs. The policy goes on to state that existing viable office floorspace capacity in locations outside the areas above should be retained, supported by Article 4 Directions to remove Permitted Development Rights where appropriate. Redevelopment, renewal and re-provision of office space is supported where viable, as is the release of surplus office capacity to other uses.

2.41 As we note earlier office-led regeneration underpins a number of the London Plan's Opportunity Areas, but the macro-economic changes now seriously question the basis of many of these.

2.42 Policy E2 expects boroughs to include policies in their local development plan documents that support the provision, and where appropriate, protection of a range of B Use Class business space, in terms of type, use and size.

2.43 Policy E3 asks boroughs to consider detailed affordable workspace policies in light of local evidence of need and viability. The types of sectors that could be supported are those with social or cultural value, disadvantaged groups, learning related and start-ups.

2.44 Policy E4 aims to provide and maintain a sufficient supply of land and premises to meet current and future demands for industrial, logistics and related functions, taking account of strategic and local employment land reviews and the potential for intensification, co-location and substitution. Related functions include waste management, aggregates, utilities, transport and wholesale. The policy supports the operational requirements of emerging sectors, the need for flexible hybrid space, low cost space and R&D space.

2.45 The policy states that retention, enhancement and provision of additional industrial capacity should be prioritised in locations that are accessible to the strategic road network and/or potential for transport by rail/water, provide capacity for logistics, waste management and emerging sectors that support London's economy and population, and provide capacity for micro, small and medium sized enterprises.

2.46 The very firm policy steer from the GLA is for boroughs to deliver intensified industrial floorspace wherever possible. Any release of industrial capacity should be focused in locations that are (or are planned to be) well-connected by public transport, walking and cycling and contribute to other planning priorities including housing (and particularly affordable housing), schools and other infrastructure.

2.47 An emerging sector that is referenced in the London Plan and is of relevance to LB Sutton, are data centres. These provide essential infrastructure, but are extremely land (and resource) hungry and also have very low employment densities.

2.48 Strategic industrial locations are addressed in Policy E5 that advises boroughs to define the boundary of Strategic Industrial Locations (SIL) and develop local policies to protect and intensify the function of SILs and enhance their attractiveness and competitiveness making more efficient use of land. Where suitable, boroughs should look strategically to identify opportunities to substitute industrial capacity and function of SILs where evidence suggests that alternative and more suitable locations for the employment uses exist. SILs can accommodate the type and scale of industrial and logistics activity that are essential for the city to function, but that could not be accommodated elsewhere.

2.49 In respect of SIL and identifying opportunities to intensify, it is relevant to note the neighbouring Purley Way North (Waddon Lane) SIL in LB Croydon, which when looked at alongside Beddington SIL may offer up opportunities for intensification through redevelopment.

2.50 Boroughs are expected to define and designate Locally Significant Industrial Sites (LSIS) as advised in Policy E6, and evidenced in local employment land reviews. Boroughs should also make it clear in policy that a range of industrial and related uses are acceptable in LSIS. These should be B class or light industrial (E(g)iii) uses that are of a type and scale unlikely to generate bad neighbour impacts, so smaller scale and less intensive activities compared to those on SIL, and not as business 'diverse' as more local employment areas that serve a more localised population.

2.51 We note LB Sutton has relatively few LSIS and the distribution is concentrated within a narrow area. We shall review the distribution and consider if there is need or scope to widen the distribution to better serve and provide employment opportunities to residents.

2.52 Policy E7 states that Development Plans should be proactive and encourage the intensification of business uses in Use Classes B1c, B2 and B8 occupying all categories of industrial land. The policy goes on to state that mixed-use or residential development proposals on non-designated industrial sites should only be supported where there is no reasonable prospect of the site being used for industrial and related purposes, or where it has been allocated in Development Plan or where industrial, storage or distribution floorspace is provided as part of the mixed-use intensification. Development Plans should, in collaboration with the GLA and neighbouring authorities, also consider the scope to facilitate the substitution of some of London's industrial capacity to related property markets outside of London.

2.53 The GLA have confirmed in a number of recent EiPs that 'co-location' is not acceptable in SIL. A co-location strategy risks losing industrial capacity that would, through an intensification route, deliver more floorspace. As a limited commodity; that is very hard to replace, Boroughs need to work to maximise the SIL asset for Sil uses.

Employment Evidence – London Plan

2.54 The GLA's recently published Industrial Land Supply Study (2023) updates the five year land time series to 2020. In 2020 Sutton's core industry and warehouses land totalled 114.7 ha, an increase on the 112.3 ha in 2015, but is the same amount of industrial land in the first year of the series 2001. This compares favourably with London as a whole, which has seen a 20% reduction in core industrial land over the past 20 years, with the reduction greatest in general industrial that experienced a 40% loss, with a much lower loss in warehousing. Sutton has seen a reduction in general industrial and increase in warehousing over the 20 year, but of a relatively modest scale.

2.55 In respect of wider industrial uses (the related functions referred to at 2.44 above), these had been consistent at 205 ha to 2015, but in 2020 sum to 195.7 ha, with the drop principally accounted for by reductions in both waste management and utility land. The 2020 data includes the first recording of data centre land (1.2 ha). Vacant industrial land that started at 17 ha in 2001 had reduced to 13 ha in 2015 and 10 ha in 2020.

2.56 The GLA's latest London Industrial Land Demand Study dates from 2017, and is expected to be the next to be updated. The 2017 study indicated positive net demand for industrial land in London's South (North and West) sub-regions over the period 2016 to 2041, mostly driven by strong demand for logistics to service growth in London's economy and population. In terms of future change Sutton was in the 'provide capacity' category, one of just five boroughs so recorded. Overall demand to 2041 for employment land was estimated at 22.5 ha (17 ha of warehouse and 5.2 ha of general industrial with a minor (1.4 ha) release of waste land). With an allowance for surplus vacant employment land of 8 ha overall net demand was identified as 14.5 ha. This translates to a need of approximately 0.5 ha per annum.

2.57 The GLA evidence for office remains the 2017 London Office Policy Review (LOPR) that underpins the 2021 London Plan. It projected a London-wide increase in office jobs of 619,300 jobs, from 1.98m in 2016 to 2.60m in 2041, a rise of 31%. This translates into a requirement for an additional 6.06m sq m of office space through to 2041 and spawned the large number of office-led mixed use redevelopment schemes underpinning so many of London's Opportunity Area schemes. However, the macro-economic events since 2017 and also the shifts in national policy direction in respect of town centre activities mean this evidence must be considered very much out of date.

2.58 For Sutton LOPR identified a future office jobs growth of 2,865 to 20141, that averages to 115 per annum. At a floorspace density of 11.3 sq m per worker this requirement summed to 34,970 sq m[2], equivalent to 1,400 sq m pa.

[2] LOPR 2017 table 9.8

Local Planning Policy

Adopted Local Plan

2.59 The Local Plan guides change in the Borough to 2031 and identifies five key challenges that include translating educational achievement into high-paying jobs, managing change in the town centres and how to achieve economic growth while enhancing the environment. The economic aspects of the vision are more higher value employers providing good employment opportunities that provide jobs for the local highly skilled workforce, in so doing limiting out-commuting. The economic objectives are to support business expansion/new entrants, with the London Cancer Hub (LCH) at the Royal Marsden identified as a key catalyst for such growth.

2.60 In land and floorspace terms the Plan identifies a requirement for 10 ha of new industrial land and a minimum 23,000 sq m of additional office floorspace to be delivered in Sutton town centre, with the Station Gateway having the greatest potential (Policy 3). Policy also supports the redevelopment of industrial areas to make more efficient use and redevelopment of outdated office space to upgrade to modern requirements.

2.61 Policy 2 relates to the LCH. Life sciences were, and continue to be, a major growth sector, but within the London-Oxford-Cambridge Golden Triangle there is a lack of opportunity sites in locations where they are needed. LCH with land identified for expansion is therefore well placed to deliver R&D/laboratory space. This in turn could potentially attract large pharmaceutical companies and SME firms either in the supply chain or in interrelated activity.

2.62 The already high economic activity rates of Borough residents are noted, and the potential for ‘tension’ with future growth at the LCH as the strategic plan identifies a workforce requirement for an additional 6,500. However, around two-thirds of these jobs are more likely to be drawn from beyond the Borough given their technical and specialist nature, with the Council’s focus on administration/services jobs that would be much more localised. However, by providing a large number of higher value employment opportunities in the Borough this will incentivise some of the large number of out-commuters to take up job opportunities at the LCH.

2.63 This explains the relatively modest land allocations, as supporting growth at the LCH will be reliant on increasing already high economic activity rates and for the higher skilled jobs, reducing out-commuting rates. This clearly has associated risks and the Plan makes clear that this needs monitoring. This of course is a task for this study.

2.64 Policy 5 Wandle Valley Renewal: the objectives are to support existing businesses to expand and encourage new business entrants, providing suitable employment opportunities for residents. Specifically, this means new stock at both Felnex and the Wandle Trading Estate, and finding opportunities for intensive redevelopment within the Beddington SIL. New land, extending the SIL by 4.4 ha was allocated West of Beddington Lane (S76). This has been taken up for logistics and distribution (Prologis Park), and is currently being completed.

2.65 The Policy 14 (Industrial Land) seeks to support the delivery of R&D, light industry, industrial and manufacturing, and storage and distribution uses within Strategic Industrial Locations (SIL) and Established Industrial Areas (EIAs – a category equating to London Plan LSIS). Aligned with Policy 5 the policy supports intensification proposals and the Beddington SIL (S76). Proposed losses of industrial/business floorspace beyond the SIL and EIAs will not be granted planning permission unless it can be demonstrated that:

> *“The retention of existing use will have an adverse effect on residential amenity and there is no reasonable prospect that this effect can be alleviated by retaining the use.*

There is genuine evidence that the site has been marketed for a period of 12 months at a reasonable market rent for its location and condition."

2.66 Policy 15 (Industrial use) focuses on improving the industrial environment, and expects development within SIL and EIAs to contribute to environmental and transport improvements, and that the Council will grant permissions for ancillary uses which will assist with the functioning of SIL and EIAs, such as small shops, provided that it is shown that they are meeting the needs of employees only.

2.67 The Borough's office market is addressed by Policy 16. The policy background acknowledges the long-standing structural effects reducing the need for office space, and space in particular in suburban outer London locations, the reduction in investment interest and the attraction of change of use to residential. The impact of the Permitted Development Rights allowing change of use to residential is identified as having resulted in the loss of 80,000 sq m of office space almost one third of which was occupied.

2.68 Office development within Sutton is supported by Policy 16 which states the Council will enable the delivery of 23,000 sq m of office floorspace over the plan period, with the majority within Sutton Town Centre, and is likely to be in the form of bespoke developments for specific businesses or workspace for SMEs. The Council will not grant permission for proposals involving the loss of existing office accommodation unless it is shown that the floorspace is no longer needed through proof of marketing for a 12-month period, and all opportunities to reconfigure for offices have been exhausted.

Hackbridge and Beddington Corner Neighbourhood Plan

2.69 A key objective of the Plan that was adopted in 2018 is to protect and support existing employment land. Policy LEP1 (Employment land) lists proposed and existing employment sites which will be retained for employment use.

2.70 Policy LEP2 (Employment opportunities in Hackbridge) expects all employment development proposals to demonstrate that business opportunities that cater for recreational users in the Wandle Valley Regional Park, and the provision of flexible spaces for new start up enterprise and opportunities for training have been considered.

Local Plan Evidence

2.71 The Local Plan is underpinned by the 2015 'Town Centre and Economic Development Assessment' prepared by Boyer. That report provided an update of the 2013 Employment Land Review prepared by Nathaniel Litchfield and Partners that assessed the need for employment land as far as only 2024. The TCEDA extended the employment projection to 2031.

2.72 The TCEDA study identified a growth in industrial floorspace projected in all except for the GLA-based scenario. The projections ranged from a net requirement of minus 51,000 sq m (the negative GLA scenario) to 98,000 sq m (the economic forecast scenario), with the labour supply approach that became the Local Plan requirement identifying need to 2031 of 40,500 sq m.

2.73 The TCEDA noted that there is very little land available for future industrial development and policy should be to firmly resist the loss of any industrial land. This had been the recommendation of the 2013 ELR, along with accommodating future industrial growth through intensive redevelopment of safeguarded waste sites, intensive redevelopment of existing industrial sites, and monitoring the balance between demand and supply.

2.74 In terms of office floorspace the TCEDA considered demand to be increasing with the historically high vacancy rates falling, and rents increasing as the available supply is decreasing. The report concluded that the level of office floorspace to be planned for may need to be linked to the aspirations of the Council relating to its transport strategy and the majority of growth should be planned for sustainable locations such as Sutton Town Centre. The study suggested the Council should plan for between 46,600 and 53,900 sq m of gross office floorspace, with the preferred labour supply approach identifying 23,000 sq m.

3 Socio-economic context

Population and jobs

3.1 This assessment is based on the latest available ONS population and job data, which is 2020 for both, and where possible and relevant we compare to the data from the 2013 Sutton Employment Land Review (ELR) which was mainly based on the 2011 Census.

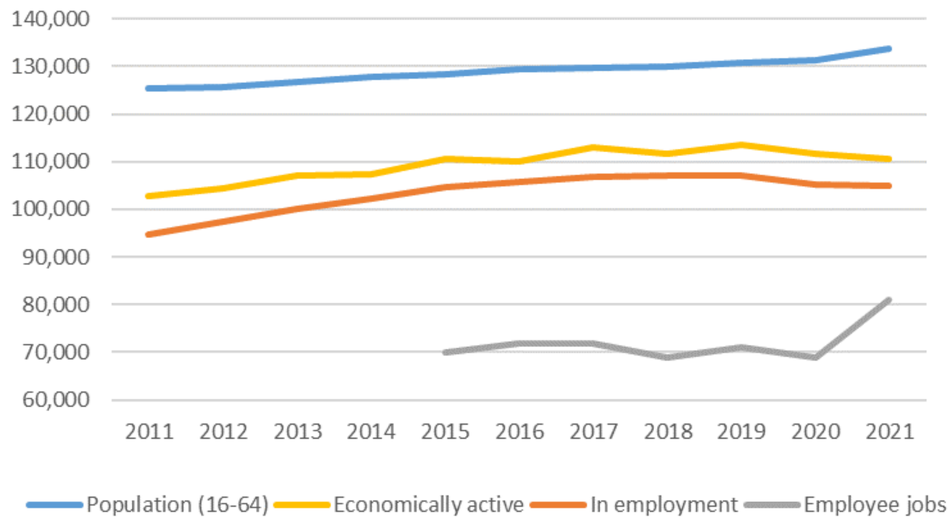
3.2 This assessment covers the:

- Resident economy – labour market, economic activity, unemployment, occupations, earnings (comparison with workplace) and commuting
- The workplace market – total jobs, job sectors
- The business base – business sectors and sizes.

Resident economy

3.3 Figure 3.1 below compares population in the 16-64 working group age, the economically active residents and employee jobs.

Figure 3.1 Comparison table between population, economically active residents, and employee jobs



Source: NOMIS: ONS 2020 mid-year population estimates, annual population survey (2021) and Business Register and Employment Survey (2021).

Nb the employee jobs series starts in 2015.

3.4 The chart shows the relationship between resident 16-64 population and those economically active / in work[3]. It is evident that the ratio narrowed over the whole decade with the rate of growth for the economically active increasing faster than the 16-64 population, until 2020 when Covid took effect. The relationship between the economically active and those in employment has not changed over this period.

3.5 Not shown on the chart, but in percentage terms LB Sutton's 2021 economically active rate was 82.8%, a healthy 3% above London (79.4%) and England (78.8%). As

[3] Economically inactive are predominantly students, long term sick, those looking after family/home and early retirees (aged <64).

referred to above this has improved on a decade earlier when the figure for Sutton was 79.8%, so a 3% increase that has delivered an extra 7,700 people into Sutton's workforce. Later in the assessment of demand section we look at the implications of the very high economic activity rate, and what may happen in the future.

3.6 The final data line on Figure 3.1 above is the number of employee jobs in the Borough (sourced from the official data), and this had been generally constant at around 69,000 between 2015-20, but in 2021 jumped to 81,000. This is most likely an inconsistency in the data, as a check against (and we return to consider this in the demand chapter) the Experian Economics data[4] does not exhibit this same jump. What is of relevance here is the number of employee jobs in the Borough is substantially below the economically active residents/those in employment, indicating that a large proportion of the resident workforce work outside the Borough (are out-commuting). We use Census origin/destination workplace data to establish in and out flows, and this information from the 2021 Census should be available in spring 2023. However, presently analysis is confined to the 2011 Census.

3.7 The 2011 Census indicated that only 30% of Sutton's resident workforce work within the Borough. The majority of residents commute to jobs elsewhere in London with the greatest commuting flows to Westminster (10%), Merton (9%) and Croydon (7%).

3.8 Census 2021 Travel to work data identifying the proportion of residents working mainly at or from home is available, and this shows some interesting borough level differences. The proportion of LB Sutton residents is 36.5% which is much lower than the other south London boroughs where Richmond residents are the most likely to work from home, indeed most likely nationally at 58.8%. This will be Covid affected, but gives an indication of the relative level of this section of those not commuting (either within or outside the Borough).

3.9 In 2011, the job density, the measure of the number of jobs in the Borough per resident aged 16-64, was 0.62, and by 2020 it was virtually unchanged at 0.63, However, the latest 2021 figure has seen a jump to 0.73, but this remains well below London as a whole of 0.89 in 2011, 0.99 in 2020 and 1.02 in 2021. This indicates LB Sutton is a net exporter of labour. The interesting variable we look at later is earnings for those working in and outside the Borough.

Labour market

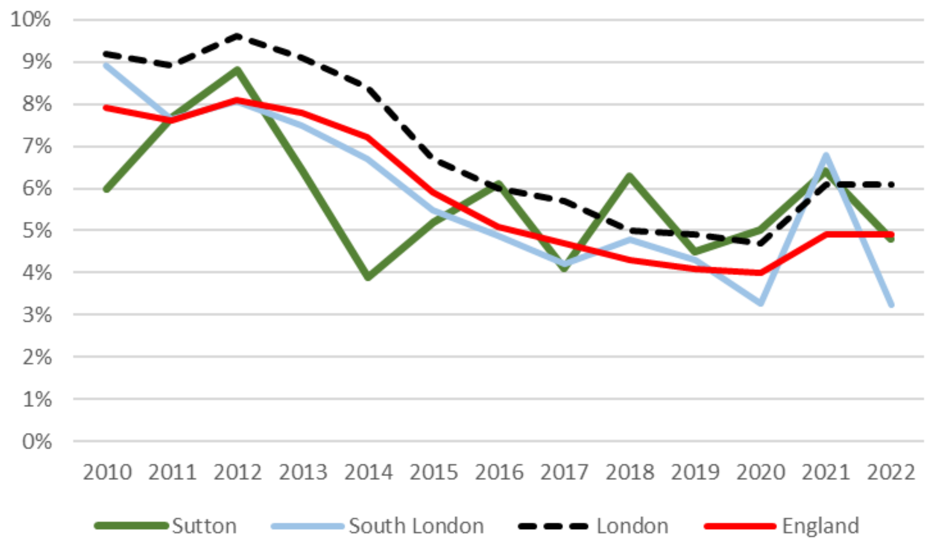
Unemployment

3.10 Economically active residents include both those in work and those actively seeking work (the unemployed). Mirroring the increase in economically active, unemployment rates have reduced from a high of 8.7% in 2012 to 6.2% in 2021. Interestingly, the lowest unemployment rate for Sutton was in 2015 and 2017 at 4.3% with the recent uptick in unemployment linked to the Covid-19 Pandemic.

3.11 Prior to 2015 unemployment in Sutton was below the rate for London and England, but now the three align. The greater volatility of the data for Sutton is explained by the comparatively smaller dataset.

[4]We discuss the official data here for consistency reasons. There is always a difference in absolute numbers between the official data and Experian, with the official data lower because it is survey based. Experian use a number of data sources, and their employee jobs data is acknowledged to be more accurate than the survey based official data.

Figure 3.2 Unemployment 16+ (%)



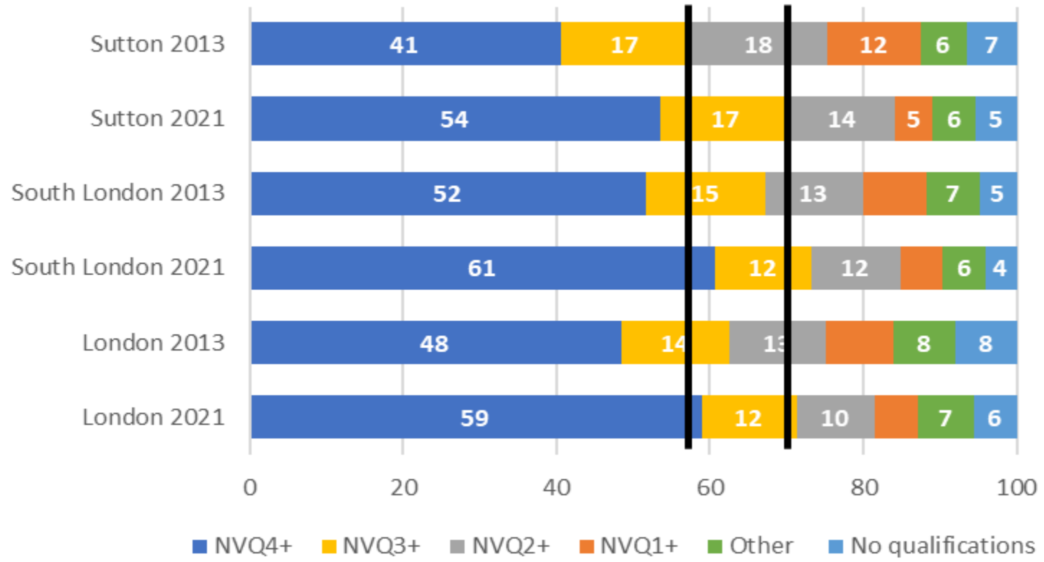
Source: ONS Annual Population Survey, data year to June

3.12 The 2013 ELR assessed the claimant unemployment rate for Sutton with the figure at 2.7% in October 2012 (much lower than the unemployment rate of 8.7% referred to above), and this was below the London (4.2%) and national average (3.8%). Claimant unemployment rates have moved little over the past decade. The rate for Sutton is now 2.9%, still below London (4.7%) and national (3.7%) averages. For comparison at the height of the Covid-19 Pandemic, Sutton claimant rates rose to 5.8% (March 2021).

Qualifications

3.13 As shown in the figure below Sutton's workforce has become more qualified in recent years. In 2013, 41%, of the Sutton workforce had NVQ4 or above this was below both the rest of the South London sub-region and London figures 52% and 48%. In 2021, LB Sutton's NVQ4+ figure had risen to 54%, shrinking the skills gap compared to London to a difference of 5% from 7% in 2013. The number of LB Sutton residents holding no qualifications in 2013 was 8,200 (7%), similar to the London average (8%), but higher than the South London 5% average. The percentage of those without qualifications was less in 2021 in LB Sutton and South London and London.

Figure 3.3 Resident qualifications



Source: ONS, Annual Population Survey, 12 months to March 2013 and to March 2021.

Nb NVQ1 (fewer than 5 GCSEs at grades A-C), NVQ2 (5 or more GCSEs at grades A-C), NVQ3 (equivalent of 2+ A- levels) NVQ4 (degree level) qualifications

Occupations

3.14 As shown in Table 3.1 below, since 2013 (first column) LB Sutton's occupation profile has changed quite dramatically. We do not show data for 2013 for the other comparators, but this is shown in the 2013 ELR. Sutton's occupation profile continues to lag the South London boroughs that have higher proportions in the higher skilled professional activities, but LB Sutton now aligns much more closely with London's occupation profile.

3.15 The table shows that in LB Sutton the share of worker skill in the lower skilled occupations including administrative and secretarial occupations, sales and customer services, and elementary occupations have all decreased in their shares of the Sutton occupation profile and while a little higher than south London average, are generally below London and national benchmarks.

Table 3.1 Residents Workers Occupation Profile

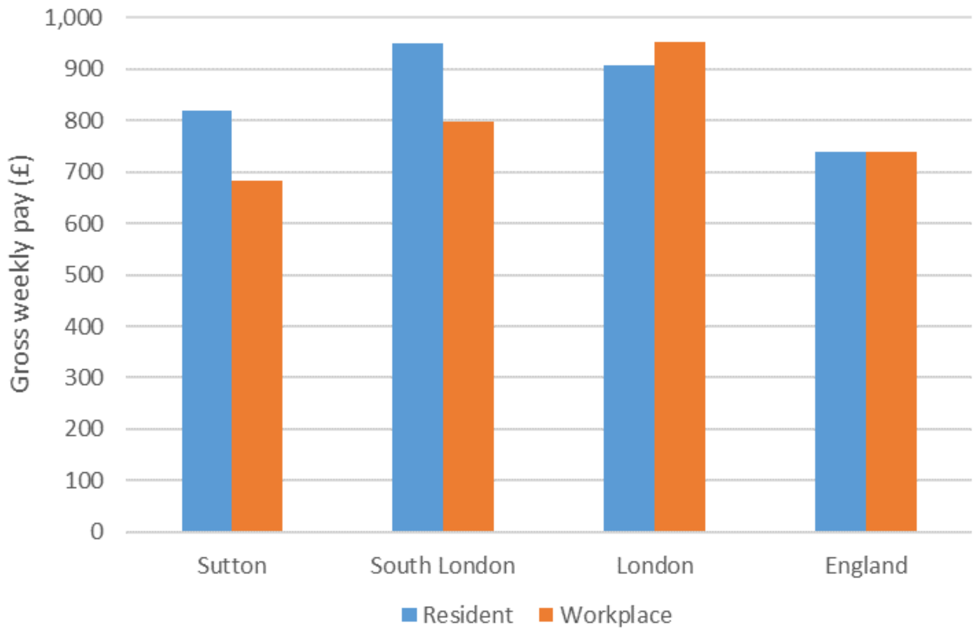
Standard Occupation Category	2013	2022			
	Sutton	Sutton	South London	London	England
	percent	percent	percent	percent	percent
1: managers, directors and senior officials	8.7	12.2	13.4	12.4	10.6
2: professional occupations	23.9	32.8	37.2	34.0	26.1
3: associate prof & tech occupations	19.3	15.4	18.2	16.8	15.1
4: administrative and secretarial occupations	14.0	10.3	9.6	9.3	10.2
5: skilled trades occupations	8.5	8.9	4.4	5.5	8.4
6: caring, leisure and other service occupations	7.2	8.6	4.8	6.4	7.8
7: sales and customer service occupations	7.0	2.5	3.9	5.1	6.4
8: process, plant and machine operatives	2.8	2.6	3.0	3.3	5.6
9: elementary occupations	8.1	5.7	5.1	6.9	9.5

Source: ONS, Annual Population Survey, 12 months to March 2013 and to March 2021.

Earnings

3.16 Figure 3.4 below shows that Sutton residents mean gross weekly earnings (blue bar £820) are lower than the south London and London averages (£950 and £908), but above the average for England (£738). Thus, Sutton residents are not accessing jobs that are as well paid as the sub-region/London average. The gap is proportionally even larger when workplace average earning are compared (brown bars). For LB Sutton this stands at £684, below all the comparators - south London that averages £798, England (£738) and London £953.

Figure 3.4 Mean Gross Weekly Earnings - 2021



Source: 2021 Annual Survey of Hours and Earnings ONS

3.17 Comparing over the decade since 2011 (2013 ELR data), the pay gap between Sutton and London has reduced slightly from 10.4% (2011) to 9.7% (2021).

Workplace market

Industry Sectors

3.18 At the beginning of this chapter, we referred to employee jobs in LB Sutton having 'jumped' in 2021 to 81,000 from being stable at around 70,000 since 2015. Table 3.2 below shows ONS estimated employee jobs in 2021 by industrial sector in Sutton (first column), and then as proportion and the proportions for the comparators (all 2021 except 2022 for England). The data for Sutton totals to a little over the 81,000 jobs figure due to rounding. What is clear is the jump in jobs is very largely in the Administrative and Support Service Activities sector (N), where 9,000 jobs were recorded in 2020, a figure that had shown steady decline from 12,000 jobs in 2015. The Accommodation And Food Service Activities sector (I) in 2021 was almost double the 3,500 jobs recorded in 2020, after no change since at least 2015.

Table 3.2 Employee jobs by industry sectors, 2021

Employee Jobs By Industry	Sutton (Employee Jobs)	(%)	South London (%)	London (%)	England (%)
C : Manufacturing	1,500	1.9	2.1	2.1	7.1
D : Electricity, Gas, Steam And Air Conditioning Supply	10	0	0.2	0.4	0.4
E : Water Supply; Sewerage, Waste Mngt & Remediation Activities	250	0.3	0.4	0.3	0.6
F : Construction	6,000	7.4	4.8	3.5	6.3
G : Wholesale And Retail Trade; Repair Motor Vehicles & M/cycles	10,000	12.3	16.4	11.4	13.4
H : Transportation And Storage	4,500	5.6	3.8	4.3	5.2
I : Accommodation And Food Service Activities	6,000	7.4	7.4	7.4	6.8
J : Information And Communication	2,250	2.8	5.1	8.4	4.7
K : Financial And Insurance Activities	1,250	1.5	2.5	8	3.1
L : Real Estate Activities	800	1	2.2	2.5	1.8
M : Professional, Scientific And Technical Activities	6,000	7.4	10.2	14.2	9.8
N : Administrative And Support Service Activities	19,000	23.5	8.2	9.7	9.1
O : Public Admin And Defence; Compulsory Social Security	1,750	2.2	5.5	4.6	4.2
P : Education	7,000	8.6	10.8	7.3	8.6
Q : Human Health And Social Work Activities	13,000	16	13.0	10.6	12.5
R : Arts, Entertainment And Recreation	1,750	2.2	4.2	2.8	2.8
S : Other Service Activities	1,500	1.9	3.2	2.5	2.5

Source: ONS Business Register and Employment Survey June 2021 for all except England which is June 2022

3.19 In employment terms, the Borough's three largest sectors (all over 10,000 jobs) are 'administrative and support service activities' albeit with the proviso referred to above, 'human health and social security' and 'wholesale and retail trade, motors'. Again – while the much higher proportion of administrative and support jobs, accounting for almost a quarter of jobs in the Borough is much higher than the 10% elsewhere, even if the figure returns in subsequent official data to around 9,000 jobs this would still be appreciably above the comparators (around 12.5%). LB Sutton's proportion of health sector jobs is also appreciably higher than the comparators.

3.20 The employment sectors with a need for office floorspace are 'administrative and support service activities' (19,000) followed by 'professional, scientific and technical sectors' (6,000), and 'information and communication' (2,250). The table shows that LB Sutton does have a lower proportion of professional, scientific and technical group, the group likely to be highest skilled and most likely to secure higher wages.

3.21 Of the sectors requiring industrial and storage floorspace, 'construction' (6,000) is the largest followed by 'transportation and storage' (4,500), and 'manufacturing' (1,500). LB Sutton has a higher share of jobs in the first two named sectors, and marginally low for manufacturing in London, but much lower than the national figure.

Business Demography

3.22 ONS publish data on businesses by industrial sectors and size bands, and this data is available for 2022 and presented in the table below. Table 3.3 shows the number and proportion of business units in LB Sutton, compared with comparators.

3.23 In LB Sutton in 2022, 9,420 were active, with the main sectors (>1,000) being construction, professional/scientific and information/comms. The proportion of construction firms is much greater than the comparators, but again the proportion of professional services is significantly below the London comparators.

Table 3.3 Businesses by industry sectors and size bands, 2022

Industry	Sutton Total	Sutton %	South London %	London %	England %
1 : Agriculture, forestry & fishing (A)	30	0.3	0.2	0.2	3.5
2 : Mining, quarrying & utilities (B,D&E)	40	0.4	0.3	0.5	0.6
3 : Manufacturing (C)	270	2.9	2.6	2.6	4.6
4 : Construction (F)	1,865	19.8	11.8	10.6	12.1
5 : Motor trades (Part G)	195	2.1	1.7	1.4	2.8
6 : Wholesale (Part G)	350	3.7	3.6	4.0	4.1
7 : Retail (Part G)	795	8.4	9.8	9.7	9.8
8 : Transport & storage (inc postal) (H)	340	3.6	3.6	3.5	4.9
9 : Accommodation & food services (I)	530	5.6	5.7	6.1	6.8
10 : Information & communication (J)	1,085	11.5	11.3	10.9	6.8
11 : Financial & insurance (K)	155	1.6	1.6	2.9	2.4
12 : Property (L)	265	2.8	3.9	5.1	4.0
13 : Professional, scientific & techl (M)	1,345	14.3	19.6	19.1	14.6
14 : Business admin & support serv (N)	850	9.0	9.3	9.8	8.7
15 : Public administration & defence (O	25	0.3	0.4	0.3	0.7
16 : Education (P)	220	2.3	2.4	2.1	2.4
17 : Health (Q)	510	5.4	5.2	4.3	5.0
18 : Arts, ent, rec & other serv (R,S,T&U)	550	5.8	7.0	7.0	6.5
Total	**9,420**	**100.0**	**100.0**	**100.0**	**100.0**
Micro (0 to 9)	8,435	89.5	89.3	87.5	85.1
Small (10 to 49)	780	8.3	8.8	10.0	12.1
Medium-sized (50 to 249)	175	1.9	1.7	2.1	2.5
Large (250+)	30	0.3	0.3	0.4	0.4

Source: Inter Departmental Business Register ONS Business Counts - local units by industry and employment size band, 2022

Local units are individual sites (a factory), as opposed to enterprises, which aggregates local units in the same ownership.

3.24 The proportion of micro businesses is the same as the comparators, and marginally above the average for London and England.

Conclusions

3.25 Economic activity rates are comparatively high, which makes finding labour more difficult for businesses. Employee jobs in the Borough were largely unchanged until 2021 when the official data records a jump from 70,000 in 2020 to 81,000 jobs. This is inconsistent with other data sets (Experian Economics), and we think this a ‘wrinkle’ that will be ‘smoothed out’ of the official data in due course.

3.26 LB Sutton’s economy is relatively small compared to neighbouring Authorities, with a larger proportion out-commuting (70% - 2011 Census data). Early indications from the 2021 Census are that commuting out is still very significant, as interim data shows that the comparator boroughs have far higher proportions of residents working from home. Other data (job density) confirms LB Sutton is a large net exporter of labour. This reinforces the need to provide more employment opportunities in the Borough.

3.27 Borough residents are now better qualified compared to 2013, and the rate of improvement has been faster than south London as a whole, but is still running behind the sub-regional average. This improvement is matched by quite dramatic change in the occupation profile with more workers in higher skilled professional activities, albeit again still lagging the South London average. This lag is reflected in workplace earnings which are below all the comparators, including the England average.

3.28 LB Sutton has a lower proportion of higher earning jobs (professional services) and a higher proportion of lower waged administrative type jobs. Industrial activity is strong in construction and transport, but comparatively marginally weaker in manufacturing activity. Business demography accords with the patterns reported above. We expect the improvement in skills and occupations to be reflected in improved earnings data in the near future.

4 Employment land: Property market analysis

Overview

4.1 This chapter reviews the market for employment space in the Borough - both office and industrial space (which covers manufacturing (factories) and logistics (warehouses)).

4.2 For office and general industrial space, we consider in turn demand, supply and the balance of the market. The main purpose of the analysis is to identify where there is potential demand for new floorspace, and hence a need for development land to be identified in the emerging plan.

4.3 In relation to demand, we identify the types of businesses that are taking space in the Borough or may consider doing so, and what property they are looking for in terms of size and quality. In relation to supply and market balance, we analyse the stock which is currently available, recently developed and in the pipeline, and the rental values and yields that properties in the area are achieving. The purpose of our analysis is to determine:

- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
- Hence, how far there is likely to be demand for more or different space, now or in the future;
- Conversely, if property and land are oversupplied, overall or in particular sections of the market.

4.4 These findings help assess the potential demand for new employment floorspace, and hence the quantity and qualitative mix of development sites that the emerging plan should identify for employment uses.

4.5 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and prices) realised in such transactions and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength[5] to support financially viable development.

Sources and definitions

4.6 The main market indicators considered are rental values, yields, recent take-up and vacancy. In a property market context, 'take-up' means businesses taking occupation of business floorspace.[6] Take-up covers both new-build and second-hand space (second-hand being the larger share of the market).

4.7 Our property market research has drawn primarily on the following information:

- The property market database CoStar and commercial property research reports for evidence of take-up, availability and values, both the market overall and individual properties. For the supply side analysis the vacancy[7] figures are also sourced from CoStar.

[5] A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

[6] By contrast, in a planning context 'take-up' means the development of new floorspace.

[7] '*Vacant space refers to all space not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease*

- Total stock figures for the Borough are from VOA Non-Domestic Rating statistics. This data provides total business floorspace and the total number of properties. We have cross-referenced this data with CoStar data to calculate vacancy rates. Cross-referencing the CoStar and VOA data does have limitations, as there is no guarantee that the two sources are consistent regarding unit sizes and descriptions. The reason why there may be discrepancies is that the VOA data has 999 description codes which do not always correspond with the definition of employment premises as classified by CoStar. By contrast, properties listed on CoStar are divided into just three categories - industrial, light industrial and office – and some of them may fall outside the VOA definition of industrial, warehouse or office units. Due to the VOA figures being provided in aggregate, it has not been possible to "iron out" these discrepancies.
- Site audit, the purpose of which is to review the suitability of the existing employment allocations for their continued use and scope for intensification.
- For a greater qualitative understanding of the market, we held a small number of one to one telephone consultations with agents and developers active in the market. These consultations enabled us to check and challenge our understanding of the local market, and to understand in greater detail occupier requirements.

Understanding business needs

4.8 The property market analysis helps address the requirements of Paragraph 81 of the NPPF, through understanding local business needs and wider opportunities for development.

Analysis areas

4.9 Our market analysis of the industrial market is focused on the Strategic Industrial Locations (SILs) and Smaller Established Industrial Areas (SEIAs). Our analysis of the office market is primarily focused on Sutton town centre ,Wallington and the other lower order centres (Carshalton, North Cheam, Rosehill and Worcester Park). We also consider offices found in the industrial areas, and office opportunities through the development occurring at the London Cancer Hub.

The industrial/logistics market

4.10 For our market analysis, we consider the industrial, manufacturing and logistics uses (E(g((iii), B2 and B8) as one property market sector, rather than separate industrial and logistics. This is because the Borough and most of London do not have large defined estates of large strategic warehousing (i.e., units of 25,000 sq m plus) Furthermore, occupiers effectively seek a "box" that they will configure to meet their requirements. Therefore, due to the range of size of units found co-located and the flexible nature in which space is used, it is neither possible or advisable to disaggregate the data to formulate meaningful analysis. Our tried and tested

Space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done would also be considered vacant space. Vacant space could also be quoted in one of three ways, as new, relet or sublet. New space, sometimes called first generation space, refers to space that has never been occupied by a tenant before. Relet space, sometimes called second generation space, refers to space that has previously been occupied by another tenant. Sublet space refers to space that has been leased by another tenant, is still under a lease obligation by that tenant, but is being offered for lease back to the market by the tenant with the lease obligation.' Source: CoStar approach in undertaking such analysis is to consider the market as a whole (referred to as the industrial market) and make references to the different sectors throughout.

4.11 A key requirement of the market analysis is to consider opportunities for site intensification e.g. multi-deck units and more efficient use of existing sites that could include co-location of other uses. The reason to consider site intensification is that this is promoted by the GLA as a viable solution for meeting future industrial / warehouse needs in London. But there are still very few examples of multi-deck industrial / warehouse units in London to base our assessment upon as to whether sites in Sutton could be suitable. To date, the two most commonly cited examples are X2 Warehouse Hatton Cross, near Heathrow and Travis Perkins, King Cross. Both examples are very different in nature, X2 is a 22,000 sq m two storey distribution unit built in 2008, which has vehicle ramp access to the upper floor. Whereas the 2014 Travis Perkins site is a builders' merchant of 3,900 sq m on the ground floor with 563 student beds above. The builders' merchant was granted as a sui generis use therefore not defined as industrial or warehouse.

4.12 The reason why there has been a lack of multi-deck development anywhere is that in many markets there is a disconnect between the type of space that can be delivered via decked development and market demand. In our experience occupiers are resistant to the shift from conventional single storey to multi-deck, and as long as there is a conventional alternative, multi-deck will struggle. Furthermore, upper floor space is significantly more costly to deliver, especially if designed for larger and heavier industrial end users. As set out in the GLA's 2018 Industrial Intensification and Co-location study[8], delivering floorspace to a heavy industrial floor loading (50kN/m2) is 83% more expensive than a light format of space (7.5kN/m2). So, intensification struggles to be a viable option for larger occupiers and those where floor loading is critical.

Emerging examples of multi-deck examples

4.13 Notwithstanding the above, there are some emerging examples of multi-deck which we summarise as follows:

The Generator / V Park, Grand Union

4.14 Grand Union is a residential mixed-use development in LB Brent. Berkley Homes is delivering the residential element and they have partnered with Segro to deliver the employment element. As illustrated in Figure 4.1, the development is a multi-storey, multi-occupancy industrial building.

[8] We Made That, et al, 05/10/2018, Industrial Intensification and Co-Location Study: Design and Delivery Testing

Figure 4.1 Image of The Generator/V Park

Source: Design & Access Statement, Michael Sparks Associates (March 2019)

4.15 The Design & Access Statement for the planning application explains that the employment space will be a hub of 18,128 sq m (GEA) of flexible workspace for a variety of B1a, B1c, B2 and B8 users on a 0.7 ha site, therefore generating a plot ratio of 267%. The hub will benefit from shared facilities to support businesses and encourage co-working and innovation. The Design & Access Statement explains the possible occupiers are:

- Light assembly
- Maker space e.g. artist studios, craft workshops
- Food companies e.g. artisan bakeries
- Photographic studios
- Textiles
- Digital printing
- Media and publishing
- Prop hire
- Film companies

4.16 We can see from the target occupiers that the development is aimed at light industrial uses rather than manufacturing and logistics.

Plot 3 Segro Park, Choats Road, Dagenham

4.17 Segro, in partnership with the GLA is developing a single multi-deck unit in Dagenham as part of their wider Segro Park development and the East Plus Regeneration programme. Plot 3 is a multi-deck unit of 9,500 sq m on a 1.93 ha site generating a plot ratio of 49% - the plot ratio here is not any greater than that seen on a single-storey unit. As we can see from the image in Figure 4.2, the unit planned on two levels with ramped vehicle access.

Figure 4.2 Image of Plot 3, Segro Park, Dagenham

Source: Segro, Michael Sparks Associates (July 2021)

G Park Docklands

4.18 GLP (formerly Gazeley) have proposed a 40,000 sq m unit, on a 3.3 ha site of a height of 42 m over three floors on North Woolwich Road, Silvertown – see image in Figure 4.3. The site coverage would be 122%.

Figure 4.3 Image of G Park Newham

Source: G Park Docklands

4.19 This scheme is advertised as a 'last mile' delivery hub aimed at major retailers with tenants similar to Tesco or Amazon likely tenants. The majority of the movements on / off site (96%) are expected to be light vehicles making last mile deliveries (i.e. vans / cars as opposed to HGVs).

4.20 The proposals for G Park have been muted since 2018 and recent press reports indicate that there may be changes to the proposals outlined above. Property Week[9] has reported that GLP is reviewing its options for the site *'following years of back and forth with the planning system over air-quality issues created by the number of HGVs driving to and from the scheme.'* The article quotes Nick Cook of GLP who states that:

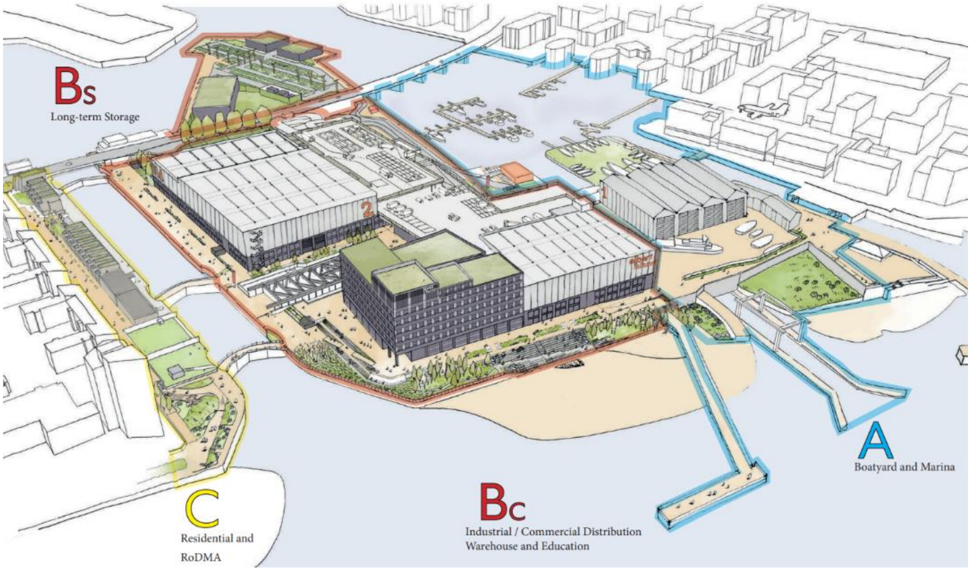
"First, the urban logistics needs are for potentially something different than what we were designing," he said. "So, maybe it's more of a multi-user, small-unit scheme, maybe multi-storey, maybe not. But the other interesting aspect that has the potential to overtake the last-mile logistics strategy altogether is data centres."

4.21 The Property Week article indicates that the market is not aligned with what was originally planned, therefore placing a degree of doubt on the deliverability of the proposed concept demonstrating the market is still finding it challenging to deliver multi-deck space.

Albert Dock

4.22 Another example is the 9.58 hectares at Zone B, Albert Dock, which is being bought forward by the GLA (as landowner) and developer partner Regional Properties. A hybrid planning application has been submitted that includes industrial, employment and education use – see Figure 4.4. The proposals include 55,489 sq m of floorspace, of which 20,000 sq m forms the Ideas Factory (start-up and education uses) with the balance of the site a mix of distribution and light industrial split roughly two thirds / one third. The first floors provide larger scale industrial and distribution spaces of 3,000 -10,000 sq m, aimed at last mile / e-commerce operators. The first floors are connected by a vehicle deck which provides service yard space. The ground floor, below the service deck, provides the smaller industrial and light industrial units.

Figure 4.4 Albert Island



Source: Haworth Tompkins

Flexible space / E class

4.23 It is also the case that there is scope within the office market (now E class) to meet the needs of some very light industrial users – for example, creative workshops where the more compromised (via lift) access is less of a burden compared to a distribution

[9] Property Week, 10 March 2022, GLP may axe multi-storey plans in favour of data centre scheme

activity or a light manufacturing activity. The distinction between office space, workshops and very light industrial is often blurred and even more so with the new E use class. So, reflecting evidence today, there is a strong message that this format of space should not be accepted as a substitute for traditional format space – there is strong market evidence that ground floor industrial units meet a different market demand compared to upper floor space.

4.24 But we have to recognise that there is an acute shortage of industrial space and means the multi-deck is this format represents an opportunity to increase the net stock of floorspace in the Borough. The industrial market spans a wide multitude of occupier profiles, and every effort should be made to increase the Borough's net stock of space. Occupiers will need to continue compromising and not everyone can be accommodated in an 'ideal' format. There is also a role for this multi-deck format to help strengthen the Borough's networks of industrial space where site layouts or other constraints would prevent an alternative industrial format. This may include growing the network of SME / Starter units in the local centres and smaller industrial areas by making use of upper floor space that would otherwise not be useable for any industrial-type firm. For the local, small, estates a format similar to The Generator/V Park may be the only route to intensify the use of the land and help relieve pressure on the stock elsewhere.

Development economics

4.25 Our experience shows that current development economics means that where sites are redeveloped, for example where units have come to the end of their economic life, a more traditional (i.e. single storey) redevelopment format is more profitable to deliver (we see this through the Segro's Valor Park, Redhouse Road and Prologis Park, Beddington) and preferred by the market. So even where it may be possible to develop more intensive formats there is currently no commercial logic to do so. To encourage the market to deliver multi-deck units the Council could look to bring forward a policy whereby the starting position for redevelopment is multi-deck development. The developer would need to demonstrate the reason why the site cannot come forward in this format e.g. site constraints, no market demand and/or not viable (although the local plan viability testing should test such a format to supplement this evidence base).

4.26 Although as demonstrated later in this chapter, the rent / yield dynamic in the Borough is currently not sufficient to enable viable development of the additional costs involved in building a multi-deck unit for lighter uses. But viability is just one consideration. Even if development is viable further considerations are site configuration and type of neighbouring uses (commercial or residential and low or high rise). As can be seen from the images above, the massing needed to secure multi-deck units results in a very bulky unit that may be difficult to accommodate on some of the sites in the Borough. This is perhaps the main barrier which will prevent or hinder large-scale intensification, for example around Beddington where parts adjoin Metropolitan Open Land (MOL) and the Regional Park – here the impact on the openness of this land could potentially be considerable.

Previous Employment Land Review (2013 NLP) key points

4.27 Prior to analysing the industrial market, we review the findings of the previous study, this enables us to see the changes that have occurred since this time. The previous ELR assessment found that:

- Demand levels for industrial premises were reported to be always reasonably good, although at the time of the study, the market was subdued.
- There was a reasonable supply of industrial space, with much of the stock comprising 1980s units with some estates having been refurbished.

- Vacancy was estimated at being between 7 – 8%, which was considered to be fairly low.
- The Borough was losing significant industrial floorspace and land.
- There had been very limited new industrial space built, one was Sutton iO Centre at Kimpton, but it had struggled to find occupiers due to the depressed demand for small units, at that time. Occupiers were more interested in lower quality, cheaper units.
- Drivers of demand at the time were internet retailing and local distribution.
- The market was considered fairly localised, and most of the demand was from local firms wishing to expand or upgrade premises to stay in the area.
- Typically, industrial rents were between £80 and £130 psm.

Sutton Industrial Land Phase 1 (2016 Boyer) key points

4.28 In addition to reviewing the findings of the 2013 NLP study, we have also reviewed the Boyer Sutton Industrial Land Phase 1 study. The purpose of this study[10] was the following six objectives:

- Objective 1: Gain a fine-grained understanding of the economic performance and potential of the study areas (the study area was the three industrial areas of Beddington, Kimpton and Imperial Way), including issues which prevent economic growth and development and business appetite and capacity for growth and development, including barriers to growth;
- Objective 2: Explore opportunities and business appetite for land intensification;
- Objective 3: Identify how sustainable economic growth can be achieved, through analysis of trends in industrial economic activity, with a focus on those which are part the 'green' economy. Having agreed clear definitions of (1) 'circular' economies and (2) 'green' economy, measure the current level of these types of economic activities and clarify indicators by which their growth can be measured; identify potential fit for development in the Beddington SIL;
- Objective 4: Assess the physical quality of the area in terms of building stock, sites, site boundaries and the public realm; identify opportunities to improve the business image of the area and to improve the environmentally sustainable credentials of trading sites and practices; and
- Objective 5: Build on positive relationships with community and businesses developed through the BID and the BNNF NP processes.

4.29 The study found that the three industrial areas should be protected, in the then emerging plan. Boyer indicated that if national and regional trends continued then rent increased and yield compression would be likely. Beddington was identified as the area with the most potential for improvement because it had a number of opportunity sites which could be redeveloped to both intensify the amount of floorspace and provide better quality buildings more suited to modern business needs. But the study indicated that rents would need to increase, and yields fall to enable viable development.

4.30 The study indicated that Kimpton provided the highest quality units and had the strongest market fundamentals. Rents at Kimpton were said to be around 15 – 20% higher than Beddington. Rents in Beddington were reported to be £105 psm.

[10] Boyer, May 2016, Sutton Industrial Land Phase 1 - Baseline Study, Chapter 2

General Profile – Greater London

4.31 London's industrial land supply has been under pressure for many years from higher-value alternative uses such as residential which has led to a diminishing supply of space. Due to the competing land pressures in London, as we have outlined above, the GLA has been placing pressure on industrial developers to be more innovative in providing higher density solutions for example multi-storey units and or mixed-use industrial collocated with residential. But due to a combination of development economics (higher build costs) and occupier requirements (such as eaves height, floor loading, yard space and vehicle access), the market is slow to respond to these solutions. How the general market has responded in some areas, is to take advantage of the weakening retail and leisure sectors and acquire retail / leisure parks to be repurposed e.g. Prologis bought Ravenside Retail, Edmonton for a small logistic hub[11]. Retail and leisure parks typically fit the location criteria set out in the London Plan[12] as being suitable to provide additional industrial capacity i.e. accessible to the strategic road network and suitable for last-mile distribution.

4.32 Demand for clean industrial/warehouse space across London is strong, this is driven by a range of industries such as: light manufacturing, industries servicing central locations, dark kitchens (e.g. Deliveroo etc.), retailers (such as Amazon and supermarkets), third party logistics (3PLs – often providing last mile deliver on behalf of retailers), q-commerce (quick commerce i.e. those companies offering same day delivery) and datacentres. We also see some small units being used by creative industries that use the units in flexible ways e.g. part manufacturing, part office space, and warehousing.

4.33 Developers, investors, and occupiers are increasingly seeking industrial units that provide high levels of sustainability to meet their Environmental, Social and Governance (ESG) requirements. Furthermore, RICS has recently updated their valuation guidance note on 'Sustainability and ESG in commercial property valuation and strategic advice', which places an onus on the valuer to consider the various ways that sustainability and ESG can impact value. Developers / investors are responding, with Segro Park Newham having one unit with an EPC rating of A and the other A+, whereas the minimum standard to let a unit is band E. Segro's recent scheme in Tottenham is carbon negative, BREEAM "outstanding" and EPC A+.

4.34 Therefore, over time, the existing stock that does not meet ESG requirements of occupiers and lenders may become redundant at a quicker rate. The current Local Plan Policy 31: Carbon and Energy states that all major non-residential developments should achieve BREEAM "Excellent" – the market indicates that higher standards are now sought/being delivered and this should be reflected in any revised policy through seeking carbon-negative development and BREEAM "outstanding". Such an approach will not deter investment, because the market is already prepared to deliver this standard.

4.35 Due to the tight nature of London's industrial market coupled with the strong demand for space, we have seen a significant increase in rents. Colliers' report[13] that prime rents for multi-let and mid-box assets in London rose by 6.9% over the final 6-months of 2022, to an average of £269 psm, and this took the average growth year on year to 12.4%.

4.36 Collier's report (see Figure 4.5) that prime industrial rents for units between 929 - 2,787 sq m are highest at Park Royal at £344 psm, followed by Canning Town at

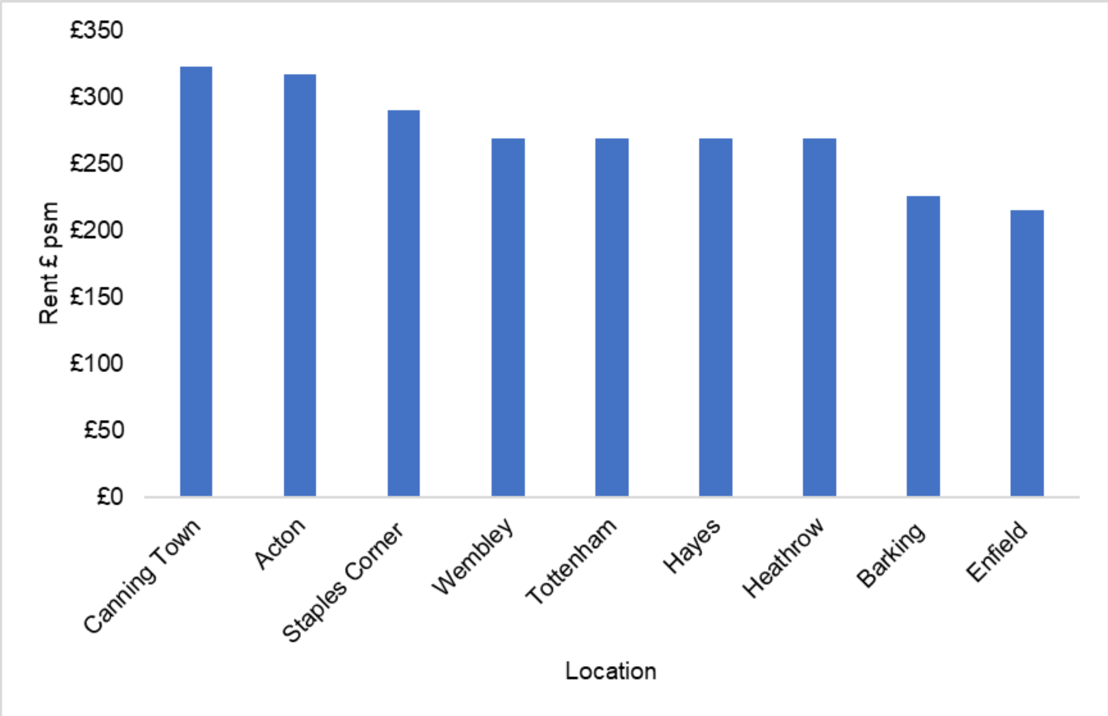
[11] Property Week, 06 January 2020, Prologis swoops for Ravenside Retail Park in £51m deal with M&G

[12] Mayor of London, March 2021, Local Plan, Policy E, Paragraph D

[13] CoStar, 10 February 2023, UK Industrial Land Values Plummet by Almost 50% in Last Six Months Values Near to Bottom, Colliers Says

£323 psm. At these higher rents agents report that multi-deck development is starting to become viable. In south (Croydon) rents are significantly lower at £125 psm.

Figure 4.5 London prime industrial rents



Source: Colliers, Prime rents - small sheds map 2022 H2, Urbà, 2022

4.37 The industrial land market in comparison to rents has been in a state of flux. In June 2022 Savills' reported[14] that since 2017, the average price per acre for industrial land in London had increased by 175% to £8.3 million per acre, the equivalent of £20.51 million per ha, mostly driven by strong investor demand and the anticipated increases in rent. More recently, in February 2023, Colliers found industrial land values across the UK have shifted over the last six-months in response to strong inflation, rising interest rates and the consequent slowing economic activity. Colliers state[15] that industrial land values across the UK fell by 47%.

4.38 Despite current market uncertainty and indications of a cooling in the investment market, the occupier market remains strong.

General Profile – Sutton Borough

4.39 The Borough has a strong industrial market, which is mainly concentrated in the east around Beddington with a number of the estates overlapping with Croydon. The reason for the strength of the market in the Borough is due to a variety of reasons that include; a critical mass of industrial uses (predominantly around Beddington), availability of a range of sizes of units, good quality units with dedicated yard space and parking, good road network to service the wider south of London and relatively affordable rent compared to other more central locations.

4.40 As we go on to demonstrate, the Borough attracts a wide variety of sectors. There is evidence of a significant number of 3PLs companies along with trade counter operators, e-commerce, q-commerce, manufacturing, vehicle hire, vehicle repair and those industries servicing the wider London market.

[14] Savills, 15 June 2022, The London Land Challenge; The Industrial Land Market

[15] CoStar, 10 February 2023, UK Industrial Land Values Plummet by Almost 50% in Last Six Months Values Near to Bottom, Colliers Says

The Borough's employment land

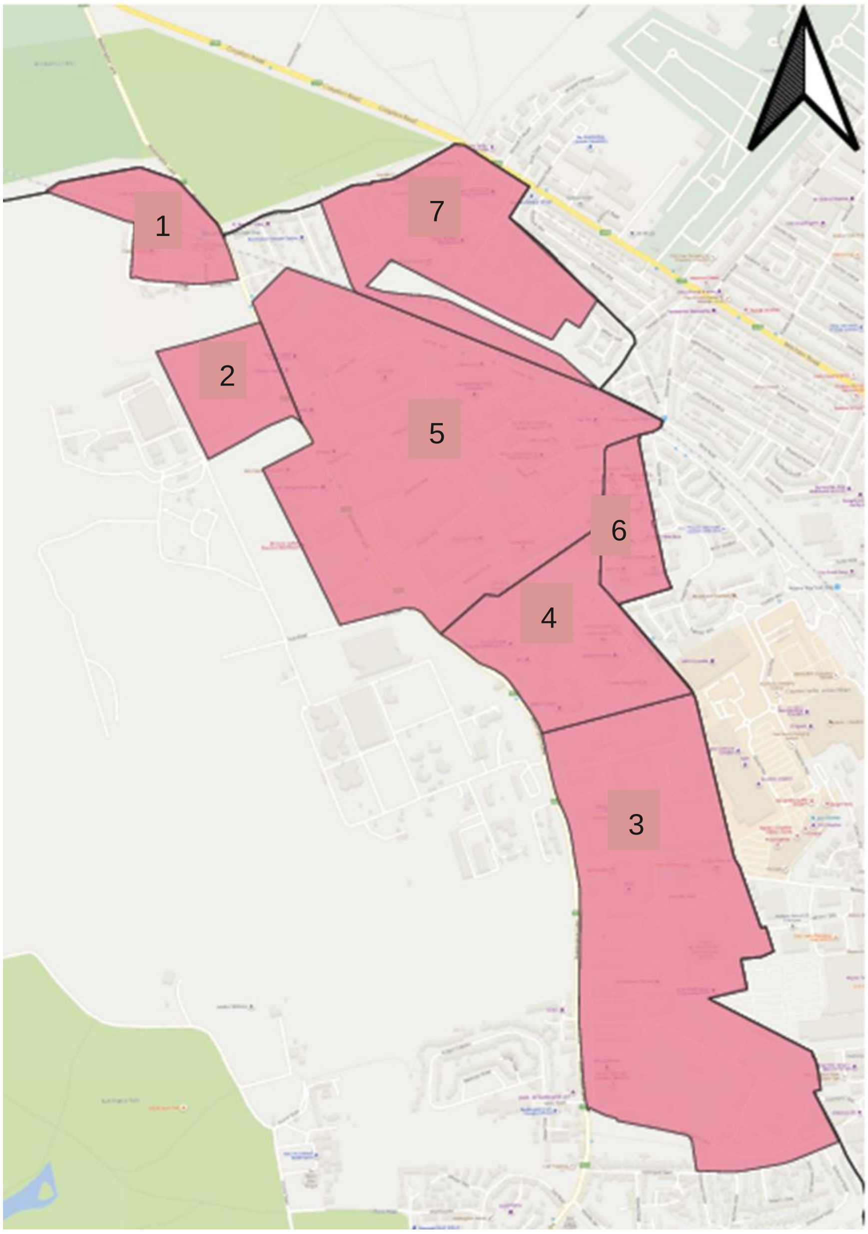
4.41 Here we review the designated land – the Strategic Industrial Locations and the smaller Established Industrial Areas (EIAs), and also a number of other employment areas that may have scope for designation as EIAs. The detailed review for these sites – i) the EIAs, ii) the sites considered for employment area designation (but not recommended) and iii) the sites with potential for employment use.

4.42 We describe the function each area performs, identify any particular constraints and opportunities for intensification or expansion. These opportunities are referred to here, and are discussed in detail later in chapter Six Future Supply.

Strategic Industrial Locations (SILs)

4.43 The Borough has three defined SILs which total 135 hectares, by far the largest being Beddington Lane at 110 ha with Kimpton much smaller at 19 ha and Imperial Way at 6 ha being one of the smallest, if not the smallest in the whole of London. We analyse each of these SILs in turn. We have subdivided Beddington into seven sub-areas that define activity that is broadly homogenous for that particular area. These subareas are set out in Figure 4.6.

Figure 4.6 Beddington Lane SIL – subareas for analysis



Source: QGIS, London Borough of Sutton, Stantec, Urbà, February 2023

Beddington Lane SIL

4.44 Due to Beddington Lane SIL's proximity to Croydon many sites here are marketed as being in Croydon, therefore, functioning as a single market despite spanning two boroughs.

4.45 There are serious constraints limiting the scope for intensification and expansion at Beddington Lane. The most obvious are the pylons and power cables that originate from the Beddington Lane electricity substation at the very southern end of the SIL, and that proceed north crossing Beddington Lane in a north-westerly direction at Bath House Road. This broadly transects subarea 3. These cables are some 25 metres from ground level and preclude building heights to around 15 - 17 metres across a very large area of the SIL.

4.46 Building heights are also constrained by the area's proximity to the Wandle Valley MOL, albeit the Beddington Water Treatment Works (development within the MOL) provides some degree of separation from the SIL to the publicly accessible MOL which could mean the area south of Bath House Road could potentially accommodate taller buildings.

4.47 The other major constraint on the scope for intensification in this part of the SIL is the capacity of Beddington Lane, which as its name implies would almost certainly require capacity upgrade to be able to accommodate a significant increase in HGV traffic. The impact of more intensive forms of industrial activity would have a significant impact on the volume and size of the traffic in this locality because modern storage and distribution and industrial activities can often operate 24 hours seven days and require materials and output products throughout.

4.48 Thus, in light of these constraints, opportunities on the western side of Beddington Lane are very limited as matters stand, albeit the pylons/cables are not an issue north of Bath House Road. There is more scope for intensification in the central area and on the eastern side of the SIL as is identified below.

4.49 However, a word of realistic caution is needed in respect of opportunities for intensification as while in principle there may be plenty of scope for intensification in the future, in the short to medium term there is no evidence that developers are keen to pursue because values are way off that which is required to make intensification viable / attractive. There has been redevelopment in the recent past and further schemes are planned, but these are not delivering higher densities, indeed the example of Prologis Park very much accords with traditional industrial plot ratios of around 40%.

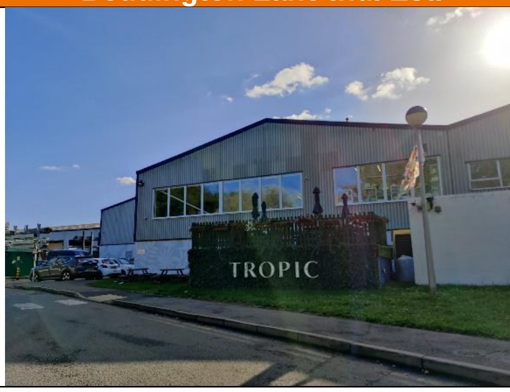
4.50 Below we review each of the seven sub-areas.

Beddington Lane SIL – Subarea 1

4.51 Beddington Lane SIL –Subarea 1 comprises the Brookmead and Beddington Lane Industrial Estates, that lie either side of the railway line. The subarea comprises 5 ha. Both estates comprise small to mid-size purpose-built industrial units set out in a series of terraces see examples of units in Figure 4.7. Access to the A23 is good via Beddington Farm Road.

4.52 The units here, although somewhat dated are generally purpose built and well-maintained. Occupiers here tend to be smaller local companies servicing the local and wider south London markets. Occupiers include WSC (wholesale packaging and cleaning products supplier) in a 600 sqm and Apetito (food delivery) in a 670 sq m unit.

Figure 4.7 Examples of industrial units, Beddington Lane SIL – Subarea 1

Brookmead Ind.Est.	Beddington Lane Ind. Est.
	

Source: Urbà, October 2022, CoStar, December 2022

4.53 **Suitability for intensification:** although the site layout could lend itself to intensification, the proximity to the MOL and railway line, and the inherent value from the estate's high occupancy and low developer interest to intensify makes such redevelopment very challenging.

Beddington *Lane SIL – Subarea 2*

4.54 Beddington Lane SIL – Subarea 2 formerly part of the water treatment works lies just south of Brookmead Industrial Estate and comprises the new development of Prologis Park Beddington.

4.55 The park comprises six new industrial units (see images in Figure 4.8) ranging in size from 1,285 – 13,576 sq m – as shown on the schedule in Table 4.1. The three smaller units are either under offer or have been let. The units have been built to meet modern occupier requirements that include clear height of between 10 – 15 metres, dedicated yards at a depth between 17 – 40 metres, dock level doors on the three larger units, dedicated car parking and 2 Mega Volt Ampere.

Figure 4.8 Examples of industrial units, Beddington SIL – Subarea 2

Source: Prologis (accessed December 2022)

Table 4.1 Schedule of units

Unit no.	Size sq m	Status
DC1	2,931	Available
DC2A	1,365	Let to Oddbox
DC2B	1,285	Under offer
DC1C	1,365	Let to Easy Shipping
DC3	7,468	Available – can combine with DC4 for 13,576 sq m
DC4	6,108	Available
Total	**20,522**	

Source: Prologis

4.56 **Suitability for intensification:** given that this is new build intensification opportunities will be for another future plan round. The area has been built to a 42% plot ratio, so should have scope in the distant future for a more intensified format albeit its proximity to MOL acts as a major constraint.

Beddington SIL – Subarea 3

4.57 Beddington SIL – Subarea 3 is the southern element of the SIL. It has good dedicated HGV access to the A23 (Purley Way) via Beddington Farm Road. There is very little vacancy across the whole area, with all types of unit in high demand.

4.58 This is a large area (35 ha) that includes estates such as:

- Affinity - comprises two relatively recently built (2019) units that total 4,300 sq m, occupiers here include IDHL (3PL) in a 2,100 sq m unit.
- Profile Business Park – small estate of four purpose-built industrial units (see Figure 1-14) with a gated entrance and dedicated parking and yard space. Occupiers here include Chelsea Artisans (glass designer) in two units that total 1,600 sq m and Colourset Litho (printer) in a 980 sq m unit.
- Beddington Trade Park – is a small estate of 14 modern industrial units (see Figure 1-14) with dedicated car parking and yard area. Occupiers here include; Spirit Displays (display manufacturers) in a 600 sq m unit and Label Express (label manufacturer) in a 997 sq m unit.
- Commerce Park – is a relatively modern industrial park (see Figure 1-14) of 14 units with a secured entrance, with each unit having dedicated parking and door loading. Occupiers include Duffells (locks and security equipment) in two units that total 700 sq m unit and Dennis Eagle (refuse collection vehicle manufacturer) in a 355 sq m unit.
- Croydon Open Storage – provides secure yards on a leasehold basis. Occupiers here include Hintons (grabs and skip hire), Anglo Access (scaffolding), R&H (scaffolding and Artis Accident Care (vehicle repair). As we can see by the nature of the occupiers here, they require the yard space but not a unit.
- Anchor Business Park – is accessed via a shared access road with several industrial units that front Beddington Lane. Anchor Park has a defined gated entrance through the shared access road, but as the park is wrapped around two sides of the substation its layout is compromised. The units here are modern purpose-built units with a number of them benefitting from secure parking and yard area. Occupiers here include Northgate (vehicle hire), Danmac Coaches (coach hire) and Mayday Travel (coach hire) in a 410 sq m unit. We see the majority of the occupiers here are of a similar nature, attracted to the area due to the units having sufficient yard space to accommodate their vehicles.

4.59 In addition to the estates, there are units along Beddington Farm Road, Commerce Way and Marlowe Way (see Figure 4.9). In addition to the industrial occupiers, building suppliers, and 3PLs we also find several non-B and E class uses such as trade counters, Best Way Cash & Carry, bathroom showrooms, and retailers such as the Asda supermarket.

Figure 4.9 Examples of industrial units, Beddington SIL – Subarea 3

Source: Urbà, October 2022, CoStar, December 2022

4.60 Again, the occupiers are attracted to this area due to the critical mass of similar uses, the quality of units and the fact that most units have their own dedicated yard space and car parking.

4.61 **Suitability for intensification:** the subarea is currently heavily constrained by i) the pylons and cables that cross the western side, ii) the proximity of large buildings to the MOL and iii) the capacity issues of Beddington Lane. However, here we set those issues aside and focus on where the opportunities are for industrial use intensification.

4.62 The TGM Environmental (112 Beddington Lane) facility may be released, and would be suitable for industrial uses, but is very small (0.2 ha). The older logistic units to the east of Affinity Croydon also provide scope for comprehensive redevelopment over the medium to longer term, and could be combined with redevelopment of Profile Business Park to the south.

4.63 **Redevelopment for employment use:** all the large-scale retail / sui generis uses certainly provide scope for future redevelopment for employment uses given they are located within the SIL. The Asda site is particularly large and attractive for employment uses. The Best Way unit could also prove attractive.

Beddington SIL – Subarea 4

4.64 Beddington SIL – Subarea 4 Beddington Central also forms part of the central core of the Beddington SIL and is immediately east of the Water Treatment Works. This 11 ha area comprises Pioneers Industrial Estate, units south of Beddington Lane as well as the large Royal Mail “Croydon Mail Centre”. It is crossed by the electricity pylons and cables, which for the areas closest to Beddington Lane is a major constraint on the scale of any redevelopment.

4.65 Most of the units located here are modern purpose-built, lie within a gated entrance and have reasonable yard space – see Figure 4.10. The Estate has good access to A23 via Beddington Farm Road. Estate occupiers include Hire It (tool and plant hire) in a 500 sq m unit and Hermes (3PL) in a 4,300 sq m unit. There are very few vacant units across the whole area, with space in high demand. It is noted that even the more dated larger units which may not be optimal for modern occupier requirements, can lend themselves to be subdivided therefore are flexible enough to accommodate a range of requirements.

4.66 Again, the occupiers are attracted to these estates due to the critical mass of similar uses, the quality of units and the fact that most units have their own dedicated yard space and car parking. The activities on Beddington Lane include a bus depot, concrete batching facility, metal recycling and a training centre, and these uses take access via Beddington Lane.

Figure 4.10 Examples of industrial units, Beddington SIL – Subarea 4

South of Beddington Lane	Royal Mail “Croydon Mail Centre”
	

Source: Urbà, October 2022, CoStar, December 2022

4.67 **Suitability for intensification**: there are a number of low density areas that have potential for more intensive redevelopment, but the estate is crossed by electricity pylons and cables and has the MOL in close proximity to the west. But access could be taken from Beddington Farm Road rather than Beddington Lane should that prove necessary. However, due to the inherent value from the high occupancy intensive redevelopment will not be financially attractive in the short to medium term.

4.68 The site with the greatest potential - because it is not crossed by pylons/cables and is low density - is Royal Mail “Croydon Mail Centre” that is in single ownership and is a relatively large site at 3.2 ha that although operated as a single unit, is effectively a terrace of single storey B8 units with loading doors to the front and the southern sides. The site has significant car parking and service yard. While the existing building is likely to be capable of subdivision, the site has plenty of scope for intensification. The current unit is around 14,460 sq m, which equates to a plot ratio of 45%. The collection of Beddington Lane sites (bus depot, builders’ merchants, training centre and concrete batching plant) could in aggregate present a good intensification opportunity.

Beddington SIL – Subarea 5

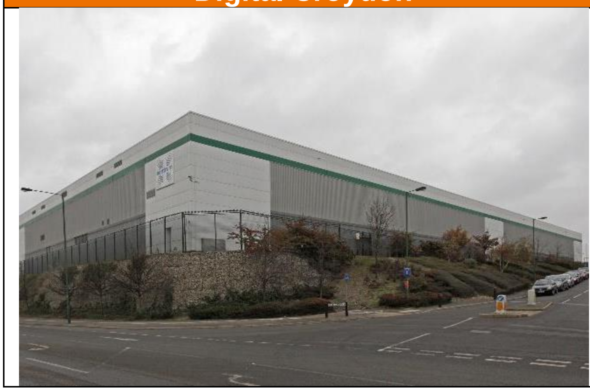
4.69 Beddington SIL – Subarea 5 forms the central core of the Beddington SIL, and has the Water Treatment Works immediately to the west. This 38 ha area comprises several much smaller estates such as Tramsheds Industrial Estate, Croydon Valley Trade Park, Therapia Trading Estate, Coomber Way, Greenland Way and Ashworth Industrial Estate, as well as those units north of Beddington Cross and West of Beddington Lane. Highways access is good via dedicated routes to the A23 via

Coomber Way/Beddington Farm Road and Ampere Way. Unusually, and acting as a constraint is the residential terrace on Therapia Lane.

4.70 The units across this area have been developed over a number of years, hence they vary in age, quality and size – examples of the units found here are shown in Figure 4.11. Some of the older units have high site coverage and low eaves height that do not meet modern occupier requirements e.g., some of the units north of Beddington Cross, Endeavour Way (including a small waste site for release), Therapia Lane and towards the north along Coomber Way. However, as is the case across Beddington there are very few vacant units within any category. Recent additions are the data centres on Greenland Way and whilst modern units, these also have high site coverage.

4.71 Occupiers found here include P F Whitehead Transport Services (3PL) in a 4,600 sq m unit, Digital Realty Trust (data centre) in multi-level unit of 22,750 sq m, Jackson Gilmour (caterer) in a 234 sq m unit and Würth (tool and equipment supplier) in a 240 sq m unit and UPS (3PL) in a 3,940 sq m unit. In addition, Abellio has their bus depot here. Occupiers are attracted to these estates due to the critical mass of similar uses, the quality of units and the fact that most units have their own dedicated yard space and car parking.

Figure 4.11 Examples of industrial units, Beddington SIL – Subarea 5

North of Beddington Cross	Croydon Valley Trade Park
	
Digital Croydon	**The Tramsheds**
	

Source: Urbà, October 2022, CoStar, December 2022

4.72 **Suitability for intensification:** to the west the proximity to the MOL and capacity of Beddington Lave act as constraints.

4.73 The larger dated units/site along Coomber Way and Beddington Cross present reasonable opportunities for site intensification, but short-medium term there is likely to be too much inherent value to make it financially attractive.

4.74 The sites along Therapia Lane in aggregate would have potential for redevelopment and would be likely to be attractive to the market, but site access and proximity to the residential terrace would constrain intensification possibilities.

4.75 The units to the West of Beddington Lane (southern half) if combined could present a reasonable size site for site intensification, but are constrained by proximity to MOL.

4.76 Endeavour Way – much of the stock is dated and could in aggregate with the waste site referred to below would provide good scope for new and intensified industrial floorspace.

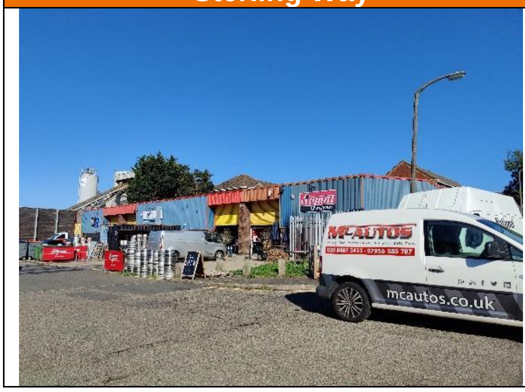
4.77 **Redevelopment for employment use:** an immediate prospect for redevelopment for employment use, albeit just a 1 ha site, is the soon to be released Waste site (S1 777) on Endeavour Way. Better still the site should be included in more comprehensive redevelopment proposals across the wider area.

Beddington SIL – Subarea 6

4.78 Beddington SIL – Subarea 6 is located on the eastern side of the SIL area, bordering Croydon. The subarea is 3.5 ha in size and comprises the Sterling Way and Valley Point Industrial Estates and two large units in Brazil Close. Access to the A23 is good via Beddington Farm Lane and Ampere Way, and all units have dedicated yard space and car parking. The units at Brazil Close also have a gated entrance.

4.79 As shown in Figure 4.12, the units at Stirling Way are more dated than those at Valley Point – but both provide a range of small and medium-sized units that are the type that are highly sought after in the market. To the north of Stirling Way is the Hanson Ready Mix Concrete site, and to the south of Valley Point on Brazil Close are two larger industrial units – these units are dated, with relatively low eaves height for modern occupier requirements and could lend themselves to redevelopment. Occupiers in this area include Anspach and Hobday (brewery) in a 355 sq m unit, Marco Alimentari (wholesaler) in a 305 sq m unit and DPD (3PL) in a 3,700 sq m unit.

Figure 4.12 Examples of industrial units, Beddington SIL – Subarea 6

Sterling Way	Valley Point Ind. Est.
	

Source: Urbà, October 2022

4.80 **Suitability for intensification:** Low prospect for intensified redevelopment even in the long term because the estates are small in size, have residential properties to the east and south, and are already fairly intensively developed.

Beddington Lane SIL – Subarea 7

4.81 Red House Road /Croydon Road Industrial Area – Subarea 7 is a 14 ha area located towards the northeast of the Borough, and forms part of the northern edge of the SIL. Access to the A23 is good via Mitcham Road.

4.82 This is a well-established industrial area that is going through a process of natural regeneration. Towards the rear of subarea 7 we find traditional industrial / manufacturing units with high site coverage and low eaves height - see the example in Figure 4.13. Whereas fronting Mitcham Road, we find a series of modern purpose-built trade counter units, and Segro's new Valor Park, Redhouse Road development - see example in Figure 4.13. The 13,577 sq m Valor Park replaces 9,575 sq m on a 2.6 ha site that increases the plot ratio from 37% to 54%. All parts of the subarea have dedicated yard space and car parking.

4.83 Occupiers include Selco (builders' merchant) in a 4,800 sq m unit, City Plumbing (plumbing supplier) in a 930 sq m unit, and Croydon Cash & Carry (food wholesaler) in a 1,245 sq m unit and the Mitcham Driving Test Centre; these are businesses serving a predominantly local market. Occupiers are here for different reasons, with the longer established businesses occupying the older units and / or requiring cheaper space, whereas the more modern units attract national operators who can afford to pay the higher rents and demand quality accommodation.

Figure 4.13 Examples of industrial units, Beddington SIL – Subarea 7

Redhouse Road Ind. Est.	Segro's Valor Park
	

Source: Urbà, October 2022, CoStar, December 2022

4.84 **Suitability for intensification:** This area is undergoing incremental change, with relatively minor intensification of site use as seen at Valor Park. Possible scope towards the rear of the site, however this area has no prominence to the A236 and therefore would be unlikely to command high rents making redevelopment – intensified or otherwise - less likely than other areas with prominence. Additionally, these areas already have comparatively high site coverage therefore the more traditional (non-intensified format) redevelopment may not lead to a net increase in floorspace.

Kimpton SIL

4.85 Kimpton SIL is located in the northeast of the Borough, immediately north of Tesco Extra and a small retail park, with access to the A217 Oldfields Road close by. The SIL is a well-established industrial area, which comprises the Kimpton Industrial Estate as well as several smaller estates that include iO Centre and Kimpton Trade & Business Centre, totalling 19 ha. The main constraint for Kimpton SIL is the electricity pylon located at the corner of Kimpton Park Way and Minden Road and its power cables running over the northern third of the SIL. As with Beddington SIL the cables are some 25 metres from ground level and preclude building heights to around 15 - 17 metres across this element of the SIL. The industrial area predominantly comprises modern trade counter / warehouse units (see Figure 4.14) that meet modern occupier requirements in terms of specification e.g., eaves height, service yard, parking, and site access, but there are some more dated industrial units that although they may not necessarily meet modern occupier requirements, they remain well occupied and in demand. The trade counter-operators are predominantly national firms servicing the local market.

4.86 The larger modern units here are the 6,600 sq m Design Plan Lighting (lighting designer and manufacturer) unit, 3,900 sq m Selco (trade counter), and Parcelforce

(3PL) in a 7,200 sq m unit. Along Sandiford Road, Minden Road and Kimpton Road, towards Wealdstone Road, we find more dated purpose-built industrial units – occupiers here include YESSS Electrical (electrical wholesaler) in a 510 sq m unit, Padawan Outpost (electronics) in an 1,800 sq m unit, Aggreko Sutton (energy equipment supplier) in a 1,600 sq m unit and Astral Security Windows (double glazing installer) in a 580 sq m unit. The iO Centre is a small estate comprising 16 modern purpose built industrial/warehouse units. Occupiers here include Euro Car Parts (car part supplier) in two units that total 820 sq m and Horton Electrical Wholesale (trade counter) in a 200 sq unit.

4.87 The 3PLs and trade counters located here are servicing the local market whereas the likes of Padawan Outpost are servicing a wider market through online sales.

4.88 Located by the electricity pylon at the north of SIL is the Council's recycling centre, which is under-utilised, but any site intensification will be limited due to its size, layout, the pylon and its cables. At the other end of the SIL the Advance Access Platform and Priory Building Merchants sites which adjoin each other could be more intensely used, with current site coverage around 35% but again the site layout will limit the scope.

Figure 4.14 Examples of industrial units, Kimpton SIL

Unit 20, iO Centre	16 Kimpton Park Way
	

Source: Urbà, October 2022

4.89 **Suitability for intensification:** Low possibility of scope for intensified redevelopment because no obvious parcels of stock that is dated and suitable for redevelopment, opportunities appear more scattered. Additionally, there is already comparatively high site coverage therefore the more traditional (non-intensified format) redevelopment may not lead to a net increase in floorspace, meaning even this is marginal and would be likely in particular circumstance.

4.90 **Redevelopment for employment use:** a longer-term prospect for redevelopment for employment use is the retail to the south. Tesco and the retail park immediately abut the SIL and should be identified as having potential to include either within the SIL or more likely as an EAI should the park of Tesco come forward for redevelopment in the future. This area is not constrained by the overhead cables. Mixed use redevelopment of the retail elements that introduces employment uses should be encouraged, as this could potentially be by stacking the retail releasing former retail for employment uses as well as potentially stacking light industrial space above the retail, albeit the former would be clearly preferable.

Imperial Way SIL

4.91 Imperial Way SIL is an industrial area located in the south-east of the Borough and straddles the boundary with Croydon, with 6 ha in Sutton and immediately abutting the Purley Way industrial area in neighbouring Croydon are the Stafford Cross

Industrial Estate, Silverwing Industrial Estate and the Croydon Open Reach Training Centre that has very low site coverage. There is good access to the A23 in approximately one mile via Stafford Road.

4.92 As we see at Silverwing Industrial Estate (see Figure 4.15 - the units are terraces of small dated stock, predominantly appealing to local occupiers or those nationals servicing the local market. However, even here there are no signs of any vacancy. Occupiers here include; City Plumbing (plumbing merchants) in a 200 sq m unit and Mega Supplies (lighting wholesaler) in a 140 sq m unit.

4.93 The units at Stafford Cross Industrial Estate (also see Figure 4.15) are larger units attracting national and international companies. Occupiers here include Dearman Technology Centre (refrigerated 3PL) in a 770 sq m unit and Lindalab (building material supplier) in a 560 sq m.

Figure 4.15 Examples of industrial units, Imperial Way SIL

Stafford Cross Ind. Est.	Silverwing Industrial Estate
	

Source: Urbà, October 2022

4.94 **Suitability for intensification:** Low possibility in the short to medium, but longer-term potential to redevelop the Silverwing Estate, and it would be advantageous to do so with the Openreach site immediately to the north that is largely used for vehicle parking.

4.95 **Redevelopment for employment use:** should the Openreach site be promoted for redevelopment because it is within the SIL employment uses (B class) should be the primary consideration.

The Established Industrial Areas

4.96 The Borough has seven defined smaller industrial areas[16], although one of these areas forms part of the wider regeneration of the former Felnex Industrial Estate and this area still needs to be redeveloped. We, therefore, cover the analysis of Felnex under the development opportunities section, with the other six areas analysed here.

4.97 As we show in our analysis below, the quality of these smaller industrial areas is very mixed; some have seen natural regeneration with existing employment space redeveloped and replaced with modern purpose-built units whereas in others, we see old stock, which doesn't necessarily meet modern occupier requirements, but is well occupied because it provides an important function in providing a balance offering in the market, which cannot necessary be accommodated on the SILs.

[16] The Plan groups Restmor Way with Oldfields Road, and clearly these two locations are quite separate.

Croydon Road

4.98 Croydon Road is located, south of Beddington SIL, to the southeast of the Borough on the border with Croydon. The industrial area extends to 3.9 hectares in size, and the A23 junction is within half a mile. The industrial area comprises the BMW car dealership and iO Trade Centre Croydon. The iO Trade Centre Croydon comprises modern trade counter units with a dedicated yard and car parking. Occupiers here include; Garrett Kitchens (kitchen supplier) in a 387 sq m unit, Flooring Superstore (flooring supplier) in a 405 sq m unit and Getir (q-commerce) in a 293 sq m unit.

Figure 4.16 iO Croydon

Unit 28 & 29	Units 10, 11 12 & 14
	

Source: Urbà, October 2022

4.99 **Suitability for intensification**: the close proximity to residential means the site is not suitable for intensification.

4.100 **Redevelopment for employment use:** the estate is modern and well maintained and values mean that this should continue through the plan period.

Gander Green Lane and Abbotts Road

4.101 Gander Green Lane and Abbotts Road is a small established industrial area (0.7 ha) with a telephone exchange located on the area's western edge. The area is located in the west of the Borough in a predominantly residential area. The site does have direct access on to the A217, but is remote from other industrial activity.

4.102 The units at Gander Green Lane are small and set out in a terraced with a small service yard and car parking to the front – see Figure 4.17. The majority of the industrial units are occupied by vehicle repair companies such as Sutton & Cheam Vehicle Repairers in a 30 sq m unit, Prime Motor Factors in a 50 sq m unit and CFM Autos Surrey. The telephone exchange sits a little remote from the Gander Green Lane units. Although the units on Gander Green Lane are dated with a compromised entrance, they are well occupied because they provide affordable market rent workspace to local service businesses.

Figure 4.17 Examples of industrial units, Gander Green Lane and Abbotts Road

Gander Green Lane	North Cheam Telephone Exchange
	

Source: Urbà, October 2022

4.103 **Suitability for intensification:** the small scale and close proximity to residential means the site is not suitable for intensification.

4.104 **Redevelopment for employment use:** the area is likely to see low levels of refurbishment to maintain the units for low-cost space, but rents mean that redevelopment will be unlikely.

Oldfields Road Trading Estate

4.105 Oldfields Road Trading Estate is located in the west of the Borough, on the A217. It is a narrow small site measuring 0.6 ha. As shown in Figure 4.18 the estate is in single use, comprising a modern purpose built 8,500 sq m self-storage unit occupied by Access Self Storage.

4.106 Should the existing occupier vacate the nature of the buildings would lend themselves to general warehouse and distribution use, for which there is a demand.

Figure 4.18 Examples of industrial units, Oldfields Road Trading Estate

Unit fronting Oldfield Road	Units to the rear
	

Source: Urbà, October 2022

4.107 **Suitability for intensification:** the small scale and close proximity to residential means the site is not suitable for intensification. The estate is modern and well maintained and values mean that this should continue through the plan period.

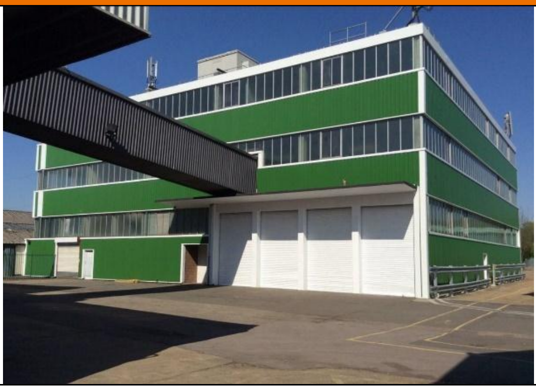
Restmor Way Trading Estate

4.108 Restmor Way Trading Estate is 3.6 ha and located towards the northeast extent of the Borough, in the Hackbridge area in close proximity to the railway station. The estate lacks proximity to the strategic road network being almost three miles from the A23, and immediate access is through a predominantly residential area.

4.109 The estate is a mixed industrial and office area, the units here are generally dated (see Figure 4.19). Occupiers include Monument Tools (tool manufacturing) in a 2,765 sq m unit and Perlam Sheet Metal (sheet metal contractor) in a 480 sq m unit. The area supports long-established companies that have links to the area and/or who require affordable workspace. Despite the comparatively poor transport access and links, dated stock and with residential in reasonably close proximity, the estate is very largely occupied. This is because the stock provides good market affordable rent space for which there is demand.

4.110 The office element has experienced PDR losses to residential, which is a reflection of the weak nature of the office market in this location, which better suited to the town centres.

Figure 4.19 Examples of industrial units, Restmor Way Trading Estate

Sutton Business Centre	
	

CoStar, December 2022

4.111 **Suitability for intensification:** the close proximity to residential and poor transport accessibility means the site is not suitable for intensification. There could be scope for co-location.

4.112 **Redevelopment for employment use:** the area is likely to see low levels of refurbishment to maintain the units for low-cost space but rents mean that redevelopment will be unlikely.

Plumpton Way Industrial Estate

4.113 Plumpton Way Industrial Estate is located off Wrythe Lane, to the north of Carshalton. The 0.5 ha estate comprises the very dated Chantry Court (a small collection of small sheds) and the much more modern purpose-built 5,700 sq m Safestore Self Storage unit (built on the former gas holder site). Access to the A232 is via residential roads and passes a school.

4.114 Occupiers at Chantry Court tend to be local companies that are not concerned by the outdated mode of the premises, but require affordable space. Occupiers here include Smith Fencing (garden fence supplier) in a 365 sq m unit and The Glass Shop (double glazing supplier) in a 160 sq m unit.

Figure 4.20 Examples of industrial units, Plumpton Way Industrial Estate

Chantry Court	Safestore unit
	

Source: CoStar, October 2022

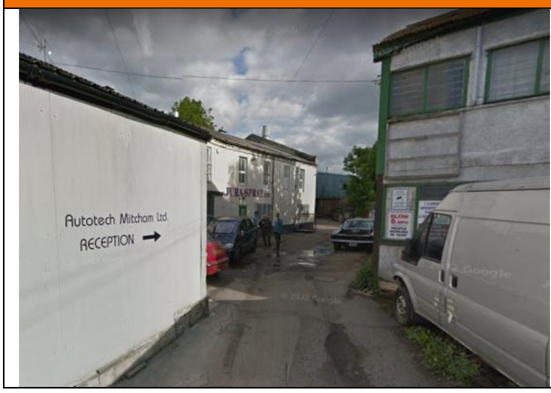
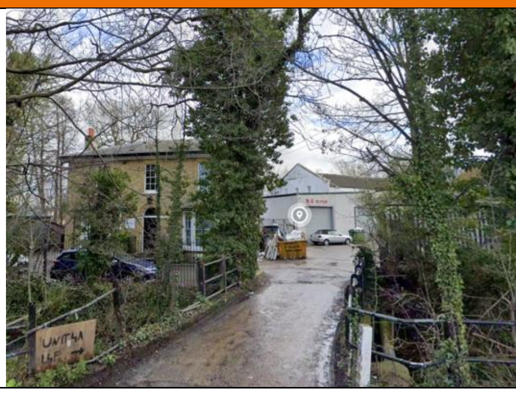
4.115 **Suitability for intensification:** the small scale and close proximity to the school to the rear and residential, means the site is not suitable for intensification.

4.116 **Redevelopment for employment use:** the self-storage unit is modern and well maintained and values mean that this should continue through the plan period. The smaller, dated units, are likely to see low levels of refurbishment to maintain the units for low-cost space, but rents mean that redevelopment will be unlikely.

Wandle Valley Trading Estate

4.117 Wandle Valley Trading Estate is located in the north of the Borough close to Mitcham Junction. The estate has reduced to 0.3 ha in size following partial release to residential. The residential has now been built out and the existing employment is identified as phase 3 as part of a comprehensive mixed-use development with the built out residential, but to date this has not materialised. The remaining industrial units are in a poor state of repair, and only attractive in their current form to local occupiers requiring affordable market rents.

Figure 4.21 Examples of industrial units, Wandle Valley Trading Estate

Source: Googlemaps, March 2017

4.118 **Suitability for intensification:** the small scale and close proximity to residential means the site is not suitable for intensification.

4.119 **Redevelopment for employment use:** the existing units have virtually come to the end of their economic life and are in need of replacement as per the original vision for the regeneration of the area. This will provide much needed small units that are not necessarily provided on the SILs.

Sites with potential for employment designation or use

4.120 We have looked at number of sites and dismissed all of them for reasons explained in the assessment proforma at Appendix A (part (ii)) sites with potential for employment area designation, but not recommended for designation). Broadly the criteria to assess the potential for designation are: size (around a minimum 0.5 ha), scope to create a cluster of activity now and/or in future, and if the site is in multiple ownership with the aim of stopping stop piecemeal development to non-employment uses and retain employment area integrity.

4.121 The sites that could possibly be (re)developed to accommodate employment uses are:

- the two waste sites that are identified in the new South London Waste Plan for release. These sites are clearly well suited to employment use as they both are located within the Beddington SIL. These are discussed above.
- The ICR site, Cumbrian House at the Cancer Hub – recent planning permission for change of use for 950 sq m from hospital to R&D. 950 sq m.
- Two sites within the town centre that have potential to accommodate office uses as part of mixed-use schemes – Sutton station and car park and the Civic Centre.

Demand

4.122 In this section we analyse the take-up of industrial floorspace (see Table 4.2) in the Borough over the last five years, drawing on the CoStar database. Take-up is the output of demand and is important to analyse not only to see who is taking space, but also whether those seeking space can satisfy their requirements.

4.123 This floorspace take-up is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. It takes no account of floorspace vacated as businesses move out or close down. It is important not to confuse this floorspace take-up with the land take-up discussed above, which relates to the development of new floorspace into the market.

4.124 Table 4.2 shows that in the five years to December 2022, the take-up of industrial space in the Borough averaged 14,340 sq m per annum over an average of 20 units. The average unit size over the 5 years was 732 sq m.

Table 4.2 Annual industrial take-up, 2018-22, LB Sutton

Calendar year	No. of transactions	Min size take-up sq m	Max size take-up sq m	Average unit size sq m	Total take-up sq m
2018	24	20	4,216	813	19,520
2019	14	45	1,969	448	6,278
2020	26	67	7,536	859	22,331
2021	16	140	4,297	774	12,391
2022	18	60	2,208	621	11,183
Total	**98**				**71,702**
Annual Average 2017 - 2022	***20***			***732***	***14,340***

Source: CoStar, February 2023

4.125 Floorspace take-up varied from year to year, ranging from 6,278 sq m in 2019 to 22,331 sq m in 2020. The reason take-up was high in 2020 was due to Palletline (3PL) taking 7,536 sq m at Coomber Way, Beddington i.e., a large unit that had become available was taken-up. Due to the tight nature of the market, a single transaction can distort the data. A similar thing happened, but to a lesser extent in 2018 with the single letting of a 4,216 sq m unit of Brandon House in Beddington to Fruitful (fruit delivery).

4.126 Units taken up in the five years include:

- October 2021 – Getir (on demand delivery service) taking a 455 sq m unit at the IO Centre, Beddington.
- August 2021 – Wagamama (dark kitchen) taking a 210 sq m at Kimpton Trade & Business Centre.
- July 2022 – Kisiel Group (construction company) took a 225 sq m unit Kimpton Trade & Business Centre.
- July 2020 – NBC Distribution (food distribution) took a 1,135 sq m Stafford Cross Business Park.
- February 2020 - Hermes Parcelnet (3PL) took a 420 sq m unit at Kimpton Industrial Estate.
- March 2020 – Pearroc (cleaning product supplier) took a 1,600 sq m unit at Beddington Cross.

4.127 Demand for industrial space across the Borough is strong and comes from a variety of businesses representing different sectors. Our consultations have revealed that demand comes from 3PLs and e-commerce for last-mile hubs, as well q-commerce, trade counter operators, and those companies servicing other industries such as the construction industry. Those occupiers who operate last-mile hubs and the q-commerce sector require to be located close to residential areas to access their customers.

4.128 Due to the variety of quality of space that can be found in the Borough, it is able to attract a wide range of size requirements, our consultations have revealed there is no one particular size range currently in most demand. Corporate occupiers seek industrial units with dedicated yard space and car parking, with eaves height between 9 and 15 m, that provide high levels of sustainability to meet their ESG requirements. We see ESG being driven by corporate occupiers who are responding to investors' requirements. In turn, the market in the Borough is already responding, Segro Park's Valor Park, Redhouse Road is targeting EPC band rating A. We expect that the market will continue to respond, regardless of the size of the unit being delivered, to ensure that new development can attract blue-chip occupiers.

4.129 Smaller occupiers who are servicing the local market are generally prepared to forgo meeting high ESG rating requirements, in the interest of finding affordable space, at market rents.

Supply and market balance

4.130 Table 4.3 below sets out the change in total stock, as recorded on the VOA, compared to the vacancy floorspace recorded on CoStar. The data shows that in recent years floorspace has marginally increased and for the majority of the period analysed vacancy has been very low. It is only in 2022 (the final calendar year analysed) where we have seen vacancy increase. The recently published London Industrial Land Supply Study identifies that in 2020 there were 10 ha of vacant industrial land/floorspace in LB Sutton. This is very likely to have been the Prologis Park site, and represented 8.1% of total industrial stock. The CoStar recorded vacancy rate for LB Sutton on 01 March 2022 was 5.8%, around 28,000 sq m. Most recent CoStar data (February 2023 – see Appendix B) that we have accessed shows that vacancy has increased further to around 29,770 sq m. If we assume that the total stock figure has remained the same at 490,000 sq m then the vacancy rate is now around 6.0%.

4.131 The London Industrial Land Demand Study[17] indicated that vacant industrial land should be around 5% and vacant industrial floorspace around 8% for efficient market operation (frictional rates). Therefore, the Borough's current vacancy rate (around 6%) appears reasonable against this benchmark. But when we see that the majority (circa. 20,500 sq m) of vacant floorspace is found across three units at Prologis Park (see the breakdown of vacant units at Appendix B) then the market is much tighter than the data suggests, because the current vacancy falls to 1.9% once the Prologis units are removed from the analysis.

Table 4.3 Change in total industrial stock & vacancy rates, LB Sutton

Date	2018	2019	2020	2021	2022
Total stock sq m 01 March	465,000	466,000	477,000	480,000	490,000
Change in floorspace sq m		1,000	11,000	3,000	10,000
Change in floorspace %		0%	2%	1%	2%
Vacancy Q.1	1,102	1,354	394	394	28,422
% of vacant space against total stock	**0.24%**	**0.29%**	**0.08%**	**0.08%**	**5.80%**

Source: CoStar, VOA, Urbà, February 2023

4.132 When we analyse the currently available vacant units as advertised on CoStar (see Appendix B) we see that the majority are purpose-built units at Beddington. Most of the space available has come to the market due to lease expiry and the tenants have vacated the space, there is no evidence that existing tenants are seeking to release their space early i.e., before lease expiry. Therefore, the current vacancy points to natural churn in the market. Most of the available space is dated and not necessarily

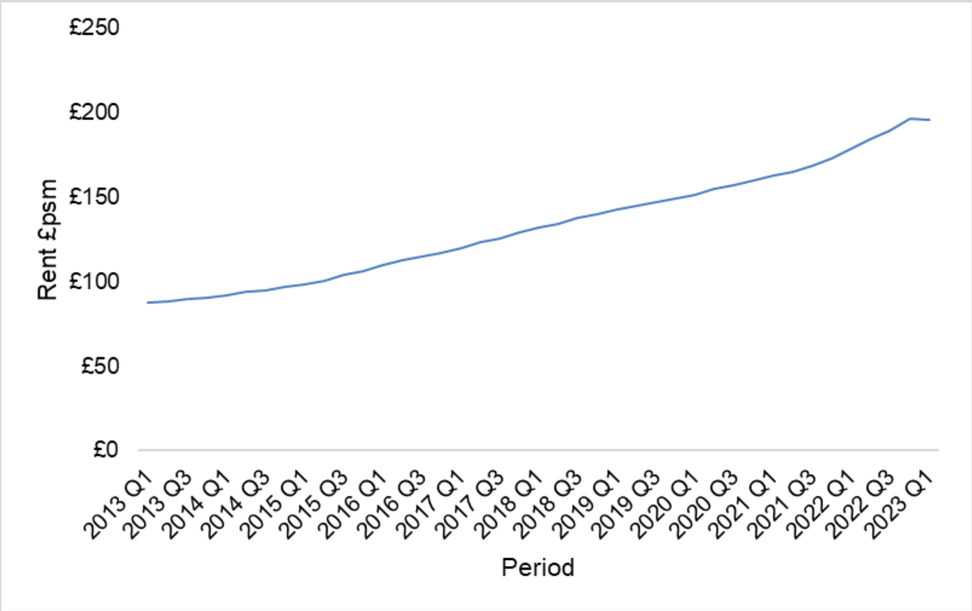
[17] CAG, October 2017, London Industrial Land Demand, Page 11

optimal for modern occupier requirements, but due to the tight nature of the market occupiers are prepared to compromise and take sub-optimal space.

Rents and the economics of development

4.133 Market rent (as defined by CoStar[18]) has been steadily increasing (see Figure 4.22) over a number of years across the Borough. CoStar is reporting a current quarter 1, 2023 rent of £188 psm – this rent is just below prime rents, which are around £210 psm.

Figure 4.22 Market rent, Sutton Borough



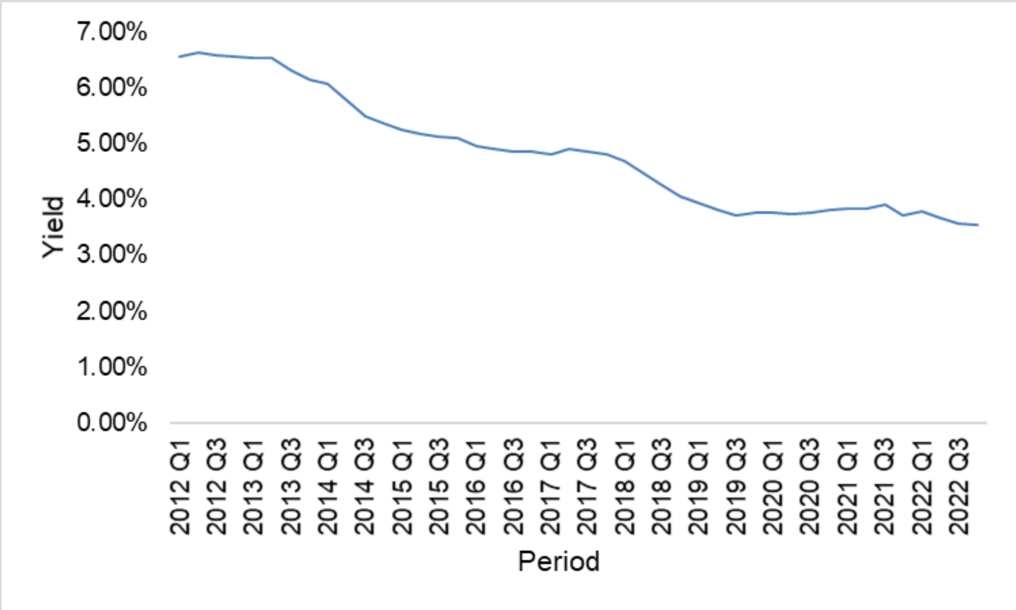
Source: CoStar, February 2023

4.134 With regards market yield (as defined by CoStar[19]) has started to stabilise (see Figure 4.23) across the Borough, with CoStar reporting for quarter 4 year to date a yield of 3.55%. The combination of rising rents and falling yields mean that capital values have been increasing, which improves development viability. These yields are much lower than reported in Boyer study which indicated yields with a yield of between 5.5%

[18] CoStar defines market rent as the rental income that a property would most probably command in the open market.

[19] CoStar defines market yield as the smoothed average yield series using modelled yields and estimates as well as actual observations.

Figure 4.23 Market yield, Sutton Borough



Source: CoStar, December 2022

4.135 The Borough-wide analysis from CoStar does not reflect the details of specific deals, where there is evidence of both higher and lower rents:

- March 2022 -Unit 12 Endeavour Way, Ant Imports & Exports (shipping) took a 600 sq m unit at a rent of £170 psm on a 10-year lease.
- October 2021 – Unit 16, IO Centre, Croydon, Getir (q-commerce) took a 450 sq m unit at a rent of £180 psm on undisclosed terms.
- August 2021 – Unit 6 The Tramsheds, Beddington, AtoZ Couriers (3PL) took a 390 sq m unit at an asking rent of £210 psm on undisclosed terms.
- December 2021 - Unit C1, Anchor Business Centre, Beddington, Legacy Executive Transport (coach hire) took a 190 sq m unit an asking rent of £335 psm on undisclosed terms.
- July 2020 – Unit 3 Stafford Cross Business Centre, NBC Distribution (3PL) took a 1,135 sq m unit at a rent of £145 psm.
- With regards to yields:
- December 2021 – Royal Mail 7,300 sq m unit at Kimpton Industrial Estate was sold at a net initial yield of 2.38%.
- August 2022 - Royal Mail Croydon Mail Centre, a unit of 14,000 sq m, was sold at a net initial yield of 2.96%.

4.136 The above rents are much higher than that reported in the Boyer study, which stated that new build industrial / warehousing floorspace in Beddington would achieve rents of up to £105 psm,[20] with rents at Kimpton up to £125 psm and Imperial Way[21] between £90 - £100 psm[22]. The above yields are lower than that reported in the Boyer study, which were between 5.5% and 7.5%. Overall, we can say viability has improved since the Boyer assessment. But although the above rents and yields are

[20] Boyer, May 2016, Sutton Industrial land Phase 1 – Baseline Study, page 23

[21] Ibid, page 24

[22] Ibid, page 27

sufficient to maintain existing premises and support new build single-storey development, they will not support multi-deck intensification schemes.

Development opportunities

4.137 As mentioned above, the Borough has seen new build development occurring around Beddington, and our consultations have revealed that developers are actively looking for brownfield sites around two hectares, including retail and leisure parks. Current developments in the market are:

- **Segro's Valor Park, Redhouse Road –** this was a redevelopment of four dated industrial units to provide seven new single industrial units ranging in size between 605 and 7,685 sq m. The development provides a net increase in floorspace of 4,345 sq m – increasing the site coverage from 37% to 54%.
- **Former Felnex Trading Estate –** this is a residential mixed-use development which will provide 6,100 sq m of what is described as office and workshop space within Class B1(a), (b) and (c).

4.138 In addition to the known development opportunities, we have also considered site intensification through multi-deck development as per the examples discussed earlier. Beddington SIL, in terms of size presents a potential opportunity for site intensification, especially as there appear to be areas of single ownership e.g. Royal Mail Croydon Mail Centre, and units along Beddington Farm Road and Coomber Way as well as dedicated industrial estates in single ownership e.g., Tramsheds Industrial Estate. But, putting aside the current challenges in the viability of multi-deck, capacity testing is required to explore if a net gain in floorspace can be achieved in these area or does site configuration and other constraints inhibit multi-deck opportunities. The examples of multi-deck, which we have shown above show that some require a site coverage of 49%, which is less than some of the existing buildings' onsite. Therefore, multi-deck development on some sites could result in a net loss of floorspace. Although residential in theory could improve viability it is likely to compromise the industrial space for the type of occupiers that are attracted to the Borough – i.e. a 3PL will require 24 hour movement of HGVs and 17.5-tonne vehicles, which are not compatible with a quality living environment. Furthermore, the residential values (average new build price[23] in the Borough is £490,000 compared to London's average of £560,000), and relatively high existing use brownfield land values are unlikely to deliver viable mixed-use development and policy contributions such as affordable housing, although this is something that could be tested as part of the plan making process.

Conclusion

4.139 Since the previous study, the industrial market has got stronger in the Borough, this is against a background of tightening supply and increasing demand across London. Rents have also increased significantly from around £110 psm to 210 psm, and yields achieved below 4% means that single-storey development is viable, and we are seeing it take place in Beddington which includes the redevelopment of existing industrial units. Although the rent / yield dynamic has not improved sufficiently to enable viable development of multi-deck units.

4.140 Vacancy rates are broadly the same as the previous study, but vacancy is somewhat distorted by the three new units available at Prologis Park, Beddington, as these form the majority of the vacancy. Should the three units at Prologis Park be taken up vacancy rates drop to just under 2%, which points to a tight market. The existing stock, although dated in parts, is generally well maintained, and have many features

[23] Land Registry House Price Index, October 2022

attractive to occupiers such as yard space, dedicated parking and secure entrances. Although eaves heights can be low for modern occupier requirements.

4.141 Occupier demand is strong, the previous study stated that it used to be localised, but now demand is much broader both in terms of sectors and types of companies i.e., more nationals.

4.142 New stock has, and is, coming onto the market which will ease short-term supply pressures, but over the medium to longer-term vacancy rates are likely to fall. To address the medium to longer term vacancy rate pressure through site intensification will be challenging for several reasons:

- Occupiers still prefer single storey units.
- This type of development is currently unviable.
- A number of existing estates have a high site coverage, therefore multi-deck development may not provide a net increase in floorspace.
- Mixed-use development is also unlikely to be suitable due to the type of occupiers the Borough attracts are not compatible with residential uses, and the residential values combined with relatively high existing use brownfield land values, are unlikely to deliver viable mixed-use development and policy contributions such as affordable housing.

The office market

4.143 The office market analysis considers Sutton town centre and Wallington, after which the balance of the office market in the Borough is then quite dispersed with some small-scale space found in “other centres” (Carshalton, North Cheam, Rosehill and Worcester Park) and within industrial areas (as per the analysis above). We also consider any market opportunities that could be generated through the London Cancer Hub (LCH) development.

Previous Employment Land Review (2013 NLP) key points

4.144 As with the industrial market analysis, we re-cap the findings of the previous ELR assessment, which found:

- Sutton office market was considered to be quite localised, with most demand coming from firms relocating within the Borough, or occasionally from adjoining boroughs.
- Sutton town centre was perceived as being quite a good business location, with a good rail service to Central London, but mainly a location for smaller firms, with larger office occupiers tending to locate elsewhere. Its main competitors were identified as Croydon, Epsom, Morden and Wimbledon, as these offer better transport links, access to major routes and a higher profile. At the time there were a few examples of Sutton attracting office occupiers from these areas.
- Sutton town centre was recognised as the Borough’s largest office location with Cheam, Carshalton and Wallington being smaller centres. Cheam had good quality premises but higher rents, whilst Wallington had lower rent levels, with NLP’s qualitative assessment commenting that there were good quality town centre office blocks by the station.[24] It was considered that these smaller centres

[24] NLP, December 2013, London Borough of Sutton Employment Land Review, Table 5.1

would be unlikely to attract any new office development, with improved supply most likely to come from refurbishment.

- Local demand was modest in scale, mainly driven by small firms. The average requirement was about 280 sq m. Take-up over the previous year (2012) was 4,700 sq m and no demand for large office units. Indeed, at the time, the Borough had lost larger occupiers such as Cannon and the Homebase headquarters, and some firms had relocated? to Redhill to find more modern premises.
- It was thought that future demand would come from the expansion of local firms, with some examples of local IT firms taking larger units.
- There was a significant amount of vacant office space - in 2010 it was as high as 30% although had reduced by 2013 due to, in part, high levels of refurbishment and sub-division of older office buildings.
- Chancery House in Sutton town centre was cited as an example of one of the best available office premises, and after refurbishment had attracted occupiers although space was still available. NLP also stated that there were a number of vacant large 1970-80s office buildings on the market, some were apparently derelict.
- Rents in Sutton town centre were reported at between £80 and £190 psm; Cheam between £160 and £195 psm; and Carshalton between £110 and £150 psm.
- The view of agents was that Sutton was unlikely to be able to attract any sizeable new build offices in the future.
- Despite the high vacancy rate, it was not considered to be a huge oversupply of office space in terms of meeting future needs. While most enquiries could be met because some office sites had been lost it was felt there was little scope for more, and the balance was about right. Although it was highlighted that should further space be lost, it could have a positive effect on viability by placing pressure on rental levels and increasing land values.

Town Centre and Economic Development Assessment (2015 Boyer) key points

4.145 The purpose of the town centre study was to inform, at the time, the Council’s future retail and town centre policies. The study considered amongst other things, the Borough’s office needs, and found that:

- As of March 2015, there were 27 premises being marketed with a total floorspace of 8,400 sq m. Although three of the properties, that totalled 1,300 sq m, had outstanding prior approval for residential.
- It was estimated that the vacancy rate was around 5% of total floorspace.
- The average rent of the advertised space was between £159 psm and ranged between £107 - £214 psm.
- Demand for office space had increased in the 1 – 2 prior years, which was considered to be due to a combination of general improvements in the economy and the loss of floorspace.
- The historic over-supply of offices which had led to fairly high vacancy rates was reversing.
- Sutton was unlikely to attract sizeable new build offices.

General Profile – Office Market

4.146 Before the pandemic, speculative office development was only occurring in strong and established office markets such as in central London, Thames Valley (e.g. around Reading) and key regional centres such as Birmingham and Manchester. In other markets, new development required a pre-let in place to a blue-chip covenant on institutional lease terms. At this time, we were also seeing a shift in office requirements from out-of-town locations into town and city centres. This was driven by office workers wanting to be close to public transport links and amenities. More latterly, corporate occupier requirements are providing greater emphasis on ESG.

4.147 At the start of the pandemic, the government encouraged working-from-home measures, many offices were left unoccupied or at greatly reduced occupancy. Companies were forced to embrace video conferencing and other measures to ensure business continuity.

4.148 During the pandemic working from home became the “new norm”, but at the time its lasting impact on the office market was unclear, with mixed speculation around a full return to the office, hybrid working or permeant working from home/remote working. Since the lifting of all Covid restrictions in February 2022 it is clear that some form of hybrid working is the most preferred solution with JLL highlighting that this option will be critical to attract and retain talent[25].

4.149 With some form of hybrid working for most companies appearing to be a now a permanent shift in working practices this has enabled some occupiers to revaluate their space requirements with Carter Jonas[26] reporting that businesses are placing an ever-greater emphasis on smaller, but higher quality space. They explain that the focus on quality (often referred to as the “flight to quality”) is being driven by the desire to create a vibrant and attractive work environment to encourage employees back to the office and assist with recruitment, retention, and productivity strategies, as well as staff health and wellbeing issues. In addition, there is a greater focus on buildings that are sustainable and energy-efficient, as occupiers try to meet increasingly ambitious ESG aspirations[27].

4.150 The flight to quality is resulting in rents for higher quality space holding firm, although in markets where there is ample supply, increasingly competitive rent-free packages are being offered[28].

General Profile – Greater London

4.151 The London Office Policy Review (LOPR) 2017[29] highlighted that the geography of the office market across London has changed significantly since the 1980s. It explains that until the 1980s the geography was quite simple: the City with its financial services focus and associated businesses, the West End with corporate headquarters, media businesses, the property industry and professional services; Victoria was largely occupied by government and oil and engineering firms; Midtown was the heart of the legal profession; and Outer London hosted many back offices of City firms. The LOPR explains that since the mid-1980s the business geography has changed, caused by several “mega schemes” that began to alter the business landscape in London. With regards to the Outer London market this has also seen

[25] JLL, Q3 2022, Central London Office Market Report

[26] Carter Jonas, 20 December 2022, Commercial Market Outlook

[27] Ibid

[28] LSH, 2022, Thames Valley & South East Office market report.

[29] CAG, October 2017, London Industrial Land Demand, Page 46

significant change since the mid-1980s, with Ramidus[30] linking this to a number of factors:

- The Central London salary weighting has all but disappeared, negating one of Outer London's strategic advantages.
- Off-shoring has become commonplace, with back- office functions now as likely to be located in Glasgow or Bangalore as Outer London.
- Technology and changing business processes have greatly reduced demand for a staple of the suburban office market: large, clerical, back- office functions.
- The emergence of campus-style schemes around the periphery of Central London has provided a cost competitive, higher quality alternative.
- Central and local government have both been key occupiers of suburban offices, but retrenchment and rationalisation has released substantial tracts of office space.
- The quality of the physical environment in some locations is tired and poorly maintained, with much office accommodation obsolete for modern business needs.

4.152 Clearly, since the 2013 Ramidus report there have been further structural changes in the office market caused by Brexit, and more particularly the global pandemic. Savills report[31] that hybrid working has impacted the office market across Greater London and the South East (excluding central London) in several ways, affecting the quantum of space required by occupiers and how office space is configured to accommodate new ways of working – they report:

- There has been a 16% reduction in total space occupied at transactions over 930 sq m from the start of 2021 to Q3 2022.
- Large corporate organisations have been consolidating from multiple buildings or significantly reduced their footprint e.g. Unilever pre-letting 25,640 sq m for a new headquarters at Eden Campus, Kingston; are consolidating from five existing sites across the South East.
- Specific sectors have been expanding such as the technology sector, which on average has increased its footprint by 40% in 2022.
- Continued demand for Grade A office space as occupiers seek aspirational work environments that can attract and retain staff in the "war for talent" and support the return to the office.
- A consequence of the betterment of office space is that occupiers are paying higher rents. On average the rent per sq m paid by occupiers increased by 37% when compared to their previous lease after relocating to the region.

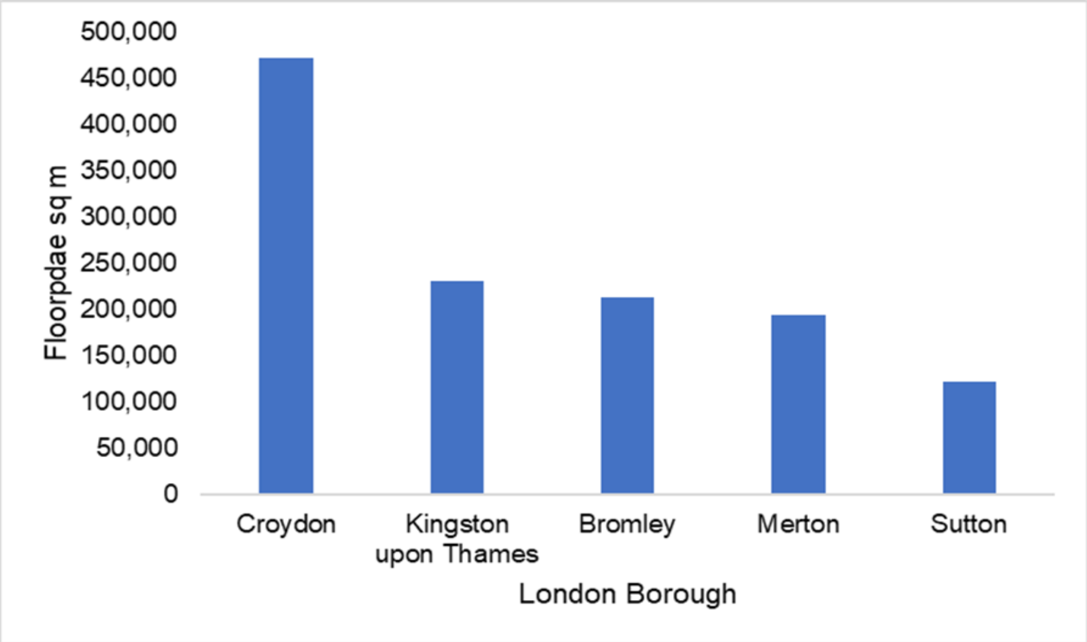
General Profile – Sutton Borough

4.153 In an outer south London context, LB Sutton's office market is small in comparison to the neighbouring boroughs, as illustrated in Figure 4.24, most notably set against office floorspace in Croydon.

[30] Ramidus, July 2013, London: A New Business Geography

[31] Savills, December 2022, How are occupier spatial requirements changing in Greater London & South East

Figure 4.24 Total office floorspace (borough totals)

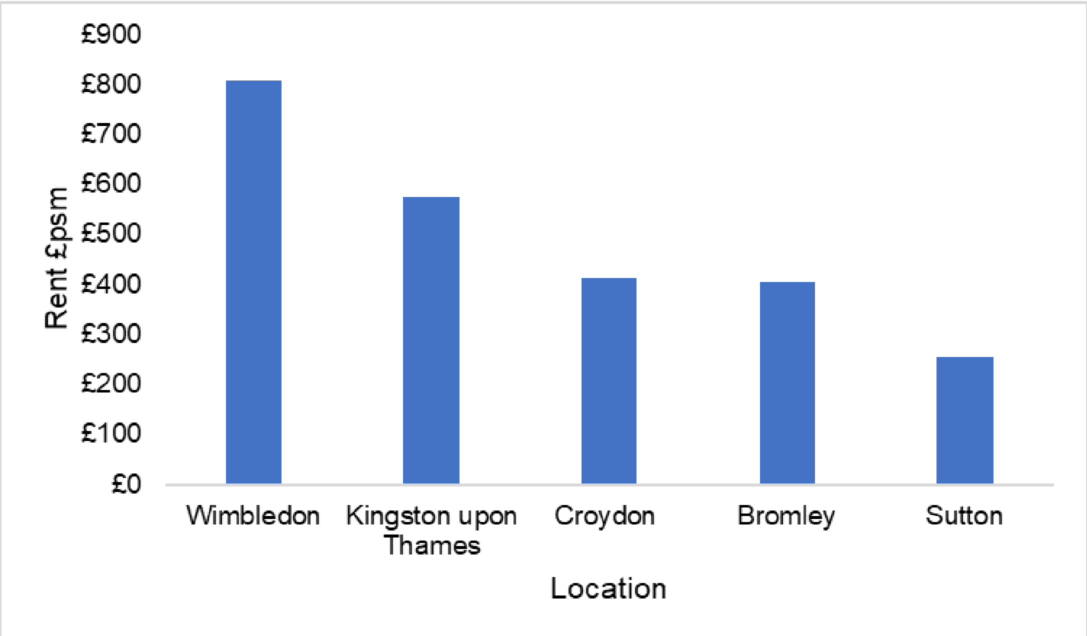


Source: VOA, Urbà, December 2022

4.154 Croydon's office market is well established and has several Grade A buildings with large floorplates that are attractive to corporate occupiers. Furthermore, Croydon has good rail links to central London and Gatwick airport and has seen significant regeneration of its town centre in recent years. Croydon is considered a credible location for providing back-office functions to large corporates, and public sector bodies. For example, in 2020 the Home Office took a 31,000 sq m pre-let at Ruskin Square, and in 2018 Clarion Housing Group took 3,400 sq m at Interchange House.

4.155 In the larger office markets prime office rents, see Figure 4.25, are much higher than Sutton's and hence we see viable development coming forward in some of these other areas.

Figure 4.25 Prime office rents (town centre based)



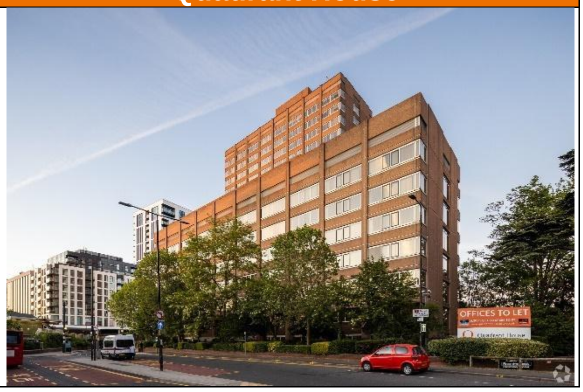
Source: Urbà, December 2022, SHW, February 2022

Sutton Town Centre

4.156 Sutton town centre is the Borough’s prime office location, but it has been going through a period of change, due to many 1970/80s buildings being lost to residential either through PDR (e.g., Sutherland House and Leben Court) and redevelopment (e.g., Sutton Point – see Figure 4.26) as well as continued pressure with consents in place for the redevelopment on existing offices such as Sutton Park House, Helena House and St Nicholas House.

4.157 The space lost is not generally being replaced because the office market is weak and it is not viable to do so, unless brought forward as part of mixed-use development e.g., Sutton Point or occupier-led - Subsea’s headquarter relocation to Brighton Road in 2017. But even when offices are brought forward as mixed-use development, it places pressure on overall scheme viability meaning that the Council cannot maximise planning contributions. Furthermore, we have seen with Sutton Point despite this providing Grade A BREEAM Excellent space (i.e. meeting occupier needs in terms of quality), it has been relatively slow to let (i.e. there was no substantial pre-let). Local accountant Mazars and serviced office provider Regus have taken space at Sutton Point. The Regus space provides an important offer for flexible space in the town, and now remains the only available office space to let in the building. The better-quality refurbished space in recent years has been found at buildings such as Quadrant House - see Figure 4.26.

Figure 4.26 Examples of office units, Sutton Town Centre

Sutton Point	Quadrant House
	

Source: Urbà, October 2022, CoStar, December 2022

Wallington

4.158 The Wallington office market is much smaller than the Sutton town centre market, and is predominantly centred around the purpose built 1970/80s offices next to the railway station – see Figure 4.27. Otherwise offices tend to be found in converted houses. Occupiers here tend to be local companies or those companies servicing the local area for example Icon Digital (marketing consultants) have a 110 sq m unit at BTS House and Jobcentre Plus (public sector) took a 2,000 sq m unit on a 10-year lease with a break at year 3, at Carew House, Wallington. This was a move from Helena House in Sutton which is proposed to be redeveloped for residential. In 2018 The Jobcentre subsequently took an additional 740 sq m of space in the same building in 2021.

Figure 4.27 Examples of office units, Wallington

Carew House	BTS
	

Source: CoStar, February 2023

Other Centres

4.159 In Carshalton, North Cheam, Rosehill and Worcester Park we have seen many premises lost to, or have proposals for residential, either through PDR or redevelopment e.g., Victoria House, North Cheam. The office space left is generally secondary, in small purpose-built office blocks or converted premises – see Figure 4.28. The offices in these locations are attractive to those companies servicing and / or have links to the local area. Occupiers here include Halsey & Co (accountants) in a 150 sq m unit and Robyn Falck (interior designer).

Figure 4.28 Examples of office units, Other Centres

Fitzroy House, Worcester Park	Villers Court, Cheam
	

Source: CoStar, February 2023

Offices in industrial areas

4.160 There are a few examples in the Borough of offices located in industrial areas such as Sutton Business Centre (see Figure 4.19) at Restmor Way Trading Estate, Hackbridge. The offices in the industrial areas are dated and do not provide the amenities that modern occupiers seek. Over the medium term if this space becomes empty these buildings / sites would lend themselves to redevelopment for industrial uses.

Demand

4.161 In this section we analyse the take-up of office floorspace across the Borough over the last five years, drawing mainly on the CoStar database. This floorspace take-up is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. Like industrial floorspace take-up, it takes no account of floorspace vacated as businesses move out or close down, but does give a good account of the type and strength of office demand in the Borough.

4.162 As shown in Table 4.4 the five-year average take-up across the Borough was around 3,700 sq m over 14 units. The average unit size over the five-year period was 166 sq m which points to LB Sutton having a small low demand office market.

4.163 We see that in 2018 take-up was comparatively high (7,607 sq m) predominantly driven by just four transactions that total around 6,000 sq m, and these were:

- Jobcentre Plus (public sector) took a 2,000 sq m unit on a 10-year lease with a break at year 3, at Carew House, Wallington. This was a move from Helena House, Sutton.
- Crown Agents Bank (international payment service) took 1,700 sq m on a 6-year lease at Quadrant House, Sutton. This is their head office and they relocated from the nearby St Nicholas House[32], which is subject to redevelopment proposals for a residential mixed-use scheme.
- Undisclosed tenant took 1,200 sq m on undisclosed terms at BTS House, Wallington.
- Sutton Business Centre (coworking operator) took 930 sq m on an undisclosed term at Restmor, Wallington.

Table 4.4 Annual office take-up, 2018-22, LB Sutton

Calendar year	No. of transactions	Min size take-up sq m	Max size take-up sq m	Average unit size sq m	Total take-up sq m
2018	21	13	2,070	362	7,607
2019	13	21	443	166	2,157
2020	14	17	1,625	338	4,729
2021	14	42	737	223	3,128
2022	8	31	157	90	721
Total	**70**				**18,341**
Annual Average 2018 - 2022	***14***			***262***	***3,668***

Source: CoStar, February 2023

4.164 Units taken up in the five years include:

- January 2021 – DWP (public sector) took a 735 sq m unit on a 5-year lease, at Carew House, Wallington.
- February 2020 - Agility Eco (energy saving advice) took a 280 sq m unit on a 10-year lease, at Mid-Day Court, Sutton.
- January 2020 - Mazars (accountancy) as part of a relocation within Sutton, took 1,625 sq m on a 10-year lease at the recently developed Sutton Point, Sutton.

Supply and market balance

4.165 As with industrial, we have analysed the total stock, as recorded by the VOA, compared to the vacancy floorspace recorded on CoStar – this analysis is set out in

[32] https://thepaymentsassociation.org/article/crown-agents-bank-move-offices-to-quadrant-house-sutton/

Table 4.5. The data shows the quantum of office stock was virtually unchanged between 2018-21, but between 2021 and 2022 16,000 sq m was lost, equating to 16% of total floorspace. Vacancy rates have been low for a period of time, but increased in 2022, this is despite total stock falling. The increase in vacancy is consistent with other recent studies, and is down to the change in working practices, resulting in a focus on requirements for smaller units of better quality.

Table 4.5 Change in total stock & vacancy rates

Date	2018	2019	2020	2021	2022
Total stock sq m 01 March	137,000	137,000	137,000	138,000	122,000
Change in floorspace sq m		0	0	1,000	-16,000
Change in floorspace %		0%	0%	1%	-13%
Vacancy Q.1	2,814	1,210	563	1,656	3,705
% of vacant space against total stock	**2.05%**	**0.88%**	**0.41%**	**1.20%**	**3.04%**

Source: CoStar, VOA, Urbà, October 2022

4.166 The office space, which is advertised is secondary in nature, is offered on a refurbished or refurbished basis, and is predominantly found in Sutton town centre and Wallington. The space in Sutton also includes Copthall House (860 sq m) which is subject to an application for residential development, and therefore available floorspace is lower (2.3%) than the 3.04% stated in Table 4.5. Either way this points to a tight office market.

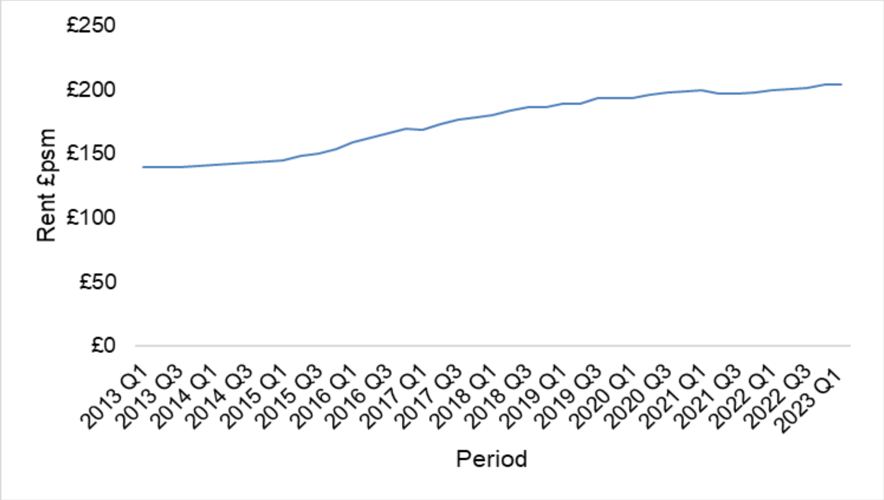
Rents and the economics of development

4.167 Between 2013 and the end of 2014 market rent (as defined by CoStar[33] - see Figure 4.29) was static at around £140 psm. Then, between 2014 and 2019, as the wider economy improved, combined with office space being lost through office to residential conversions and developments, market rents saw rose to £195 psm. Since when rents have changed very little. The lettings of the new build space at Sutton Point have not moved market rents on in Sutton. Market yield (as defined by CoStar[34]) gradually fell from 7.5% to 5.25% between 2013 and 2019 and have been static since – see the trend in Figure 4.30.

[33] CoStar defines market rent as the rental income that a property would most probably command in the open market.

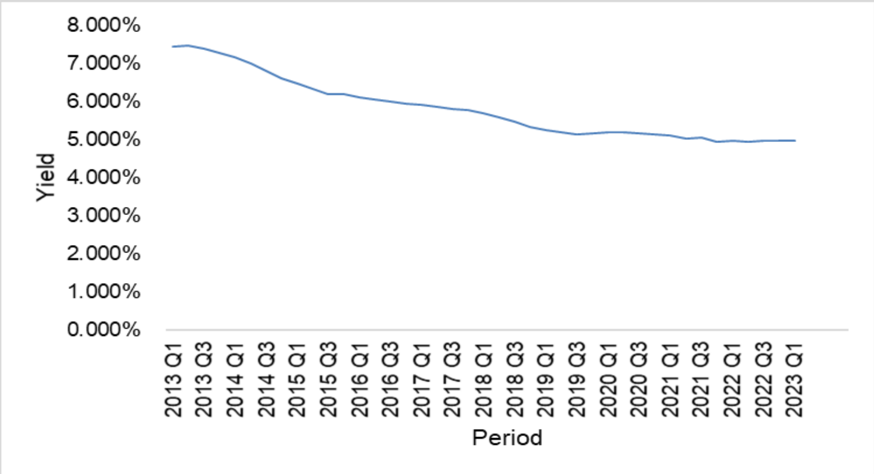
[34] CoStar defines market yield as the smoothed average yield series using modelled yields and estimates as well as actual observations.

Figure 4.29 Market rent, Sutton Borough



Source: CoStar, February 2023

Figure 4.30 Market yield, Sutton Borough



Source: CoStar, January 2023

4.168 Again, the Borough-wide analysis from CoStar does not reflect the details of specific deals, where there is evidence of both higher and lower rents:

- January 2021 – DWP (public sector) took 735 sq m at a rent of £221 psm on a 5-year lease, at Carew House, Wallington.
- February 2020 - Agility Eco (energy saving advice) took 280 sq m at an effective rent of £249 psm on a 10-year lease, at Mid-Day Court, Sutton.
- January 2020 - Mazars (accountancy) took 625 sq m at an effective rent of £172 psm on a 10-year lease.
- November 2019 - Absolute (care services) took 70 sq m at an asking rent of £164 psm on undisclosed terms.

4.169 With regards to yields, we have not identified any recent investment sales either in discussion with agents or via CoStar. The office buildings in LB Sutton that are listed on CoStar have been sold for conversion / redevelopment for residential not for office use.

4.170 The above analysis of rents show that they have hardly changed since the Boyer assessment in 2015.

4.171 The above rents and yields are sufficient to maintain existing premises, but not to support new build development. Rents would need to be in excess of £400 psm i.e., double where the average is now, to enable viable development.

Development opportunities

4.172 Due to a combination of generally weak office demand in the Borough and low levels of viability, delivering new space is challenging for standalone development, but would be suited as part of residential mixed-use or repurposing of existing units such as retail. Creating new office space will allow the Borough to meet its need from the internal churn generated in the market and ensure that existing occupiers are not lost from the Borough. The repurposed space could also provide scope for workspace at affordable market rents. National operators of affordable workspace generally require a minimum space of 930 sq m, but smaller operators such as Good Space will operate space at around 465 sq m.

The London Cancer Hub

4.173 We have considered the London Cancer Hub development to establish if there are any potential opportunities for the wider London office market.

4.174 As discussed earlier, the current Local Plan sets out the proposals for the London Cancer Hub as 280,000 sq m of additional mixed-use floorspace. The policy explains that the vision and objectives for redevelopment are:

- To unlock growth in the life science sector and become part of the London-Oxford-Cambridge Golden Triangle of research and development.
- An expanded Royal Marsden Hospital and Institute of Cancer Research, new commercial medical research and development companies, a secondary school and associated leisure and retail facilities with the option of a local hospital included.
- To create around 280,000 sq m of state-of-the-art facilities and infrastructure in a campus location within reach of central London.
- To provide an attractive work and leisure space for researchers and clinicians, an outstanding healing environment for patients and new amenities for the local community.

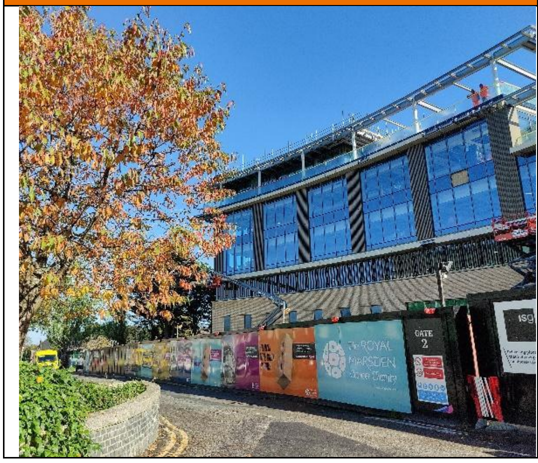
4.175 The London Cancer Hub has seen the development of The Institute of Cancer Research new Centre for Cancer Drug Discovery, the Harris Academy Sutton (school), Maggie's cancer support centre, and the Innovation Gateway. Still under development is the Royal Marsden's Oak Cancer Centre. Our consultation has revealed that The Oak Cancer Centre is only increasing the Royal Marsden staff numbers by 20 – 30 people. The Oak Cancer Centre is primarily accommodating existing staff from the Royal Marsden and the space that this releases will be used to accommodate future growth. Therefore, The Royal Marsden's future clinical needs may not require expansion further onto the new hub.

4.176 The Innovation Gateway is being used as a 'spin-out' and incubator space for companies such as start-up enterprise Vesynta, which 'spun out' from the Adaptive and Responsive Nanomaterials group at University College London, and start-up The Exercise Clinic. As The Cancer Hub expands there may be scope for the smaller occupiers to act as a supply chain to The Royal Marsden and other larger occupiers onsite.

4.177 The Council has acquired and prepared a 4.8 ha site at The London Cancer Hub, which is being promoted for private sector investment in life sciences.

4.178 Overall, The London Cancer Hub has a 20-year vision, short-term it appears growth will be accommodated on site. But over the longer term as The Cancer Hub grows and becomes more established, there may be opportunities for spin-outs or supply chain opportunities across the wider town centre market, but the prospect for this and what scale might come forward is at this time unclear.

Figure 4.31 Examples of office units, Wallington

Oak Centre	Site boundary
	

Source: Urbà, October 2022, The London Cancer Hub Development Framework, Summer 2016

Conclusion offices

4.179 Since the previous study, the office market has weakened nationally, with occupiers now focused on smaller, but better quality units to meet their ESG requirements. Demand for office space in the Borough is weak with demand driven by internal market churn. The Borough is unable to attract large corporates because it does not have the stock, connectivity, and amenities which modern occupiers seek and find in neighbouring Croydon.

4.180 Since the previous study, the Borough has lost stock due to office to residential conversation and redevelopment. Due to issues with viability this stock has not been replaced, which has resulted in low vacancy rates. Small amounts of new build development have occurred, but this has been through mixed-use development and has been occupier-led. When space has been delivered as part of mixed-use development it has resulted in policy contributions such as affordable housing being sacrificed. The rents on new build space have not resulted in office rents significantly improving, therefore not helping improve viability.

4.181 Short-term, the London Cancer Hub growth is likely to be accommodated on site, but as it becomes more established there may be scope for spin-outs or supply chain opportunities, into the wider Sutton town centre.

4.182 Over the plan period, there will be continued demand for space from professional services and those sectors serving the local market, essentially serving an LB Sutton market. This demand should be accommodated through the conversion of existing buildings or as part of mixed-use development in Sutton town centre and Wallington, as these provide the amenities that occupiers seek. Although even when new space is delivered as part of residential mixed-use development because office rents are comparatively low this could place developer contributions such as affordable housing at risk, and hence this proposition should be viability tested through the new Local Plan.

5 Future economic land need

5.1 In this chapter we make an assessment of future economic need. In relation to the planning evidence base, unlike for housing the PPG does not set out a method for assessing future employment needs. The Guidance says that the purpose of an assessment of land availability is to identify a future supply of land which is suitable, available and achievable for economic development uses over the Plan period, but is not prescriptive as to how this should be achieved.

5.2 The Guidance provides a 'shopping list' of factors that the evidence should cover - which includes demand (business requirements, recent take-up), supply (the existing stock of employment land, recent development, employment land lost to other uses, physical / ownership constraints) and the balance between the two (rental values, land values, evidence of oversupply and market failure).

5.3 The Guidance adds that the evidence should estimate the future demand for land and floorspace, based on projections or forecasts; these forecasts should be both quantitative and qualitative and they should be broken down into sectors or market segments. It also lists other information that should be considered, including consultations.

5.4 Plan makers should consider forecast scenarios based on:

- sectoral and employment forecasts and projections (labour demand);
- demographically derived assessments of future employment needs (labour supply techniques);
- analyses based on the past take-up of employment land and property and/or future property market requirements; and
- consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

5.5 Before we consider this list in detail, focusing on labour demand, past take-up and market evidence we first briefly explore labour supply. This is important because the borough has previously used labour supply to derive its economic needs.

Labour Supply

5.6 As noted, the PPG requests that plan makers consider labour supply techniques. In Sutton this approach was first advanced by Lichfields in their 2013 ELR – although they did not recommend this was taken forward as a preferred approach. The 2017 ELR, this time by Boyer also took forward a labour supply scenario which they say mirrored (in terms of assumptions) the earlier Lichfield's work.

5.7 Lichfield's actually warned that a labour supply approach was not robust to apply for a London Borough warning that: "Given the flexible labour market across London borough boundaries, this approach does not usually provide a robust picture of overall future needs but is useful for broad comparison purposes.

5.8 In both reports labour supply generated very low assessments of need.

Why were previous estimates of need, established through labour supply, so low?

5.9 Neither set of consultants have provided their data, detailed methods, or assumptions. But Boyer stated they were re-using the earlier Lichfield's work so we can assume that the various labour supply assumptions are now at least 10 years out of date.

5.10 They also appear to have used 'fixed' demographic assumptions – including fixing commuting at 2001 ratios. Regarding changes to economic activity rates over time

Lichfield's dismissed the boroughs' ability to add additional jobs through increases in economic activity rates (limited scope) which suggests their modelling kept these fixed. They noted rates were already high.

5.11 This is important to note because nationally, over the last 10 years, England has effectively reached full employment. Nationally we successfully added jobs through a mix of increasing economic activity rates (especially at older ages), an increase in 'double jobbing' and part time working, and an inflow of EU migration that helped balance the aging domestic population.

5.12 So nationally we know that the fixed demographic assumptions made in previous rounds of evidence did not play through.

5.13 In Sutton, data from Experian shows that Economic Activity Rates in Sutton did increase despite Lichfield's note of caution. Rates increased for the main working age group but also older ages (65+) as people delay retirement.

5.14 For the main 16-64 group rates increased from 82.5% in 2013 to 85.3% today. Over the same period unemployment fell from 6.3% to 4.9%[35].

5.15 These may appear small changes, but they are applied to the whole population of the Borough.

5.16 It is also important to note that the Borough has delivered more new homes than assumed in the economic modelling. So, the population will be higher and labour supply greater.

5.17 However, conversely, Lichfield's kept communing fixed at 2001 ratios which Experian calculated as small outflow at the time. But the growth of the CAZ since 2001 has resulted in a stronger outflow.

5.18 So, we know that counter to previous evidence, Sutton was able to deliver an increase in labour supply in excess of that assumed by previous modelling work. This is likely to be a combination of demographic assumptions not 'playing through', but also higher than expected housing delivery.

5.19 In summary, the labour market is not fixed, and does not work via fixed assumptions over plan periods. Evidence since the first Lichfield's model run confirms this.

5.20 In the past the impact of these variables – what assumptions to make about future economic activity rates, was hotly debated. This was because if there was evidence of a lack of labour in an area this was considered justification to increase housing need (OAN). But this issue – housing need and labour supply – was firmly disconnected when the Standard Method replaced OAN. Partly because there was no robust and agreed approach to model labour supply with any accuracy.

How many jobs can housing delivery in Sutton support?

5.21 As with Lichfields' approach in 2013, it still remains useful to consider labour supply.

5.22 In some parts of the UK this may be necessary because a council may be promoting many more homes than any previous past trend evidence would suggest. These 'boosted' homes may attract or facilitate economic migration and 'unlock' economic growth.

5.23 But, to avoid a repeat of using fixed demographic assumptions we have instead turned to the Experian model to test labour supply.

5.24 One of the advantages of Experian being applied to planning evidence is that Experian are explicit as regards their population assumptions. Also, unlike a

[35] Note – this data is from Experian economic model and may differ from other sources. The relevance here is that, on a consistent basis these measures both flexed.

demographic model their model 'flexes' their demographic assumptions in response to economic demand.

5.25 The most obvious difference between the Lichfields' approach and Experian's is that Lichfields' uses fixed commuting, whereas Experian flexes commuting – if authority A's economic outlook is positive (a good sector mix, and past growth trends) whereas authority B's economy is weaker the Experian model will look to adjust the commuting between the two. In London, the growth of jobs in the CAZ and especially in the Docklands has grossly exceeded the supply of labour in inner London Boroughs. Using Experian avoids Lichfield's core reservation with their labour supply approach.

5.26 As regards economic activity and unemployment, if the economic model suggests there is economic demand for labour, rather than fix unemployment and economic activity assumptions, these will also flex. As with a flexible commuting assumption this is logical because with jobs available on the market workers will be induced to remain in employment or enter employment.

5.27 What the Experian model does not do is vary the number of homes to be delivered in an area – they always assume that the number of homes implied by the population projections are delivered. So, the number of homes used is that set out in the Sub National Household Projections.

5.28 Here the number of homes in the projections and the Borough's current housing target are very similar. The 2018 population (and household) projections suggest trend-based household growth of around 530 households per annum – which is very similar to Sutton Borough's current housing target (470).

5.29 Here there would not appear to be a significant disconnect in Experian's population / housing assumption from the London Plan target. So, there is a reasonable expectation that the model has taken appropriate labour supply into account.

5.30 From the forecast data we have the number of jobs in the model (which we discuss in a moment) and the model balances labour supply here by increasing economic activity rates further – from 84.4% (16-64) up to 93.4% in 2040. But, conversely unemployment increases from 4.2% today up to 5.4% in the early plan period before falling back to 4.4% by 2040. Commuting remains similar with an outflow which we assume is into the CAZ rather than neighbouring boroughs.

5.31 Were we still discussing OAN and housing need the increase in economic activity rates may suggest a larger labour supply (more homes) are needed. But this is not the objective for this work.

5.32 Instead, the conclusion for our work is that there is strong demand for jobs in Sutton, that the number of jobs shown in the model could be supported by availability of labour. But, without the option to increase the number of homes Experian rely on continued improvements to economic rates to balance the market.

5.33 While we do not have access to previous modelling the most likely reason previous labour demand models generated low economic need estimates was simply because the models chose to fix assumptions we know have flexed and more homes were delivered than expected.

5.34 Finally – while both previous authors presented the labour supply scenario – neither firm recommended their use and Lichfields' actively discouraged the use of a labour supply model to derive economic needs. With 10 years of data since the first labour supply model run, it is clear that this was not an appropriate scenario.

5.35 Knowing this, in the rest of this chapter we discuss the other approaches set out in the PPG focusing on past trends, labour demand and market signals. For the purposes of addressing labour supply, we rely on the fact Experian are assuming a population in line with the Borough's housing target.

5.36 We first discuss industrial before turning to offices.

Industrial

Recap on existing evidence

5.37 As referred to earlier NLP prepared the 2013 ELR that forecast and projected 2012-24. This was updated in 2015 by Boyer's 'Town Centre and Economic Development Assessment' (TCEDA) extending the period to 2016-2031. The employment land requirements in the 2018 Local Plan are underpinned by the assessments in the TCEDA.

5.38 The TCEDA assessed a range of scenarios (job, labour and floorspace change) and the resultant industrial floorspace need 2016-31 ranged in net terms from a negative -51,000 sq m (GLA job growth) to a positive 98,000 sq m (high take up past development rates) [36]. The TCEDA took three labour supply approaches, the middle once of which, based on an uplift on the London Plan housing target (from 363 dwellings pa to 423) identified a net requirement for 25,000 sq m that in gross terms generated a need for 40,500 sq m.

5.39 This was the quantum of need taken forward in the Local Plan. The projected job change[37] on this basis was 419 or 28 per annum, The local plan is based on labour split equally between manufacturing and warehousing.

5.40 The industrial need taken forward in the Plan equates to an average annual need for just 2,700 sq m per annum.

5.41 But at the time the evidence suggested a higher figure. Evidence in both the TCEDA and ELR identified higher past take-up averaging around 6,500 sq m pa over 14 year[38], more than double the labour supply rate.

5.42 The TCEDA also needs correcting as the report adds negative net pipeline to the net requirement figure, but this negative net pipeline should have been added to the gross requirement (i.e. inclusive of adjustments for future losses), as all of this space will need replacing. Thus, the overall net need figure should have been 53,800 sq m (40,500 + 13,300 sq m).

5.43 The TCEDA projected forward the ELR's economic forecast, identifying net demand for 71,126 sq m to 2031 (an average of 4,700 sq m pa) based on a positive gain of 60 jobs per annum overall - 1,043 (70 pa) warehousing jobs and a small loss of 159 (10 pa) manufacturing jobs.[39] In gross terms with an allowance added to reprovide for future losses the requirement for industrial floorspace was 100,000 sq m (86,886 plus 13,308 sq m), or 6,680 sq m pa.

5.44 It is noteworthy that the ELR recommended basing the identification of future requirements on the economic forecast, and while the TCEDA does not specifically recommend an approach it does say that four out of the five projections predict growth and demand remains strong for industrial floorspace If we applied the NPPF's advice to plan positively, we would now plan on the basis of the past trends approach because that is the most positive, albeit marginally.

[36] as shown on Table 60 of the Town Centre and Economic Development Assessment, 2015, Boyer

[37] Table 59 of the Town Centre and Economic Development Assessment, 2015, Boyer

[38] based on B use net completions data from 2001 to 2014

[39] Table 54: Sutton Experian Industrial Floorspace Requirement 2016 – 2031, TCEDA, 2015, Boyer

Past change

So, what has happened in the past?

Jobs

5.45 We look at the period from 2012, and at the present time it is sensible to extend the period only as far as 2019 to avoid Covid 'contamination' in the data, and because 'actual' data[40] is not yet available for 2021 or 2022.

Table 5.1 LB Sutton Industrial sectors – job change 2012-19

	Total	Job change p.a.
Industrial	*415*	*59*
Warehousing	*437*	*62*
Industrial total	**852**	**122**

Source: Experian Economics (Sept 2022 edition) plus Stantec analysis

5.46 In overall terms the past seven years has seen an average of 122 extra industrial jobs added each year. As we identify above the Local Plan (based on labour supply) provides land to accommodate 28 jobs per annum, so around a quarter of what has been delivered.

5.47 Delivery also overshoots the economic forecast that forecast 60 industrial jobs per annum, so delivery has been double that forecast.

5.48 In this respect we note that average warehousing job change over this period has closely matched the TCEDA forecast (70 jobs pa). While industrial job change has been positive after decades of decline, and not the very marginally negative (10 jobs pa) forecast in the TCEDA. Not presented here, but the growth in jobs for both sectors was stronger in the 2015-19 period compared to the earlier years (2012-14).

5.49 The fact industrial job growth has been stronger is not surprising because the older forecasts used would have predated the last-minute mile boom that was already well underway pre-covid. London's manufacturing outlook has been improving compared to older estimates. We also have to consider that the economy moves in cycles and the forecast should be accurate over a longer period.

5.50 The takeaway for the Borough is clearly that the labour supply scenarios underbaked economic needs – the forecast approach was much more aligned to the market but also under-estimated growth but not by the same margin. Looking forwards this re-enforces the need for a flexible supply of land early in the plan period to manage economic cycles.

Floorspace

5.51 Next, we review past trends in floorspace.

[40] The economic forecasters such as Experian use the Government's official published survey data to adjust their forecast- based estimates. This survey- based data (the main surveys being - BRES (ONS Business Register and Employment Survey) and IDBR (ONS Inter Departmental Business Register. There is always a lag with this data, and the latest that has been assimilated into Experian's forecasts is for 2020.

Table 5.2 Sutton industrial – change in floorspace

	Gains (sq m)		Losses (sq m)		Net change (sq m)
	Allocated/ designated	Other	Allocated/ designated	Other	
2011/12	2,846	424	0	284	2,986
2012/13	4,528	324	0	678	4,174
2013/14	0	889	664	507	-282
2014/15	5,178	171	0	384	4,965
2015/16	13,668	79	1,101	1,372	11,274
2016/17	16,837	19	845	1,108	14,903
2017/18	900	120	223	1,848	-1,051
2018/19	7,297	84	0	377	7,004
2019/20	0	4,571	0	333	4,238
2020/21	0	1,555	0	46	1,509
Total	**51,254**	**8,236**	**2,833**	**6,937**	**49,720**
Per annum average 2011/12-18/19					**5,497**
Per annum average 2011/12-15/16					**4,623**
Per annum average 2016/17-20/21					**5,321**
Per annum average 2011/12-20/21					**4,972**

Source: LB Sutton Plan Monitoring.

Nb. where schemes intensify industrial floorspace through redevelopment we only account for the net additional space.

Nb Site allocation S76 Land to west of Beddington Lane is not included in this data because it was not completed in 2020/21.

5.52 As we would hope/expect:

- Gains - very largely in the policy protected/promoted areas.
- Losses have been very light, and largely confined to sites beyond protected/promoted areas.

5.53 The data is very ‘lumpy’ when viewed on a yearly basis. The two ‘bumper years’ (2015/16 and 2016/17) delivered around 60% of the total, and this was largely down to four schemes all located in SIL:

- Beddington Lane – change of use from an existing recycling facility storage and distribution – reusing land formerly in waste management.
- Mitcham Road (Zotefoams) site intensification to extend existing premises
- Oldfields Road – intensification of existing site through redevelopment
- Kimpton Park Way (Site B) – new build on former sewage works

5.54 Past trends are best considered over longer periods of time – the past trend periods (bottom four rows). These smooth the ‘lumpiness’ and indicate that when years are considered in aggregate, change has been very consistent, averaging around 5,300 sq m pa over the most recent 2016/17-20/21 period.

5.55 Thus, delivery over the most recent five years has been double the 2,700 sq m pa Local Plan target, but a little below the 6,680 sq m pa requirement in the economic forecast.

5.56 Not shown in the above table, but in the recent five-year period the new floorspace is 60:40 favour of warehousing. We saw above (Table 5.1) that new jobs delivered are almost exactly split between industrial and warehousing, and because logistics, distribution and data centre activities have lower job densities (requiring more floorspace) compared with the core industrial activities, the delivery of more warehousing floorspace aligns.

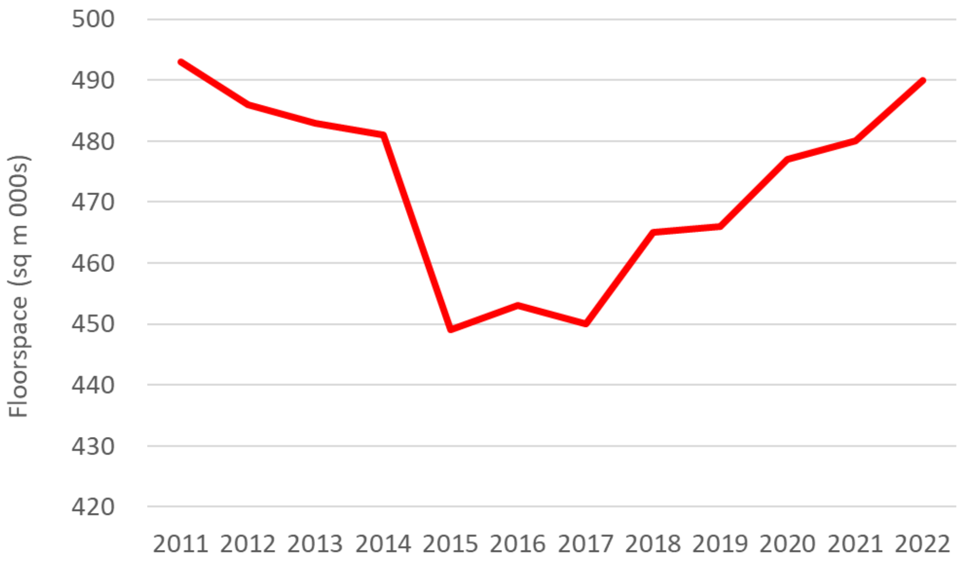
5.57 Thus, industrial jobs and floorspace over the recent past have exceeded the Local Plan minimum requirements by some margin, and exceeded the forecast in terms of jobs, but not floorspace. As referred to above the delivery of new floorspace has been achieved by reusing surplus utility land and through intensification, and the key point moving forward is that to continue past trends will need new land (as well as intensification opportunities).

5.58 Without that land within the designated areas the Borough would not have seen so much development, gaining overall industrial stock while the general trend elsewhere in London has been reduction in stock. As noted above S76 Land to west of Beddington Lane is not included in the past trends as it has only very recently completed adding 20,746 sq m to the industrial stock.

5.59 If we were to project on the basis of past trends, as we see below this– circa 5,000 sq m x 20 years – 100,000 sq m. is a lower demand than that derived from an economic forecast.

5.60 The total stock of industrial floorspace in the Borough is shown in the figure below, and this shows the significant drop of circa 30,000 sq m resulting from the loss of industrial space at Felnex around 2014. However, since 2015 the Borough has seen a steady rise in industrial stock. Not shown in the chart, but the VOA data shows that over the same period all the other south London boroughs experienced a decline in industrial stock.

Figure 5.1 LB Sutton industrial floorspace



Source: VOA (this is combined warehousing and industrial floorspace)

Identifying future need for industrial floorspace

5.61 Below we assess a past trends and an economic forecast-based assessment of future need over the Plan period 2022-42.

Past trends

5.62 Based on the past trends forecast data shown in Table 5.2 above the per annum net change exhibits a very tight range with little difference between the periods. On this basis the rounded ten-year average 5,000 sq m per annum is reasonable to apply. Therefore, applying past rates to project forward over the 20 year plan period identifies a need for 100,000 sq m of industrial floorspace.

5.63 Given that we consider the market to be under-supplied today it is arguable that we should make a further allowance to add flexibility back in the market. To return vacancy rates to 7.5% we would need an additional c35,000 sq m of space (as discussed below).

Economic forecast based

5.64 The method sequence is as follows:

- Identify future job change from the economic forecast
- Convert this to a net floorspace requirement
- Account for replacement of future losses (we have very high occupancy and need more not less space) to identify gross demand
- Identify the available pipeline of supply (existing commitments) to set against this gross demand
- Identify the balance of floorspace / land to find?

Job change

Table 5.3 LB Sutton forecast industrial job change 2022-42

Job change 2022-42	Total	Job change p.a.
Industrial	*1,869*	*93*
Warehousing	*1,070*	*54*
Industrial total	**2,939**	***147***

Source: Experian Economics (Sept 2022)

5.65 The overall quantums are broadly consistent with the recent past from 122 pa to 147 pa, with the forecast for industrial growth moderately stronger (93 pa up from 59 pa). These are considerably higher than the 28 jobs per annum that is the basis of the Local Plan industrial land requirement.

5.66 The sector level detail is shown at Appendix C, future industrial job growth is driven by an upturn in specialised construction activities, but also in manufacturing jobs that more than matches a forecast loss of industrial related jobs in the print/recorded media and in utilities sectors.

5.67 Warehousing growth is at a similar level to the economic forecast in the TCEDA (70 jobs pa), and is driven by the land transport, storage and post sector.

Floorspace requirement

5.68 Planning to meet the much higher industrial jobs forecast that is five times the scale of the Local Plan's 28 jobs per annum target, will inevitably lead to a higher floorspace requirement.

5.69 Table 5.4 sets out the calculation for net floorspace demand. To the job forecasts (row a) a standard density factor is applied (row b) to derive occupier demand (row c).

To allow for some flexibility in the occupier demand it is augmented by the addition of a vacancy factor (row d), and this generates the total occupier demand (row e). A stock vacancy adjustment is also added to reflect any under-supply in the existing stock (row f), with the total net demand in row g. This method is broadly consistent with the method employed in preparing the TCEDA.

Table 5.4 LB Sutton - net floorspace demand for industrial floorspace

		Core industrial	Ware-housing	Total Industrial	p.a.
a	Jobs change (2022-42)	1,869	1,070	2,939	147
b	Density factor (sq m GIA /job)	45.0	66.5		
c	Occupier demand (sq m GIA) [a*b]	84,150	71,187	155,337	
d	Vacancy factor (sq m GIA) [c*8.1%]	6,816	5,766	12,582	
e	Total occupier demand (sq m GIA) [c+d]			167,919	8,396
f	Stock vacancy adjustment (sq m GIA)			36,356	
g	**Net demand** (sq m GIA) [e+f]			**204,275**	**10,214**
h	**Net demand** (hectare) [g @65% plot ratio]			**31.4**	**1.6**

Source: Experian Economics (Sept 2022) and Stantec analysis

5.70 The existing stock vacancy adjustment (row f) is the difference between the existing vacancy rate, which is at an all-time low of just 0.1%, and the 7.5% equilibrium point (the difference being 7.4%), as a proportion of the existing total stock (490,000 sq m) and this is the figure at row f.

5.71 The forecast for total occupier demand (row e) is 8,400 sq m, which is higher than seen in the past (around 5,000 sq m), and this rises to 10,214 sq m when the adjustment is added to make good the historically low current vacancy rates. This is higher than the 6,680 sq m per annum average in the TCEDA and the 7,950 sq m pa identified in the 2013 ELR[41].

Gross demand

5.72 An allowance for future losses is added to the net demand to arrive at the gross demand figure that is then set against the supply to identify the balance to find.

5.73 Future losses are planning permissions and plan allocations that would result in the loss of industrial floorspace.

[41] 2013 NLP ELR table 6.5

Table 5.5 LB Sutton gross demand for industrial floorspace

		Sq m
h	**Net demand 2022-42 (sq m GIA)**	**204,275**
	Industrial losses (add to demand)	
i	Planning permissions	1,374
j	Plan allocations	0
k	**Total future losses** [i+j]	**1,374**
l	**Gross demand (sq m GIA)** [h+k]	**205,649**

Source: planning permissions GLA Kibana up to and including 2020/21 permissions

5.74 There are only three planning permission commitments, all are minor in scale resulting in a loss of 1,374 sq m industrial floorspace. The largest is Unit 3 Stafford Cross Business Park (change of use to sui generis, a 990 sq m loss), the other two are much smaller losses - Ridge Road (loss to residential) and the loss of a very small storage unit on Sutton High Street. There are no plan allocations that would lead to a loss in industrial floorspace. A schedule of schemes is provided at Appendix D.

5.75 Thus, with so few losses in the pipeline there is almost no difference between the net and gross demand.

Available supply

5.76 Next, we identify the future gains in industrial supply that will be set against the demand.

Table 5.6 LB Sutton supply pipeline

	Pipeline	**Sq m**
m	Planning permissions	10,887
n	Plan allocations	27,998
o	**Total supply (sq m GIA)** [m+n]	**38,885**

Source: planning permissions GLA Kibana up to and including 2020/21 permissions

5.77 There are a handful of planning permissions (row m) that are 60:40 in favour of warehousing, with the main gain accounting for half the Row m total being the Beddington Lane change of use permission from waste management to B8. Two light industrial schemes - New Mill Quarter at Phase 3 Felnex and Anchor Business Centre, Beddington Lane account for the vast majority of the remaining supply.

5.78 Three schemes sum to the plan allocations total - Land to west of Beddington Lane (S76) the Prologis scheme that is now completed, but not fully occupied, the remainder of the Felnex site (S1) and a small addition to the Wandle Valley Trading Estate (S56).

5.79 A schedule of the schemes included in the summary table is provided at Appendix D.

Balance - Land requirement

5.80 Table 5.7 sets out the balance and the under supply, which is the balance the Borough needs to find.

Table 5.7 LB Sutton industrial balance

		2022-42	p.a.
l	Gross demand (sq m GIA)	205,649	
o	Total supply (sq m GIA)	38,885	
p	**Under supply** (sq m GIA) [l-o]	**166,764**	**8,338**
q	**Under supply** (ha) [p@65% plot ratio]	**25.7**	**1.3**

Source: Stantec analysis

5.81 So, higher in floorspace terms than the 5,933 sq m pa, and a comparable with the 1.5 ha pa (based on a now outdated 40% plot ratio) identified in the 2013 ELR.

Conclusions - industrial demand

5.82 For industrial land uses the Borough was able to allocate new land for development in the last plan, and has seen positive take-up in recent years. The stock of floorspace has grown – whereas nationally and for all three of the other south London boroughs it has fallen. This influences the past trend analysis, and also, but to a lesser degree, the economic forecast. Economic forecasts are partly informed by past trends, but moderated looking forward. So successful economies are forecast to growth faster – and Sutton has been successful in the past.

5.83 The current Local Plan identified a labour supply based industrial need figure for the 2016-31 plan period of just 40,500 sq m based on just 28 additional jobs annually, split evenly between warehousing and manufacturing.

5.84 Past trends floorspace growth over the past ten years has been much faster than forecast, and land allocated in the 2018 plan was taken up almost immediately. Presently the last Prologis subarea is being developed. So, while projecting forward past trends is a reasonable and defendable approach, with so little land allocated last time, a projection-based approach needs treating with care. Past trends would suggest 100,000 sq m of space.

5.85 The highest scenario flows from the economic forecast. This generates in rounded terms a 200,000 sq m requirement – although only around 170,000 sq m is to meet forecast growth with the balance to address current under-supply. Similar adjustments for under-supply today could also be made to the past trends approach on the grounds that meeting past trends would not address an existing deficit in stock. On a like for like basis the past trends assessment is much closer to the Experian economic forecast than it may first appear. And if we consider that the past may have been constrained (which a 0.1% vacancy rate today would support) it would not be unreasonable to plan for slightly faster take-up, which would align more closely to the Experian forecast.

5.86 So, as a very minimum, simply projecting the past 100,000 sq m is justified. But this does not address today's shortfall, and may not be fully reflective of demand over the plan period. The Experian forecast scenario suggests 200,000 sq m, but its baseline (before adjustments for shortfall etc) is 50% higher than past trends, but does reflect more recent market optimism, which is for faster growth than compared to the past –

a view that could be supported if we assume a new post-Covid normal relies on more logistics and warehousing than previous.

5.87 With need over the 20 year plan period of around 200,000 sq m this would appear to be of a different order of magnitude to the adopted plan. But this needs to be seen in context – the adopted plan used a method we know was not robust, and delivered a projection much lower than other estimates available at the time. We are also now seeing growth in both logistics and industrial manufacturing – both are land hungry uses where even modest job growth needs significant space. This simply reflects the fact that the value in the space is only weakly related to jobs, because the primary purpose of a warehouse is to efficiently manage goods and materials.

5.88 While forecast growth in warehousing jobs is largely unchanged from the TCEDA forecast, it is growth in industrial jobs that have switched from losses to gains that has driven the higher quantum of change identified. The growth in manufacturing employment was not foreseen in the previous evidence base. It is also important to view the very strong industrial need numbers in the context that LB Sutton is a significant industrial area with a sizable stock of larger format buildings. Demand for these is generated by boroughs across London (because these units service more than just Sutton) but, in terms of sites and locations, have historically clustered in Sutton. So, while the 200,000 sq m need is generated for LB Sutton in practice it reflects a growing London industrial economy that has, in the past, clustered in Sutton.

5.89 The 200,000 sq m identified space requirement is roughly a 40% increase on today's stock – over a 20 year period. The scale of growth does not mean that it is not a credible assessment – London lost 20% of its industrial stock over a period of 10 years, which many now note was too much, and has resulted in a tight and constrained market in 2023. So strong swings in demand and floorspace does not mean the assessment is not robust, but delivering this magnitude of new space will clearly be a challenge.

5.90 Delivering this space via industrial intensification would require redevelopment of the equivalent of every existing site increasing its floorspace by 40%. This is a good aspiration, but the scale of redevelopment needed means it would not, without further work, appear credible.

5.91 So, it is very likely the Borough will need to work with others including the GLA, to address this need in full. Given the scale of the growth – and the fact that it is generated to service London more widely, this could be considered a strategic issue of wider than Sutton interest.

5.92 It is noticeable that Croydon, who updated their economic evidence in 2020, paints a complex picture regarding warehousing and logistics, and concludes using an Experian forecast suggesting a need for around 80,000 sq m of B8 space. However, they do not appear to address the lack of supply at their base date, adjusting only for future vacancy (8%), but not addressing their 1.9% vacant stock at their base. We do not know why this adjustment was not made given the current imbalance in the market. But there is no one universal approach, but were adjustments made to meet current under-provision, Croydon's industrial need would increase. Setting aside the scale of the growth, the Croydon evidence makes very similar observations regarding the ability to deliver new additional space as this work.

5.93 As a possible route forward – our assessment is for a long plan period. So not all the space is needed today or before any reasonable plan review. There is a clear and pressing need for around 100,000 sq m of space – to address todays shortage and short-term growth. But after that, space is not needed until the middle of the plan period.

5.94 If the short-term space can be identified to be delivered quickly, there is scope to seek a more master-planned route to address the balance – in line with London

Plan's expectations regarding intensification. Boroughs are tasked with helping create intensification opportunities in the London Plan. If the forecast is proved to be too optimistic, then any corrections can be made via a review. This would also align with a period where we hope intensive industrial formats have reached a point of being mainstream viable, and a robust route to address large-scale demand outside of pilot projects.

5.95 This would also reflect the uncertainty in any plan period estimate of need – we know that there is pressing short-term need as evidenced by market data. Market evidence and opinion alight to confirm that there will continue to be strong demand for the short-term period. But in the middle period the assessment relies more heavily on the economic forecast alone and, as the forecasting houses recognise, their longer-term forecasts are always more uncertain. Agents are very cautious at expressing firm opinions over the long term.

5.96 These uncertainties, mostly on the positive side at the moment, can only reinforce a recommendation to grow the stock of floorspace at every opportunity, but in a way that appeals to the Borough's industrial strengths which – as discussed – are largely associated with major, uncomplicated by conflicting uses, SIL. If the London Plan's aspiration to meet industrial needs via intensification is to succeed this stock of land will be needed for the hardest to accommodate uses including logistics.

5.97 As noted, there is a need to discuss strategic industrial needs with neighbours – the bulk of the floorspace need is footloose logistics where borough boundaries are irrelevant to the market. The Croydon evidence is prepared slightly differently and does not (appear) to address current under-supply, but raises similar supply-side issues and concerns as this study.

Office

5.98 For very obvious reasons there is limited merit looking back at previous pre-Covid evidence. This is partly due to Covid, homeworking and changing working practices; but also because Government released controls on office losses, which means projecting forward past trends is not pragmatic, because the losses have been so considerable, but may not reflect the future. Economic forecasts identify the number of jobs and not floorspace – and it is the relationship between floorspace and jobs that was broken before Covid, and the disconnect has if anything been amplified in the period since.

5.99 The impact of Covid is not clear because firms have yet to return to a 'new normal' and reading market signals, including agents reports, is complex because reports are often influenced by 'boosterism' – an agent commissioned to input into planning evidence rarely looks to talk down their market. Indeed, early in Covid (late 2020) some mainstream agents research suggested that post-Covid would need more office space due to physical distancing and a requirement for larger meeting room space.

5.100 In line with pre-Covid expectations, Sutton's previous evidence suggested office sector growth that would translate into built floorspace. The older Lichfields' work, the Boyer 2015 update, and GLA evidence all suggested a positive need for additional office floorspace. At the time of the Boyer work the pipeline for employment floorspace was a total loss of 92,256 sq m with most coming from office prior approval applications (73,824 sq m), with over 71 such applications approved between May 2013 and January 2015, which equated to 44% of Sutton's total office floorspace.

5.101 The Boyer study identified that this loss of office floorspace and the growing need generated an office land requirement of 3.1 ha under the economic forecast (Experian) job scenario. The GLA job growth scenario identified a 2.7 ha requirement, whereas a past completion rate generated a negative requirement (a 0.9 ha over-supply). For the London Plan housing target scenario there is a floorspace requirement range of 1.3-1.4 ha.

5.102 The 2015 Boyer study concluded that the level of office floorspace to be planned for may need to be linked to the aspirations of the Council relating to its transport strategy and the majority of growth should be planned for sustainable locations such as Sutton Town Centre. The study suggested the Council should plan for between 29,000 and 36,500 sq m of net office floorspace if seeking to encourage economic growth. Ultimately, the Council took forward a different office floorspace figure and included that within the subsequently adopted Sutton Local Plan. The figure – based on Scenario 5b – that was linked to a 'Labour Supply Growth' option that utilised a housing growth target similar to that set out in the Sutton Local Plan. This was based on 423 additional dwellings per annum that generated an office job requirement over the 15 year Plan period of 577, or 38 office jobs per annum.

Past change

5.103 We again look at what occurred in terms of change in office jobs and floorspace in the past - the period being 2012 to 2019 for the reasons explained earlier.

Jobs

Table 5.8 LB Sutton office sectors – job change 2012-19

	Total	Job change p.a.
Office	**-3,712**	**-530**

Source: Experian Economics (Sept 2022 edition) plus Stantec analysis

5.104 The change in office-based jobs over the period has been very different to the GLA projection and the Experian economic forecast. The 2015 Boyer update projected an office jobs gain of 38 per annum, the 2013 ELR estimated between 123-251 new office jobs pa, whereas the evidence indicates that between 2012-2019 each year 530 office jobs were lost.

5.105 We have 'drilled' into the data to try to identify the reasons for this. Firstly, over this same period Croydon in comparison shows a very healthy growth in office-based jobs, some 6,000 or 858 pa, thus Sutton's losses are not symptomatic of a sub-regional issue. Sutton's total office-based jobs dropped from 22,300 in 2012 to around 18,500 in 2019. The two key sectors that have seen a fall in jobs are the admin/support activities where over 4,000 jobs have been lost. Here the key area has been jobs connected to private security activities with over half the loss between 2015-17. Then jobs in media activities, and specifically publishing of newspapers and journals/periodicals, which has lost over 1,000 jobs over this period.

5.106 Counter-balancing the losses to a small degree is an increase in the number of professional services jobs. It is worth noting that a large element of the office floorspace requirement is driven by population growth; an expanding population requires more 'people servicing' activities and this is what particularly drives the professional services sector.

Floorspace

5.107 In assessing the future floorspace requirements, the calculation has excluded development at the Marsden Campus from the analysis because it is specialist site specific R&D floorspace.

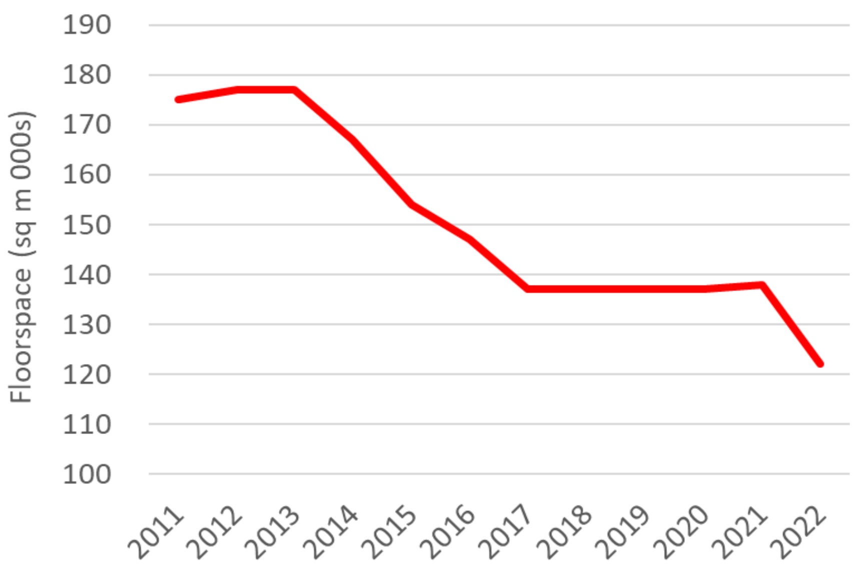
Table 5.9 Sutton office – change in floorspace

	Gross gains (sq m)	Gross losses (sq m)	Net change (sq m)
2011/12	190	8,415	-8,225
2012/13	1,140	787	353
2013/14	801	3,610	-2,809
2014/15	63	19,164	-19,101
2015/16	552	13,460	-12,908
2016/17	14,323	31,913	-17,590
2017/18	0	19,363	-19,363
2018/19	112	6,363	-6,251
2019/20	76	13,882	-13,806
2020/21	783	1,353	-570
Total	**18,040**	**118,310**	**-100,270**
Per ann ave 2011/12-18/19	**2,148**	**12,884**	**-10,737**
Per ann ave 2011/12-15/16	**549**	**9,087**	**-8,538**
Per ann ave 2016/17-20/21	**3,059**	**14,575**	**-11,516**
Per ann ave 2011/12-20/21	**1,804**	**11,831**	**-10,027**

Source: LB Sutton Plan Monitoring.

5.108 The past ten years has seen a dramatic reduction in office floorspace with as indicated in Table 5.9 above, approximately 120,000 sq m lost. As we see from the figure below this rate of loss has reduced the office floorspace in the Borough by around a third.

Figure 5.2 LB Sutton office floorspace



Source: VOA floorspace statistics   It is likely that the VOA data includes new stock delivered over this period at the Marsden campus, which we have excluded from the analysis of the monitoring data.

5.109 Thus, rather than the office floorspace gain of 1,533 sq m pa identified in the Local Plan as recommended by the 2015 ELR Update, or the 3,593 sq m pa forecast through the Experian economic forecast, net change over the past decade has been a negative 10,000 sq m pa. This is a huge difference between what was projected and what was delivered.

5.110 The 2015 TCEDA will have seen the PDR changes on the horizon, but did not consider the scale of impact. As shown above the losses were heaviest in the mid-2010s prompted by the combination of the structural shifts in the office market post financial crisis that was particularly hard felt in secondary office locations reliant on back-office functions, the financial incentive of residential development over commercial, and the means of delivery via the relaxation of PDR rules (as discussed in the current Local Plan).

5.111 There has been virtually no new office (re)development over the entire period. The only gain of any significance being the former Council MSCP site at 40 Brighton Rd that was redeveloped in 2016/17 for the Subsea 7 office building.

5.112 What is of interest is that based on the office floorspace figure from the VOA, and the latest estimate of office-based jobs, the job density for office workers in the Borough in 2019 was 7.4 sq m per job. This is a high density, much higher than the London average which is around 12 sq m per job. This suggests two things - the remaining office space is being utilised in a very space efficient manner and secondly it is likely a sizable number of those jobs are not office based. As this is the prevailing office job density we run two scenarios – the benchmark London average and the specific rate identified for LB Sutton.

Future change - economic forecast based

5.113 The GLA did publish a revised LOPR in 2017 that projected office job growth of 115 jobs pa, so a little lower than the GLA 200 jobs pa reported in the 2015 ELR. However, so much has happened at the macro-economic level since 2017 that we have to set that projection aside. Instead, we turn to the economic forecast.

5.114 Following the same approach as for industrial assessment forecasting over the Plan period 2022-42.

Job change

Table 5.10 LB Sutton forecast office job change 2022-42

Job change 2022-42	Total	p.a.
Office	**3,728**	**186**

Source: Experian Economics (Sept 2022)

5.115 This increase in jobs is forecast to be largely in professional services and the associated admin and support activities. While the past has seen a huge restructuring of the Borough’s office sector provision, and a substantial reduction in its scale, economic growth has occurred in other Boroughs such as Croydon. While in the short term there is no indication that the office market will ‘spark back into life’, over the lifetime of a 20-year plan it is entirely feasible for a recovery of the office-based economy, and a growth figure of approximately 200 jobs per annum is modest in the context of Sutton’s current total of approximately 20,000 office jobs.

Floorspace requirement

5.116 Table 5.11 sets out the calculation for net floorspace demand starting with the job forecast (row a) and then following the same approach as that applied for the calculation of industrial floorspace, with one exception. Office floorspace is calculated as NIA (Net Internal Area) because the HCA (Housing and Communities Agency) density factor is calculated thus, and then converted to GIA by using a factor (an increase of 15%) suggested by the HCA.

Table 5.11 LB Sutton - net demand for office floorspace

		Scenario 1		Scenario 2	
		based on 12 sq m / job London ave		based on 7.4 sq m / job LB Sutton ave	
		Total	p.a.	Total	p.a.
a	Jobs change (2022-42)	3,728	186	3,728	186
b	Density factor (sq m NIA /job)	12.0		7.4	
c	Occupier demand (sq m NIA) [a*b]	44,739		27,470	
d	Vacancy factor (sq m NIA) [c*8.1%]	3,624		2,225	
e	Total occupier demand (sq m NIA) [c+d]	48,363		29,695	
f	Stock vacancy adjustment (sq m NIA)	5,445		5,445	
g	Net demand (sq m NIA) [e+f]	53,808		35,140	
h	**Net demand (sq m GIA)** [g/0.85]	**63,304**	**3,165**	**41,341**	**2,067**

Source: Experian Economics (Sept 2022) and Stantec analysis

5.117 The existing stock vacancy adjustment (row f) is the difference between the existing vacancy rate (3%) and the 7.5% equilibrium point (the difference being 4.5%), as a proportion of the existing total stock (122,000 sq m).

5.118 The net demand in GIA terms for the next 20 years on a per annum basis (row h) in both scenarios is less than the 3,593 sq m pa forecast in the 2015 ELR Update, but more than the 1,533 sq m pa taken forward in the Local Plan, albeit the Scenario 2 figure is comparatively close. Both scenarios are positive rather than the negative change office in LB Sutton has experienced over the recent past (2012-19).

Gross demand

5.119 The addition of an allowance for future losses produces the gross demand set out in the table below.

Table 5.12 LB Sutton gross demand for office floorspace

		Scenario 1	Scenario 2
		Sq m	Sq m
h	**Net demand 2022-42 (sq m GIA)**	**63,304**	**41,341**
	Office losses (add to demand)		
i	Planning permissions	24,445	24,445
j	Plan allocations	0	0
k	**Total future losses** [i+j]	**24,445**	**24,445**
l	**Gross demand (sq m GIA)** [h+k]	**87,748**	**65,785**

Source: planning permissions GLA Kibana up to and including 2020/21 permissions

5.120 The extant planning permissions that will lead to a loss of office floorspace sum to almost 25,000 sq m and this pipeline loss is added to the floorspace need to retain the jobs. The sum largely relates to two schemes – Sutton Park House and St Nicholas House, which together account for 20,000 sq m. A schedule of schemes is provided at Appendix D.

Available supply

5.121 An analysis of known supply is set out in Table 5.13 below.

Table 5.13 LB Sutton office supply pipeline

	Pipeline	Sq m
m	Planning permissions	6,165
n	Plan allocations	**0**
o	**Total supply (sq m GIA)** [n+o+p]	**6,165**

Source: planning permissions GLA Kibana up to and including 2020/21 permissions

5.122 The main planning commitment for office/R&D space is at Felnex, which accounts for two-thirds of the permission floorspace. The only other notable positive is Ann Boleyn House, Cheam that will add 1,000 sq m of office.

5.123 The only plan allocation (other than Felnex) is Vulcan House, Restmor Way (S4). However, redevelopment is unlikely to add additional office floorspace.

5.124 A schedule of all the schemes included in the summary table is provided at Appendix D.

Balance - floorspace requirement

5.125 Table 5.14 sets out the balance and the under-supply, which is the balance the Borough needs to find.

Table 5.14 LB Sutton office balance - 2022-42

	2022-42	Scenario 1		Scenario 2	
		Sq m	p.a.	Sq m	Sq m
l	Gross demand (sq m GIA)	87,748		65,785	
o	Total supply (sq m GIA)	6,165		6,165	
p	**Under supply** (sq m GIA) [l-o]	**81,583**	**4,079**	**59,620**	**2,981**

Source: Stantec analysis

5.126 In both scenarios the requirement (row p) is higher than the 23,000 sq m Local Plan figure that was equivalent to 1,500 sq m per annum. However, the recent past is heavily influenced by PDR losses and a major restructuring of the Sutton office market. The Borough has, or will soon reach, the equilibrium point, where office-based economic growth will need new floorspace, the key indicators suggest this – low vacancy/availability high job densities and forecast office job growth.

5.127 Thus, although currently and in the short-term office development is not likely, in the medium to longer term as demand rises, it is likely to occur.

Office demand conclusions

5.128 The Council has a duty to meet identified need following the PPG, while at the same time being positive and realistic. This is obviously hard in the current context – past trends are weak (negative) for both floorspace and jobs. The forecasts, both GLA and Experian remain positive. But as noted, these are forecast jobs and not floorspace. The Experian forecasts presents a credible view regarding jobs, and following guidance and best practice we have transcribed these into space requirements using two scenarios (defined by different credible floorspace per job densities).

5.129 The economic forecast indicates future growth at a level that over the plan period would return Sutton's stock to a level not seen since the early 2010s. As we say above, there will undoubtably be some upturn in demand in the medium term, but a return to pre-PDR seems very unlikely, and we need to consider this, especially in the context of a past trend of hugely negative change, albeit now there is very little 'slack' in the market.

5.130 A pragmatic approach will be to focus on the short to medium term – for example, the first five or 10 years of the plan and allocate sites / formulate development strategies to ensure there is opportunity and choice in the market given current availability and pipeline opportunity are so low. The current plan's Site Allocations policy (Policy 40) allowing stand alone office to come forward where promoted on sites allocated for other uses is one such pragmatic policy strategy to identify sites where office development could come forward.

5.131 The Council still needs a strategy to meet need in full but, as is common practice with any development plan, the further in the future the need then the less detailed the policy response. A short-term pipeline should be quantifiable and have a reasonable prospect of delivery.

5.132 Thus, the plan should identify how it will accommodate the approximately 1,000 extra office workers that Sutton's economy is forecast to generate in the first five years (186 new jobs per annum). It is possible these could continue to be absorbed in the existing office stock, but floorspace densities are high, and as an absolute minimum based on the current prevailing floorspace per job density (Scenario 2) the plan could make provision for the approximate 15,000 sq m of new space that would be required to accommodate these jobs or continue to rely on the flexibility offered on the Site Allocations policy.

5.133 We look at supply in a later section, but here we point out that meeting this level of need is consistent with the existing Local Plan's place shaping strategy for Sutton town centre. The long-term impact of the economic shocks means that strategy will need adjustment, with for example some of the former retail space suitable for some smaller office uses and providing a 'walk-to-work' supply of flexible space that would be first preference to meet economic needs. It does appear that the aspiration for general office format jobs at the LCH is not being delivered in practice, and although it may still be delivered in the future, it would be high risk to rely on this in the Plan as a key element of future supply.

5.134 We do not yet have an updated GLA view of forecast jobs or floorspace requirements – GLA workstreams appear heavily delayed (as with others) and this lack of strategic direction is a concern. As noted in the economic profile and labour supply discussion above, it looks as though many more people now commute into the CAZ than earlier evidence assumed. We suspect these are mostly office workers – so the future of Sutton's office market, and the need for space here is directly linked to future ways of working and the balance between the CAZ stock and that within Sutton. A critical future question in this regard in London as a whole is what may happen to the very significant GLA supported office pipelines – including significant growth in offices as part of various Opportunity Areas.

5.135 As noted above, having no positive land supply in the Borough is a critical issue because it means the Borough cannot respond in a planned way to unexpected events such as if a large firm, existing or new entrant were to seek a new headquarters in the Borough. Fairly obviously it would be best if any such ‘windfall’ opportunities were directed into the town centres, and given the site allocations include town centre sites this is the pragmatic means to provide the flexibility to accommodate this.

5.136 For future plan-making the need is as identified above – an absolute minimum over the 20 year Plan period of 60,000 sq m in rounded terms, with sufficient land identified to accommodate new office growth for at least the first five years – 15,000 sq m. However, given the uncertainties in the office market, we suggest expressing this in terms of jobs rather than floorspace. As a guide this would need the amount of floorspace we have identified (minimum of 60,000 sq m) – as more evidence becomes available this translation should be reviewed.

5.137 A key piece of evidence in this respect will be commuting patterns that will identify the numbers working from home. These will be available in the near future from the 2021 Census. That data will be highly likely to result in a downward assessment of need because we have no evidence at this time to make an adjustment for increased homeworking that will not need new built space.

6 Potential future supply

6.1 In this chapter we consider the potential future supply of land to meet the need for new floorspace for industrial and office uses.

6.2 In Sutton, as with most London boroughs, the scope for new land for employment use is very restricted because of the intense competition for land from many uses and the constraints on development opportunities given issues such as environmental or landscape designations and proximity to sensitive receptors.

6.3 Sutton's office provision and any future demand will be restricted to town centre locations, as there is not and never has been provision of office parks. In the more recent past additional industrial provision has been delivered on recycled water utility land – predominantly redundant sludge beds.

6.4 As directed by the London Plan meeting industrial need in the future will be primarily through intensification of existing industrial sites. However, as we explain elsewhere the scope to do so is severely curtailed in the short to medium term because it is generally unviable to deliver intensified industrial formats just about anywhere in London at the moment. However, the London Plan requires Councils to seek to intensify their industrial stock, and so we look there first. It is the case that within the industrial areas there are non-employment uses, and some of these may in due course offer scope for redevelopment for employment uses either in part or in whole. While viability is clearly an issue in the short to medium term, the London Plan assumption is that intensified formats will be viable and able to meet needs. So, the key question is how to address short-term demand while protecting the stock to allow for viable intensification in the future.

6.5 The London Plan also requires consideration of co-location potential where redeveloping employment land, providing residential as part of the mix. But, while such redevelopment can provide new modern floorspace, it is unlikely to deliver net additional. Therefore, this approach is only for the Borough's local SEIAs and not the SILs where it would be inappropriate to introduce residential uses.

6.6 The macro-economic 'shocks' of recent times has led to structural shifts in the way we undertake shopping and leisure, and we are beginning to see examples of mixed-use redevelopment schemes of retail/leisure 'boxes' that include elements of employment uses. This is a relatively new and emerging trend, but could well be a significant means of meeting industrial need. We therefore consider those sites that we think could offer scope.

6.7 Sutton's new Local Plan is at an early stage of preparation with Issues and Preferred Options consultation set for later this year. A Call for Sites (CfS) exercise was also recently advertised, with some new sites emerging from that process. As the CfS has yet to be reviewed and published the site details cannot be disclosed. This study therefore refers to land promoted for employment use in aggregate terms. It will be for later in the plan preparation process for the Council to work with promoter/owners to determine availability and owner commitment, the potential scale of provision, and deliverability.

6.8 In this report we identify areas within the SILs which may be suitable for intensification and market attractive in the longer term. At this stage we also set aside the short-term viability issues that are at play in our assessment.

6.9 Based on the assessment and conclusions reached in the need assessment (chapters 4 and 5), the balance of supply to be found is:

- **Office** - accommodate the approximately 1,000 extra office workers that Sutton's economy is forecast to generate in the first five years (186 jobs pa). It is possible these jobs could continue to be absorbed in the existing office stock, but floorspace densities are high, and on that basis (the Scenario 2), the plan should make provision for the 15,000 sq m of new floorspace that would be required to accommodate that number of jobs.

- **Industrial** – this study considers future land supply for the industrial sector in aggregate - light industrial, general industrial and the local/strategic logistics and distribution sectors because the market repeatedly tells us that the need for accommodation for all these activities share common site and location characteristics, and so there is no need to distinguish and indeed better to let the market decide. The requirement for new floorspace over and above what is already committed is 167,000 sq m, that in land terms at a London Plan compliant 65% plot ratio would need 26 ha.

Scope within existing supply

6.10 In the demand assessment in the previous chapter, we considered planning permissions and plan allocations – existing committed land/ floorspace - with these summing in the case of industrial to 38,885 sq m, and 6,165 sq m in the case of office. However, the need is beyond what is in the confirmed supply, and next we consider where future potential supply could be delivered through intensification within the existing designated supply. We firstly consider the need for land for industrial uses because that is the much larger requirement, and then we turn to potential supply for office.

6.11 In terms of potential supply of industrial land we identify:

- Specific parcels within SIL subarea(s). then
- The existing use, which is either an employment use where there is scope for intensification, or a non-employment use which may offer significant scope for new employment floorspace.
- At this time there is insufficient information to assess phasing and the potential scale of the opportunity, so the assessment is very high level.

Table 6.1 Potential opportunities for industrial intensification within Designated Areas

ID	SIL area	Parcel(s)	Existing use	Period	Potential scale of opportunity
1.3	Beddington South	The Asda site, due to its size and low density, provides an opportunity for redevelopment for industrial/warehouse use, subject to the constraint of the high voltage overhead cables. The Best Way unit could provide scope for site intensification, subject to the constraint of the high voltage overhead cables. The TGM Environmental (112 Beddington Lane) facility may be released, and would be suitable for industrial uses, but is small (0.2 ha). The dated logistic units to the east of Affinity Croydon also provide scope for comprehensive redevelopment, over the medium to longer term, especially if combined with Profile Business Park to the south.	E and B class	Short/medium and long	Large
1.4	Beddington Central	A number of the sites around Beddington Lane (training centre and concrete batching plant etc.) could in aggregate present a good intensification opportunity, subject to the constraint of the high voltage overhead cables. The larger sites of Royal Mail, MetroBus depot and Travis Perkins are longer term potential intensification opportunities.	F1(a) and open yard B class Sui generis	Medium and long	Large
1.5	Beddington central core - Beddington Cross	Waste site (S1 777) that is to be released, has potential for employment use, albeit that it is small in nature at one ha, so alone would not be suitable for site intensification. If combined with neighbouring sites, which have dated units would provide greater scope. Dated units along Coomber Way, Beddington Cross, and West of West of Beddington Lane provide scope for intensification over the medium to longer term if site can be parceled together.	B/ sui generis	Short, medium or long term	Medium
1.6	Beddington east - Valley Point & Stirling Way Industrial Estates & Brazil Close	The older larger units at Brazil Close could be suitable for redevelopment over the longer term, but net increase in floorspace may be marginal.	B8	Long	Small
1.7	Beddington - Red House Road /Croydon Road Industrial Area	The older units to the rear present an opportunity for redevelopment, but these have high site coverage therefore redevelopment may not lead to a net increase in floorspace.	B class	Medium	Small
3	Imperial Way SIL	The Open Reach Training Centre (F1(a) use) would be suitable for redevelopment to deliver employment floorspace.	F1(a)	Medium to long	Medium

Source: Stantec analysis

6.12 These subareas are mostly occupied by existing industrial stock, but some do include other uses most notably large retail ‘boxes’ such as Asda and Best Way in Beddington South, but some do contain uses such as waste (Beddington Cross and south) and training centres (Imperial Way).

Potential new industrial land

6.13 Next, we turn to consider potential new land for employment uses, with the areas with potential being:

- the Tesco site immediately south of the Kimpton SIL; and
- land at Beddington, albeit this is land within the MOL and Wandle Valley Regional Park.

6.14 While we need to make clear that we have had no contact with Tesco and have not seen any indication that redevelopment of the site is under consideration, we include the site as a hypothetical scenario because the Tesco’s store has direct access on to the A217 and immediately adjacent to Kimpton SIL is an attractive location for industrial occupiers and developers, and in the fullness of time (which could be within the Plan period), sites such as this are likely to be redeveloped. Should the site be redeveloped solely for industrial uses, and at plot ratio minimum (65%) and median (100%), the overall 2.5 ha could deliver between 16,250 and 25,000 sq m.

Table 6.2 Sites outside of employment areas

Area	Area	Potential scale of opportunity	
	ha	@65%	@100%
Tesco, Kimpton	2.5	16,250	25,000

Source: Stantec analysis

6.15 We are not aware of any other sites outside of industrial areas that offer the same level of opportunity.

6.16 Finally, we consider land adjoining the Beddington SIL. All of these, both those that came through the CfS and other sites that we have identified are located within the MOL.

Table 6.3 Beddington sites within the MOL

Area	Area	Potential scale of opportunity	
	ha	@65%	@100%
Beddington CfS	6.1	39,845	61,300
Beddington redundant settling beds	7.5	48,750	75,000
Totals	**13.6**	**88,595**	**136,300**

Source: CfS submissions and Stantec analysis

6.17 In the first line of the table above we aggregate the two sites in Beddington promoted for employment use through the CfS[42], then in the second line we consider the potential floorspace scope from a further 7.5 ha of former settling beds. Together the 13.6 ha could potentially deliver 136,300 sq m if developed at 100% plot ratio. However, the former settling beds are within the MOL and part of the Wandle Valley Regional Park.

6.18 There remain two issues with this approach:

- Such high plot ratios are not consistent with market requirements; and
- Achievable rents and build costs are (in at least the short term) not conducive to intensive forms of industrial development.

Office supply

6.19 As discussed above, the economic forecast estimates that over the 20-year term of the new Local Plan around 3,700 jobs will be generated that fall into office type job categories. The workers in these jobs would ordinarily require additional office floorspace. However, technological advances and changing working practices mean that this link has been broken, and for various reasons such as a much higher preponderance to work from home, and reduced space requirements, the quantum of new floorspace needed for office activity is now likely to be reduced, albeit there remains some uncertainty how this will evolve over the medium to longer term.

6.20 We recommend a pragmatic response to this situation, which is to provide space for the immediate next five years to accommodate the almost 1,000 office jobs that are

[42] We do this because the CfS has not been published and there is a need to retain site/promoter confidentiality .

forecast to be generated in the Borough over the first quarter of the plan period. Having capacity to deliver a minimum 15,000 sq m of office floorspace will ensure that the Council is able to accommodate a short-term requirement should such arise.

6.21 This office requirement is likely to be best achieved by seeking office floorspace as part of mixed-use redevelopment schemes within Sutton and Wallington town centres, an approach that aligns with the Council's place shaping strategy. A number of sites within Sutton town centre have been promoted through the CfS for mixed use redevelopment involving Class E uses, and because town centre sites are the best prospect of delivering new office floorspace, the Council should proactively seek office as a part of the mix on all suitable sites.

6.22 Although flexible office workspace will face competition from other uses that fall in Class E, the attractiveness of this space for office use will be that it can provide modern accommodation, which is currently lacking in the Borough. New office space will be attractive to occupiers (individuals such as freelancers and micro-businesses) because it allows them to separate work and home life in a flexible way (most operators offer a range of packages from day to rolling monthly passes). New space would also allow occupiers to have a workspace which they may not be able accommodate at home without the need to travel to central London locations. We have seen the start of this market in Sutton with Regus taking space new space at Sutton Point and notable schemes elsewhere in south London such as the Arc Club taking new space at the Sunday Mills development in Earlsfield, Wandsworth.

6.23 Thus, although the scale of opportunity for new office floorspace provision as part of mixed-use redevelopment within Sutton and Wallington town centres is difficult to gauge precisely; the emerging type of co-worker spaces, and also possibly last mile delivery spaces, are evidently possible in these centres.

6.24 Another source of office supply that again cannot be quantified, but has a reasonable prospect of coming forward, is former retail/leisure space. We are seeing elsewhere, specifically in Inner London, mixed use schemes involving office/light industrial uses on former bulky goods stores and 'big box' cinema buildings. Over the lifetime of the Sutton Local Plan there will be reasonable prospect that some of these will come forward.

Conclusion

6.25 In summary:

- While there may be sites that could have scope for intensive industrial development, no such sites with a willing owner were promoted through the CfS. Development economics are currently such that redevelopment for anything other than conventional modern units (for which we do see schemes coming forward) is ruled out.
- The new land opportunities for sites currently in non-employment uses is restricted to the existing Tesco, Oldfield Road, but it is acknowledged that this is currently a hypothetical scenario.
- Thus, certainly in the short to medium term, the only sites that have any potential of delivering new employment space are the Beddington area sites, but these are located in MOL and are part of the Wandle Valley Regional Park. Highway capacity limitations on Beddington Lane are acknowledged to constrain development and will require capacity upgrades to facilitate more large-scale development. But these sites, if developed to 100% plot ratios could in aggregate deliver most of the Borough's industrial need (circa 136,000 sq m of the 167,000 sq m).

6.26 For Sutton, and any development plan, there is an obvious challenge in that landowners are not currently promoting sites for intensification – partly because they are aware of the viability challenge; but also, the ideal solution to address the heaviest of uses (e.g. SIL uses) would be to identify and allocate more SIL land. However, those advising landowners would never advise their clients to (willingly) accept a land allocation scenario that limits their future options. The GLA is looking to address this via intensification pilots, to demonstrate deliverability and to build market confidence, but presently as we show in the property market assessment chapter (chapter 4), there are few examples across London where this has been proven to work and be delivered on a commercially viable basis.

6.27 As advice to address any shortfall, the Council cannot simply wait to be offered land. One initial action to help move towards a possible solution is to have a discussion with Croydon about its aspirations to reconfigure its industrial portfolio. Any loss in Croydon's capacity will have a direct impact on Sutton – where the portfolio is already full – and so a joined-up solution may be beneficial for both authorities.

6.28 There is a role for some limited capacity work around the SILs – focusing on land parcels within the subareas, and the technical and financial barriers to delivering these parcels.

6.29 We say limited because the intensification 'ask' is, in principle simple. To deliver industrial intensification needs clear and uncomplicated development parcels that can accommodate the bulk of the buildings and be located where the externalities associated with SIL activity can also be intensified (i.e. access and servicing needs to support more traffic etc). In line with the London Plan, the Council's starting point needs to be to explore how SILs can be maximised for appropriate industrial uses first, as given the market, there is a clear need and demand for these core uses.

6.30 For offices – our need assessment generates a positive requirement. This is based on an expectation of continued office job growth. But there are clear risks in that job growth will not transcribe into floorspace growth.

6.31 In this work we have identified that space is already intensively used already and there is little vacant space. Regardless of the longer-term outlook a short-term policy response is needed.

6.32 We have advised that the plan needs a firm strategy, at least for the early years where it can demonstrate a positive pipeline.

6.33 This is needed to manage the risk that office floorspace demand will return, and that the Council does not have a portfolio to match. This could be because firms move out of the CAZ, a post-Covid 'work local' trend increases the need for walk to work flexible office space, or even that firms demand a return to traditional office space for whatever reason.

6.34 This recommendation does not excuse the plan from identifying a strategy to meet needs in full could rely on less specific regeneration type proposals. As part of a longer- term strategy there a need to engage with the GLA and neighbours because the office market operates across a larger geography than just LB Sutton. At the moment the GLA has yet to update its strategic office evidence. It maybe that there are other locations in London that are more appropriate to direct significant office growth (should it emerge). It will be important to review the office quantum of need as soon as possible after the GLA provides updated guidance. It would not be inappropriate to set our estimate of office need aside should the GLA provide a robust alternative that is consistent with the London Plan and its spatial strategy for the London Office market.

7 Conclusions

Overview

7.1 This report sets out the findings of an employment land and economic development needs evidence base study that will inform preparation of the new Sutton Local Plan.

7.2 The study assesses the Borough's economy, the existing employment property market, the need for new employment land (quantitative and qualitative need), the market's ability to deliver new space, and the potential for new supply. The study highlights how being a London borough is critical to the consideration of the need for employment floorspace. London is acutely under-supplied with industrial floorspace, and office requirements are focused on the CAZ and the various Opportunity Areas. The recently adopted London Plan also further specifies how industrial and office uses should be accommodated. This study identifies the future need over the plan period for more industrial land, and how best to accommodate future new office sector jobs.

7.3 The Borough's economy is characterised by very high rates of resident economic activity, but with a very high proportion of those workers finding employment outside the Borough rather than within. In the past decade the Borough's labour force has become much better qualified with a corresponding rise in the occupation profile. This improvement is not reflected to date in earnings data, which lags behind the south London boroughs, and is likely to reflect a larger proportion of businesses in the Borough are in the construction sector, whereas the proportion in professional services is significantly below the London average. It is evident that an aim for the Borough should be to provide opportunity to attract the type of businesses that will deliver higher earning jobs to the Borough, the type of jobs that currently residents are commuting out in large numbers to find.

Industrial

7.4 The Borough's industrial market (and London's more generally) has strengthened considerably over the past decade, with tightening supply and increasing demand across London. However, while industrial rents have increased significantly in LB Sutton with single-storey development such as Prologis Park becoming viable, rents have not reached the point to enable viable intensified development of multi-deck units.

7.5 The existing stock sums to almost 500,000 sq m, and although dated in parts, is generally well maintained, and has many features attractive to occupiers such as yard space, dedicated parking and secure entrances. Occupier demand is strong, and has broadened in recent years in terms of sectors and types of companies i.e., more nationals. The later point reinforces the view that LB Sutton is a significant industrial area in the London context.

7.6 The Council was able to allocate new land for development in the last Local Plan and has seen positive take-up in recent years. Over the past decade the stock of floorspace has grown and much faster than forecast – whereas nationally and in south London it has fallen.

7.7 In terms of future need over the 20-year Plan period, a past trends projection-based approach identifies a need for 100,000 sq m of space, but this projects a land opportunity constrained view. The economic forecast generates a 200,000 sq m need – reducing to a 167,000 sq m requirement once committed supply is taken into account. Expansion in the number of warehouse related jobs is forecast, but it is growth in industrial jobs (that previous ELR studies have seen declining) that is driving the higher identified need figure. The study suggests the more optimistic approach is the most appropriate as this ties in with key indicators such as the current vacancy rate that is almost 0%, and the post-Covid 'normal' that generates more logistics and warehousing need than previous. The growth to plan for (167,000 sq m) represents an increase of one third on the current 500,000 sq m of industrial floorspace in the Borough, which we consider appropriate over the 20-year Plan period. In practice this level of need reflects a growing London industrial economy, and how in the south London sub-region a high proportion of this clusters in LB Sutton. At a plot ratio of 65%, 26 ha is required to meet the need.

7.8 A 65% plot ratio is considered appropriate as the property market review shows that in the short to medium term and possibly longer, delivering industrial space via intensified formats that deliver plot ratios of 100% and higher, is not viable. As a London Plan general conformity issue intensification must remain the aspiration, but the market in the Borough is not ready to deliver, indeed it will take a doubling of rents to make intensified formats viable in Sutton. As a possible route forward, if short-term deliverable space can be identified (needed to address existing constraint in the market and to avoid constraining future economic growth), there is scope to seek a more master-planned route to identify intensification opportunities within the SILs to deliver the balance.

Potential industrial land supply

7.9 As directed by the London Plan, we first turn to opportunities for intensive industrial redevelopment. However, no sites with a willing owner were promoted through the CfS, and while the study identifies a number of parcels that in time may present opportunity (see Table 6.1), development economics are currently such that redevelopment for anything other than conventional modern units is ruled out.

7.10 It is important to note that this conclusion relates to whether intensified floorspace can be counted against the need – which without evidence that it would be deliverable is not robust. But the plan still needs to encourage intensification at every opportunity because this is both an important strand of strategic policy but also, intensification and making the best use of land is a sound planning strategy to promote via development management.

7.11 Possible new land – sites in existing non-employment use we encourage the Council to explore the potential to identify land in other uses or employment use. This study identifies only one such site that may have potential in the longer term - Tesco, Oldfield Road (see Table 6.2). This site adjoin employment areas/uses and may have redevelopment potential including employment use (in whole or part). However, we emphasise that this is our in-principal view, and no discussion has taken place with the foodstore operator. Ideally the Council should seek to designate the site within the Kimpton SIL Employment Area.

7.12 As matters stand this may be resisted by the landowner because they may see this as a limitation on their future options. To address this broader issue the GLA are undertaking a number of intensification pilots, to demonstrate deliverability and to build market confidence. The Tesco site could accommodate significant employment floorspace, but without any developer interest cannot be relied upon in this Local Plan to meet the identified need.

7.13 **Possible new land –** undeveloped sites to address short to medium term need, the only sites that would be attractive to the market for delivering and occupying new employment space are the subareas of MOL at Beddington (see Table 6.3). However, these sites are subject to environmental and other designations, and there are highway capacity issues on Beddington Lane, meaning these sites are heavily constrained and there are major questions over sites capacity and indeed deliverability. If developed to 100% plot ratios the sites in aggregate could deliver most of the industrial need (circa 136,000 sq m (or approximately 90,000 sq m if developed at 65%) of the 167,000 sq m requirement).

7.14 **Possible new land** – Duty discussions the Council has undertaken a CfS, but with a shortfall must move towards a possible solution through discussion with its FEMA neighbours and in particular Croydon that shares similar supply-side issues as LB Sutton, about its aspirations to reconfigure its industrial portfolio.

Offices

7.15 The office market has weakened substantially over the past decade in response to a range of factors, most notably the technological advances that mean it is now straightforward to work from home. The decline in the office market accelerated in the pandemic, with occupiers now focused on smaller, but better quality units to meet their ESG requirements.

7.16 Demand for office space in LB Sutton is characterised as weak, with demand driven by internal market churn. The Borough is unable to attract large corporates because it does not have the stock, connectivity, and amenities which modern occupiers seek and find in other locations, including neighbouring Croydon. The Borough office stock reduced by 50% in the decade up to 2022, and now totals at a very modest 122,000 sq m, with – and a positive job change ordinarily leads to a floorspace requirement.

7.17 Even before Covid a growth in office jobs was not resulting in an increase in floorspace demand – firms were using their stock more intensively and increased home working facilitated this. For employment land planning we would generally assume each new office job required around 12sq m. This scale of density was common across many different consultants' studies, and is also used by the GLA.

7.18 Even where observed densities were lower, and we obverse a 1:7.4 sq m ratio in Sutton, using the 1:12 sq m ratio was positive because there was a concern that the big shifts that allowed office space to be used more efficiently had already occurred – for example technical changes and a move to paperless offices. There was a limit to how efficiently firms could operate their space. A low density could also be taken as a sign of market stress, and especially when coupled with low vacancy rates.

7.19 Although departing from established norms, for this study we have tested both densities. While there is huge uncertainty around post-Covid working, it is clear that there will not be a full return to the old 'normal'. Given the weakness in the market and Covid-related homeworking – it is arguably no longer realistic to assume efficient offices need 1:12 sq m per worker.

7.20 Using 1:7.4 sq m, as observed in 2019, would appear a pragmatic evidenced approach. Any further reduction has no evidential basis today, but we need to recognise data will continue to emerge.

7.21 Using 1:7.4 sq m still generates a high 'need' for space – 60,000 sq m over the 20 year Plan period, and even with this adjustment it may not be realistic for Sutton to identify a pipeline of sites, and especially because opportunities are not being promoted to the Council.

7.22 In response, the Council needs to do all it can to meet need in full and avoid a scenario where the plan is presented with a known shortfall. But meeting needs across a plan period does not mean every site, with a robust quantum of floorspace has to be identified now. LB Sutton is a constrained borough, and it may be the case that the need simply cannot be met in a sustainable way - or without raising issues of conformity with the London Plan. In theory need could be met on designated protected land, but that would not conform with the London Plan.

7.23 Our recommendation is that the Council needs to demonstrate a robust pipeline of office space for the early years of the plan – at least for five years and preferably longer – and for at least 15,000 sq m. This is even though the development market is still weak – because at least some land/floorspace is needed for flexibility and to provide for demand if that changes. We would suggest five years as the absolute minimum to allow the opportunity for a periodic plan review to revisit the question of the post-Covid office market.

7.24 Beyond this initial five years, the plan needs a strategy to address office needs in full – a further 45,000 sq m. But this would not require the same level of certainty as required in the early years of the plan. We would also suggest that the Council consults with both the GLA and its neighbours – there may be neighbours with an oversupply of existing stock or office-led aspirations that, in a weaker market across London (and nationally) could accommodate some of LB Sutton's need if required.

7.25 As noted in this work – the GLA has yet to provide an update to their office demand series with the last London Office Policy Review published in 2017. The future of offices in London is a critical strategic issue and any changed assumptions about the balance of demand between the CAZ and boroughs will have an implication for LB Sutton. As soon as a new GLA forecast/projection is available we would suggest the Council would need to consider it alongside the scenarios in this report.

7.26 If the GLA provides evidential support for a lower estimate of need it would not be unreasonable, subject to testing, to apply it. Obviously, this does not exist today.

Potential office supply

7.27 Provision of this order is consistent with the existing Local Plan's place shaping strategy for Sutton town centre. This involves office space being provided as an element of mixed-use redevelopment within the town centre. Office use can also be encouraged and accommodated through the conversion of existing buildings. Given the uncertainties in the office market, we suggest expressing this need in terms of jobs rather than floorspace.

7.28 Beyond the town centres there would be potential to repurpose some of the former retail / leisure space provided in leisure boxes outside of town centres to deliver some smaller office uses, providing a supply of 'walk-to-work' flexible space.

7.29 Meeting the five -year short-term office requirement (15,000 sq m) should be met through encouraging opportunities to deliver office floorspace within town centre mixed use redevelopment.

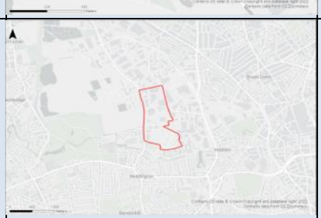
APPENDIX A Site Assessment forms

Pages 1- 4 Established Industrial Areas

Pages 5 – 6 Sites considered for employment area designation (but not recommended)

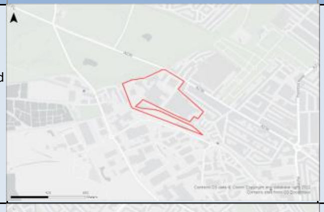
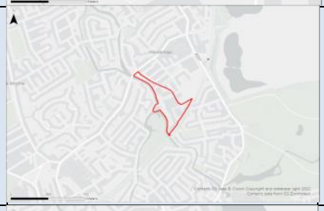
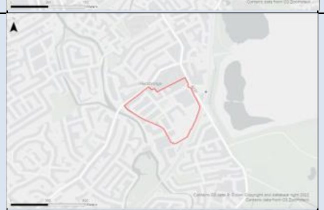
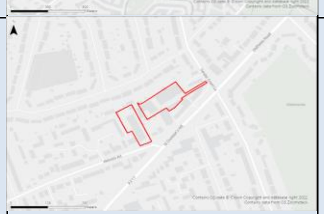
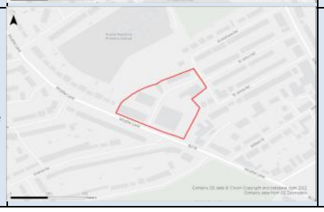
Pages 7 – 8 Sites with potential for employment use

Established Industrial Areas

1 Site ID.	2 Site name	3 Location map	4 Location	5 Designation	6 Site description	7 Site area (ha)	8 Predominant site use	9 Recent planning history	10 ACCESSIBILITY Strategic Road Access (to A road)	11 ATTRACTIVENESS TO OCCUPIERS (QUALITY AND CONDITION) [market intel] Access, layout, parking and servicing
1.1	Brookmead/Beddington Lane Industrial Estate		Beddington	SIL	The area is intersected by a railway line, lying to the south is Brookmead Industrial Estate and to the north is Beddington Lane Industrial Estate. Both estates comprises small to mid-size purpose built industrial units set out in a series of terraces.	5.0	B2, B8	No recent relevant planning history.	Access is good via Beddington Farm Road through the SIL, and which has direct access from the A23.	Both estates have shared gated entrances, with shared service road leading to the units. Each of the units have dedicated service yards and car parking.
1.2	Prologis		Beddington	SIL	New logistics park, with dock levellers, dedicated yard space and parking. Waste Management to the West.	12.1	B8	New development adding 20,522 sq m of new purpose built B2/8 floorspace.	Access to the A23 is excellent despite the fact it is located on the western side of Beddington. Direct access onto the B272, with good access to the A236 and from there the A23.	Very good access from roundabout at B272. Unit have been designed to meet modern occupier requirements with each unit have good levels of yard space and car parking.
1.3	Beddington South		Beddington	SIL	The area comprises a number of estates that include: Anchor Business Park, Beddington Trade Park, Affinity Croydon, Pylon Way/Profile Business Park and units along Beddington Lane & Beddington Farm Road. The units located in the estates have defined entrances and units contained within are of the same type, although the units vary by estate to estate. Where as the units along Beddington Lane & Beddington Farm Road are more mixed. Also, Asda has their Wallington superstore in this area and there is a large substation, which Anchor Business Park is partially wrapped around. The area attracts a wide range of occupiers including trade counters, building suppliers, Best Way Cash & Carry, bathroom showroom, retailers and 3PLs.	35 (entire area 3)	B2, B8 and retail / sui generis (trade counter)	No recent relevant planning history.	Good access to A23 (Purley Way) via Beddington Farm Road.	Access is via Beddington Lane & Beddington Farm Road, that serves the SIL more generally. With regards to the individual estates/areas: ***Anchor Business Park** - layout is restricted to it's proximity to the substation but the individual units have good levels of parking and large service yard areas. ***Beddington Trading Park** - is a self contained estate of 14 units that have dedicated car parking and yard space. ***Affinity Croydon** - is a small relatively new industrial park and the layout meets modern occupier requirements. ***Pylon Way** - provides a shared service road to a large Best Way unit and Profile Business Park. The Best Way unit has dedicated service yard and car parking. Profile Business Park has a gated entrance and the units have dedicated service yard and parking. ***Beddington Lane & Beddington Farm Road** - all units have dedicated service yards and carparking although some units are not optimal to meet modern occupier requirements.
1.4	Beddington Central		Beddington	SIL	Located in the middle of the SIL and comprises of the Pioneers Industrial Park, large single occupiers and units along Beddington Lane. Pioneers Industrial Park is small modern purpose built industrial estate with shared gated entrance. Large single occupiers include Metrobus, Travis Perkins and Royal Mail - all of these occupier multiple units laid out in terraces. Along Beddington Lane there is concrete batching facility, metal recycling and training centre.	10.7 (entire area 4)	B2, B8 and retail / sui generis (trade counter)	Royal Mail site - 2010 approval for additional 2663sqm of floorspace and reconfiguration of yard (D2010/63463) Bus depot - none since 2005 application for use as bus depot. 2022 permission for Retention of Scrap Metal Yard (Sui Generis) (DM2022/01156). 2016 permission for change of use from B2 to ready mix concrete facility.	Good access to A23 (Purley Way) via Beddington Farm Road.	Access is via Beddington Lane & Beddington Farm Road, that serves the SIL more generally. With regards to the individual estates/areas: ***Pioneers Industrial Park** - modern layout, suitable for smaller units, with car parking and service yard to front of units. ***Metrobus depot & Travis Perkins unit**s - site has high site coverage. Dedicated parking at the front of the bus depot and Travis Perkins site. ***Royal Mail site** - although operated as a single unit, the mail centre is effectively a terrace of B8 units with loading doors to the front and the southern side. The other side of the units form the site boundary. The site has significant car parking and service yard. ***Beddington Lane** - the training centre includes dedicated parking. Concrete batching plant under utilised site.
1.5	Beddington central core - Beddington Cross		Beddington	SIL	Located in the middle of the SIL close to the Sewage Treatment Works. The area comprises a number of defined estates that include: ***Beddington Cross** - modern purpose built industrial estate, with the estate road providing west / east link through the wider industrial area - although entrance is barriered. The estate has a mix of age of buildings - the majority of the estate is modern purpose built industrial / warehouse units. With one of the larger modern units occupied by Holland Bazaar cash & carry. In addition there is a terrace of more dated B8 units, occupied by DPD and Abellio for their Bus depot. ***Croydon Valley Trade Park** - located at the Coombe Way/ Ampere Way junction. Small modern trade park with shared gated entrance, with small service yard and parking to the front. ***Endeavour Way** - two terraces of small modern industrial/warehouse units with general industrial uses such as waste management (777 Waste site S1) and concrete batching plant. Units have dedicated service yard and parking to the front with gated entrances. ***Tramsheds Industrial Estate -** modern industrial and trade counters units set out in a series of small terraces. ***West of Beddington Lane** - to the north, late 80's purpose built industrial park with units set out in terraces. To the south there is the truck dealer HTC Croydon and a series of terraced units comprising a mix of occupiers including car repairs. ***Greenland Way** - large modern park comprising large datacentre unit occupied by Digital Reality web hosting, and large UPS warehouse unit. ***Therapia Lane** - located to the north of the data centres, narrow lane which services dated industrial units that include Phoenix Scaffolding and Watts Way Travel along with a small terrace of houses. ***Coomber Industrial Estate/Coomber Way** - to the south of Coomber Way there is a range of building suppliers, storage units and warehouse/light Industrial units. To the north of Coomber Way is a x2 Concrete Plant, Recycling Centre, and Coomber Way Industrial Estate which is trade park with a number of wholesalers and suppliers, including electrical distributers and building materials suppliers.	37.9 (entire area 5)	B2, B8 and retail / sui generis (trade counter)	Endeavour Way - 2013 permission for B2, B8 and waste transfer station (D2013/67162). Greenland Way - Recent permissions for the data centre and warehouse.	Good access to the A23 via Coomber Way/Beddington Farm Road and Ampere Way.	Access is via Beddington Lane & Beddington Farm Road, that serves the SIL more generally. With regards to the individual estates/areas: ***Beddington Cross** - good access in and out of the wider industrial area and onto the A23. The units are well served by dedicated service yards and car parking ***Croydon Valley Trade Park** - good access to the junction on Ampere Way/Beddington Farm Road which provides good access onto the A23. Dedicated parking. Limited landscaping but very well-maintained yard space. ***Endeavour Way** - single carriageway access road, which somewhat restricts access, into a gated entrances. Units benefit from dedicated service yards and car parking. ***Tramsheds Industrial Estate** - benefits from direct access from Coomber Way. Gated entrance into the estate, with units benefitting from dedicated yard space and car parking. Appears well maintained environment. ***West of Beddington Lane** - units are accessed directly from Beddington Lane. The more modern units to the north have reasonable site coverage but the older units to the south appear to have lower site coverage, in addition the site layout is not optimal with some units having quite narrow circulation and servicing areas. ***Greenland Way** - units are accessed directly from Greenland Way which provides a direct onto Beddington Lane. The units have gated entrance and have sufficient yard space and parking for modern occupier requirements. ***Therapia Lane -** poor access for HGVs onto Beddington Lane, Therapia Lane is narrow and majority single carriageway. The Phoenix Scaffolding site has low site coverage and the layout is not optimal. Whereas the Watts Way Travel site coverage is more reasonable. ***Coomber Industrial Estate/Coomber Way** - Coomber Way provides access to the A23 via Ampere Way. The Industrial Estate has gated entrance with shared accessed. The units benefit from small dedicated service yards and parking. The distribution units to the south of Coomber Way have high site coverage and access on Coomber Way is restricted, on our site visit we say HGVs reversing directly onto the road. The units to the north have more reasonable site coverage but the layouts are not optimal for modern occupier requirements.
1.6	Beddington east - Valley Point & Stirling Way Industrial Estates & Brazil Close		Beddington	SIL	Both Valley Point & Stirling Way Industrial Estates are small, and provide purpose built terraces of small-medium size units that are well sought after in the market. Stirling Way are larger industrial units, but more dated (1980s) with relatively low eaves heights. Valley Point is modern terraces of industrial units. To the north of Stirling Way is a concrete batching plant. At Brazil Close units are large and suitable for distribution uses.	3.5	B1 –B8	Application withdrawn in 2019 for Change of use from B1c / B8 to Sui Generis use (DM2019/00150)	Good access to Ampere Way/ Purley Way (A23) from Beddington Farm Road.	Beddington Farm Lane provides good access. Units have dedicated yard space and car parking. The units at Brazil Close also have a shared gated entrance.

Established Industrial Areas

1 Site ID.	2 Site name	12 Quality of stock/level of occupancy	13 Overall condition of the stock	14 OPPORTUNITY FOR INTENSIFICATION Market intelligence round up / known developer interest	15 Proximity to surrounding constraining uses / designations	16 Potential for intensification (Y / N)	17 Scope for redevelopment (where and what)	18 Current land use	19 Short, medium or long term	20 Potential scale of opportunity	21 Potential for co-location (Y / N)	22 REVIEW / RECOMMENDATION Recommendation (retain / release..)
1.1	Brookmead/Beddington Lane Industrial Estate	The units are late 70s/early 80s purpose built industrial units which are well maintained. The units appear well occupied. Units are in high demand, and despite their age, their condition and good site coverage make them attractive to occupiers. Occupiers tend to be smaller local companies servicing the local and wider south London markets.	Average	The well occupied nature of the estates mean that there is inherent value which would make site intensification challenging. Whilst there remains strong demand at viable rents to maintain there will be low developer interest to intensify.	Residential to the east, but separation via Beddington Lane. MOL on other sides. Ralline crossing site constrains. Proximity to Site of Importance for Nature Conservation. Traq Karting site, which lies to MOL, lies to the west of Brookmead Industrial Estate.	No	The site layout of Brookmead Industrial Estate could lend itself for industrial site intensification. There could be scope to bring in the Traq Karting site, although this lies in the MOL, to create large scale comprehensive redevelopment. Site intensification of Beddington Lane is more challenging due to site layout and the railway line to the south creates a physical barrier which provides development tying into any redevelopment of Brookmead.				No	Retain
1.2	Prologis	Modern, well-maintained environment. There is still some vacancy evident at the site. These units are in high demand in the current market, they have been designed to meet modern occupier requirements and there is a general dearth of new build units in the borough and wider London market. Any vacant units likely to be occupied quickly.	Good	New build nature of the units combined with rents and quality of occupiers that will be attracted means that there is too much inherent value to make site intensification viable/attractive.	Proximity to residential on three sides with MOL and Site of Importance for Nature Conservation to the north west.	No	The new build nature of these units means that there is too much inherent value to make it attractive for site intensification. Although consideration should be made to the MOL land to the north, as this is poor in quality and would form a natural extension to the Prologis site.				No	Retain
1.3	Beddington South	There is very little vacancy across the area, with the odd unit advertised on CoStar and little vacancy seen from our site visit. The majority of units are in high demand. With regards to the individual estates/areas: ***Anchor Business Park** - stock is of reasonable quality and well occupied. ***Beddington Trade Park** - well occupied, good quality units. ***Affinity Croydon** - new units of good quality. ***Pylon Way/Profile Business Park** - units are a little dated but generally maintained. ***Beddington Lane & Beddington Farm Road** - units are generally dated and some how low eaves heights for modern occupier requirements.	Average	The new build nature of Affinity Croydon means that there is too much inherent value to make intensification attractive. Although the other units found here are dated, demand for the space remains strong.	High voltage electricity cables run over the top of some units with constrains the height of units. Anchor Business Park is constrained with residential to the south and the substation to the north. The proximity of large buildings to the MOL and capacity issues of Beddington Lane.	Possibly	The Asda site, due to its size and low density, provides an opportunity for redevelopment for industrial/warehouse use, subject to the constraint of the high voltage overhead cables. The Best Way unit could provide scope for site intensification, subject to the constraint of the high voltage overhead cables. The TGM Environmental (112 Beddington Lane) facility may be released, and would be suitable for industrial uses, but is small (0.2 ha). The dated logistic units to the east of Affinity Croydon also provide scope for comprehensive redevelopment, over the medium to longer term, especially if combined with Profile Business Park to the south.	E and B class	Short/medium and long	Large	No	Retain
1.4	Beddington Central	There is very little vacancy across the area, with the odd unit advertised on CoStar and little vacancy seen from our site visit. The majority of units are in high demand. With regards to the individual estates/areas: ***Pioneers Industrial Park** - well maintained small modern industrial park that meets modern occupier requirements. ***Metrobus depot & Travis Perkins units** - the bus depot building is relatively modern and the site is well-maintained. Travis Perkins site comprises more modern trade counter/ industrial/warehouse units. Although occupied by two single occupiers, the units are laid out in terraces which could be subdivided. ***Royal Mail site** - although the units are dated, they are well maintained with good yard space and onsite carparking. The units and site could be easily subdivided. ***Beddington Lane** - training centre is not optimal for modern office requirements. Concrete batching plant presents a poor environment.	Average	Demand for the existing space remain strong. Even the more dated larger units which may not be optimal for modern occupier requirements, can lend themselves to be subdivided therefore are flexible enough to accommodate a range of requirements. But over the longer term, given the size of these sites, the could be suitable for redevelopment/site intensification. The training centre represents a large quantum of office space for the local market and may be difficult to re-occupy if became vacant, it could be re-purposed or redeveloped for industrial/warehouse uses which are in demand.	High voltage electricity cables run over the top of some units with constrains the height of units. Residential on north side of Beddington Farm Road. The proximity of large buildings to the MOL and capacity issues of Beddington Lane.	Possibly	A number of the sites around Beddington Lane (training centre and concrete batching plant etc.) could in aggregate present a good intensification opportunity, subject to the constraint of the high voltage overhead cables. The larger sites of Royal Mail, Metrobus depot and Travis Perkins are longer term potential intensification opportunities.	F1(a) and open yard B class Sui generis	Medium and long	Large	No	Retain
1.5	Beddington central core - Beddington Cross	There is very little vacancy across the area, with the odd unit advertised on CoStar and little vacancy seen from our site visit. With regards to the individual estates/areas: ***Beddington Cross -** the more modern units have good eaves height for modern occupier requirements but the eaves height for the older stock are not optimal. Overall the estate appears well maintained. ***Croydon Valley Trade Park** - very good quality modern units with dedicated car parking and yard space. ***Endeavour Way** - more dated smaller industrial units including waste recycling units. Heavy industrial activities generate poor quality environment. ***Tramsheds Industrial Estate** - good quality modern units, with sale counters/offices. Well-maintained environment, well-occupied. ***West of Beddington Lane** - to the north the purpose built industrial park is well maintained. The units to the south are more dated and less well maintained. ***Greenland Way -** very high quality large modern units in well-maintained environment**.** ***Therapia Lane** - the stock here is generally poor quality. ***Coomber Industrial Estate/Coomber Way** - the units are generally dated with the larger units having low eaves heights for modern occupier requirements.	Average	The dedicated small estates are well occupied and demand for these units remain strong. Also the size and layout of the estates mean that site intensification will be challenging. The larger dated units/site along Coomber Way and Beddington Cross present reasonably sized sites for site intensification but short term there is likely to be too much inherent value to make it financially attractive. If the sites along Therapia Lane could be combined then these would be suitable for redevelopment but site access and proximity to residential is problematic. The units to the West of Beddington Lane if combined could present a reasonable size site for site intensification but constrained by proximity to MOL.	The terrace of housing along Therapia Lane acts as a constraint for any redevelopment in this area. Also proximity to MOL for the units to the West of Beddington Lane, and capacity issues of Beddington Lane.	Possibly	Waste site (S1 777) that is to be released, has potential for employment use, albeit that it is small in nature at one ha, so alone would not be suitable for site intensification. If combined with neighbouring sites, which have dated units would provide greater scope. Dated units along Coomber Way, Beddington Cross, and West of West of Beddington Lane provide scope for intensification over the medium to longer term if site can be parcelled together.	B/ sui generis	Short, medium or long term	Medium	No	Retain
1.6	Beddington east - Valley Point & Stirling Way Industrial Estates & Brazil Close	Valley Point: modern, well-maintained stock. Three small units currently vacant. Stirling Way: although the units are dated, they provide an important supply of small units - the units are well occupied and no signs of vacancies. The larger units at Brazil Close are dated and have low eaves height for modern occupier requirements.	Good	Demand for all units remain strong, and even the larger units which may not be optimal for modern occupier requirements due to the lack of supply of these in the general market.	Residential to the east and south, with industrial on the north and west.	Possibly	The older larger units at Brazil Close could be suitable for redevelopment over the longer term, but net increase in floorspace may be marginal.	B8	Long	Small	No	Retain

1 Site ID.	2 Site name	3 Location map	4 Location	5 Designation	6 Site description	7 Site area (ha)	8 Predominant site use	9 Recent planning history	10 ACCESSIBILITY Strategic Road Access (to A road)	11 ATTRACTIVENESS TO OCCUPIERS (QUALITY AND CONDITION) [market intel] Access, layout, parking and servicing
1.7	Beddington - Red House Road /Croydon Road Industrial Area		Beddington	SIL	Long established industrial area comprising Mitcham Driving Test Centre, a mix of age, size and quality of purpose built industrial units. Towards the rear (south and east) of the industrial area are traditional industrial / manufacturing units with high site coverage and low eaves height . Fronting Mitcham Road are a series of modern purpose-built trade counter units. Fronting Redhouse and Mitcham Roads is the new development of Segro/Valor Park Croydon.	13.9	B2, B8	2021 approval for B2 and B8 for Segro/Valor Park (DM2021/00007). This proposes 13,577 sq m replacing 9,575 sq m on a 2.58 ha site. A net gain of 4,000 sq m increasing the site coverage from 37% to 54%.	Access good to A23 via A236 Mitcham Road.	The modern units that front the A236 Croydon Road and to the rear of the Selco Builders Warehouse have dedicated yard space and car parking. The development of Segro Park Croydon will also provide dedicated yard space and car parking to meet modern occupier requirements. The majority of the rest of the units have high site coverage or poor on-site circulation. The nature of the Driving Test Centre requires a large amount of parking and circulation space.
2	Kimpton Industrial Estate		North Cheam	SIL	Well established aggregate of the Kimpton Industrial Estate as well as several smaller small estates include iO Centre and Kimpton Trade & Business Centre. Mix of warehouse (predominantly 3PLs providing last-mile delivery), trade counter and general industrial. Estates and buildings of a range of ages (generally the traditional industrial uses are in dated units) and quality.	18.8	B1 –B8	No recent relevant planning history.	Direct access to the A217.	All units appear to have dedicated service yards and car parking. The vast majority of units have good site coverage for modern occupier requirements.
3	Imperial Way SIL		South Beddington	SIL	Mixed employment area that comprises Silverwing Industrial Estate (and estate of small dated industrial units across a number of terraces), Openreach Training Centre and Stafford Cross Business Park (modern purpose build industrial units). Immediately abuts the Purley Way industrial area in neighbouring Croydon.	5.9	B1 – B8	No recent relevant planning history.	Good access to A23, 0.9 miles via Stafford Rd.	All units appear to have reasonable dedicated service yards and car parking.
4	Croydon Road industrial area		Beddington	EIA	Modern trade park with car showroom.	3.9	B1 – B8	No recent relevant planning history.	Good location, within 0.5 miles of A23 via Croydon Road.	Direct access from A2343. Modern units with dedicated service yard and parking, accessed via a shared service road. Car showroom has low site coverage in comparison to the small industrial units.
5	Restmor Way Trading Estate		Hackbridge	EIA	Older industrial estate with small business centre (mixed office and workshops).	3.6	B1/B2/B8	Some lost to PDR with a number of prior approval applications for change of use from office to residential (C2017/78455, DM2018/01899, DM2020/01811, DM2020/00913, C2017/76515, C2016/75864). Also change of use applications to residential (DM2022/00020, C2016/74984)	2.7 miles from A23 (Purley Way) via A237 (London Rd) and A232.	Restmor Way provides direct access onto Hackbridge Road, a predominantly residential area. The estate road mainly services units to one side, with the units providing quite high site coverage.
9	Felnex Trading Estate		Hackbridge	EIA	Site was cleared of industrial uses a number of years ago, ahead of a plan-led (Policy S1) mixed use redevelopment for residential, retail and employment uses. All elements other than the employment have been built out.	7.7	B1/B2/B8	Mixed-use redevelopment allocation (Policy S1) C2016/73625 included residential, A1, energy centre and 6,100 sq m of office and workshop space within Class B1(a), (b) and (c).	2.7 miles from A23 (Purley Way) via A237 (London Rd) and A232.	Employment not built out
6	Gander Green Lane and Abbotts Road		North Cheam	EIA	A terrace of older small industrial units and a telephone exchange building set behind commercial buildings on Oldfields Lane in a predominantly residential area. The units are all used for vehicle repair activities. The rear of the telephone exchange site abuts the industrial units, but at the front is separated by residential.	0.7	B2	Recent applications for telephone apparatus.	Immediate access to A217, and 2.9 miles from A24 junction.	Access to/off A217 Oldfields Road from Gander Green Lane and Abbotts Road is narrow with little parking and constrained service yards.
7	Oldfields Road Trading Estate		Sutton Common	EIA	A small narrow single use site comprising two modern purpose-built self-storage units.	0.6	B8	Nothing since the 2015 B8 permission.	Immediate access on to the A217.	Access is direct from the A217. Good prominence, which is attractive to uses such as self-storage. Narrow site, but activity associated with the use is limited, and thus doesn't generate problems.
8	Plumpton Way Industrial Estate		The Writhe	EIA	Very dated industrial estate (Chantry Court) comprising small units occupied by local servicing businesses, located next to the former gas holder site which has been recently redevelopment into a self storage unit.	0.6	B1c/B2/B8	Approval in 2018 for demolition of gasholder and erection of B8 DM2018/00913	Access to the A232 (0.7 miles) is via Wrythe Lane (B278), which passes secondary school and residential areas.	The new self storage unit is independent of the other units in the cluster, and has ample dedicated parking and circulation space. Access to the cluster of very dated small, poor quality industrial units is off the B278. Plumpton Way is a narrow service road, and although the units have dedicated service yards these are very small.

Established Industrial Areas

1	2	12	13	14	15	16	17	18	19	20	21	22
				OPPORTUNITY FOR INTENSIFICATION								REVIEW / RECOMMENDATION
Site ID.	Site name	Quality of stock/level of occupancy	Overall condition of the stock	Market intelligence round up / known developer interest	Proximity to surrounding constraining uses / designations	Potential for intensification (Y / N)	Scope for redevelopment (where and what)	Current land use	Short, medium or long term	Potential scale of opportunity	Potential for co-location (Y / N)	Recommendation (retain / release..)
1.7	Beddington - Red House Road /Croydon Road Industrial Area	The modern units that front the A236 Croydon Road and to the rear of the Selco Builders Warehouse are of high quality. The balance of the units are dated with low eaves height for modern occupier requirements. Despite the poor quality of some of the units they are well occupied.	Average	There is strong demand for all the modern/new units. For the more dated units that no longer meet modern occupier requirements, there is scope in principle for these to be redeveloped for B2/B8 uses.	Proximity to residential on three sides with MOL and Site of Importance for Nature Conservation to the north west.	Possibly	The older units to the rear present an opportunity for redevelopment, but these have high site coverage therefore redevelopment may not lead to a net increase in floorspace.	B class	Medium	Small	No	Retain
2	Kimpton Industrial Estate	The vast majority of units meet modern occupier requirements in terms of specification e.g. eaves height, service yard, parking, and site access. Although there are a number of units that are dated and not necessary meet modern occupier requirements, but these remain well occupied.	Good	The more modern units are attractive to trade counter operators and 3PLs. Although the dated units do not necessary meet modern occupier requirements, these provide a more affordable option to local occupiers. When these dated units become obsolete, they will be attractive for redevelopment for the same uses that are found on the estate but the small nature of some of these site will make site intensification challenging.	The main constraint for Kimpton SIL is the electricity pylon located at the corner of Kimpton Park Way and Minden Road and its power cables running over the northern third of the SIL. The cables are some 25 metres from ground level and preclude building heights to around 15 - 17 metres across this element of the SIL. Residential and recreation ground to the west, retail (Tesco) to the south and cemetery to the north and east.	No	There is limited scope for site intensification on the existing estate. The Council's recycling centre, which is under utilised but any site intensification will be limited due to its size, layout, the pylon and its cables. At the other end of the SIL the Advance Access Platform and Priory Building Merchants sites which adjoin each other could be more intensely used, with current site coverage around 35% but again the site layout will limit the scope. Consideration should be made for longer term redevelopment of the Tesco site and the retail park which immediately abut the SIL - this area is not constrained by the overhead cables.				No	Retain
3	Imperial Way SIL	All the units are well occupied with no signs of vacancy. The Silverwing Industrial Estate and Openreach Training Centre are more dated whereas the units at Stafford Cross Business Park are larger more modern stock attracting national and international companies. Silverwing predominantly appeals to local occupiers or those nationals that servicing the local market.	Average	This area provides a mix of units that are in demand from a range of occupiers except for the Open Reach Training Centre, which would be suitable for redevelopment for B class uses, possibly small units should the existing occupier vacate.	Residential to the north of Stafford Road, and school to the west.	Possibly	The Open Reach Training Centre (F1(a) use) would be suitable for redevelopment to deliver employment floorspace.	F1(a)	Medium to long	Medium	No	Retain
4	Croydon Road industrial area	Nearly fully occupied large, good quality modern units.	Good	Strong demand for the small industrial units, should the car showroom become vacant this could repurposes/redeveloped for small industrial units for which there is demand.	Residential in close proximity on three sides, and immediately north of the railway line.	No	The proximity to residential means that site intensification is not suitable.				No	Retain
5	Restmor Way Trading Estate	Occupancy is generally good with low vacancy. The units are dated for modern occupier requirements and the proximity to residential is not ideal. But the stock provides good market affordable rent space for which there is demand.	Poor	Due to the current high site coverage and proximity site intensification will be challenging. Given the proximity to residential there will be pressure for redevelopment but this should be resisted because the space provides an affordable workspace option for which there is demand. Office use could be lost but should be replaced by industrial, which is in high demand.	Residential in close proximity, and Wilderness Island, part of Wandle Valley Park.	No	The proximity to residential means that site intensification is not suitable but could be scope for co-location.				Possibly	Retain
9	Felnex Trading Estate	Employment not built out		Small industrial units should work well in this location, as there is strong demand for such units across the borough.	Residential in close proximity, and Wilderness Island, part of Wandle Valley Park.	No	Requires to be built out.				Possibly	Retain
6	Gander Green Lane and Abbotts Road	The units are dated, and while accommodate motor repair activities, generally they do not meet modern occupier requirements, with low eaves height and a lack of outdoor circulation, servicing and access space. All units are occupied. The telephone exchange is purpose built and occupied.	Poor	The terrace of small industrial units service an important local need, despite their condition and constraints. Where the telephone exchange became vacant, it could potentially accommodate small industrial units that would be suited in this location.	Neighbouring residential.	No	The site is far too small, and proximity to residential means it is not suitable for intensification, although co-location could be suitable as part of comprehensive redevelopment.				Possibly	Retain
7	Oldfields Road Trading Estate	High quality modern buildings. Single occupier.	Good	There is strong demand for storage units across London. Should the site become vacant it would likely to reoccupied quickly.	Proximity to residential either side of the site. Site is located within Flood Zone 2 and 3.	No	Site very recently redeveloped and already intensely used.				No	Retain
8	Plumpton Way Industrial Estate	The self-storage unit is a new high quality building, and in single occupation. The industrial units on Plumpton Way are very dated, small and poor quality. They do not meet modern occupier's requirements in the general market, but service an important local need.	Poor	The small industrial units are servicing an important local need, and despite their condition and constraints, provide affordable space. There is strong demand for storage units across London and should the storage unit become vacant it would likely to reoccupied quickly.	Neighbouring residential and proximity to Rushy Meadow Primary Academy.	No	Existing dated units are a small site and constrained by the neighbouring uses means it is not suitable for intensification, although co-location could be suitable as part of comprehensive redevelopment.					Retain

Sites considered for employment area designation (but not recommended)

1	2	3	4	5	6	7	8
BACKGROUND INFORMATION							
Site ID.	Site name	Area	Designation (in Local Plan)	Site description / type of stock	Site area (ha)	Predominant site use	Recent planning history
1	Brighton Road, B2230	Belmont	none	Dated industrial unit south of Belmont station between the railway and Brighton Road. In single use occupation (building contractor). Site level is lower than Brighton and Station Road. The railway line provides separation to the residential to the west. Brighton Road and Commonside Close provides separation to the residential east.	0.2	B1/8	No recent planning history. Site immediately to the north recently built out for residential.
2	North Street, B277	Carshalton		Purpose built building supplier, immediately adjacent to shopping parade and railway line with residential to the rear. Site in single occupancy.	0.2	A1–A5/B8	No recent planning history
3	Upper Mulgrave Road	Cheam		Small parade of offices/ retail within Cheam local centre.	0.5	Class E	A number of PDR or residential/retail applications (DM2021/01361, DM2019/00893, A2015/71817)
4	Upper Mulgrave/Station Approach	Cheam		Three traditional office blocks (circa 1980) located adjacent to Cheam station.	0.6	Class E	Two of the three have PDR office to residential permissions (DM2021/01867,A2016/74977,A2017/77318). None implemented to date.
5	Land adjoining Hackbridge Station	Hackbridge	S2 (allocated for mixed residential and town centre uses)	Industrial estate within the District centre boundary, and allocated for non-employment uses. It currently provides local servicing light industrial activities such as motor repair/maintenance.	1.2	B1	Allocated for mixed-use residential-led. Application withdrawn in 2019 for 258 dwellings and 392sqm of flexible commercial floor space (DM2018/00160), possibly due to landowner issues.
7	Brighton Road Sites	Sutton	Within the Metropolitan town centre	Town centre offices above retail. Towards the southern extent of the town centre boundary with Subsea immediately south marking the boundary.	n/a	Class E	No recent planning history
8	Lind Road	Sutton	None	Located outside of the town centre boundary, Lind Road formerly supported a cluster of local offices as well as other activities. However, PDR has had a major impact, with a number of office losses, and the area now lacks cohesion as an office location.	n/a	Office	A number of sites lost to PDR (DM2018/01378, B2015/73181, DM2018/01640, DM2019/01365)
9	Gander Green	North Cheam	None	On the southern side of the A217, opposite the Gander Green EIA on the northern side is a cluster of older industrial sheds either side of Sunningdale Road. The buildings will remain as two separate parcels, but are all used for various vehicle repair and maintenance workshop activities, providing a local service.	0.19 (the two parcels together)	sui generis uses	Two refused applications/appeal dismissal in 2017 for demolition and construction of residential (B2017/76593) and B2017/77686). Appeal grounds were not loss of employment use as use considered sui generis.
10	Railway Approach	Wallington	S6 (mixed use redevelopment for town centre uses)	1980s office blocks at the railway station.	1.1	Office	Some of the site has gone to PDR (D2013/67977), but most are still in office use.
11	Sandy Lane North	Wallington South		Small workshop units in a primarily residential area.	0.3	Light industrial	No recent planning history

Sites considered for employment area designation (but not recommended)

1	2	9	10	11	12	13
BACKGROUND INFORMATION		ACCESSIBILITY	ATTRACTIVENESS TO OCCUPIERS (QUALITY AND CONDITION) [market intel]		REVIEW / RECOMMENDATION	
Site ID.	**Site name**	**Strategic Road Access (to A22/A23)**	**Layout, parking and servicing**	**Market intelligence round up**	**Designate?**	**Reason for recommendation**
1	Brighton Road, B2230	0.3 miles from A217.	Single large building with ample parking/yardage. Direct access on to Brighton Road/A217.	Demand for industrial space in the borough is strong and vacancy is low. Site provides affordable space for local occupiers. If site became vacant it would lend itself to redevelopment for a terrace of small industrial units.	No	Single use, small site and remote from other industrial uses
2	North Street, B277	0.4 miles from A232. 2.3 miles from Junction with A23.	Tight, immediate access from a narrow B road for all vehicle requirements.	Demand for industrial space in the borough is strong and vacancy is low. Site provides affordable space for local occupiers. If site became vacant it could be difficult to redevelop for the same use to proximity to residential at the rear.	No	Small single occupier site [that would be challenging to redevelop] remote from other industrial uses and the infrastructure/services needed for modern requirements.
3	Upper Mulgrave Road	0.2 miles to A217, 6.8 miles to A22/23 junction.	Traditional office stock with dedicated rear parking.	Cheam office market is small and office demand across the borough is generally weak. Office space here attracts local demand.	No	Already within a designated Local Centre.
4	Upper Mulgrave/Station Approach	0.2 miles to A217, 6.8 miles to A22/23 junction.	Traditional office stock with large areas of dedicated rear parking.	Cheam office market is small and office demand across the borough is generally weak. Office space here attracts local demand.	No	More suited to be included within the Cheam Local Centre. The area currently is immediately outside the designated area.
5	Land adjoining Hackbridge Station	Excellent access from A237. 1.1 miles from A232. 2.5 miles from A23 junction.	Traditional local servicing industrial estate, developed to a low density with large areas of car storage.	Demand for industrial space in the borough is strong and vacancy is low. Site provides affordable space for local occupiers. If site became vacant it would lend itself to redevelopment for a mix of industrial units.	No	The site is an important part of a regeneration strategy. [were it not we would recommend designate for industrial]
7	Brighton Road Sites	0.2 miles south of A232. 3.8 miles to junction with A23.	Office above retail units within the outer edge of the town centre.	Sutton is the borough's largest office market but demand for space is weak. Demand for space is generally small local occupiers with the occasional large requirement from those who are already based in the borough.	No	Already within Sutton Metropolitan town centre
8	Lind Road	0.2 miles north of the A232. 3.2 miles to junction with A23.	Some standalone (Pandora Estate's flexible workspaces) and some office above retail units. Some off street, but mostly on street parking and servicing.	Provides market affordable workspace, for which there is demand but quality of stock is poor. But poor site servicing and proximity residential will make redevelopment difficult.	No	Not sufficiently clustered to merit designation. Will need to continue to be defended by Policy 16c.
9	Gander Green	5.2 miles from A23.	These are older stock most likely purpose built for motor repair and maintenance activity, with parking and loading yardage.	Provides market affordable workspace, for which there is demand but quality of stock is poor. But poor site servicing and proximity residential will make redevelopment difficult.	No	Too small, sui generis uses.
10	Railway Approach	2.3 miles from junction with the A23.	1980s office blocks laid to a square.	Wallington is the borough's second largest office market but office demand across the borough is generally weak. Office space here attracts local demand.	No	Located within and protected by the District Centre designation.
11	Sandy Lane North	Excellent access 1.2 miles from A23.	Narrow small site, with residential very close. Access is tight.	Provides market affordable workspace, for which there is demand but quality of stock is poor. But poor site servicing and proximity residential will make redevelopment difficult.	No	Too small and remote to designate.

1	2	3	4	5	6	7	8
				BACKGROUND INFORMATION			
ID.	**Site name/address**	**Location map**	**Location**	**Site description**	**Current use**	**Site area (ha)**	**Planning History**
1 (S1)	777 Recycling Centre, Coomber Way, Beddington		Beddington	Located within the Beddington central core - Endeavour Way Industrial Estate. Large double-height and triple-height modern industrial units with hardstanding for skip storage and parking. The site is part of a large strategic industrial location, backing onto tram lines to the rear. Beddington central core - Endeavour Way Industrial Estate	Waste	1.0	Surplus to waste requirements. Deleted from MM Waste Plan
2 (S11)	TGM Environmental, 112 Beddington Lane, Sutton		Beddington	Located in the Beddington SIL 'central core' - Beddington Cross. Currently being used for skip and vehicle storage by Raven Recycling. However the site has planning permission for waste paper and cardboard recovery by TGM Environmental with a throughput of 15,000 tonnes per annum. The site occupies the land to the front of 112 Beddington Lane. The site lies within the Beddington Strategic Industrial Location and similar uses surround the site.	Waste	0.2	Surplus to waste requirements. Deleted from MM Waste Plan
3	Institute of Cancer Research Land		Belmont	Large site currently in use by ICR with further development occurring.	Vacant land within hospital	2.3	Recent change of use from hospital to business (DM2020/01313). Permission in 2016 for 4 storey building with office and laboratory (B2016/73429), number of NMA and discharge of condition applications since. Site allocation within policy 2 of the local plan for mixed-use health, medical research and development with ancillary retail, community, health and hotel
4	Sutton Station & car park		Sutton	Car park and offices adjacent to Sutton Railway station.	Car park	1.3	None recent Site allocation for mixed-use office (8,327 sqm), retail and residential scheme within the Local Plan
5	Civic Centre		Sutton	Large site used as civic Council offices.	LA offices	0.9	Site allocated for residential-led mixed use scheme with community and retail use

Sites with potential for employment use

1	2	9	10	11	12	13	14	15
		CONSTRAINTS						REVIEW / RECOMMENDATION
ID.	Site name/address	Any planning designations (environmental or townscape)	Any constraint(s) to delivery of whole or part of site? (physical - pylons, gradient FR...)	Any accessibility issues? (road or public transport if office)	Principle proposed/promoted land use (office/indl)	Market intelligence	Is the site likely to be attractive to proposed use occupiers? Y / N	Comments
1 (S1)	777 Recycling Centre, Coomber Way, Beddington	None - located within Beddington central core - Endeavour Way Industrial Estate	Potential for contamination relating to current use.	No. Good access from Coomber Way.	Industrial	Site would lend itself to redevelopment for industrial/warehouse uses, for which there is strong demand in this location.	Yes	Suitable for general B8 industrial uses. Good sized units with space for parking and accommodating large vehicles.
2 (S11)	TGM Environmental, 112 Beddington Lane, Sutton	Located within an Archaeological Priority Area. Proximity to Flood Zone. Proximity to MOL. Proximity to Site of Importance for Nature Conservation.	Contamination relating to current use. Physical constraints in terms of size as this is a very small site.	No. Good access from B272.	Industrial	Site would lend itself to redevelopment for industrial/warehouse uses, for which there is strong demand in this location.	Yes	Small site currently being well-used for skip and vehicle storage.
3	Institute of Cancer Research Land	Proximity to locally Listed buildings, Site of Interest for Nature Conservation and Open Green Space.	Proximity to residential in certain areas of the site.	No. Site has good access.	B1b	Given the site's location with other uses, should not all the land be required for the Cancer Hub the surplus space would be suitable for R&D and flexible workspace.	Yes	Lots of well-used car parking and wide access roads. Limited but some landscaping, also some wasteland. Lack of prominence from the road. 4 storey building currently under construction.
4	Sutton Station & car park	Proximity to CA, partially within an Archaeology Priority Area	Proximity to the railway line	Narrow access road in central location.	B1 offices/mixed use	Office demand in Sutton is weak compared to other boroughs, but the town centre has lost a lot of office space through PDR. Office development is currently unviable in Sutton the but space could be delivered as part of a mixed use, with other uses such as residential cross-funding the space. A scheme would help bring more Grade A space into the town centre which will better meet occupier requirements.	Maybe	Lots of residential wrapped visible now around the train tracks. Office viability would be challenging. Definitely suitable for mixed-use.
5	Civic Centre	Within a Archaeology Priority Area	Slight sloping gradient	Proximity to town centre but not strategic road network.	B1/mixed use	Office demand in Sutton is weak compared to other borough's but the town centre has lost a lot of office space through PDR. Office development is currently unviable in Sutton the but space could be delivered as part of a mixed use, with other uses such as residential cross-funding the space. A scheme would help bring more Grade A space into the town centre which will better meet occupier requirements.	Maybe	Suitable for redevelopment mixed-use, represents a large amount of offices for the local market. If the Council would vacate it would be difficult to re-let. Poor quality old office building. Proximity to town-centre and not strategic road network.

Appendix B: Sutton Borough industrial vacancy (as at Feb 2023)

Address	Floorspace (sq m)	Asking Rent (psm)	Comments	Picture
DC3-DC4 Prologis Beddington Lane Beddington Ln	13,575	N/a	As stated above new units are built to modern occupier requirements.	
DC2A-DC2C Prologis Beddington Lane Beddington Ln	4,012	N/a		
DC1 Prologis Beddington Lane Beddington Ln	2,912	N/a		
10 -15 Beddington Cross	3,332	N/a	Purpose-built, dated warehouse unit, which forms part of a terrace of similar units. Eaves height of 5.2 metres which is sub-optimal for modern occupier requirements. Located in an established industrial area.	
Units 1 Coomber Way Industrial Park Coomber Way	911	N/a	Purpose built, dated industrial unit with secured shared access, yard space and car parking. Eaves height 6.7 metres with 380 sq m mezzanine floor Located in an established industrial area. Former ABM Electrical Distribution unit	
Unit 4 Profile Business Park Pylon Way, Beddington	684	£181	Purpose-built industrial unit with secured shared access, yard space and car parking. 6.75-metre eaves height. Located in an established industrial area.	

Address	Floorspace (sq m)	Asking Rent (psm)	Comments	Picture
Brookmead Industrial Estate Beddington Ln	670	£194	Purpose-built, dated industrial unit with secured shared access, yard space and car parking. Located in an established industrial area.	
62 Sunningdale Rd, Sutton	590	£102	Small garage/workshop unit located in a residential area.	
Unit 6, Valley Point Industrial Estate Valley Point Industrial Estate Beddington Farm Rd	551	£163	Well maintained small industrial estate. Units have dedicated yard space and car parking. Located in an established industrial area.	
Anchor Business Centre 102 Beddington Ln	479	£161	First floor warehouse space, located in an established industrial area.	
Io Centre 57A Croydon Rd	457	N/a	Well-maintained purpose-built industrial unit with secured shared access, yard space and car parking. Located in an established industrial area.	

Address	Floorspace (sq m)	Asking Rent (psm)	Comments	Picture
The Tramsheds Coomber Way – 3 units available	Three units of; 385, 218 & 211	£168 - £171	Small industrial estate with shared access. Units have dedicated yards and car parking.	
Unit 8, Beddington Cross Beddington Farm Rd	370	N/a	Mid-terraced purpose-built industrial unit with dedicated yard and car parking. Eaves height of 7.5 metres. Access control barrier to the estate.	
Unit 5 Endeavour Way, Beddington	297	£161	Purpose built, dated industrial unit with secured shared access, yard space and car parking. Located in an established industrial area.	
Sutton Business Park Restmor Way	116	N/a	Council's owned mixed workshop and office building, with accommodation over 3 floors.	
Total	**29,770**			

Source: CoStar, February 2023

Appendix C: Employment requirement tables (in full)

Industrial requirement for LB Sutton 2022-42

		Core industrial	Ware-housing	Total Industrial	p.a.
a	Jobs change (2022-42)	1,869	1,070	2,939	147
b	Density factor (sq m GIA /job)	45.0	66.5		
c	Occupier demand (sq m GIA) [a*b]	84,150	71,187	155,337	
d	Vacancy factor (sq m GIA) [c*8.1%]	6,816	5,766	12,582	
e	Total occupier demand (sq m GIA) [c+d]			167,919	8,396
f	Stock vacancy adjustment (sq m GIA)			36,356	
g	***Net demand (sq m GIA) [e+f]***			***204,275***	***10,214***
h	***Net demand (hectare) [g @65% plot ratio]***			***31.4***	***1.6***
	Industrial losses (add to demand)				
i	Planning permissions			1,374	
j	Plan allocations			0	
k	Total future losses [i+j]			1,374	
l	**Gross demand (sq m GIA) [h+k]**			**205,649**	
	Pipeline				
m	Planning permissions			10,887	
n	Plan allocations			27,998	
o	Total supply (sq m GIA) [m+n]			38,885	
	Balance				
p	**Under supply (sq m GIA) [l-o]**			**166,764**	**8,338**
q	**Under supply (ha) [p@65% plot ratio]**			**26**	**1.3**

Office requirement for LB Sutton 2022-42

		Total	p.a.
a	Jobs change (2022-42)	3,728	186
b	Density factor (sq m NIA /job)	12	
c	Occupier demand (sq m NIA) [a*b]	44,739	
d	Vacancy factor (sq m NIA) [c*8.1%]	3,624	
e	Total occupier demand (sq m NIA) [c+d]	48,363	
f	Stock vacancy adjustment (sq m NIA)	5,445	
g	***Net demand (sq m NIA) [e+f]***	***53,808***	***2,690***
h	***Net demand (sq m GIA) [g/0.85]***	***63,304***	***3,165***
	Office losses (add to demand)		
i	Planning permissions	24,445	
j	Plan allocations	0	
k	Total future losses [i+j]	24,445	
l	**Gross demand (sq m GIA) [h+k]**	**87,748**	
	Pipeline		
m	Planning permissions	6,165	
n	Plan allocations	0	
o	**Total supply (sq m GIA) [m+n]**	**6,165**	
p	**Under supply (sq m GIA) [l-o]**	**81,583**	**4,079**

Appendix D: LB Sutton planning permissions involving offices – losses and gains

Office Pipeline floorspace losses	Office floorspace permitted to be lo sq m
Sutton Park House 15 Carshalton RoadSuttonSM1 4LD,	-10,253
StNicholas House, StNicholas Road, SM1 1EH	-9,714
CrosspointHouse, STAFFORD ROAD, SM6 9AA	-2,346
34, WEST STREET, SM1 1SH	-488
Shepley HouseRestmor WayHackbridgeWallingtonSuttonSM6 7AH,	-320
2-4 FirstAnd Second Floor Offices Mulgrave RoadSuttonSM2 6LE,	-290
Angel Hill, SM1 3EW	-192
Beeches Avenue, SM5 3LB	-167
12 -13 Mill LaneCarshaltonSM5 2JY,	-102
FirstFloor 17 High StreetSuttonSM1 1DF,	-100
STAFFORD ROAD, SM6 9BS	-83
Basement, PartGF And FF6 Lind RoadSuttonSM1 4PJ,	-75
STAFFORD ROAD, SM6 9BT	-60
Gander Green Lane, SM1 2EZ	-51
4A Upper Mulgrave RoadCheamSM2 7AZ,	-50
704 London RoadNorth CheamSM3 9BY,	-49
WEST STREET, SM5 2PT	-39
Fitzroy House, Suite 9 Lynwood DriveWorcester ParkKT4 7AT,	-38
Office North Side OfCheam Station, STATION WAY	-15
Westmead Road, SM1 4JD	-13
Grand Total	**-24,445**

Office and R&D pipeline floorspace gains	Floorspace (sq m)	
Row Labels	Office	R&D
New Mill Quarter, Phase 3 Felnex Trading Estate, 190, LONDON ROAD, SM6 7EL	2,033	2,033
9-13 Anne Boleyn House Ewell RoadCheamSM3 8BZ,	491	
Anne Boleyn House, Ewell Road, SM3 8BZ	472	
Monarch House 7 Stafford RoadWallingtonSM6 9AN,	118	
B P Service Station95 St Dunstans HillCheamSM1 2LW,	46	
Lower Road, SM1 4QJ	22	
Cumbrian HouseSutton HospitalCotswold RoadSuttonSM2 5NG,		950
Grand Total	**3,182**	**2,983**