



Havering Employment Land Review

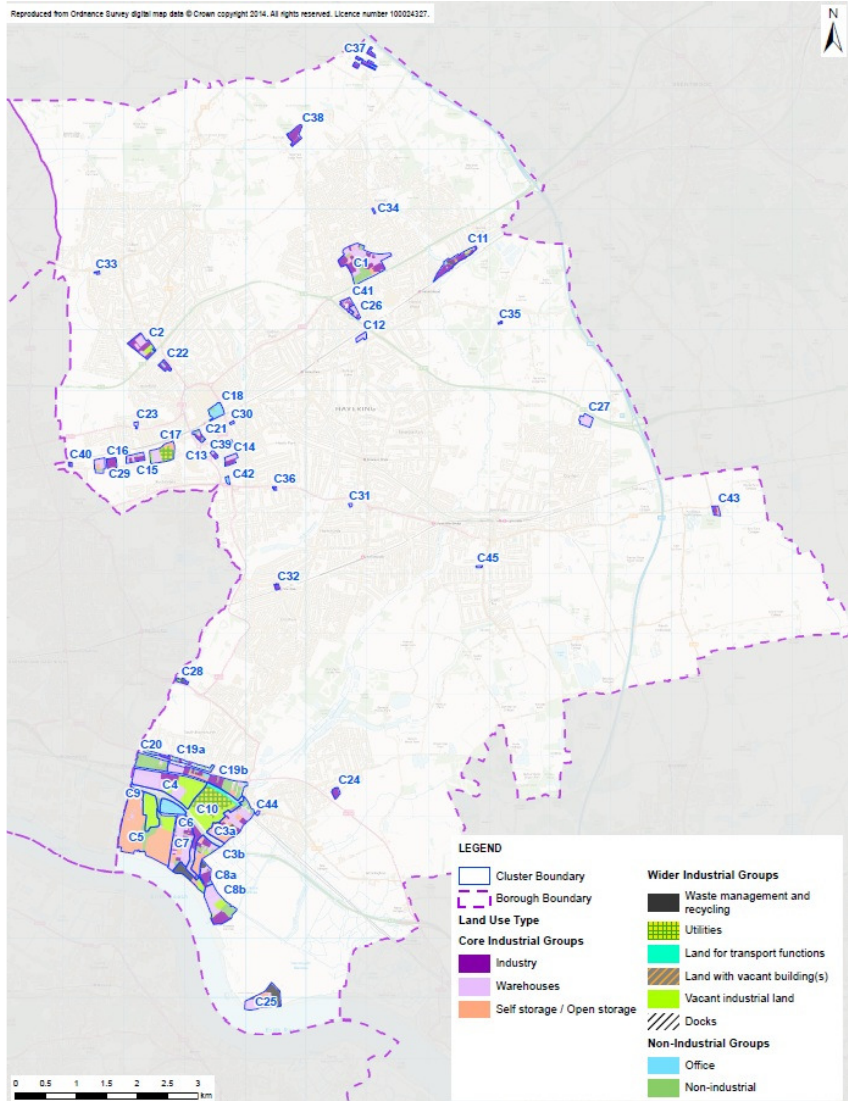
Final Report

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ABBREVIATIONS

ABI	Annual Business Inquiry
AAP	Area Action Plan
DCLG	Department of Communities and Local Government
ELR	Employment Land Review
GLA	Greater London Authority
ICT	Information and Communications Technology
LB	London Borough
LDF	Local Development Framework
LSIS	Locally Significant Industrial Location
NPPF	National Planning Policy Framework
NPPG	National Planning Practice Guidance
ODPM	Office of Deputy Prime Minister
ONS	Office of National Statistics
PMA	Property Market Area
PPG	Planning Policy Guidance
R&D	Research and Development
SEA	Secondary Employment Area
SIL	Strategic Industrial Location
SME	Small and Medium Sized Enterprises
SSA	Site Specific Allocation
VOA	Valuation Office Agency

EXECUTIVE SUMMARY

1. Introduction

URS Infrastructure and Environment UK Ltd (URS) was commissioned by London Borough of Havering in July 2014 to undertake an employment land review (ELR) of the borough. The ELR assesses the quantity, quality and viability of the borough’s employment land to form an evidence base to support the review of policies and preparation of Havering’s Local Plan.

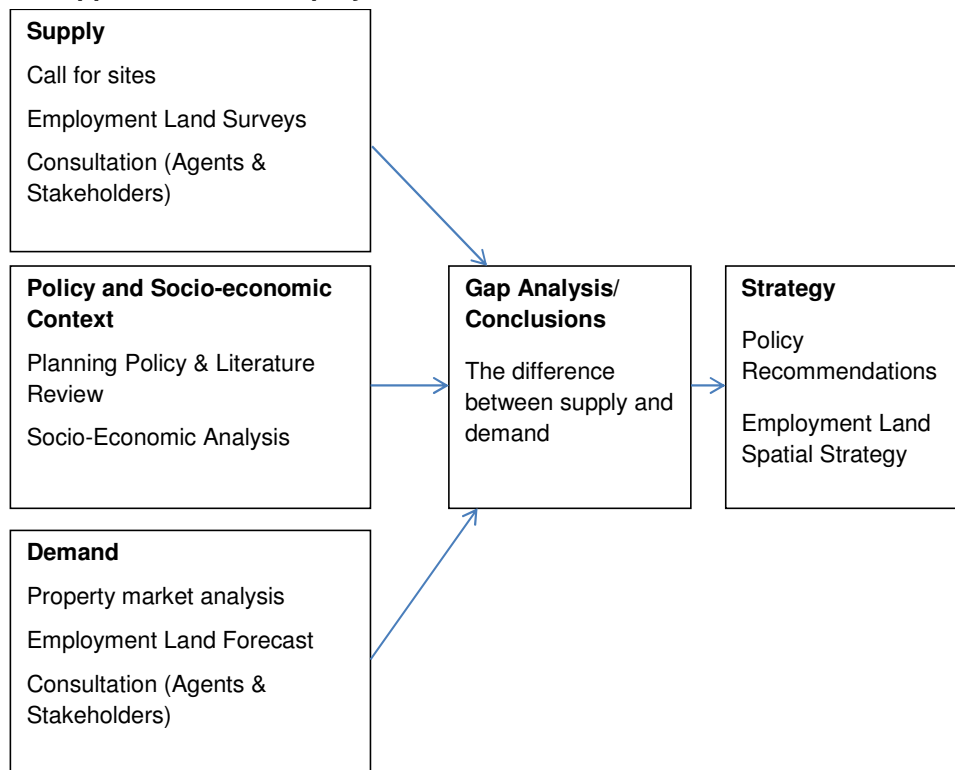
2. Context

The National Planning Policy Framework (NPPF) outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies. The Greater London Authority’s (GLA) Land for Industry and Transport Supplementary Planning Guidance (SPG) provides more London specific directions on employment provision requirements.

The need for Local Planning Authorities to produce an up to date ELR and the suggested format is outlined in National Planning Practice Guidance (NPPG) published on the 6th March 2014. One of the key changes outlined in the NPPG includes a requirement for a ‘call for sites’ to identify sites with the potential to address economic development in the Borough. Accordingly a call for sites process was completed as part of this study and consideration is given to either existing employment sites proposed by the site owner for change of use to non-employment uses or new sites with potential to meet economic development needs.

The main research elements of this employment land study are summarised in **Figure E1**. The methodology has been developed to conform to the NPPG. Each element is reviewed briefly in the following sub-sections.

Figure E1 Approach to the Employment Land Review



Source: URS (2014)

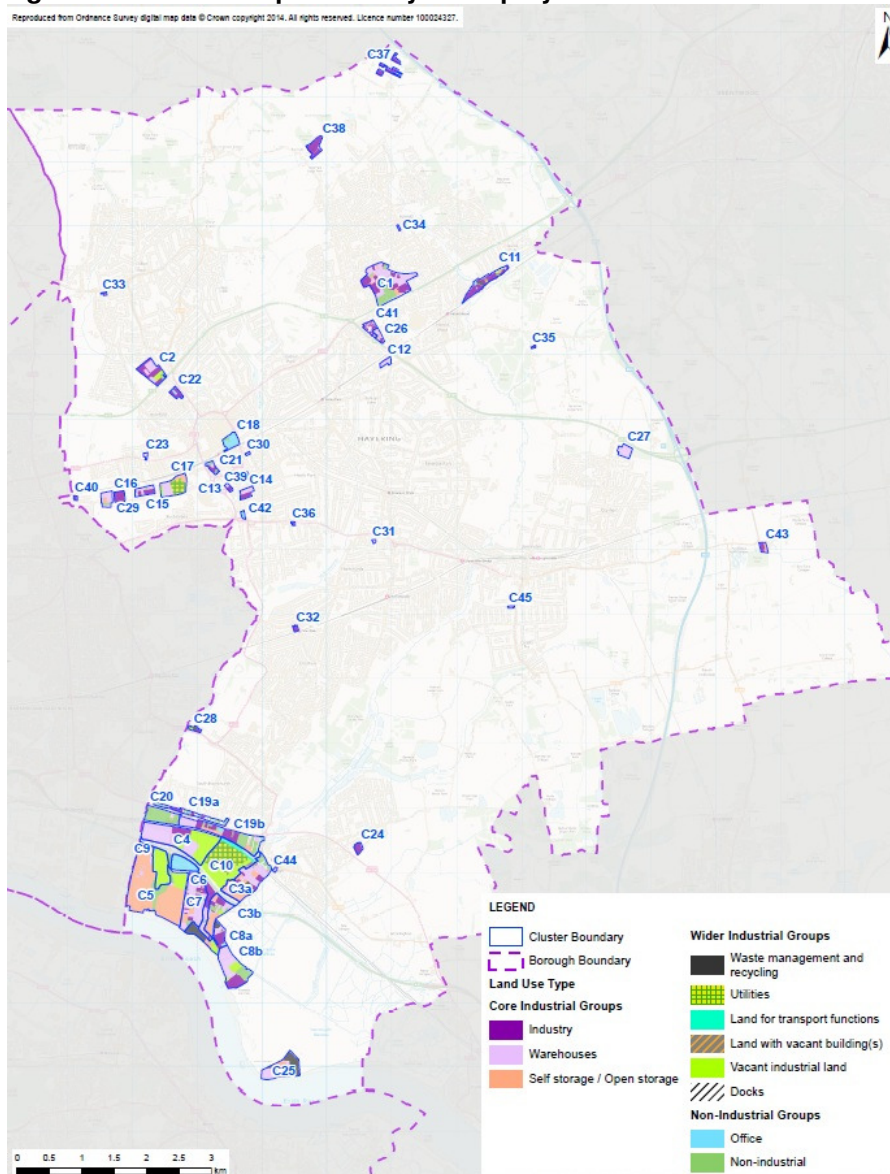
3. Supply Assessment

A field survey of employment land in LB Havering was carried out to assess its suitability for continued employment use. Sites that came forward through the call for sites were also assessed. The list of clusters included:

- Clusters surveyed as per the 2006 ELR, which were drawn from the council's Unitary Development Plan (UDP)
- Clusters identified in Havering's Core Strategy and Development Control Policies Development Plan Document (DPD), Site Specific Allocations DPD and Romford Area Action Plan adopted in 2008; and
- Clusters over 0.25 ha in size, as per NPPG paragraph 11

In total 48 employment clusters were surveyed. An overview of all clusters is given in **Figure E2**:

Figure E2 Context Map of Surveyed Employment Clusters in LB Havering



Source: URS (2015)

The majority of designated employment clusters are well functioning, predominantly industrial, clusters of employment land. Most have good/ very good access to the strategic road network and are in adequate condition, being identified as either in very good, good or average condition. The surveyed 'non-designated' clusters were more mixed in quality with several performing well and others identifiable as being of poor overall quality. The Romford Office Quarter was observed to be mostly performing well, having good access to facilities and amenities, public transport, the strategic road network, and good parking facilities. The relatively high vacancy rates suggests that demand for the type of units marketed here may be declining, though in the medium to long term demand for office space may pick up as a result of Crossrail and improved connectivity with central London markets.

4. Property Market Assessment

LB Havering's office and industrial land market were assessed in the context of the wider property market area (PMA). This corresponds to the NPPG which states that needs should be assessed in relation to the relevant functional economic market area (FEMA)¹. The findings are based on the key conclusions of a consultation exercise with local property market agents and key stakeholders.

Our assessment concluded that demand levels for industrial premises are stable, as a whole, having experienced a fall at the onset of the economic downturn. Demand and take-up of second-hand stock is considered to be somewhat more muted. Although new high-quality premises have recently been built, second hand stock dominates the market at present. Whilst occupiers demand a range of premises, there is a noted shortage of large distribution facilities or available land to build such premises, meaning that when demand for such premises arises, occupiers have to look elsewhere in the PMA. The presence of poorer quality premises in some locations may provide opportunities for refurbishment or redevelopment to ensure the needs of occupiers are met and the supply-demand balance maintained.

Based on consultation and review of information sources it is assessed that take-up rates of office floorspace in Havering has been slow in recent years, and demand is currently not strong, with relatively few enquiries being received. Where demand exists, good quality premises are required with good links to public transport and amenities. The supply of office premises in Havering is not considerable and is largely concentrated within the Romford Office Quarter, where a number of good quality premises are available. In conclusion, the supply of B1 floorspace generally meets demand in the Havering local office market in the current to short term period. The key gap is in affordable, serviced office accommodation to meet the needs of small start-up companies.

5. Demand Assessment

To project future demand the following factors were assessed:

- Sub-regional floorspace trends;
- Historic and forecast employment based on macro-economic forecasting; and
- Assessment of other local factors not contained within existing data such as transport improvements and the effects of the recession based on consultation with market agents.

The results of the employment land demand forecast are shown below. Industrial land demand is shown in **Table E2** and Office demand in **Table E3**.

¹ NPPG, paragraph 009 Reference ID: 2a-009-20140306

Table E2 Industrial Employment Land Demand, 2012-2031

	<i>Low</i>	<i>Medium</i>	<i>High</i>
Demand for industrial land use		(hectares)	
A. Supply of industrial land occupied by B-use class, including land for utilities, bus and rail depots, and waste management		375.0	
B. Current vacant industrial land 2014		37.0	
C. Total occupied industrial land and developable land (A+B)		412.0	
D. Land demand to 2031	-5.8	-5.2	-4.7
E. Additional demand for waste and recycling facilities 2014 to 2031		0.0	
F. Optimum frictional vacant land at 2031 (5% of A+D+E) ²	18.5	18.5	18.5
G. Excess vacant land (includes optimal levels of frictional land (F) minus existing vacant land (B))	-18.6	-18.5	-18.5
H. Gross demand for industrial land 2014-2031 (A+D+E+G)	350.7	351.2	351.8
I. Net demand for industrial employment land 2014-31 (H-D)	-24.3	-23.8	-23.2
J. Net change per annum (ha)	-1.3	-1.3	-1.2

Source: URS (2015); GLA London's Industrial Land Baseline (2010); East London Waste Plan (2012)
Figures may not appear to sum due to rounding

Table E3 Office Floorspace Demand, 2014 - 2031

	<i>Low</i>	<i>Medium</i>	<i>High</i>
Demand for office floorspace		(m ²)	
A. Actual (Gross) B1 Floorspace		154,000	
B. Current Estimated Vacant Floorspace		30,800	
C. Demand for B1 floorspace 2031	26,979	29,977	32,974
D. Optimum frictional vacancy in 2031 (8% of A + C)	14,478	14,718	14,958
E. Oversupply of vacant floorspace (D – B))	-16,322	-16,082	-15,842
F. Gross demand for B1 floorspace 2014-2031 (A+C+E)	164,657	167,895	171,132
G. Net demand for B1 floorspace 2014-2031 (F – A)	10,657	13,895	17,132

Source: URS (2015) Figures may not appear to sum due to rounding

The implications of this analysis is that there is a surplus of employment land in the region of between **-24.3ha** and **-23.2ha** and demand for between approximately **+10,657m²** and **+17,132m²** additional office floorspace in LB Havering over the planning period.

² The Land for Industry and Transport SPG (2012) paragraph 3.7 identifies 5% as the optimal frictional vacancy rate for industrial land in order for the market to work efficiently.

6. Conclusions

Office

There is approximately 154,000m² of gross office floorspace in LB Havering, the majority of which is located in Romford Town Centre's Office Quarter. Our forecasting exercise estimated that there is additional demand for between approximately 10,657m² and 17,132m² of office floorspace in the planning period to 2031 (see Table E3). The projected growth in office floorspace is mainly attributed to ongoing demand for space within Romford Town Centre, and to a lesser extent demand from SMEs for smaller units in Romford. Consultations, analysis of the property market and policy evidence indicate that Havering contains some older office stock, which once vacant proves difficult to re-let given that characteristics may no longer appeal to modern occupiers. It is thus important that a measured approach is taken to encouraging refurbishment or site redevelopment to provide modern floorspace.

Medium term initiatives such as Crossrail and demand stimulated from potential outmigration from central London will likely lead to there being continued, though ultimately modest, demand for office space in LB Havering.

Industrial

There is a total of 375ha of land currently in industrial use in LB Havering (see Table 7.9). Total industrial floorspace is estimated to be in the region of 700,000m². We estimate that net demand over the planning period is between -24.3ha and -23.2ha of industrial land. This means that approximately 24 hectares of existing industrial land in LB Havering could be released for other uses while still providing sufficient industrial land in the Borough to meet future demand.

Some existing industrial clusters in LB Havering have been identified through recent Council policies and strategies as potentially appropriate for release or change of use to enable wider regeneration benefits to be achieved. These sites amount to around 19.5 hectares which is around 80% of the projected release figure of 24 hectares. The sites with potential for release or change of use to include the following:

- Rainham West (Clusters 19a and b) 15.4 ha
- Crow Lane Site 3 (Cluster 17) 2.7 ha
- Bridge Close (Cluster 21) – 1.4 ha

Rainham West, with the exception of the Rainham Steel office building, is identified by the LB Havering as a site that could be released for housing. The Council has submitted a funding bid to the GLA for 'housing zone' status. This funding would provide finance to unlock the site. Its redevelopment for housing would help the LB Havering meet its increased housing targets and wider regeneration goals.

7. Recommendations

Based on the research conducted throughout the study the following policy recommendations are made. Further justification of each recommendation is made in the full report at Section 8:

R1 The demand assessment estimates that there is net additional demand for between 10,657m² and 17,132m² of B1 floorspace in LB Havering over the Local Plan period to 2031. The most suitable location in the borough to accommodate this forecast demand is Romford Town Centre. Other complementary town centre uses could be introduced on underutilised sites within the Romford Office Quarter/Station Quarter, as long as the total quantum of office floor space within Havering as a whole is not reduced or the viability or functionality of the existing stock undermined.

R2 To help ensure there is sufficient capacity to meet projected demand for industrial land in LB Havering to 2031 the following existing designated employment land should continue to be protected:

- a) All existing Strategic Industrial Land (SIL), which includes the following:
- Harold Hill (Cluster 1)
 - King George Close (Cluster 2)
 - Ferry Lane North (Cluster 3a and b)
 - Beam Reach 5 (Cluster 4)
 - Ford (Cluster 5)
 - CEME (Cluster 6)
 - Fairview Estate (Cluster 7)
 - Ferry Lane South (Cluster 8a and b)
 - Beam Reach 6 (Cluster 9)
 - Rainham SIL Infill (Cluster 10)
- b) The following Secondary Employment Areas (SEAs):
- Harold Wood (Cluster 11)
 - Hillman Close (Cluster 12)³
 - The Seedbed Centre, Romford (Cluster 13)
 - Lyon Road (Cluster 14)
 - Crow Lane Site 2 – Danes Road (Cluster 15)
 - Crow Lane Site 1 (Cluster 16)
 - Crow Lane Site 3 (Cluster 17) Retain the 2.4 ha of the site that is in Royal Mail use. The remaining 7.94 ha is recommended for release (see recommendation 4 below)

The Council should consider renaming the Secondary Employment Areas (SEA) as ‘Locally Significant Industrial Sites’ (LSIS) as per the London Plan definition.

R3 The Council should consider re-designating the Freightmaster Estate (Cluster 25) as Strategic Industrial Land (SIL).

R4 To help meet housing and wider regeneration objectives the Council could consider a change of use away from industrial employment uses at the following industrial clusters that total approximately 19.5 hectares:

- Crow Lane Site 3 (Cluster 17) – 2.7 hectares
- Rainham West (North) (Cluster 19a) – 1.7 hectares
- Rainham West (South) Cluster 19b – 13.7 hectares (all of the cluster except the Rainham Steel Building)
- Bridge Close (Cluster 21) – 1.4 hectares

³Also known as Stafford Industrial Estate

R5 To help retain an appropriate balance of supply and demand of industrial land over the planning period, the Council could consider a more flexible approach to changes of use away from industrial uses at a limited amount of industrial employment land not designated as SIL or SEA. The decision on which land to release should be based on certain criteria listed below being met. The loss of employment use in non SIL or SEA sites should not lower the overall industrial capacity of the borough significantly below that estimated by this study to be necessary to meet anticipated need over the planning period. This means that along with the 19.5 hectares of industrial land recommended for release in Recommendation 4 above an additional 4 to 5 hectares would be appropriate to release over the planning period.

To help ensure that not too much industrial land is released the Council could introduce a policy in the updated Local Plan that states that industrial land will only be released if all of the following criteria are met:

- The existing employment land use causes detrimental effects to the amenity of the nearby area – particularly where residential uses are adversely affected;
- There is evidenced to be no market interest in the site following one year of active marketing;
- The change of use from industrial employment uses will not lower the industrial capacity of the borough below that estimated to be necessary to meet projected demand over the planning period as estimated by the most up to date ELR (i.e. this study).

R6 **Monitoring:** The Council should monitor changes of employment land through planning permissions to ensure that sufficient land is available for economic growth over the planned period, 2014 to 2031.

1 INTRODUCTION

1.1 Study Objectives

URS Infrastructure and Environment UK Ltd (URS) was commissioned by London Borough of Havering in July 2014 to undertake an employment land review (ELR) of the borough. The ELR assesses the quantity, quality and viability of the borough's employment land to form an evidence base to support the review of policies and preparation of Havering's Local Plan. The ELR will be used by the Borough to inform its future approach to the provision, protection, release or enhancement of employment land and premises. The review updates and builds on the existing employment land evidence base and the 2006 Employment Land Review.

1.2 Policy Context

The National Planning Policy Framework (NPPF)⁴ outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies. The Greater London Authority's (GLA) Land for Industry and Transport Supplementary Planning Guidance (SPG)⁵ provides more London specific directions on employment provision requirements.

The need for Local Planning Authorities to produce an up to date ELR and the suggested format is outlined in National Planning Practice Guidance (NPPG) published on the 6th March 2014. The NPPG updates the suggested methodology for producing an employment land evidence base. It supersedes the former guidance - the 2004 ODPM Employment Land Review Guidance Note. One of the key changes outlined in the NPPG includes a requirement for a 'call for sites' to identify sites with the potential to address economic development in the Borough. Accordingly a call for sites process was completed as part of this study and consideration is given to either existing employment sites proposed by the site owner for change of use to non-employment uses or new sites with potential to meet economic development needs.

The NPPG also suggests that studies take account of wider employment uses such as utilities, land for transport and waste management. The Council have separately commissioned a Retail Study to be undertaken in parallel which will consider retail and leisure growth over the Local Plan period and, like the ELR, this will inform policy formation. The methodology applied in this review complies with the principles outlined in the NPPF, NPPG and GLA Land for Industry and Transport SPG.

1.3 Study Area

The process for selecting existing and potential employment sites to survey corresponds to the guidance in the NPPG. This includes all those clusters surveyed as part of the 2006 ELR and a number of clusters comprising non-designated employment land over 0.25 hectares⁶. In total 48 employment clusters were assessed as part of the study. These fall within four groups of employment area type:

1. Strategic Industrial Locations (SIL) comprising:
 - a. Rainham Employment Area;
 - b. Harold Hill Industrial Estate, and;

⁴ NPPF, paragraphs 160 to 161

⁵ Greater London Authority (GLA) 2010, Land for Industry and Transport Supplementary Planning Guidance (SPG)

⁶ NPPG, paragraph 011 reference ID: 2a-011-20140306

- c. King George Close Estate, Romford.
2. Secondary Employment Areas (SEA)⁷ comprising:
 - a. Crow Lane in Romford (three sites);
 - b. Harold Wood Industrial Estate;
 - c. Hillman Close;
 - d. Lyon Road, and;
 - e. The Seedbed Centre.
3. Other designated clusters including the Romford Office Quarter, as designated in the Romford Area Action Plan (AAP) 2008; and Beam Park and Rainham West, which are designated as Site Specific Areas under SSA11 and SSA12 respectively
4. Non-designated employment land clusters. There are two types of clusters:
 - a. Clusters which have been de-designated from employment use through the 2008 LB Havering Core Strategy, including: Chesham Close, Spring Gardens, Bridge Close and Victoria Road all located in Romford; and Lambs Lane, Coldharbour Lane Commercial Centre, and New Road Employment Area all located in the Rainham area; and
 - b. Other employment land clusters over 0.25 hectares as per the NPPG requirement. These were not designated prior to 2008 LB Havering Core Strategy. These include the clusters of Bryant Avenue Industrial Estate (Southend Arterial Road), a caravan storage site in the east of the borough off the A127, Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site, and 178 – 208 Crow Lane.
5. A call for sites process was followed as per the NPPG and responses were assessed but no additional new sites with potential for employment uses were identified by site promoters.

We explain the selection of these clusters further in **Section 5** and present the locations in **Figure 2.2**.

1.4 Report Structure

This report sets out our final findings and policy recommendations for employment land in LB Havering, taking into account the future economic development of the area. The report is structured as follows:

- **Section 2** details our approach
- **Section 3** sets out the national, regional and local policy context of particular relevance to employment land issues
- **Section 4** provides a high level analysis of socio-economic and local business baseline conditions in LB Havering benchmarked against relative geographies
- **Section 5** summarises the key qualitative and quantitative results of the employment land cluster appraisals

⁷ SEAs share characteristics and attributes and are directly comparable to Locally Significant Industrial Sites (LSIS) as per the London Plan employment land designation terminology. However, to avoid confusion they are still referred to as SEAs in this report.

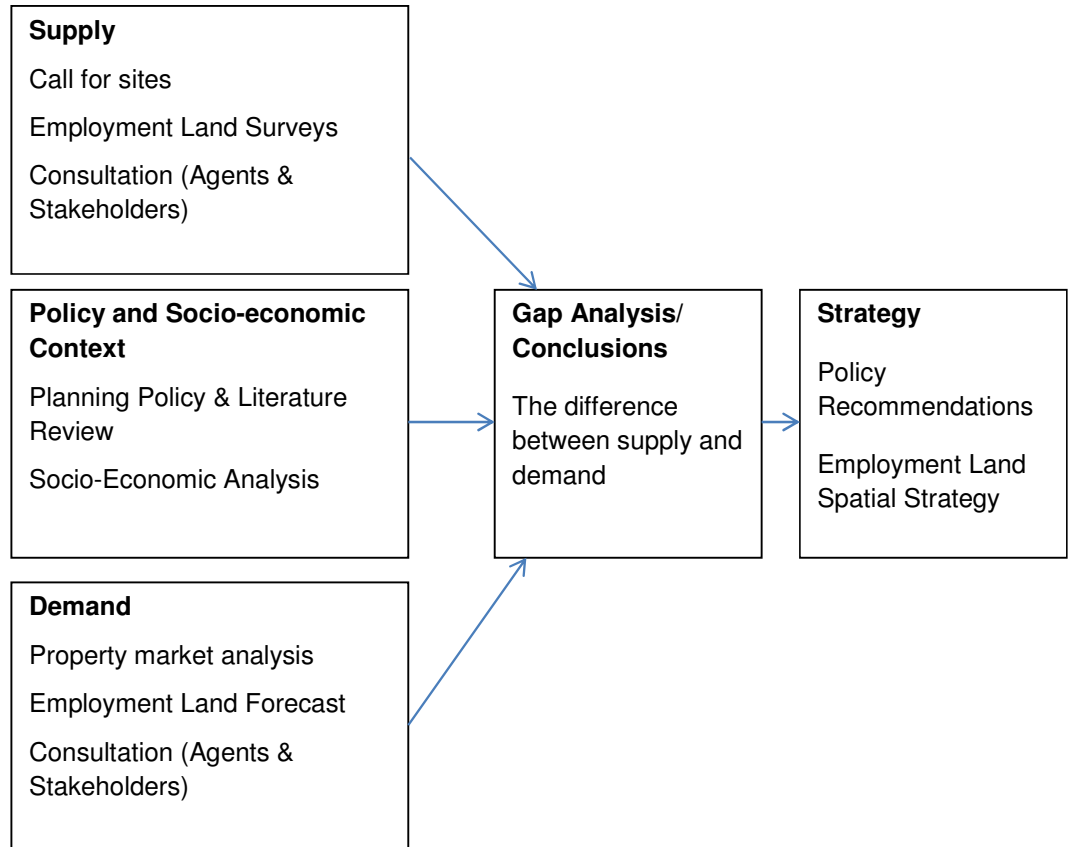
- **Section 6** provides an overview of the employment land market including the historical and expected future trends in the commercial and industrial property sectors based on the views of local market agents and stakeholders gained through a consultation exercise
- **Section 7** forecasts the demand for employment land
- **Section 8** sets out our overall conclusions; and presents our suggested recommendations for the future management of employment land in LB Havering.

2 APPROACH

2.1 Introduction

This section sets out the main research elements of this employment land study as illustrated in **Figure 2.1**. The methodology has been developed to conform to the NPPG. Each element is reviewed briefly in the following sub-sections.

Figure 2.1 Approach to the Employment Land Review



Source: URS (2015)

2.2 Policy and Socio-economic Context

Our employment land review begins with a review of the policy framework and the socio-economic context.

The policy review takes account of relevant national, regional and local policies and strategies as these have the potential to influence future supply and demand for employment land. The socio-economic profile is benchmarked with the Property Market Area (PMA) (see **Section 6.2**) in order to provide a picture of the borough’s economic make-up, and its comparative opportunities and threats. The profile covered a review of historical employment information for the borough, including information on workforce characteristics, occupation, earnings and travel to work information, and analysis on key sectors. To develop this profile a number of information sources are reviewed including Census data, ONS Annual Population Survey, Annual Business Inquiry and the Local Labour Force Survey.

2.3 Supply Assessment

A field survey of employment land in LB Havering was carried out to assess its suitability for continued employment use. The list of clusters were selected and agreed in consultation with the Council. The list consist of:

- Clusters surveyed as per the 2006 ELR, which were drawn from the council's Unitary Development Plan (UDP), including those retained and those since de-designated for employment use in Havering's 2008 LDF⁸.
- Clusters identified in Havering's Core Strategy and Development Control Policies Development Plan Document (DPD), Site Specific Allocations DPD and Romford Area Action Plan adopted in 2008; and
- Clusters over 0.25 ha in size, as per NPPG paragraph 11, considered suitable for survey identified using the London Industrial Baseline Study (URS and DTZ on behalf of the Greater London Authority (GLA), 2010).

In total 48 employment clusters were identified and surveyed. During the survey, three clusters were considered to contain distinct areas of character and natural geographic divisions. This meant that, including cluster sub-divisions, 51 cluster areas were surveyed and analysed. An overview of all clusters is given in **Figure 2.2**:

In drawing the clusters boundaries we have noted that the GLA defines SIL boundaries for King George's Close and Rainham Employment Area slightly differently to the LB Havering's adopted LDF Proposals Map. For King George's Close the GLA's SIL boundary includes a strip of land to the south of the arterial road which is currently in retail use. The GLA SIL boundary for Rainham Employment Area includes land adjacent to the north in the Rainham West cluster, south of New Road, which LB Havering de-designated in 2007, and excludes a small parcel of land at the southern tip of Ferry Lane South cluster, which is included in LB Havering's adopted LDF Proposals Map. All land within the GLA SIL boundaries are however captured in our cluster survey. Following adoption of the Local Plan we suggest that the Council submits the revised SIL and LSIS policy layers to the GLA in a compatible GIS format so that there is a consistent understanding of the geographic extent of these policy areas.

The survey covered the use classes B1, B2 and B8. Throughout this report employment land is referred to as land in office (B1), comprising B1a (Office) and B1b (Research and Development) but not B1c (Light Industry) as this use class shares characteristics more similar to industrial uses; industry (B2) comprising industry (B2) uses and B1c (Light Industry); and warehouse use (B8). Each cluster was surveyed and appraised against an agreed set of economic, planning and property market criteria, in line with National Planning Practice Guidance (2014) and the Land for Industry and Transport SPG (2012).

To ensure consistency, surveyors used a survey manual, a structured survey questionnaire and a map of each employment cluster. The survey questionnaire used Land for Industry and Transport SPG criteria. The questionnaire included a series of close-ended and open-ended questions and captured quantitative and qualitative information. Once the surveys were complete (week beginning 29th September, 2014) the survey data was entered into a database and written up for analysis.

⁸ Surveying the same clusters in 2006 allows us to make direct comparisons with how the employment land market has changed. An emphasis of our survey involved identifying changes in land use from the 2006 ELR and 2010 London Industrial Land Baseline mapping.

2.4 Property Market Assessment - Consultation

We consulted with local property market agents, key stakeholders involved in economic development and regeneration in order to better understand the local demand and supply characteristics of the employment land market and the land and premises-related drivers and constraints to businesses operating in the borough.

Commercial Agent Consultation

To help enhance the understanding of the supply and demand characteristics of the local employment land market, the views of local property market agents, key land owners and other key stakeholders were sought. It was considered more effective and efficient to speak to a group of commercial property agents rather than speaking only to one commercial agent in order to broaden and moderate the response compared to that which would have been received by contacting just one commercial agent. Approximately 5 local commercial agents and developers were contacted.

The exercise supplemented desk-based research and survey findings, and sought to test the emerging findings and conclusions relating to the demand and provision of office and industrial sites and premises in LB Havering. Consultation with local property agents took the form of a semi-structured interview by telephone around topics including: LB Havering employment property market area; the demand and supply of sites and premises, the characteristics of sites and their suitability for employment uses; opportunities and constraints to growth; and inward investment and regeneration. The outputs of the consultation exercise are an important piece of evidence that provides real market intelligence from professionals working day to day with commercial property in LB Havering and is a key consideration to inform the policy recommendations.

Stakeholder Consultation

A key exercise of the research programme was to consult with relevant local business groups, business support organisations, and economic and regeneration organisations active in LB Havering. The exercise supplemented desk-based research and survey findings, and sought to test the emerging findings and conclusions relating to the demand and provision of office and industrial sites and premises. Consultation took the form of a semi-structured interview by telephone around topics including: business needs; the demand and supply of sites and premises, their characteristics and their suitability; opportunities and constraints to growth; inward investment and regeneration; supporting an entrepreneurial culture; labour force structure, education and skills; and economic inclusion.

2.5 Demand Assessment

A number of different techniques can be used for forecasting future demand of employment land. Each has strengths and weaknesses. The decision was therefore taken after consultation with LB Havering to adopt a synthesis approach that is based on the trends of the following factors:

- Sub-regional floorspace trends;
- Historic and forecast employment based on macro-economic forecasting; and
- Assessment of other local factors not contained within existing data such as transport improvements and the effects of the recession.

For the purpose of this study we have used data from the following local authority boundaries of a defined Property Market Area (PMA), as suggested by property market agents⁹, to measure the trends of the above three factors:

- LB Havering;
- LB Barking and Dagenham;
- LB Newham, and;
- Brentwood Borough Council.

By contrast our assessment found that for office property, demand is typically localised and therefore the PMA can be best defined as the LB Havering.

Valuations Office Agency (VOA) experimental commercial floorspace data released by the VOA in May 2012 and covering the period 2000 to 2012 was used to assess the changes in floorspace between 2000 and 2012 (the most up to date information) for the four boroughs within the PMA. Historic trends were then used as the basis for a linear forecast of demand to 2031.

The linear floorspace forecast was then adjusted using employment forecasts (2012 – 2031) published by the Greater London Authority. The final step, to further increase the robustness of the analysis, was to take account and adjust the employment land forecast using information on the economic, property market trends not included in the data and future policy direction in LB Havering. This is made in relation to the wider economy and helps to present the potential future growth in a series of different potential scenarios.

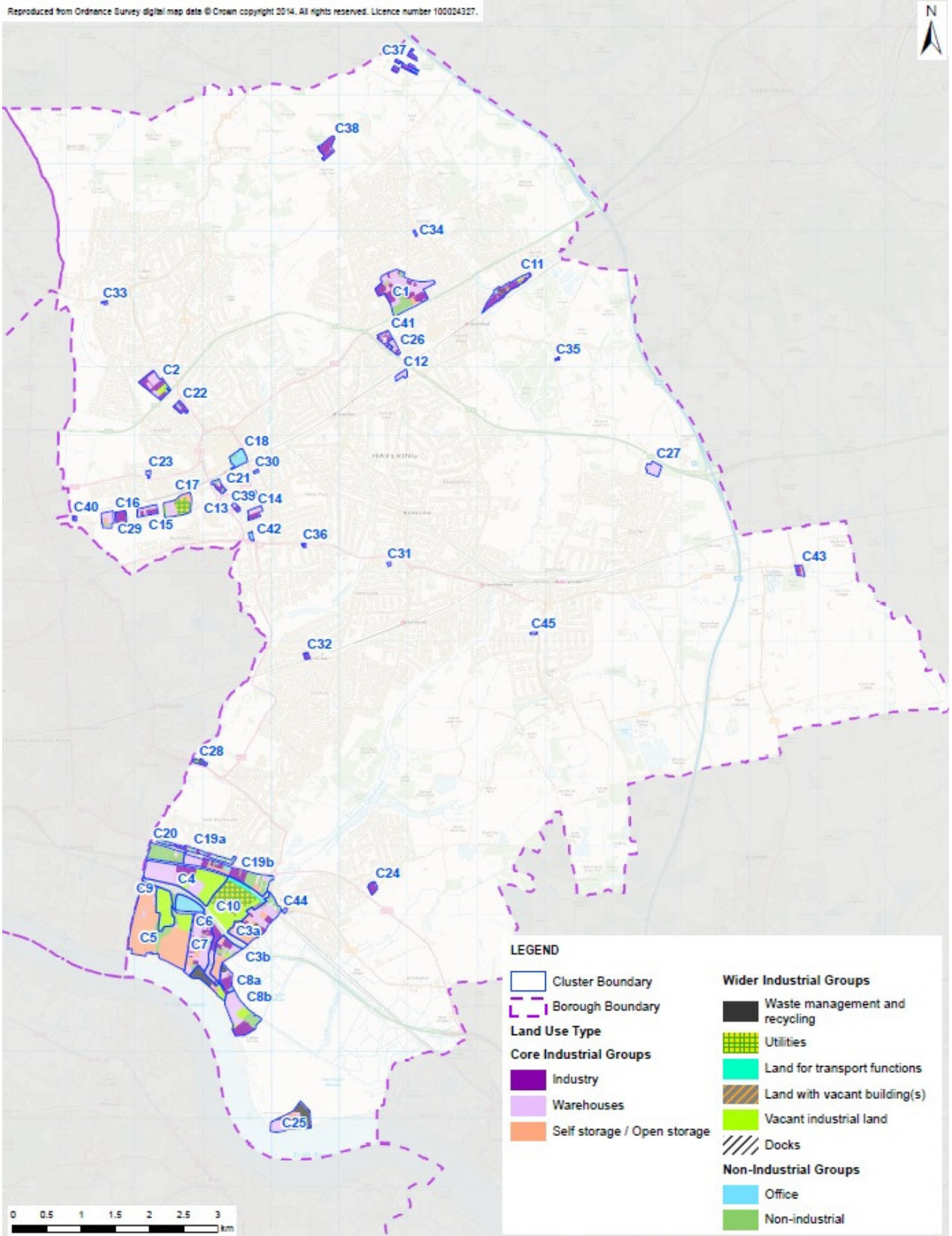
2.6 **Gap Analysis, Conclusions and Recommendations**

The final chapter draws together all of the previous research elements and makes a comparison of the current supply of employment land in the borough of LB Havering with the projected demand for employment land up to 2031. This involves an assessment of the balance between supply and demand, and informs the position of whether there should be retention or release or employment land.

The recommendations are informed by all preceding analysis: the socio-economic profile of the borough, field surveys, the economic development and planning policy context, property market analysis, demand projections and consultations findings. The recommendations describe by use class type and spatially where land for employment uses should be provided. All recommendations are fully justified.

⁹ Initially Thurrock was also identified as potentially part of the PM. However, this was removed after consultation with agents and analysis of data as the effect of the London Gateway development has a distorting effect on the employment projections relevant to Havering.

Figure 2.2 Context Map of Surveyed Employment Clusters in LB Havering



Source: URS (2015)

3 POLICY REVIEW

3.1 Introduction

This section provides an overview of relevant planning and economic development policy which informs this employment land review.

3.2 National Planning Policy

National Planning Policy Framework (NPPF)

The NPPF condenses all planning policy statements into a single all-encompassing planning framework with the intention of making the planning system less complex and more accessible. The National Planning Policy Framework was published and came into effect on 27th March 2012.

The NPPF describes the Government's vision for building a strong, competitive economy. It sets out a presumption in favour of sustainable development in the absence of a local plan or where the plan is silent or indeterminate. This means that the ELR and Local Plan should present robust evidence to support clearly defined allocations of land for employment to avoid applications for alternative use being granted on the basis they are sustainable development. In relation to economic and employment land it states the following:

The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth.

Therefore significant weight should be placed on the need to support economic growth through the planning system.

To help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century.

Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities should:

- *Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;*
- *Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
- *Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;*
- *Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;*

- *Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.*

Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities. (NPPF, page 6-7). URS considers the status and justification for the ongoing protection of SILs and SEAs as part of Sections 5 and 8.

National Planning Practice Guidance NPPG (March 2014)

On the 6th March 2014 the Government published new National Planning Practice Guidance (NPPG) on 'Housing and Economic Development Needs Assessments' and 'Housing and Economic Land Availability Assessments' amongst others. This guidance replaces the ODPM Employment Land Reviews: Guidance Note (2004).

In economic development terms 'need' relates to the amount of economic development floorspace required based on quantitative assessment and an understanding of the qualitative requirements market segments. The NPPG requires need assessment to be based on an objective assessment of the facts and should not be biased or influenced by constraints to the overall assessment or limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. Although it is recognised that such evidence will need to be addressed when identifying specific policies within development plans.

It is recognised that there is no one methodological approach for the assessment of need. However, the NPPG advises that in understanding the current market in relation to economic uses plan makers should liaise closely with the business community to understand their current and potential future requirements.

To provide an understanding of the underlying requirements for office, general business and warehousing sites the NPPG emphasises the importance of considering projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. The NPPG requires plan makers to consider sectoral and employment forecasts and projections, demographically derived assessments of future employment needs, past take-up of employment land and property and/or future property market requirements, consultation and studies of business trends and statistics.

Analysing supply and demand concurrently enables conclusions to be drawn on whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This in turn enables an understanding of which market segments are over-supplied to be derived and those which are undersupplied. By comparing availability of stock with particular requirements 'gaps' in local employment land provision can be identified.

The NPPG identifies that when translating employment and output forecasts into land requirements there are four key relationships that need to be quantified including:

- 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 ratio based on industry proxies).

The NPPG guidance on 'Housing and Economic Land Availability Assessment' sets out a general methodology for assessing land availability but focuses primarily on the assessment of housing rather than employment land.

With relevance to this study the NPPG requires local planning authorities to work with other local authorities within the functional economic market area when assessing availability of land in line with the duty to cooperate. The NPPG also requires plan makers to be proactive in identifying as wide a range of sites as possible, including existing sites that could be improved, intensified or changed. Sites which have particular policy constraints should be included in assessments however constraints should be set out clearly and tested with conclusions drawn on whether constraints can be overcome.

The assessment of the suitability of sites for development should be guided by the development plan, emerging plan policy and national policy, as well as market and industry requirements. The NPPG notes that when assessing sites against the adopted development plan, regard should be had to how up to date the plan policies are. Sites in existing development plans, or with planning permission, will generally be considered suitable for development although it may be necessary to assess whether circumstances have changed which would alter their suitability, in addition to the other factors identified in the NPPG.

New Permitted Development Rights

Supporting the Government's effort to increase housing supply is an amendment to permitted development rights, which allows the change of use from B1(a) office to residential (C3) without the need for planning permission. These came into force in spring 2013 and have the purpose of supporting and enabling growth. The new permitted development rights will initially be time-limited for three years. Local authorities were given an opportunity to seek an exemption from office to residential uses for specific geographies where there is evidence to suggest there could be a 'loss of a nationally significant area of economic activity' or 'substantial adverse economic consequences at the local authority level which are not offset by the positive benefits the new rights would bring'. LB Havering were unsuccessful in their application for an exemption. The potential impacts of this change are explored in the Property Market Assessment (Section 6) and Policy Recommendations (Section 8).

3.3 Regional Planning Policy

The Coalition Government of 2010 announced that national Planning Policy Statement 11: Regional Spatial Strategies would be abolished under the Localism Bill (introduced to Parliament in Dec 2010). However, the guidance letter¹⁰ states that the London Plan will continue to provide the planning framework for the London boroughs.

London Plan 2011 and Revised Early Minor Alterations 2013

The London Plan (July 2011) is the spatial strategy for Greater London spanning the next twenty years to 2031. It replaces the previous London Plan (2004). It sets out an integrated social, economic and environmental framework for the future development of London. The relevant policies are stated below.

¹⁰ Chief Planning Officers Letter: Revocation of Regional Strategies, DCLG, 6 July 2010

An overall strategic policy of the Plan is contained within six detailed objectives. Those relevant to guide the Councils in the development of their employment policies within their local development plan include the following:

- Objective 1 - A city that meets the challenges of economic and population growth in ways that ensure a sustainable, good and improving quality of life and sufficient high quality homes and neighbourhoods for all Londoners, and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes.
- Objective 2 - An internationally competitive and successful city with a strong and diverse economy and an entrepreneurial spirit that benefit all Londoners and all parts of London; a city which is at the leading edge of innovation and research and which is comfortable with – and makes the most of – its rich heritage and cultural resources.
- Objective 5 - A city that becomes a world leader in improving the environment locally and globally, taking the lead in tackling climate change, reducing pollution, developing a low carbon economy, consuming fewer resources and using them more effectively.

The London Plan identifies outer London as an area that requires specific strategic guidance to ensure that it contributes effectively to the overall prosperity of the capital. Havering is within outer London. Policy 2.6 sets out the overall vision for Outer London. It states:

- *'The Mayor will, and boroughs and other stakeholders should, work to realise the potential of outer London, recognising and building upon its great diversity and varied strengths by providing locally sensitive approaches through LDFs and other development frameworks to enhance and promote its distinct existing and emerging strategic and local economic opportunities, and transport requirements'.*

Policy 2.7 sets out the Economic policies for Outer London. These include:

- *'enabling existing sources of growth to perform more effectively, and increasing the competitive attractiveness of outer London for new sectors or those with the potential for step changes in output.*
- *ensuring that appropriate weight is given to wider economic as well as more local environmental and other objectives when considering business and residential development proposals*
- *consolidating and developing the strengths of outer London's office market through mixed use redevelopment and encouraging new provision in competitive locations, including through the use of land use 'swaps'*
- *managing and improving the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace*

Policy 2.12: 'Opportunity Areas and Areas for Intensification' states that 'development proposals within opportunity areas and intensification areas should:

- *Support the strategic policy directions for the opportunity areas and intensification areas set out in Annex 1, and where relevant, in adopted opportunity area planning frameworks*

- *Seek to optimise residential and non-residential output and densities, provide necessary social and other infrastructure to sustain growth, and, where appropriate, contain a mix of uses; and*
- *Contribute towards meeting (or where appropriate, exceeding) the minimum guidelines for housing and/or indicative estimates for employment capacity set out in Annex 1, tested as appropriate through opportunity area planning frameworks and/or local development frameworks.'*

Policy 2.13 refers to Opportunity Areas, such as London Riverside, in the East London sub-region and states that; *'Planning frameworks, investment plans and other spatial interventions for these areas (opportunity areas) should focus on implementation, identifying both the opportunities and challenges that need resolving such as land use, infrastructure, access, energy requirements, spatial integration, regeneration, investment, land assembly and phasing'.*

Integral to Policy 2.13 is Annex 1, which outlines how broad principles of the London Plan should be applied to specific Opportunity and Intensification Areas including indicative estimates of employment capacity and minimum guidelines for new homes to 2031. The London Riverside Opportunity Area covers Barking Riverside, Dagenham Dock, South Dagenham, Beam Reach, Beam Park and Rainham West sites with scope for intensification in Barking town centre, Rainham Village and South Hornchurch.

Across the opportunity area capacity is for 14,000 jobs and 25,000 homes. To deliver this growth *'substantial improvements in public transport will be needed, building on plans for increased capacity on the C2C rail line, and East London Transit schemes to serve London Riverside, exploring the potential for additional stations, for example at Beam Park along the current rail corridor, and extended bus services.'* At South Dagenham, along the A1306 East, and in Rainham the Plan states that there is potential to deliver more compact, residential-led mixed urban communities.

In terms of employment land *'the development strategy includes managed release of some surplus industrial land for housing and other complementary uses, and consolidating the offer of the remaining industrial land including promotion of a Green Enterprise District incorporating the London Sustainable Industrial Park at Dagenham Dock. The core employment areas have the potential to be developed as a leading centre for innovation and high-tech manufacturing, and for the growth sector of environmental technology'*,

Policy 2.15 refers to Town Centres and states that they should be; *'the main foci beyond the Central Activities Zone for commercial development and intensification...'*. The London Plan defines Romford as a Metropolitan Centre which is second in the hierarchy of four types of town centre.

Policy 2.16 encourages London boroughs to develop plans for strategic development centres in outer London. This is designed to help; *'create a distinct and attractive business offer and public realm through design and mixed use development as well as any more specialist forms of accommodation'*. It suggests at Table 2.1 that Havering could be a potential strategic development centre for logistics and that London Riverside (partly in Havering) could be a centre for industry/green enterprise.

The London Plan also defines the Strategic Industrial Location (SIL) framework as *'intended to reconcile the demand for, and supply of, productive industrial land in London'*. There are two types of SILs: Industrial Business Parks IBPs and Preferred Industrial Locations (PIL). PILs are described as locations *'particularly suitable for general industrial, light industrial, storage and distribution, waste management, recycling, some transport related functions, utilities, wholesale markets and other industrial related activities'*, of which LB Havering has three; Dagenham Dock/Rainham

Employment Area (partly in Barking and Dagenham) King George Close Estate, Romford, and Harold Hill Industrial Estate.

Paragraph 2.82 is relevant to LB Havering. It states: *'Innovations to make more effective use of land should be encouraged and there is particular need to develop consolidation centres and accommodate freight break bulk points more efficiently as a part of the freight hierarchy. It will be particularly important to secure and enhance strategic provision in east London, especially... in east London, north and south of the Thames'*.

In terms of office development Policy 4.2 'Offices' states that *"The Mayor will and Boroughs and other stakeholders should:*

- *Support the management and mixed use development and redevelopment of office provision to improve London's competitiveness and to address the wider objectives of this Plan, including enhancing its varied attractions for businesses of different types and sizes including small and medium sized enterprises.*
- *Recognise and address strategic as well as local differences in implementing this policy to:*
 - *Meet the distinct needs of the central London office market... by sustaining and developing its unique and dynamic clusters of 'world city' and other specialist functions and business environments;*
 - *Consolidate and extend the strengths of the diverse office markets elsewhere in the capital by promoting their competitive advantages, focusing new development on viable locations with good public transport, enhancing the business environment including through mixed use redevelopment, and supporting managed conversion of surplus capacity to more viable, complementary uses;*
 - *Encourage renewal and modernisation of the existing office stock in viable locations to improve its quality and flexibility; and seek increases in the current stock where there is authoritative, strategic and local evidence of sustained demand for office based activities in the context of Policies 2.7, 2.9, 2.13, 2.15–2.17";*

Policy 4.4, Managing Industrial Land and Premises, states that the Mayor will work with boroughs and other partners to:

- a. *'adopt a rigorous approach to industrial land management to ensure a sufficient stock of land and premises to meet the future needs of different types of industrial and related uses in different parts of London, including for good quality and affordable space*
- b. *plan, monitor and manage release of surplus industrial land where this is compatible with a) above, so that it can contribute to strategic and local planning objectives, especially those to provide more housing, and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.'*

Following this, the London Plan states that *'LDFs should demonstrate how the borough stock of industrial land and premises in strategic industrial locations locally significant industrial sites and other industrial sites will be planned and managed in local circumstances in line with this strategic policy and the location strategy in Chapter 2, taking account of:*

- a. *the need to identify and protect locally significant industrial sites where justified by evidence of demand*
- b. *strategic and local criteria to manage these and other industrial sites*
- c. *the borough level groupings for transfer of industrial land to other uses...and strategic monitoring benchmarks for industrial land release in supplementary planning guidance*
- d. *the need for strategic and local provision for waste management, transport facilities (including inter-modal freight interchanges), logistics and wholesale markets within London and the wider city region; and to accommodate demand for workspace for small and medium sized enterprises and for new and emerging industrial sectors including the need to identify sufficient capacity for renewable energy generation*
- e. *quality and fitness for purpose of sites*
- f. *accessibility to the strategic road network and potential for transport of goods by rail and/or water transport*
- g. *accessibility to the local workforce by public transport, walking and cycling*
- h. *integrated strategic and local assessments of industrial demand to justify retention and inform release of industrial capacity in order to achieve efficient use of land*
- i. *the potential for surplus industrial land to help meet strategic and local requirements for a mix of other uses such as housing and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.'*

In particular interest, point 'c' of this policy refers to Havering as a 'Managed Transfer' Borough; that is a borough which is considered to 'typically have a greater supply of vacant industrial sites relative to demand and should generally adopt a rigorous but sensitively managed approach to transfer'. However, it is important to note that this changed to 'limited transfer' in the 2012 Land for Industry and Transport SPG (see below).

A key evidence base document for the London Plan is the 2010 GLA London Industrial Land Baseline Study, undertaken by URS/DTZ. This is discussed in more detail later in this section.

Further Alterations to the London Plan (FALP) 2015

On 10 March 2015, the Mayor published (adopted) the Further Alterations to the London Plan (FALP). The FALP sets out London's development goals up to 2036 and has been prepared primarily to address key housing and employment issues emerging from an analysis of the 2011 Census. The census data indicates that there is to be a substantial increase in the capital's population. London's population is expected to increase by 87,000 per annum and by 2036 London's total population is expected reach 10.11 million.

The most significant alteration is to housing targets. The Mayor has increased the overall housing target set out in the 2011 London Plan (32,210) to 42,000 net additional homes per annum- an increase of approximately 30%. The alterations also propose higher housing targets for the majority of the London Boroughs. In Havering the ten year housing target has increased to 1,170 net additional homes per annum – an increase of 21%.

It is expected that additional homes will be provided through higher housing densities on previously developed land and on sites within and around transport hubs – such as Crossrail. In particular, the identified Opportunity Areas and Areas of Intensification are expected to make a significant contribution. To ensure that housing output is optimised the FALP states that employment capacities should, if necessary, be reviewed in the light of strategic and local employment projections.

From an employment perspective the FALP recognises that the Inner London area is increasingly becoming the home of new and emerging sectors of the economy. This leads to particular clustering and accommodation requirements. Accordingly, Policy 2.9 has been amended to include a requirement to ensure that appropriate workspaces for the area's changing economy are made available.

GLA Land for Industry and Transport Supplementary Planning Guidance (SPG) 2012

The SPG was published in September 2012. LB Havering is in the 'limited transfer' of industrial land category. Its key objectives are to ensure the provision of sufficient land, suitably located, for the development of an expanded transport system. Key policies from the London Plan that form the basis for the SPG are Policies 2.17 Strategic Industrial Locations, 4.4 Managing Industrial Land and Premises and 6.2 Providing Public Transport Capacity and Safeguarding Land for Transport.

The SPG has a number of relevant themes for this ELR, including:

- *Managing release in the context of demand arising from non-industry uses;*
- *There is increasing demand for industrial land from a range of other important industrial type functions. The distribution of release must take full account of other land use priorities and be managed carefully to ensure that a balance is struck between retaining sufficient industrial land in appropriate locations and releasing land to other uses;*
- *Strategic Industrial Locations and Locally Significant Industrial Sites should in general be protected, and release of industrial land through development management should generally be focussed on smaller sites outside of the SIL framework;*
- *The requirements for utilities also represent established uses of industrial land and their land requirement should be planned for to accommodate growth;*
- *Need for an integrated/partnership approach to employment land provision;*
- *A partnership approach and strategic perspective is required in order to keep inner London sustained and to meet the demands of the Central Activities Zone and Canary Wharf for locally accessible, industrial type activities, e.g. including food and drink preparation, printing, publishing, local distribution activities and 'just-in-time' services;*
- *Central and inner London boroughs face strong competition from other higher value land uses, particularly commercial offices, residential and retailing. Boroughs around the Central Activities Zone (CAZ) should consider industrial uses servicing the needs of central London; and*
- *In outer London boroughs should manage and improve the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace. Parts of outer London have economic functions in*

logistics, industry and green enterprise that are of greater than sub-regional importance.

The SPG highlights the important role that logistics plays in supporting London's economy and, drawing on URS research, identifies six principal logistics property market areas that serve the city. One lies within LB Havering's administrative boundaries – the Thames Gateway property market area.

Annex 1 of the draft SPG sets out the indicative industrial land release benchmarks for 2011-2031 for Havering is -34ha (-1.7ha pa).

Annex 2 of the draft SPG gives indicative land demand for waste management and recycling. For Havering the waste apportionment to 2031 (London Plan 2011) is 467,000 tonnes per annum (pa); the waste transfer station capacity is 855,513 tonnes pa which is well above demand. The net additional indicative land requirement for waste apportioned to 2031 is therefore 10.4ha. This estimate is an approximate and indicative land requirement only and Boroughs, waste authorities and other partners, in collaboration with the GLA, should determine the actual requirements of industrial land needed to manage waste apportioned in the London Plan Sub Regional Planning Policy. This target is effectively superseded by the East London Waste Strategy as described below.

Joint Waste Development Plan Document for the East London Waste Authority Boroughs (2011), Adopted February 2012.

The East London Waste Authority, incorporating the London Borough of Havering along with Barking and Dagenham, Newham and Redbridge have recently adopted a Joint Waste Development Plan Document (JWDD). This establishes a framework of policies, including development control policies and planning strategy to 2021 for sustainable waste management which enables the adequate provision of waste management facilities (including disposal) in appropriate locations.

The Joint Waste DPD is part of each borough's Local Development Framework, however it differs from other borough DPDs in that it sets waste management targets and allocates sites suitable for waste development for implementation across all of the four boroughs.

The strategic objectives of the JWDD are to:

- *'Deliver sustainable development by driving waste management up the waste hierarchy, addressing waste as a resource and looking to disposal as the last option, while recognising that disposal must be adequately catered for;*
- *Work towards meeting targets set out in the Waste Strategy for England 2007, and the London Plan;*
- *Enable the provision of a range of waste technologies;*
- *Enable the provision of facilities to allow for net self-sufficiency in the ELWA Boroughs in accordance with the London Plan;*
- *Enable waste to be managed in one of the nearest appropriate installations without endangering health or harming the environment;*
- *Integrate waste planning with other spatial concerns, including regeneration plans;*

- *Reverse the historical trend of the ELWA area being the dumping ground for London's waste; and*
- *Encourage our communities to take more responsibility for their waste.'*

Taking into account the reduced apportionment in the London Plan (2011) the JWDD notes that the ELWA boroughs will need to provide sufficient waste management capacity for:

- 1.573 million tonnes of MSW and C&I waste at 2021
- 1.267 million tonnes of C,E&D waste at 2020; and
- 0.095 million tonnes of hazardous waste at 2020. Local Planning Policy.

Havering's annual permitted tonnage capacity is measured as 396,500 for recycling; 202,000 for composting; and 207,600 for recovery. The total permitted capacity of waste transfer stations is much larger than the projected demand for the borough, and therefore LB Havering has sufficient capacity to meet the waste apportionment set out in the London Plan.

There are two types of waste sites identified in the JWDD: Schedule 1 lists waste sites which are safeguarded; and Schedule 2 lists those areas within which potentially available and suitable sites for waste management facilities can be located.

Policy W2, Waste Management Capacity, Apportionment & Site Allocation, provides site specific policy in support of the JWDD objectives. The policy states that ELWA boroughs will meet the London Plan apportionment by:

- Safeguarding the capacity of existing waste management facilities listed in Schedule 1 and encouraging increased processing of waste at these facilities, to run at a higher figure towards the licensed capacity; and*
- Approving strategic waste management facilities where it will contribute to the ELWA boroughs meeting the London Plan apportionment on sites within the locations listed in Schedule 2.*

Policy W2 goes on to say *'Where the applicant can demonstrate there are no opportunities within these preferred areas for a waste management facility, sites within designated industrial areas as identified in borough Local Development Frameworks will be considered.*

Planning permission will only be granted for new waste water and sewage treatment plant, extensions to existing works, or facilities for the co-disposal of sewage with other wastes, where development is either needed to treat waste arising from within the East London Waste Authority area or in the case of arisings from elsewhere the need cannot practicably and reasonably be met at another site – subject to the relevant borough's policy/guidance and Policy W5 [which provides general considerations with regard to waste proposals].'

The Joint East London Waste Strategy identifies three waste sites for LB Havering to meet expected demand over the planning period. These sites are as follows:

- Ferry Lane North - existing waste site to be redeveloped – 0.5 to 1.5ha
- Gerpins Lane – rural site in Greenbelt to be used as a composting facility – 1.5 to 5 ha

- Hall Farm – former landfill site in rural location to be used as a composting facility – 19 ha

The London Strategic Housing Land Availability Assessment (2013)

The Greater London Authority coordinated a Strategic Housing Land Availability Assessment study to provide an indication of London-wide housing capacity at borough level across London. The SHLAA identified sites with potential for housing, giving consideration to their housing potential and the timeframe for when they are likely to be developed. The study also considered theoretical constraints and probability of development on large identified sites. SHLAA studies are highlighted as a key evidence base through the NPPF and the London SHLAA forms a key part of the evidence base for The Further Alterations to the London Plan.

In addition analysis of existing information such as the London Development Database (LDD), to ensure the SHLAA captured all potential sites, the GLA carried out a London wide call for sites, jointly with the boroughs. Based on the findings of this analysis the study identified that sites in LB Havering had capacity to provide 11,701 homes over the period 2015-25, or 1,170 homes annually. Around 85% of these homes are within 'large sites' or those over 0.25 hectares in size.

London Riverside Opportunity Area Planning Framework (OAPF), Consultation Draft, February 2015

The draft OAPF sets out London Riverside's potential for transformation in terms of jobs and homes and supporting facilities. The vision includes 26,500 new homes and 16,000 new jobs; improved transport connections to and within the area; and to become a world leading centre for green enterprise.

The draft OAPF considers the historical, geographic and social contexts and puts forward strategies to guide regeneration. The area is recognised for strengths in the land available for re-use, open space, and good road and rail routes between Central London and Canary Wharf, and the Thames Estuary. There are opportunities too through proximity to the Olympics legacy area and the Enterprise Zone based on the Royal Docks; deep water port facilities and the national road network. Broadly, the area however suffers from relatively deprived communities and with low levels of development activity.

An element of residential development is proposed in Rainham West (Cluster C19) at Havering College and Dover's Corner. Intensified employment development is identified for key sites within the Rainham employment area SIL. These sites include the Ford site and Ferry Lane North. Also, a third of the Rainham West Cluster is proposed to be re-developed for non-employment uses.

Public Transport Accessibility Levels (PTALs) are shown to be generally relatively low. The historic land uses, patterns of movement and the railway lines have resulted in relatively poor local connectivity south of the A1306. The level of accessibility resulting from the funded and planned interventions including East London Transit (2010 & 2013) do not significantly increase accessibility or reduce the severance in the area and transport measures are therefore recommended, such as enhanced bus capacity and connectivity and a new station at Beam Park. A new station would considerably improve public transport accessibility for the South Dagenham development sites and enable higher levels of development density. Other proposals aim to improve freight transport and passenger transport. (The draft SPG proposes intermodal freight facilities with river freight at the Ford and Beam Reach 6).

The OAPF also includes a masterplan for Rainham village - sites along the New Road – with the purpose being to demonstrate how design principles can be applied and is not

intended to be prescriptive. A revised draft London Riverside OAPF was published for consultation by the GLA in February 2015.

3.4 Local Planning Policy

LB Havering is currently revising its LDF and commencing preparation of the New Havering Local Plan. When adopted, the Local Plan will replace the Core Strategy Development Plan Document (DPD), Development Control Policies, Site Specific Allocations DPD and Romford Area Action Plan, which were adopted in 2008. These documents are included below for completeness, however, this study will provide evidence for the new Havering Local Plan.

LB Havering Core Strategy and Development Control Policies DPDs 2008

The Core Strategy and Development Control Policies DPDs were adopted by the Council in 2008. The Core Strategy has the purpose of setting out the Council's vision and objectives for the borough up to 2020 and provides the framework for all the other documents that form Havering's Local Development Framework (LDF). The following provides an overview of the relevant planning policies:

Forming an overarching principle, Core Policy 3 (CP3) Employment, sets out that:

- *'A range of employment sites will be available to meet the needs of business and provide local employment opportunities by:*
 - *ensuring sufficient land is allocated within Strategic Industrial Locations and Secondary Employment Areas and protecting this for business, industrial and some warehousing uses*
 - *in the Beam Reach Business Park, prioritising advance manufacturing uses and other modern industries in the B1 (b) (c) and B2 use classes which provide a similar quality and intensity of employment*
 - *focusing office development within Romford Town Centre and the district centres*
 - *maximising the potential of creative industry in Hornchurch (DC24)*
 - *seeking contributions towards the provision of employment training and support, and local employment access schemes.'*

In terms of development control (DC), several detailed policies are relevant to employment land and sites. These are:

- DC9 – Strategic Industrial Locations (SIL)
- DC10 – Secondary Employment Areas (SEA)
- DC11 – Non-Designated Sites
- DC12 – Offices, and
- DC13 – Access to Employment Opportunities.

LB Havering Site Specific Allocations Development Plan Document 2008

Adopted in 2008, the Site Specific Allocations document sets out the specific allocations for individual sites across the borough, to steer their future development. The exception to this are sites in Romford Town Centre identified in the Romford Area Action Plan (see

below), sites for waste management identified in the Joint Waste Development Plan Document and specific sites/preferred areas for minerals extraction identified in a separate Minerals Development Plan Document.

Of the 19 Site Specific Allocations (SSAs) listed in the document, two SSAs are relevant for this employment land review. SSA11 – Beam Park, recommends residential and ancillary education, community, leisure, recreation and retail uses will be allowed within the Beam Park site. SSA12 - Rainham West, contains a specific requirement for employment floorspace to be provided, such that 33% of the site area must be developed for B1 (a, b, or c) or B8 land use. SSA12 is not specific about the location of the 33% of the site area, which is recommended for protection.

Romford Area Action Plan (AAP) 2008

Adopted in 2008, The Romford Area Action Plan (AAP) DPD is a key document within Havering's LDF. The vision of the AAP is to promote and enhance Romford's position as East London's premier town centre, to make the town centre a vibrant place where an increasing number of people want to live and work. The AAP also aims to ensure that high quality design-led development contributes positively to Romford's attractiveness as a commercial, cultural and residential town.

The objectives for the Area Action Plan are drawn predominantly from the earlier Romford Urban Strategy. Encompassing four policy themes, the AAP has several objectives which are set out below:

- **Connecting Romford**
 - Enhance access to Romford, improve connectivity with the town centre and address future parking shortages by improving the public transport network, reducing car congestion, improving interchange facilities and improving conditions for cyclists and pedestrians.
- **Cultural Destination Romford**
 - Promote Romford as a cultural destination for all by focusing on strengthening and diversifying Romford's Market, managing and diversifying the evening economy, and respecting and enhancing Romford's heritage.
- **Commercial Romford**
 - Create a vital and viable town centre that provides for the diverse needs of all of the local community.
 - Support and enhance Romford's strength as a commercial centre by creating conditions which are favourable to attracting higher quality retailers, seeking the regeneration of North Street, South Street, High Street and the Romford Office Quarter and enhancing the image of Romford as a major retail and employment location.
- **Liveable Romford**
 - To maximise the provision of high quality housing of all tenures in the town centre.
 - Encourage more residents to live in Romford by ensuring the centre provides the necessary facilities and services that are required for

balanced and sustainable communities including leisure facilities, comparison and convenience retailing and community services.

- Enhance the town centres existing green spaces and biodiversity value and promote the development of new, high quality open spaces in the town centre to make Romford town centre a better place to live.
- Promote high quality design-led development that improves the attractiveness of the town centre and creates a safe environment for all.

3.5 Local Strategies

Housing Zone Bid

The GLA launched the Housing Zones initiative to accelerate housing delivery in areas with high development potential. They invited bids from London boroughs to a £400 million programme, jointly funded by the GLA and national government. The aim is to create around 20 housing zones across London, delivering 50,000 new homes and over 100,000 associated jobs over the next ten years. Delivery in these areas will be supported by a menu of planning and financial measures. In September 2014 LB Havering submitted a proposal for Housing Zone Funding for Rainham and Beam Park. The funding would provide finance to unlock the site. Its redevelopment for housing would help the LB Havering meet its increased housing targets and wider regeneration goals.

Corporate Plan 2014-2015

In 2008, the Council launched The 'Living Ambition' Vision; a long term strategy to provide Havering's residents with *'the highest possible quality of life, in a borough that thrives on its links to the heart of the capital, without ever losing the natural environment, historic identity and local way of life that makes Havering unique'*.

The vision is broken down into five theme-based goals covering environment, learning, towns and communities, individuals and value. Each theme has a strategic objective, namely:

1. A clean, safe and green borough
2. Champion education and learning for all
3. Economic, social and cultural opportunities in thriving towns and villages
4. Value and enhance the lives of our residents; and
5. High customer satisfaction and a stable council tax.

Havering's Corporate Plan 2014-15 presents these strategic objectives alongside the strategic outcomes they will produce, the key activities that will support delivery of these objectives, and the measures and targets that will be used to assess how far these objectives have been met.

As part of the third strategic objective the following actions are stated: to implement new offer of support and promote investment in Havering; and to review and deliver Harold Hill, Rainham and Romford regeneration programmes. A key measure of the success of these actions will be an increase in the number of businesses accessing advice through regeneration initiatives, from 666 in 2012 to 800 by 2015. These outcomes will be delivered in felt across the borough to benefit all residents and businesses but also, in particular, at Harold Hill, Hornchurch, Rainham and Romford.

3.6 Evidence Base Documents

The documents of relevance to this Employment Land Review are reviewed below, in order of spatial coverage and recentness.

GLA London Industrial Land Baseline, 2010

Prepared by URS in association with DTZ, this report provides a comprehensive analysis of London's supply of land in industrial and related uses such as warehousing for logistics, waste management, utilities, wholesale markets and vacant land including times series data 2001-2006-2010. Backed by field surveys and Geographic Information System (GIS) mapping, the study provides a valuable input into related studies on industrial land demand and the London Plan's Examination in Public. The study assists the GLA, LDA, TfL, boroughs and other partners to implement a rigorous strategy for industrial land management and investment, and to plan, monitor and manage release of surplus land to contribute to strategic and local planning objectives.

The study found that in 2010 in Havering:

- *There was 498 hectares of industrial land*
- *Of the total, 96 hectares was occupied by industry*
- *Of the total, 174.6 hectares was occupied by warehouses*
- *Of the total, 161.2 hectares was occupied by wider industrial land uses (such as utilities and waste facilities)*
- *Of the total, 78.3 hectares was vacant¹¹*
- *LB Havering lost 43 hectares of industrial land to other uses from 2006 to 2010*
- *More industrial land changed to non-industrial use in the North East London sub-region in the four years between 2006 and 2010 than was recommended for release in the London Industrial Land Release Benchmarks report (URS, 2007) although the amount of release remains within the recommended amount of release over twenty years (2006 to 2026).*

Mayor's Economic Development Strategy for Greater London 2010

In May 2010, the Mayor of London published a new Economic Development Strategy (EDS). The purpose of the Strategy is to provide relevant stakeholders, public authorities and interested parties, with a vision for London's future, an analysis of the economy and policy directions for achieving its ambitions; and to clarify roles and responsibilities with other partners who make a major contribution to developing London's economy.

The Economic Development Strategy (EDS) is framed around five central economic objectives, which are;

- *'Promote London as a city that excels as a world capital of business, the world's top international visitor destination, and the world's leading international centre of learning and creativity.*
- *Ensure that it has the most competitive business environment in the world*

¹¹ This included land in Beam Reach which is now under development for industrial uses

- *To make London one of the world's leading low carbon capitals by 2025 and a global leader in carbon finance.*
- *Give all Londoners the opportunity to take part in London's economic success, access sustainable employment and progress in their careers; and*
- *to attract the investment in infrastructure and regeneration which London needs, to maximise the benefits from this investment and in particular from the opportunity created by the 2012 Olympic and Paralympic Games and their legacy'.*

The Strategy states that the Mayor wants to maximise London's share of the Carbon Trading global market: if London captured even 1 per cent of this new market it would be worth about £3.7 billion per annum. In order to do this, the Mayor considers that London should play to its existing strengths in financial services; business services – including consulting, engineering, architectural and legal services, research, design and product development.

GLA London Office Policy Review, 2012

The purpose of the annual London Office Policy Review to provide planning policy makers with up to date information on the supply and demand for offices in London, including the planning pipeline, and to provide analysis of the operation of the office market and its relationship with planning policy.

The main findings of the 2012 report were that London has adjusted well to the difficult market conditions experienced since the downturn of late 2007 and 2008, and that the general outlook for the city's future as a global financial centre is optimistic. The impacts of the recession are considered to be cyclical in nature, and a recovery is predicted. However, the report acknowledges that structural changes are taking place in the market, and that the rate of growth in office jobs in the period to 2036 is likely to be around half the rate which has prevailed over the last two decades.

Of particular relevance to Havering is the emergence of a polycentric office market in the Outer London (OL) area, and the marginalisation of some OL centres. Investment in infrastructure, and most notably Crossrail, is seen as a driver of this polycentricity, encouraging the dispersal of office development and creating a strong East-West axis across the city. However it is considered that this axis is likely to lead to the intensification of office activity around key transport hubs, such as Kings Cross, Paddington and Tottenham Court Road, and is less likely to have the same impact on existing office centres in OL.

Another relevant issue highlighted in the study is the contraction of public sector employment since 2009 (11% between 2009 and 2011) and the associated rationalisation of public sector office requirements. This has the potential to impact on centres which rely, to some extent, on these occupiers to bolster their commercial office supply. New working patterns, characterised by a greater number of employees working from home, is also identified as having an impact on the demand for office floorspace.

The study reports that LB Havering contains 180,000m² (estimated in the 2014 at 153,000m² at 2011) of office floorspace, which is one of the lowest concentrations of the Outer London boroughs. Romford is 'recommended to support offices only in the context of mixed-use schemes led by other uses'. The report identifies Harold Hill, Hornchurch and Upminster as centres which serve local demand and have minimal prospect of becoming strategic office centres. It is recommended that these centres are removed from further consideration for monitoring.

In 2014, London Office Floorspace Projections were published, updating the 2012 report in light of the most recent available data. This report estimates that office employment in the borough will increase by 4,000, from 9,000 in 2011 to 13,000 by 2036.

Outer London Commission: Third Report, 2014

The Outer London Commission was established by the Mayor in 2008 to explore how different parts of Outer London can better realise their economic potential, especially its town centres, as well as opportunity and intensification areas and industrial locations. The Outer London Commission's Third Report is a compendium of research and analysis on the outer London economy intended to inform the preparation of Further Alterations to the London Plan and the finalisation of the Town Centres Supplementary Planning Guidance.

The report found that the perception that outer London was economically underperforming in relation to the outer metropolitan area between 2003 and 2007 was misleading. There was no clear pattern of economic out-performance by the outer metropolitan area but there was some evidence that it performed better on quality of environment issues, a potential lesson for outer London areas.

The report states that low-rent industrial activities have an important part to play in London's economy and that they should not be forced to relocate from metropolitan London locations because of competition from higher land values. Rather the planning system should take account not just of issues associated with economic linkages and supply chains but also indirect adverse impacts such as environmental and transport capacity costs associated with a rise in commercial vehicle traffic if they have to relocate further afield.

The report found that, of the outer London area in 2002, the Thames Gateway boroughs were most reliant on traditional manufacturing activities as of 2002.

3.7 Summary

The NPPF replaced PSSs as of March 27th 2012, with the aim to make the planning system less complex and to promote sustainable growth. The NPPF recognises that the planning system plays an important role in promoting economic growth and building a strong, competitive economy. Key regional policy on employment land-use is contained in the London Plan (2011) and GLA Land for Industry and Transport SPG (2012). The latter document superseded a previous Industrial Capacity SPG, published in 2008. The London Plan sets out its vision for the North London sub-region, of which LB Havering is a part of, which centres around; optimising the development of its Opportunity Areas; tackling barriers to work and social exclusion; managing the release of surplus industrial land and; planning effectively for transport improvements.

Defining industrial employment as activities relating to manufacturing and wholesale distribution, the GLA's Industrial Capacity SPG (2012) seeks to ensure that an adequate stock of land for industrial use remains whilst the release of surplus industrial land is monitored and managed, so planning objectives can be met effectively. The London Plan 2011 and SPG categorises LB Havering as a borough for 'Managed Transfer' and take a permissive approach to release to other uses, whilst adhering to the SIL framework in protecting London's principal industrial locations. Policy 3 of the SPG also highlights the need to protect 'Locally Significant Industrial' sites.

LB Havering changed from a borough of 'Managed Transfer' of industrial land in the 2011 London Plan to a borough of Limited Transfer of employment land in the 2012 Land for Industry and Transport SPG. The SPG provides guidance for outer London boroughs to manage and improve the stock of industrial capacity to meet both strategic

and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace. The document identifies that parts of outer London have economic functions in logistics, industry and green enterprise that are of greater than sub-regional importance.

The draft London Riverside OAPF illustrates the potential the Rainham employment area has for job growth, attraction of green enterprise, as a location for freight transfer and higher density development, and the transport measures required to support growth. It also provides an indicative masterplan for Rainham West applying OAPF development and design principles.

At a local policy level, Havering has an adopted LDF (2008) and is currently in the process of updating the adopted suite of development plan documents into a new Havering Local Plan. The LDF designates 20 employment land areas including SILs, SEAs, SSAs, AAP sites and the Romford Office Quarter.

4 SOCIO-ECONOMIC PROFILE

4.1 Introduction

This section profiles LB Havering using key socio-economic indicators. The analysis informs an understanding of the local economic strengths and weaknesses that may impact upon employment land demand. Key indicators profiled include:

- Population, including the working population, and skill and occupational profile of residents;
- Commuting patterns;
- The workplace economy, by business stock and size; and
- Workplace employment by industry sector.

To provide a comparative assessment LB Havering is benchmarked against London-wide average.

4.2 Population

Demand for housing, retail, community facilities and employment sites and premises will be driven in part by the resident population. Latest population estimates show that LB Havering has grown from 237,232 at the 2011 Census to 242,080 in 2013 - a 2.0% increase over the two-year time period. This is lower than the Greater London average of 3.0% and reflects a population with an elderly demographic¹². GLA population projections for LB Havering suggest that by 2029 the borough's population will grow by over 30,000, or 15.5%, to 279,550¹³. The implication is a likely growth in demand for land for housing, community facilities, infrastructure and employment land over the Local Plan period.

4.3 Workforce and employment

The latest statistics from the Office for National Statistics (ONS) show that LB Havering has approximately 152,300 working age residents (men and women aged 16 to 64), which represent approximately 62.9% of the resident population. This proportion is slightly lower than the London-wide average of 64.9%¹⁴.

ONS record 121,800 (80.0%) working age residents being economically active with 112,800 people in employment. This proportion is slightly above the economic activity rate for London (76.8%). The higher rate of economic activity in Havering is reflected in the lower rates of Job Seeker's Allowance (JSA) which for LB Havering was 2.1% of the working-age population, slightly below the London average of 2.5%.¹⁵ The number of people in employment has notably decreased from 81.1% in 2008, in line with regional and national trends, which is likely to reflect the impact of the economic downturn¹⁶.

4.4 Earnings

The Annual Survey of Hours and Earnings (ASHE) (2013) record the average gross weekly earnings of LB Havering residents as £598; £15 lower than the average earnings by London residents.

¹² ONS mid-year population estimates for local authorities in the UK, 2013

¹³ GLA, 2013 round trend-based population projections, central scenario

¹⁴ ONS annual population survey, April 2013-March 2014, from ONS August 2014

¹⁵ ONS claimant count, proportion of resident population aged 16-64 estimates, July 2014

¹⁶ ONS mid-year population estimates for 2010. From ONS March 2012

ASHE record an average gross weekly earnings of those people working within LB Havering of £582, which implies an earnings differential in favour of jobs outside LB Havering, which could be a driver for out-commuting from the borough.

Table 4.1 Resident and Workplace Earnings 2011

Earnings	Havering (%)	London (%)
Resident-based	598	613
Workplace-based	582	658

Source: ONS Annual Survey of Hours and Earnings – Resident and Workplace Analysis (2013)

4.5 Skills and Training

LB Havering residents generally maintain lower levels of highly skilled qualifications in comparison to the rest of London. Though the majority of working age residents (69.2%) obtained their GCSEs¹⁷ only 24.7% are educated to a degree level and above – significantly lower than the proportion for London as a whole. The proportion of residents with no qualifications is slightly higher in Havering (8.2%) than in London (7.8%), but lower than the national rate (9.1%). Nationally, however, there is a higher rate of residents educated to degree level and above (35%). The relatively low education profile in Havering could contribute to a lower value-added economy and comparatively low workplace earnings within the borough.

Table 4.2 Skills and Training 2013

Qualification Level ¹⁸	Havering (%)	London (%)
NVQ4 +	24.7	49.1
NVQ3 +	48.2	64.0
NVQ2 +	69.2	75.6
NVQ1 +	84.9	84.2
Other Qualifications	6.9	8.0
No Qualifications	8.2	7.8

Source: ONS Annual Population Survey (Jan 2013 - Dec 2013)

4.6 Occupational Classifications

The table below sets out the occupation of Havering residents compared with London averages. The following points are observed:

- SOC 2010 major group 1-3, includes the highest skills base, and is the largest actual number of occupations represented in Havering. The proportion of the resident workforce who hold such positions in line with the London average (53.7% compared with 54.2%). Managers, directors and senior officials are slightly under-represented amongst Havering’s population, relative to London.
- SOC 2010 major group 4-5: The proportion of Havering residents in employment who hold these levels of occupations is again in line with the London-wide average. The administrative and secretarial occupations are

¹⁷ Percentage of pupils achieving 5 or more A*-C grade passes at GCSE or equivalent.

¹⁸ NVQ 4 - HND, Degree and Higher Degree; NVQ 3 equivalent - 2 or more A levels, advanced GNVQ, NVQ 3, 2; NVQ 2 equivalent - 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2; NVQ 1 equivalent - fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1; No qualifications - no formal qualifications held.

slightly under-represented, with 8.1% of the working population compared with 10.3% across London.

- SOC 2010 major group 6-7 and 8-9: These SOC groups form the smallest of the four groupings, together making up less than a quarter (22.7%) of all occupations. Process, plant and machine operatives are slightly less represented in Havering (3.4%) than in London (4.1%), and there is a significantly higher proportion of Havering residents in elementary occupations (12.9% compared with 8.6% across London).

Table 4.3 Employment by Occupation

SOC Group	Occupation	Havering		London
		Actual	%	%
	1 Managers, directors and senior officials	12,600	11.0	12.0
1	2 Professional occupations	27,300	23.9	24.3
	3 Associate professional & technical	21,100	18.5	18.0
2	4 Administrative & secretarial	9,300	8.1	10.3
	5 Skilled trades occupations	9,000	7.8	7.7
3	6 Caring, leisure and Other Service occs	8,500	7.4	7.5
	7 Sales and customer service occs	7,200	6.3	6.9
4	8 Process plant & machine operatives	3,900	3.4	4.1
	9 Elementary occupations	14,700	12.9	8.6
Total		113,600	-	-

Source: ONS annual population survey (June 2013 - June 2014)

Note 1: SOC = Standard Classification of Occupation, 2000

4.7 Travel to Work

Of Havering residents currently in employment, 34.8% live and work in LB Havering¹⁹. The most recent data on travel to work patterns is provided through origin-destination statistics collated from the Census in 2011. While the total figures for employment may be more than three years old, the figures give a good indication of the pattern of movement of residents and workers into and out of Havering.

Most popular workplace destinations outside the borough for residents are the City of London (13.4% of the working age), Barking and Dagenham (7.7%), Tower Hamlets (5.9%) and Redbridge (5.3%), though there are strong links with the surrounding boroughs of Newham, Thurrock and Brentwood (10.8% in total) as well. There is a weaker relationship with Epping District (1.2%).

Comparatively there is a strong out-commuting flow: of the 91,856 residents in employment, 59,928 leave the borough to work outside, but only 31,781 people commute to LB Havering to work. This indicates a strong net out-commuting effect of 30.6% (based on all resident workers). Residents of East London and Essex boroughs comprise the main source of in-commuting especially residents from Barking and Dagenham (6,554 people or 20.6%), Redbridge (3,760, 11.8%) and Thurrock (3,429, 10.8%).

¹⁹ 31,928 of 91,856 in employment as of 2011 data.

The ONS origin-destination commuting data therefore suggests a strong relationship between Havering and its surrounding boroughs – in particular with East and inner London, but also with Thurrock and Brentwood in Essex.

The job density²⁰ for LB Havering is estimated at 0.56 compared with 0.92 for London, which supports the strong out-commuting flow and indicates that, broadly speaking, Havering as a place to live outperforms its qualities as a place to do business. However, this is not to say LB Havering does not have economic strengths and opportunities, and we will comment on these when we consider the economic growth potential for the borough (**Section 7**).

4.8 Business

Stock and Scale

The latest known business registrations data is from ONS which records 7,650 VAT or PAYE-based enterprises in LB Havering in 2013²¹. Small and micro businesses contribute significantly to employment within LB Havering, with 6,925 of the 7,650 companies (90.5%) employing up to nine employees (typically termed micro businesses)²², in line with the London average²³.

Table 4.4 VAT and PAYE by Size Band

Employment Size	LB Havering		London	
	Number of Businesses	% of total	Number of Businesses	% of total
1 to 9 (Micro)	6,925	90.5	359,155	89.6
10 to 49 (Small)	590	7.7	33,440	8.3
50 to 249 (Medium)	115	1.5	6,500	1.6
250 + (Large)	20	0.3	1,835	0.5
Total	7,650	-	400,930	-

Source: UK Business Activity, Size and Location; ONS Oct 2014

By size of business, micro businesses also provide the majority of employment opportunities: micro businesses provide 90.5% of the borough’s total employment compared with large companies (employment over 250) which number only 20 and represent 0.3% of all employment opportunities in Havering.²⁴

4.9 Business Registrations and De-registration

VAT registration - de-registrations rates for LB Havering provide an indication of the entrepreneurial characteristics of the borough. On balance over the course of a year the net gain in registrations in LB Havering are lower than Greater London. Published data indicates that in 2011 there were 1,005 registrations and 845 de-registrations resulting

²⁰ The numbers of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64.

²¹ Traders may be registered below the VAT threshold, which in 2008/09 was £67,000 per year. This estimate of business stock is therefore likely to be lower than the actual number of businesses located in the borough.

²² Including sole proprietorships and or partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director.

²³ Number of local units in VAT and/or PAYE based enterprises in 2010 (UK Business Activity, Size and Location; ONS Sept 2010)

²⁴ UK Business Count; ONS November 2014

in a net gain in LB Havering’s business stock of 160, or 2.0%²⁵. This is higher than the national figure of 1.5%, but lower than the London-wide average of 4.2%.

Employment Sectors

Our analysis of the current picture of LB Havering benchmarked against London is based on the ONS Business Register and Employment Survey (BRES), Standard Industrial Classification (SIC), for 2012. This data covers employment within LB Havering, rather than employment of the resident workforce as illustrated in the SOC analysis in **Table 4.3**.

Table 4.5 Employment by Broad Industry Sector

Sector	Havering		London	
	Employment	% of Total	Employment	% of Total
1 : Agriculture, forestry & fishing	8	0.0	793	0.0
2 : Mining, quarrying & utilities	1,125	1.5	28,904	0.7
3 : Manufacturing	3,620	4.9	110,327	2.5
4 : Construction	6,173	8.3	152,367	3.4
5 : Motor trades	1,544	2.1	29,938	0.7
6 : Wholesale	2,719	3.7	150,732	3.4
7 : Retail	9,625	13.0	377,616	8.5
8 : Transport & storage	4,334	5.8	217,714	4.9
9 : Accommodation & food	4,208	5.7	335,682	7.5
10 : Information & communication	1,424	1.9	313,433	7.0
11 : Financial & insurance	2,169	2.9	356,269	8.0
12 : Property	964	1.3	111,396	2.5
13 : Professional, scientific/tech	2,408	3.2	537,379	12.1
14 : Business administration	7,304	9.9	459,939	10.3
15 : Public administration	2,877	3.9	215,955	4.9
16 : Education	8,331	11.2	370,209	8.3
17 : Health	12,060	16.3	450,579	10.1
18 : Arts, entertainment, rec.	3,222	4.3	227,290	5.1
Total	74,115	100.0	4,446,521	100.0

Source: ONS Business Register and Employment Survey (2012 data, as of August 2014)

At this high level those sectors which align most closely with the employment land uses B1a/b, B1c/B2 and B8 are: 11. Financial & insurance, 14. Business administration and support services and 13. Professional, scientific/technical (which aligns most closely with B1a and B1b uses); 3. Manufacturing (which aligns to factory uses i.e. B2); and 8. Transport & storage (which aligns with warehousing). The professional, scientific and technical sector could align research and development or office.

From above it can be seen that:

²⁵ Births and deaths of enterprises as a percentage of enterprise stock; ONS 2011.

- Manufacturing employment in LB Havering accounts for 3,620, or 4.9% of the total. This is much larger than the London-wide average of 2.5%. The construction (8.3%) and motor trades (2.1%) sectors also account for a larger proportion of employees in Havering than across London.
- Transport & storage (8. which aligns with warehousing) employment measures 4,334, or 5.8%, in LB Havering, which is above the London-wide average of 4.9%. Employment in wholesale is also slightly above the London average, at 3.7%.
- Employment in business administration is in line with the London-wide average. However other office-related sectors including the financial & insurance sector and information and communication are significantly under-represented by comparison with London.
- The professional, scientific and technical sector is vastly under-represented in LB Havering (3.2%) compared with London (7.1%), perhaps an indication of the lower skills, lower wage economy, and the distance from higher education establishments, typically associated with research and development.
- There is relatively high level of employment in the education and health sectors (27.5% compared with 18.4% across London). This may contribute to the low job density within the borough as these sectors tend not to have local supply chains.
- These findings contrast with the resident-based SOC analysis in **Table 4.3**, suggesting that there is a disparity between the occupations of Havering residents and the employment available within the borough. For example, the SOC analysis indicates that over half (53.7%) of residents work in managerial or professional occupations, whereas the BRES data shows that office-related sectors such as finance and insurance, and information and communication, are under-represented within the borough. This supports the analysis in paragraph 4.7 which demonstrates a strong out-commuting flow from LB Havering.

4.10 Summary

Analysis of the resident workforce found that the occupational profile of LB Havering residents is broadly in line with the London average. However, there are some signs of a low-wage economy in Havering, such as relatively high proportions of low educational attainment; lower earnings of workplace jobs compared with residents earnings; and a strong out-commuting flow, suggesting that those holding higher qualification are more mobile financially and occupationally, and take up positions outside the borough.

This is supported by analysis of employment within the borough, which shows that office-based employment sectors are significantly under-represented in comparison to the London average. This suggests a disparity between the occupation of residents and the employment available within the borough, and indicates that many residents employed in management, professional and technical professions commute outside of the borough for work.

Employment within the borough is marked by relatively high proportions in manufacturing, construction, motor trades, and transport and storage, as well as retail, health and education. The industrial re-structuring which has occurred across London, and in particular East London, over the past few decades has led to a strong decline of manufacturing and shift to service sectors more broadly, and may have led to LB Havering losing out comparatively in terms of job growth.

Many of these factors are self-re-enforcing. However, the analysis presented here also suggests that to achieve economic growth the borough can play to the comparative advantages it has such as the labour skills set, the wage economy and location advantages. Playing to strengths would mean that local residents benefit from investment and employment opportunities. This section has introduced the profile of LB Havering with the most up to date data, benchmarked against London. The most meaningful indicators for this ELR are however change in employment land and employment, and we analyse how these have changed over the past ten years in **Section 7**.

5 QUALITY AND CHARACTERISTICS OF EMPLOYMENT LAND

5.1 Introduction

This section provides a summary of the key findings of the field survey and desk research and identifies the suitability of land and premises in LB Havering for employment uses (B1a-c, B2 and B8). The results are summarised to provide an overview of conditions of employment clusters and individual development sites.

5.2 Employment Clusters

Based on the adopted LB Havering Local Development Framework Proposals Map (2008), GLA London Industrial Land Baseline 2010 report mapping, and the Council's and consultancy team's knowledge of the area, 45 employment clusters throughout LB Havering were identified and mapped (see This section sets out the main research elements of this employment land study as illustrated in **Figure 2.1**). The methodology has been developed to conform to the NPPG. Each element is reviewed briefly in the following sub-sections.

Figure 2.1). Employment clusters were defined through identifying Local Development Framework site designations and proposals that currently, or have the potential to, accommodate a significant quantum of industrial/warehousing (B2/B8) or office (B1) floorspace and through a review of non-designated land known to still contain such a quantum of space.

Table 5.1 below lists the clusters that were surveyed against the site appraisal criteria set by URS, drawn primarily from the Land for Industry and Transport SPG, and subsequently agreed with the Council. Criteria were further tailored based on the consultancy team's experience and the specific context within Havering.

During the survey, three clusters were considered to contain distinct areas of character and contained natural geographic divisions, such as transport infrastructure – clusters 3 Ferry Lane North, 8 Ferry Lane South, and 19 Rainham West. For these three clusters it was considered to be more appropriate to survey the distinct areas separately. Our assessment and analysis presented in this chapter is therefore of 48 employment land clusters.

The 48 clusters comprise a total area of 442.8ha, with the amount of vacant land totalling 56.2ha (**Table 5.1**). The majority of surveyed land was SIL (320.6ha); 30.4ha were of SEA designation; 43.1ha were Other-designated, either as a Site Specific Allocations (SSA) or an AAP; and 48.7ha are Non-designated. It should be noted that the majority of Other-designated land was not designated for B-use class employment. As noted under paragraph 3.4 of this report, site specific allocations policy SSA11 recommends residential and ancillary education, community, leisure, recreation and retail uses at Beam Park; and SSA12, Rainham West (south of the A1306, New Road), contains a specific requirement for employment floorspace to be provided such that 33% of the site area must be developed for B1 (a, b, or c) or B8 land use, which based on an area measurement is equivalent to 7.4ha for B-use class employment or 21.2ha of non B-use class employment. The total area of surveyed employment clusters designated for B-use classes is 360ha.

Within the employment land clusters other non-employment uses were observed. The detailed survey of these clusters as part of this study identified that 56.9ha of land within B-use class designated areas was in non-employment use. This equates to around 15% of the land within Havering's designated employment areas was, in 2010, of other non-industrial employment such as office, retail, residential, leisure and community uses, but also areas of road infrastructure within Rainham SIL.

It is important to note that our employment cluster surveyed figure of 442.8ha, as set out in **Table 5.1**, differs to the industrial employment land figure of 498ha in the GLA 2010 London Industrial Land Baseline (as set out in Chapter 3 of this report) for two main reasons:

1. A different definition of employment land.

The 2010 Baseline figure of 498ha includes 'core' industrial employment land, defined by industry and warehousing uses only (B2 and B8 use classes), plus 'wider' industrial employment land, including land for utilities, transport functions and waste management. Unlike our 2014 survey, the 2010 Baseline does not include office (B1 use class) land uses or designations such as the Romford Office Quarter.

The 2010 Baseline figure includes designated and non-designated core and wider industrial employment land, and includes a large number of utility sites and waste management sites such as the Coldharbour Lane land fill site, which in 2010 was measured to be 58ha (though this site is not included in the Table 5.1 figure below so this can be seen as a main differentiator between the two sets of figures).

By comparison our estimate of 442.8ha of land contained within the 48 employment clusters includes not only employment land uses such as office, industrial and warehousing; and utilities, transport functions and waste management; but also residential, retail, leisure and community uses, which may lie within the cluster.

2. A different process and set of parameters used in identifying and estimating the area of employment land.

The 2010 Baseline figure was estimated primarily using Cities Revealed Land Use mapping. The Cities Revealed mapping captured all sites under one hectare and therefore included lone B2/B8 units outside of employment designated areas.

Comparatively our survey of 48 clusters, identified from the LDF documents and through the requirement of the NPPG to consider all employment land over 0.25ha, captured all designated employment land, significant de-designated employment land in the 2008 LDF, plus other non-designated employment sites where B-use classes were the main land use.

The comparative analysis of the quality and characteristics of clusters for employment use in this Section is carried out on the basis of the quantity of land contained within the boundaries of the 48 clusters surveyed, as per **Figure 2.2**.

Table 5.1 Surveyed Employment Clusters – October 2014

URS Cluster No.	Employment Area/ Name of Cluster	LB Havering LDF Designation/Site Allocations	Typology	Employment Cluster Area (ha)	Vacant Land (ha) (2)
C1	Harold Hill	SIL	Industrial/W'housing	31.0	0.1
C2	King George's Close	SIL	Industrial/W'housing	9.8	1.4
C3a	Ferry Lane North (a)	SIL	Industrial/W'housing	25.5	0.5
C3b	Ferry Lane North (b)	SIL	Industrial/W'housing	12.3	0.6
C4	Beam Reach 5	SIL	Industrial/W'housing	39.1	16.5
C5	Ford	SIL	Industrial/W'housing	65.5	4.9
C6	CEME	SIL	Office	7.3	0.0
C7	Fairview Estate	SIL	Industrial/W'housing	25.2	0.1
C8a	Ferry Lane South (a)	SIL	Industrial/W'housing	12.7	1.9
C8b	Ferry Lane South (b)	SIL	Industrial/W'housing	18.9	2.3
C9	Beam Reach 6	SIL	Vacant Ind. Land	12.5	12.5
C10	Rainham SIL Infill	SIL	Wider Industrial	60.8	13.0
C11	Harold Wood	SEA	Industrial/W'housing	8.5	0.9
C12	Hillman Close	SEA	Industrial/W'housing	1.5	0.0
C13	The Seedbed Centre	SEA	Industrial/W'housing	0.9	0.0
C14	Lyon Road	SEA	Industrial/W'housing	2.8	0.0
C15	Crow Lane Site 2 (Danes Road)	SEA	Industrial/W'housing	3.8	0.1
C16	Crow Lane Site 1	SEA	Industrial/W'housing	2.6	0.1
C17	Crow Lane Site 3	SEA	Industrial/W'housing	10.3	0.8
C18	Romford Office Quarter	Other designated	Office	4.5	0.0
C19a	Rainham West (North)	Other designated	Sui-generis	6.3	0.0
C19b	Rainham West (South)	Other designated	Industrial/W'housing	21.7	0.3
C20	Beam Park	Other designated	Non-industrial	10.6	0.0
C21	Bridge Close	Non-designated	Industrial/W'housing	2.1	0.0
C22	Chesham Close	Non-designated	Industrial/W'housing	1.7	0.0
C23	Spring Gardens	Non-designated	Industrial/W'housing	0.5	0.0
C24	Lambs Lane	Non-designated	Industrial/W'housing	1.7	0.0
C25	Freightmaster Estate	Non-designated	Industrial/W'housing	15.2	0.2
C26	Bryant Avenue Industrial Estate (Southend Arterial Road)	Non-designated	Industrial/W'housing	2.0	0.0
C27	Caravan Storage Site	Non-designated	Industrial/W'housing	3.4	0.0
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	Non-designated	Wider Industrial	1.2	0.0
C29	178 – 208 Crow Lane	Non-designated	Industrial/W'housing	3.8	0.0
C30	Albert Road Workshops	Non-designated	Industrial/W'housing	0.3	0.0
C31	Royal Mail - Abbscross Gardens	Non-designated	Royal Mail	0.3	0.0
C32	Rear of Broadway Parade, Elm Park	Non-designated	Sui Generis	0.6	0.0
C33	Workshops at rear of Collier Row Road Filling Station	Non-designated	Sui Generis	0.3	0.0
C34	Royal Mail - Tansy Close	Non-designated	Royal Mail	0.3	0.0

URS Cluster No.	Employment Area/ Name of Cluster	LB Havering LDF Designation/Site Allocations	Typology	Employment Cluster Area (ha)	Vacant Land (ha) (2)
C35	Hall Lane Works (TDS)	Non-designated	Industrial/W'housing	0.2	0.0
C36	Vicarage Road/ Hornchurch Road Workshops	Non-designated	Industrial/W'housing	0.3	0.0
C37	Benskins Lane Vehicle Breakers Yd	Non-designated	Sui Generis	3.6	0.0
C38	Broxhill Road Vehicle Breakers Yd	Non-designated	Sui Generis	4.4	0.0
C39	55 Brentwood Road Vehicle Repair Workshops	Non-designated	Sui Generis	0.2	0.0
C40	293 Crow Lane Vehicle Breakers Yd	Non-designated	Sui Generis	0.4	0.0
C41	Bryant Avenue Workshops	Non-designated	Sui Generis	3.2	0.0
C42	South Street Offices (Neopost)	Non-designated	Office	0.6	0.0
C43	St Mary's Lane	Non-designated	Industrial/W'housing	1.7	0.0
C44	Royal Mail - Wennington Rd	Non-designated	Royal Mail	0.4	0.0
C45	Royal Mail - Corbets Tey Rd	Non-designated	Royal Mail	0.3	0.0
Total				442.8	56.2

Source: URS LB Havering Employment Land Field Survey 2014

Note 1: All cluster areas have been re-calculated in 2014

Note 2: Includes developable and undevelopable vacant land. Further explanations are given in Table 7.8

5.3 Call for Sites

In accordance with the requirements of the National Planning Practice Guidance²⁶, a Call for Sites exercise was undertaken whereby, through various means, landowners or developers were asked to submit sites with prospective employment and non-employment use for consideration.

The exercise identified no sites with prospective employment use that were additional to those clusters surveyed and identified above in **Table 5.1**. One submission for redevelopment employment use is within the Freightmaster Estate (Cluster 25) and adjoining land for an extension to an existing waste processing facility. There were also two submissions related to prospective development within designated employment areas for Hillman Close (Cluster 11) and at part of Crow Lane Site 3 (Cluster 17), both for redevelopment of employment land for non-industrial use (residential development).

5.4 Strategic Transport Access

The strategic transport accessibility of employment areas was determined both through desk based research and site visits. Criteria used to assess this include:

- Strategic road access
- Access to public transport
- Access to wharves; and
- Availability of parking.

²⁶ NPPG paragraph 006 Reference ID: 3-006-20140306

Strategic Road Access

Sites with good/very good strategic road access include those that can be accessed directly or almost immediately from either a Transport for London Road (TLR), the Strategic Route Network, or Main Distributor Roads, as defined by Havering’s Network Management Strategy, 2006.

The 33 clusters in **Table 5.2** were considered to have good/very good strategic road access and constitute 90% of the employment cluster areas surveyed. This included all clusters designated as lying within SILs. Among other designated employment areas, clusters which weren’t considered to have good/very good strategic road access included the three SEAs on Crow Lane and Harold Wood (Cluster 11), all SEAs. These four clusters did have direct access to secondary distributor roads, meaning that access is adequate.

Table 5.2 Employment Clusters with Good/Very Good Strategic Road Access

URS Cluster No.	Employment Area/ Name of Cluster	Area (ha)
C1	Harold Hill	31.0
C2	King George’s Close	9.8
C3a	Ferry Lane North (a)	25.5
C3b	Ferry Lane North (b)	12.3
C4	Beam Reach 5	39.1
C5	Ford	65.5
C6	CEME	7.3
C7	Fairview Estate	25.2
C8a	Ferry Lane South (a)	12.7
C8b	Ferry Lane South (b)	18.9
C9	Beam Reach 6	12.5
C10	Rainham SIL Infill	60.8
C12	Hillman Close	1.5
C13	The Seedbed Centre	0.9
C14	Lyon Road	2.8
C18	Romford Office Quarter	4.5
C19a	Rainham West (North)	6.3
C19b	Rainham West (South)	21.7
C20	Beam Park	10.6
C21	Bridge Close	2.1
C23	Spring Gardens	0.5
C25	Freightmaster Estate	15.2
C26	Bryant Avenue Industrial Estate (Southend Arterial Road)	2.0
C27	Caravan Storage Site	3.4
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	1.2
C30	Albert Road Workshops	0.3
C31	Royal Mail - Abbscross Gardens	0.3
C36	Vicarage Road/ Hornchurch Road Workshops	0.3
C39	55 Brentwood Road Vehicle Repair Workshops	0.2

C40	298 Crow Lane Vehicle Breakers Yd	0.4
C41	Bryant Avenue Workshops	3.2
C42	South Street Offices (Neopost)	0.6
C44	Royal Mail - Wennington Rd	0.4
Total		399.0
% of surveyed employment land		90.0

Source: URS LB Havering Employment Land Field Survey 2014 and LB Havering Network Management Strategy (2006), which provides a definition of Trunk Road Network (TRN).

Access to Public Transport

Access to public transport for employment sites was assessed during the site survey visits and through subsequent desk-based research.

Sites that were considered to have good or very good access to public transport had PTALs (Public Transport Accessibility Levels) ranging from 4 to 6b²⁷. These included eight clusters, shown in **Table 5.3**.

Table 5.3 Employment Clusters with Good or Very Good Public Transport Access

URS Cluster No.	Employment Area/Cluster Name	Designation	Area (ha)
C13	The Seedbed Centre	SEA	0.9
C14	Lyon Road	SEA	2.8
C18	Romford Office Quarter	Other designated	4.5
C21	Bridge Close	Non-designated	2.1
C22	Chesham Close	Non-designated	1.7
C30	Albert Road Workshops	Non-designated	0.3
C39	55 Brentwood Road Vehicle Repair Workshops	Non-designated	0.2
C42	South Street Offices (Neopost)	Non-designated	0.6
Total			13.1
% of surveyed employment land			3.0

Source: Transport for London Planning Information Database (accessed at webptals.org.uk)

It is evident that the employment clusters in the vicinity of Romford Town Centre are well served by public transport with both the Romford Office Quarter, Seedbed Centre (containing concentrations of B1 users who make greater use of public transport) and South Street having ‘good or very good’ access. Access to public transport in the south of the Borough is poor, though bus services do provide access to many. In outer London boroughs, travel to work by private transport is likely to be more commonplace than in inner London areas and access to public transport is likely to be comparatively less of a factor in defining a well-functioning industrial employment cluster/area.

Improvements to public transport provision in the Borough include a new station at Beam Park on the London-Tilbury-Southend railway line to maximise the future development potential of the south of the Borough.

²⁷ Employment clusters were designated with the PTAL level that they predominantly fell within.

Access to Wharves

Two clusters have direct access to safeguarded wharves in LB Havering:

- Fairview Estate (Cluster 7) which has direct access to Phoenix Wharf²⁸; and
- Ferry Lane South (Cluster 8a) which has direct access to the Halfway Wharf (formerly Tilda Rice).

Both of the wharves are used for industrial purposes, by their respective occupiers, however neither wharf is currently actively used for river transport. The GLA’s Safeguarded Wharves Review 2013 (Final Recommendation) noted that there was a reasonable prospect for river-use being resumed at Halfway Wharf.

5.5 Servicing and Parking

Servicing of Businesses

For clusters where B1c/B2/B8 land-use predominates, it is important that there is designated and adequate space for the servicing of businesses. The suitability of existing servicing arrangements within each cluster was assessed during the field survey.

The field survey identified eight clusters where servicing was deemed to be inadequate, all of which are non-designated clusters of industrial land – the remainder of clusters having currently adequate servicing for businesses needs. These clusters are listed in **Table 5.4** and account for 3% of the surveyed employment land.

Table 5.4 Clusters where Servicing of Businesses is Inadequate

URS Cluster No.	Employment Area/Cluster Name	Employment Cluster Area (ha)
C21	Bridge Close	2.1
C24	Lambs Lane	1.7
C26	Bryant Avenue Industrial Estate (Southend Arterial Road)	2.0
C32	Rear of Broadway Parade, Elm Park	0.6
C33	Workshops at rear of Collier Row Road Filling Station	0.3
C38	Broxhill Road Vehicle Breakers Yd	4.4
C39	55 Brentwood Road Vehicle Repair Workshops	0.2
C41	Bryant Avenue Workshops	3.2
Total		14.5
% of surveyed employment land		3.3

Source: URS LB Havering Employment Land Field Survey 2014

Either high density and/or poor layout of premises at all of the clusters was observed to be the main factor in servicing of businesses being judged as inadequate.

²⁸ Phoenix Wharf is earmarked in the GLA’s Safeguarded Wharves Review – Final Recommendation 2013 for having its safeguarding removed “in view of surplus (wharf) capacity in NE London”.

Availability of Parking

For employment land clusters in outer London, it is important that there is adequate parking space to accommodate for the needs of businesses within the cluster and the increased likelihood that employees will travel to work by car, given that public transport accessibility is generally lower (with the exception in this case of employment clusters close to or within Romford Town Centre). The availability and type of parking within each cluster was assessed during the field survey.

Fifteen clusters were identified in the field survey as having inadequate parking arrangements. These clusters are listed in **Table 5.5** and account for 11% of the surveyed employment land. It is notable that, with some exceptions, these clusters are located in areas with a low PTAL rating, i.e. lower levels of access to public transport, which in combination could produce a number of accessibility issues.

Table 5.5 Clusters where Parking is Inadequate

URS Cluster No.	Employment Area/Cluster Name	Designated	Area (ha)
C3a	Ferry Lane North (a)	SIL	25.5
C15	Crow Lane Site 2 (Danes Road)	SEA	3.8
C19a	Rainham West (North)	Other designated	6.3
C21	Bridge Close	Non designated	2.1
C24	Lambs Lane	Non designated	1.7
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	Non designated	1.2
C30	Albert Road Workshops	Non designated	0.3
C32	Rear of Broadway Parade, Elm Park	Non designated	0.6
C33	Workshops at rear of Collier Row Road Filling Station	Non designated	0.3
C35	Hall Lane Works (TDS)	Non designated	0.2
C36	Vicarage Road/ Hornchurch Road Workshops	Non designated	0.3
C39	55 Brentwood Road Vehicle Repair Workshops	Non designated	0.2
C40	293 Crow Lane Vehicle Breakers Yd	Non designated	0.4
C41	Bryant Avenue Workshops	Non designated	3.2
C42	South Street Offices (Neopost)	Non designated	0.6
Total			46.7
% of surveyed employment land			10.6

Source: URS LB Havering Employment Land Field Survey 2014

In the case of Ferry Lane North (a) (Cluster 3a) it should be noted that parking was noted to be a problem only in the western part of the cluster (Denver and Allbright Industrial Estates), with mostly new and adequate parking facilities at premises in the eastern part. The cluster is also close to Rainham Station for train and bus services. facilities at the SEA Crow Lane Site 2 (Cluster 15) were deemed inadequate at the time of survey, it is recognised that this may in part be due to the existence of car-related businesses in the cluster, and that businesses may generally have sufficient parking for their own needs.

5.6 Condition of Employment Areas

Employment Areas in Very Good and Good Condition

In total 23 out of 48 surveyed employment clusters were considered to be in good or very good condition. To receive this designation over 50% of sites within the employment cluster had to fulfil the following criteria:

Building condition

Very good – buildings in immaculate state, no signs of paint coming off, windows and window frames in very good condition, immediate surrounding/grounds well kept.

Good – building in good conditions, small areas where paint might come off, etc., grounds in reasonable state.

Quality of environment

Very good – the streets and the public realm within and surrounding the area are of very good quality. There is enough street lighting and no perceived safety issues. The

business area is not polluted by noise or air pollution from neighbouring uses and/or heavy street traffic.

Good – the streets and public realm within and surrounding the business area are of good quality. Nothing in the local environment seems disturbing but it does not reach the ‘very good’ standard (some litter, street furniture shows signs of aging, etc.). There are no perceived safety issues.

Table 5.6 below lists the employment clusters with a majority (50-100%) of sites that were in Good and Very Good condition.

Table 5.6 Clusters with Majority of Sites in Good and Very Good Condition

<i>URS Cluster No.</i>	<i>Employment Area/Cluster Name</i>	<i>Designation</i>	<i>Employment Cluster Area (ha)</i>
C1	Harold Hill	SIL	31.0
C2	King George’s Close	SIL	9.8
C4	Beam Reach 5	SIL	39.1
C5	Ford	SIL	65.5
C6	CEME	SIL	7.3
C7	Fairview Estate	SIL	25.2
C8a	Ferry Lane South (a)	SIL	12.7
C8b	Ferry Lane South (b)	SIL	18.9
C9	Beam Reach 6	SIL	12.5
C10	Rainham SIL Infill	SIL	60.8
C11	Harold Wood	SEA	8.5
C12	Hillman Close	SEA	1.5
C13	The Seedbed Centre	SEA	0.9
C14	Lyon Road	SEA	2.8
C16	Crow Lane Site 1	SEA	2.6
C18	Romford Office Quarter	Other designated	4.5
C27	Caravan Storage Site	Non-designated	3.4
C31	Royal Mail - Abbscross Gardens	Non-designated	0.3
C34	Royal Mail - Tansy Close	Non-designated	0.3
C42	South Street Offices (Neopost)	Non-designated	0.6
C44	Royal Mail - Wennington Rd	Non-designated	0.4
C45	Royal Mail - Corbets Tey Rd	Non-designated	0.3
Total			308.9
% of surveyed employment land			70.4

Source: URS LB Havering Employment Land Field Survey 2014

Employment Areas with sites in Poor or Very Poor Condition

Of the surveyed employment clusters, 17 were recorded to have a majority (50-100%) of sites in poor or very poor condition. To receive this designation clusters had to fulfil the following criteria:

Building condition

Poor – paint coming off, some cracks, windows in poor state, surroundings are poorly kept.

Very poor – building still in use but in very poor condition; paint coming off in large areas, some windows broken, surroundings not maintained and/or littered and/or cluttered with rubbish.

Quality of environment

Poor – the streets and the public realm within and surrounding the cluster are of poor quality (some potholes, some litter, poorly maintained or damaged street furniture). There is not enough street lighting and some perceived safety issues. The business area might be polluted by some noise or air pollution from neighbouring uses and/or heavy street traffic.

Very poor – the streets and the public realm within and surrounding the cluster are of very poor quality (potholes, litter on street, not collected rubbish, etc.) There is not enough street lighting and there are perceived safety issues. There is noise and/or air pollution from neighbouring uses and/or heavy street traffic.

Table 5.7 Clusters with majority of sites in Poor/Very Poor Condition

<i>URS Cluster No.</i>	<i>Employment Area/Cluster Name</i>	<i>Designation</i>	<i>Area (ha)</i>
C15	Crow Lane Site 2 (Danes Road)	SEA	3.8
C19a	Rainham West (North)	Other designated	6.3
C19b	Rainham West (South)	Other designated	21.7
C21	Bridge Close	Non-designated	2.1
C23	Spring Gardens	Non-designated	0.5
C24	Lambs Lane	Non-designated	1.7
C30	Albert Road Workshops	Non-designated	0.3
C32	Rear of Broadway Parade, Elm Park	Non-designated	0.6
C33	Workshops at rear of Collier Row Road Filling Station	Non-designated	0.3
C35	Hall Lane Works (TDS)	Non-designated	0.2
C36	Vicarage Road/ Hornchurch Road Workshops	Non-designated	0.3
C37	Benskins Lane Vehicle Breakers Yd	Non-designated	3.6
C38	Broxhill Road Vehicle Breakers Yd	Non-designated	4.4
C40	293 Crow Lane Vehicle Breakers Yd	Non-designated	0.4
C41	Bryant Avenue Workshops	Non-designated	3.2
C43	St Mary's Lane	Non-designated	1.7
Total			51.1
% of surveyed employment land			11.6

Source: URS LB Havering Employment Land Field Survey 2014

Employment Areas with sites in Average Condition

Of the surveyed employment clusters 12 of 33 were recorded to have a majority of sites in average condition. To receive this designation clusters would not fulfil the conditions

necessary either to warrant designation as a Good/Very good cluster or a Poor/Very poor cluster (as set out above in **Sections 5.5 and 5.5**).

Table 5.8 Clusters with majority of sites in Average condition

<i>URS Cluster No.</i>	<i>Employment Area/Cluster Name</i>	<i>Designation</i>	<i>Area (ha)</i>
C3a	Ferry Lane North (a)	SIL	25.5
C17	Crow Lane Site 3	SEA	10.3
C20	Beam Park	Other Designated	10.6
C22	Chesham Close	Non-designated	1.7
C25	Freightmaster Estate	Non-designated	15.2
C26	Bryant Avenue Industrial Estate (Southend Arterial Road)	Non-designated	2.0
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	Non-designated	1.2
C29	178 – 208 Crow Lane	Non-designated	3.8
C39	55 Brentwood Road Vehicle Repair Workshops	Non-designated	0.2
Total			70.5
% of surveyed employment land			16.1

Source: URS LB Havering Employment Land Field Survey 2014

Conclusions on Conditions of Employment Areas

All clusters currently designated as SIL were in either Good/Very Good condition or Average condition in the field survey. With the exception of Crow Lane Site 2 (Danes Road), all SEAs were recorded as being in Very Good/Good condition or Average condition. These findings indicate that designated employment areas within LB Havering contain mostly good quality sites with similarly good environmental quality. Although several SIL and SEA clusters rank within the Average category, this should be considered within the context that LB Havering’s quantum of stock of designated employment land ranks among the highest of all London Boroughs, and it should not be surprising that building stock is varied and environmental quality less than ideal at some locations. Having a stock of poorer quality premises and land can also be a positive as it ensures that there is scope for redevelopment of sites to provide new floorspace when such demand arises. Rainham West (South) (Cluster 19b) is an example of a cluster that contains a variable quality of sites and premises yet provides good opportunities for small, cost-conscious, businesses to move into the Borough whilst benefitting from the good strategic road access that the cluster provides. The Poor/Very Poor quality clusters are almost entirely non-designated employment land areas, with most other such areas ranking within the Average condition category.

5.7 Bad Neighbour Uses and Impact on Residential Uses

A site was perceived as having a negative impact on the neighbouring uses if its use was associated with at least two of the following list; noise pollution, air pollution, smell, HGV traffic, significant car traffic.

In total 29 of the 48 employment clusters surveyed containing predominantly B2 and/or B8 uses lie within close proximity to surrounding/nearby residential or other sensitive uses. Of these, only five clusters were perceived as having bad neighbour features, which might impact on neighbouring sensitive uses.

Table 5.9 Industrial Clusters Close to Residential Areas or with Some Bad Neighbour Characteristics

URS Cluster No.	Employment Area/Name of Cluster	Designation	Bad Neighbour Char.	Area (ha)
C1	Harold Hill	SIL	✓	31.0
C11	Harold Wood	SEA	✓	8.5
C12	Hillman Close	SEA		1.5
C14	Lyon Road	SEA		2.8
C15	Crow Lane Site 2 (Danes Road)	SEA	✓	3.8
C16	Crow Lane Site 1	SEA		2.6
C17	Crow Lane Site 3	SEA		10.3
C19a	Rainham West (North)	Other designated	✓	6.3
C19b	Rainham West (South)	Other designated		21.7
C21	Bridge Close	Non-designated	✓	2.1
C22	Chesham Close	Non-designated		1.7
C23	Spring Gardens	Non-designated		0.5
C24	Lambs Lane	Non-designated		1.7
C26	Bryant Avenue Industrial Estate (Southend Arterial Road)	Non-designated		2.0
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	Non-designated		1.2
C29	178 – 208 Crow Lane	Non-designated		3.8
C30	Albert Road Workshops	Non-designated		0.3
C31	Royal Mail - Abbscross Gardens	Non-designated		0.3
C32	Rear of Broadway Parade, Elm Park	Non-designated		0.6
C33	Workshops at rear of Collier Row Road Filling Station	Non-designated		0.3
C34	Royal Mail - Tansy Close	Non-designated		0.3
C36	Vicarage Road/ Hornchurch Road Workshops	Non-designated		0.3
C38	Broxhill Road Vehicle Breakers Yd	Non-designated		4.4
C39	55 Brentwood Road Vehicle Repair Workshops	Non-designated		0.2
C40	293 Crow Lane Vehicle Breakers Yd	Non-designated		0.4
C42	South Street Offices (Neopost)	Non-designated		0.6
C43	St Mary's Lane	Non-designated		1.7
C44	Royal Mail - Wennington Rd	Non-designated		0.4
C45	Royal Mail - Corbets Tey Rd	Non-designated		0.3
Total clusters close to residential areas (ha)				111.6
% of surveyed employment land				25.4
Total clusters close to residential, with bad neighbour characteristics (ha)				15.9
% of surveyed employment land				3.6

Source: URS LB Havering Employment Land Field Survey 2014

The findings show that although around 25% of the surveyed employment clusters by area lie close to residential areas only five clusters, comprising 4% of the surveyed area, were perceived to contain two or more bad neighbour characteristics. Although two of these clusters are SEAs, the characteristics were generally noted to be either noise or the generation of significant car traffic, often associated with the presence of car-related businesses. As many of the businesses perceived to be generating these are non-industrial occupiers (*sui generis*), it is possible that better enforcement regarding uses permitted within the SEAs could address this problem. It is recognised at Harold Wood (Cluster 11) that the valuable (observed) high employment levels on the site and intensity of use of the cluster vis-à-vis its residential location may mean that such bad neighbour characteristics would be difficult to eliminate completely.

5.8 Presence of Non-B class Occupiers

Through recording the presence of individual land uses/occupiers during the field survey, clusters were identified where over 10% of the cluster area was occupied by non-B class land uses, usually *sui generis* or retail activities. These clusters are listed in **Table 5.10**. *Sui generis* activities include a range of industries which, though they may be employment generating, do not fall in the B1, B2 or B8 use class order but nevertheless are often associated with industrial sites in particular, such as petrol filling stations premises selling and/or displaying motor vehicles, taxi businesses and scrap yards.

Table 5.10 Employment Clusters with a significant presence of Non-B class Occupiers

URS Cluster No.	Employment Area/Cluster Name	Designation	Area (ha)
C1	Harold Hill	SIL	31.0
C11	Harold Wood	SEA	8.5
C12	Hillman Close	SEA	1.5
C15	Crow Lane Site 2 (Danes Road)	SEA	3.8
C19a	Rainham West (North)	Other Designated	6.3
C19b	Rainham West (South)	Other Designated	21.7
C21	Bridge Close	Non-designated	2.1
C24	Lambs Lane	Non-designated	1.7
C26	Bryant Avenue Industrial Estate (Southend Arterial Rd)	Non-designated	2.0
C29	178 – 208 Crow Lane	Non-designated	3.8
C32	Rear of Broadway Parade, Elm Park	Non-designated	0.6
C33	Workshops at rear of Collier Row Road Filling Station	Non-designated	0.3
C36	Vicarage Road/ Hornchurch Road Workshops	Non-designated	0.3
C37	Benskins Lane Vehicle Breakers Yard	Non-designated	3.6
C38	Broxhill Road Vehicle Breakers Yard	Non-designated	4.4
C39	55 Brentwood Road Vehicle Repair Workshops	Non-designated	0.2
C40	293 Crow Lane Vehicle Breakers Yard	Non-designated	0.4
C41	Bryant Avenue Workshops	Non-designated	3.2
Total			95.4
% of surveyed employment land			21.7

Source: URS LB Havering Employment Land Field Survey 2014.

Note that this list is not a ranking of the clusters

Clusters which contain a significant presence of non-B use class occupiers include one SIL clusters and two SEAs. Harold Hill (Cluster 1) SIL is a very mixed employment area and, given relatively recent development of land for industry in the cluster, it is not believed the presence of supplementary non-industrial employment-type uses has jeopardised so far its functioning capability. The two SEAs (Cluster 12 and Cluster 15) contain a presence of *sui generis* users (mostly car related). Future monitoring and effective application of policies going forward should ensure that further increases in the presence of such uses does not jeopardise the integrity of the SIL/SEA designations. Rainham West (North) contains only non-industrial *sui generis* occupiers and is located close to housing so it remains unsuitable as a designated employment area.

5.9 Vacant and Derelict Land

The 2010 GLA Industrial Land Baseline study identified 78.3ha of vacant industrial land in LB Havering, of which 75.0ha were in designated employment areas. The field survey of employment land clusters undertaken by URS in October 2014 has concluded that only 56.1ha of land remained vacant, of which 37.0ha were considered to be developable.

Taking these observations into account **Table 7.8** presents an updated October 2014 picture of the employment land which were surveyed to be vacant in the 2010 London Industrial Land Baseline study.

5.10 Floorspace Vacancy

The URS 2014 survey observed estimated vacancy rates of up to 20% in some clusters, however in SILs and SEAs, vacancy rates were typically estimated to be lower (5-10%). Office (B1) and industrial/warehousing (B1c/B2/B8) vacancy rates is assessed in greater detail in **Section 6**.

5.11 Romford Office Quarter

The Romford Office Quarter (Cluster 18) was observed to have positive characteristics. Access to facilities and amenities, and public transport were considered to be very good; access to the strategic road network was also observed to be good; and all premises were observed to have adequate parking (whether as part of their site or in adjacent paid car parks).

Premises were observed to be in good condition. The environment and public realm surrounding the cluster was also considered to be good, although some potential for improvement was observed. Although relatively high rates of vacancy were observed from the survey, premises were all adequately marketed and no dereliction was recorded.

The office quarter is judged to be well-functioning; however, the relatively high vacancy rate observed during the survey and supported in our subsequent analysis (see **Table 6.2**) suggests that demand for these type of units has been weakened in the past few years, notably as a consequence of the economic downturn which began in 2008. Analysis of the office property market suggests that the short term nature of demand for office units is toward smaller units and more flexible leasing arrangements, and this is discussed in **Section 6**. We consider that Crossrail will have a positive impact on demand (discussed further in **Section 7.7**), and conclude that in the medium to long term the benefits of improved connectivity may impact positively on demand for larger floor plate office space of the kind the exists in the Romford Office Quarter, but also on the demand for smaller office units above shops and within mixed use regeneration schemes in Romford Town Centre.

5.12 Conclusions

URS qualitative survey of employment land in LB Havering comprised of a field visit of 48 employment clusters combined with elements of desk research (including consultations with property market agents). This assessment was carried out against site appraisal criteria set by URS and subsequently agreed with the Council. A comparative analysis of the quality and characteristics of clusters for employment uses was undertaken on the basis of the quantity of land contained within the lined boundaries of clusters.

With regards to designated employment clusters (SILs and SEAs as listed in Table 5.1) it is concluded that the majority are well functioning, predominantly industrial, clusters of employment land. Most have good/ very good access to the strategic road network and are in adequate condition, being identified as either in very good, good or average condition. Although some SIL/SEA clusters lie in close proximity to residential areas, very few of these possess bad neighbour characteristics or, where these are evident, generally arise from the presence of non-B2/B8 uses. Of the surveyed clusters, five of the 19 SIL/SEAs areas surveyed were observed to contain a significant presence of non-B class uses though it was recorded that these uses did not generally compromise the overall functionality of the clusters. At these SIL clusters in particular, effective monitoring of uses and effective application of policies should continue to be undertaken by the Council.

The surveyed 'non-designated' or 'other designated' clusters (excluding Romford Office Quarter, which is considered separately) were more mixed in quality with several performing well and others identifiable as being of poor overall quality. Among the clusters either identified as performing well, or meeting criteria suitable for potentially being designated for employment use, are; Rainham West (South) (Cluster 19b), Bridge Close (Cluster 21) and Beam Park (Cluster 20), which is significantly underused as a TfL salt storage depot. Of others, the Bryant Avenue Industrial Estate (Clusters 26 and 41) is noteworthy as a cluster that, whilst generally performing well, contained a high-presence of non B-class occupiers and was situated close to residential areas.

The Romford Office Quarter (Cluster 18) was observed to be mostly performing well, having good access to facilities and amenities, public transport, the strategic road network, and good parking facilities. The relatively high vacancy rates observed during survey and supported in our subsequent analysis suggests that demand for the type of units marketed here may be declining, though in the medium to long term demand for all types of office space may pick up as a result of Crossrail and improved connectivity with central London markets.

With regards to vacancy, there has been a decrease from that recorded in the 2010 GLA London Industrial Land Baseline study as land has since been built out. Our survey of employment land clusters concluded that 56.1ha of land was currently vacant of which 37.0ha were considered to be developable. Floorspace vacancy rates of up to 20% were recorded in some clusters during the survey, however in SILs and SEAs, vacancy rates were typically estimated to be lower (5% to 10%).

6 EMPLOYMENT LAND AND PROPERTY MARKET ASSESSMENT

6.1 Introduction

This section examines LB Havering's office and industrial land market within the context of the wider property market area (PMA). This corresponds to the NPPG which states that needs should be assessed in relation to the relevant functional economic market area (FEMA)²⁹. The findings are based on the key conclusions of a consultation exercise with local property market agents and key stakeholders. This represents a 'bottom up' perspective on demand. Perceptions of those working within the office and industrial land market were sought to establish their impressions of the strengths and weaknesses of the commercial property available in LB Havering to potential occupiers³⁰. The list of consultees contacted and the questions they were asked is given at **Appendix A**. This section provides the qualitative market intelligence dimension which is harder to draw out in the long-term 'top down' projections of demand in Section 7. It also helps to ensure that the recommendations of Section 8 are grounded in market reality.

6.2 Approach

This section is structured as follows:

- An assessment of what the relevant property market areas are for occupiers of industrial and office space in Havering
- An overview of the supply of industrial and office space in the borough
- Demand factors for industrial space and office space including potential impact of changes to permitted development rights allowing conversion of office to residential uses
- Key sectors with potential for growth in LB Havering and any particular commercial occupier needs
- Results of consultation with key stakeholders
- Conclusion on how supply meets current demand for commercial space and recommendations for the local employment market

As well as consultation this section reviews information from relevant property market reports and other recently published research to build an understanding of the Havering employment land market. The commercial agents, market analysts, property managers and developers that provided data for this chapter through phone conversations and written research include:

- Bidwells
- Altus Edwin Hill
- SBH Page Read
- Glennys
- Kemsleys

²⁹ NPPG, paragraph 009 Reference ID: 2a-009-20140306

³⁰ URS contacted the commercial property agents, developers and property management companies that are most active in Havering and asked them to contribute to this study via an informal set of questions.

- London Office Policy Review 2012
- Key stakeholders consulted include:
- Havering Chamber of Commerce
- Federation of Small Businesses (Essex Division)
- London Riverside Business Improvement District (BID)
- LB Havering Economic Development
- LB Havering Property Manager

6.3 Property Market Areas

Although the primary focus of this study is LB Havering, the market area for commercial property is generally not limited by local authority boundaries. Factors relevant to business operations are often more of an influence, such as proximity to labour supply, transport links, site availability and consumer markets. A property market area (PMA) could typically be an area of search for a potential office or industrial occupier. The PMA in this study is the same as the FEMA as defined in the NPPG.

The demand forecasts in Section 7 evaluate demand trends of commercial space in Brent in the context of the wider PMA; therefore it is important to gain an understanding from commercial property agents of what they consider to be the relevant PMA for industrial and office space in Havering.

For LB Havering the PMA for office, industry and warehousing is considered by the consultants and property market agents to comprise:

- LB Havering
- LB Barking and Dagenham
- LB Newham, and
- Brentwood Borough

This geography has been determined via assessment of accessibility, the primary labour market catchments and locations of comparable premises, and confirmed through our discussions with property market agents active in the outer East London and Essex sub-region. Initially Thurrock was also identified as potentially part of the PMA. However, this was removed after consultation with agents and analysis of data as the effect of the London Gateway development has a distorting effect on the employment projections relevant to Havering. It was also felt by property agents that most industrial inquiries in Havering were linked to the London market and those occupiers seeking properties in Thurrock had specific requirements to be close to the Essex market or London Gateway. These boroughs have similar characteristics and are considered a single market area for B1c/B2 and B8 use classes.

6.3.1 Office PMA

According to market agents and the findings of the research Havering has a relatively small office market focussed on Romford office quarter and some small stand-alone office buildings within industrial estates. Offices mainly fulfil localised office demand (e.g. solicitors, local financial services etc.) It therefore has similar characteristics to LB Barking and Dagenham, LB Newham and Brentwood. Brentwood is a more vibrant local competitor with higher rents linked to the more affluent out of London Essex office market. Despite the prominence of the Romford Office Quarter as an office location within Havering, property agents consider that businesses are unlikely to specifically

choose to locate in Romford vis-à-vis the other main office locations in the PMA, principally Stratford and the Royal Docks in Newham.

6.3.2 Industrial PMA

The Havering Industrial PMA is consistent with the Land for Industry and Transport SPG (2011) which found that Havering was influenced by the Thames Gateway industrial property market area, which on the north side of the Thames Gateway extends through Newham, Barking and Dagenham and Havering and into Essex³¹. See Figure 6.1 below for an indication of PMAs from the Land for Industry and Transport SPG (2011).

Havering's industrial areas have seen major change over the last two decades, with increased emphasis as a logistics location, although demand for light industrial and manufacturing uses are still present. The area also offers a large range of sites and can accommodate most industry land and premises requirements.

The A13 is a key transport corridor which runs the length of London Riverside from inner London through to Thurrock. The A13 is one spoke of London's highway network which radiates from central London to its periphery. It provides a link to the strategic highway network (M25 motorways). This pattern defines the prominent vehicular movement in and out of inner London, so although the Thames Gateway covers both north and south of the River Thames, there is acknowledged to be weak economic relationships between East London/South Essex and North Kent. This is primarily due to the historic geography of the respective markets and, increasingly congestion issues of the Dartford-Thurrock River Crossing A282 trunk road³². There are a variety of options currently being explored to improve the connectivity between the north and south halves of East London. These include bridge crossings and improved ferry services. These are explored in more detail at 7.8.1 below.

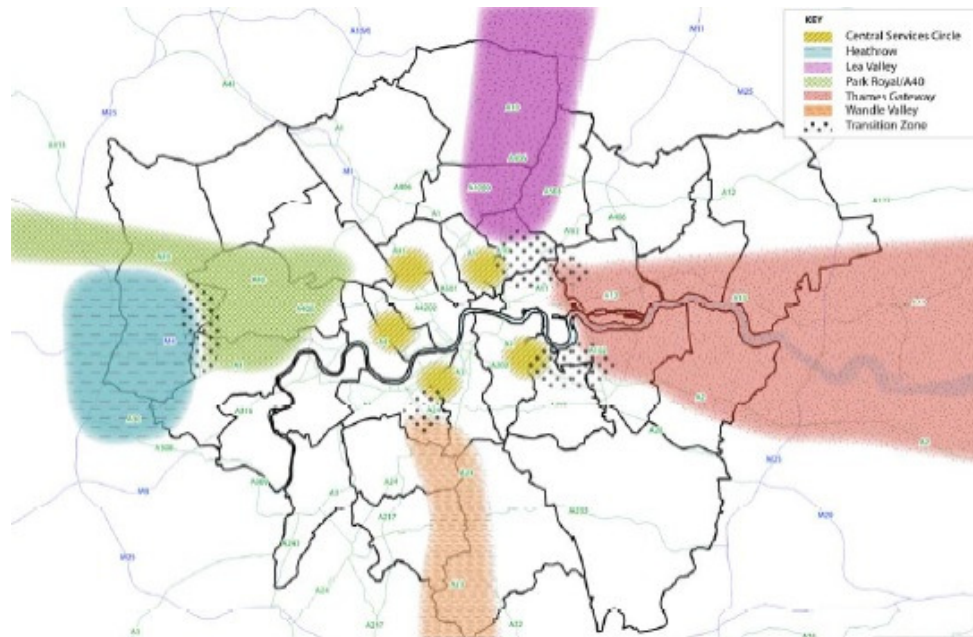
North of LB Havering are the districts of Brentwood and Epping. Brentwood and Epping Forest District are part of the London Arc³³ considered to be the key engine of the Essex's growth, given their proximity to London. The A12 is a key arterial route which runs through Havering and connects with Brentwood's main employment area (the town of Brentwood), which has purpose built office developments with good connectivity to London and wider Essex. The industrial land market becomes more localised further into Essex with industrial occupiers generally linked more to local supply chains rather than national markets. The District of Epping Forest however is comparatively less well connected with the main population and employment land sites located along the west side of the M11. In Epping Forest a large proportion of allocated sites are either generalised industrial areas or warehouse distribution parks (a feature of proximity to the M11 and M25). The commercial property markets of Brentwood are considered to have a stronger geographical and market alignment to LB Havering, and therefore included in the PMA, but not Epping Forest District, which is excluded from the PMA geography.

³¹ Especially the B8 market, which in terms of floorspace requirements is the largest use class in LB Havering

³² The crossing suffers from significant levels of congestion, with over 50 million vehicles using it each year. Congestion remains a significant problem and the situation is anticipated to worsen as a result of forecast traffic growth. It is estimated that congestion and delays at the Crossing cost the UK economy £40 million a year and the absence of viable alternative routes exacerbates the disruption.

³³ East of England's RSS geographical definition

Figure 6.1 Key Industrial Property Market Areas in London



Source: GLA Land for Industry SPG (2011)

6.4 Supply of Employment Sites and Premises in LB Havering

Industrial/Warehousing (B1c/B2/B8) Premises

There is approximately 375 hectares or 700,000 m² of industrial floorspace in LB Havering. The existing local market supply of industrial (B1c/B2) property in the Borough has been decreasing in recent years as land has been lost to B8 and also other non-employment uses, such as residential. This has generally occurred where there has been a lack of demand for mostly B2 sites/premises outside the designated employment areas, i.e. SILs and SEA, at places such as New Road North. Losses of floorspace have been observed at several locations in the Borough, e.g. Spring Gardens. Victoria Road has been mainly redeveloped for residential/non-industrial uses although not on the north side within the Ring Road.

New or 'grade A' stock (suitable for either B1c, B2 or B8 uses) is provided within all three Strategic Industrial Locations in the Borough; at Chancerygate Business Centre in King George's Close; Falcon Business Centre and Ashton Gate in Harold Hill (Cluster 1); Easter Park (in Ferry Lane South, C8b) and Beam Reach 5 (Cluster 4). There are few examples of new stock in the SEAs. Specifically for light-industrial and storage units (B1c), 'grade A' space is found within The Seedbed Centre.

Second-hand warehousing (B8) stock is distributed throughout the SILs, with particular examples being at the Fairview Estate and within Harold Hill. A further concentration of such stock is to be found within the Borough's SEAs, such as at Lyon Road and Harold Wood. The majority of second-hand industrial (B1c/B2) stock is considered to be of poor to average quality, and is found predominantly within the SEAs, non-designated locations, and to an extent within the SILs, such as at the Ferry Lane North portion of Rainham SIL.

Agents indicate that, for the size of the market, whilst there is a good supply of both new and second-hand industrial/warehousing stock across the Borough, vacancy rates are generally low. Agents estimate that rates are between 5 and 10%. Detailed Borough level information on the availability of vacant industrial/warehousing units/floorspace has

been provided by LB Havering and is shown in the table below. This indicates that the vacancy rate is low at around approximately 8%³⁴.

Table 6.1 Industrial/Warehousing (B1c/B2/B8) Availability – Sept to Nov 2014

<i>Size Range (m²)</i>	<i>Number of Vacant Units</i>	<i>Vacant Floorspace (m²)</i>
0 - <100	8	662
100 - <250	4	808
250 - <500	9	3,348
500 - <1000	5	3,891
>1000	7	46,779
Total	77	55,488

Source: LB Havering (2014)

Yards

Yards for open storage and other industrial/warehousing purposes are found mostly within the Rainham SIL, at some of the SEAs (e.g. Harold Wood), and within Rainham West. They are mostly located away from residential uses, owing to the often bad neighbour issues associated with their use.

Detailed borough level information on the availability of vacant industrial/warehousing units/floorspace has been provided by LB Havering. This information indicates that there are currently ten yards known to be available within the Borough, representing a good to low level of availability.

Industrial Rental Values

Agents suggested the following industrial rental values applied in the PMA:

- Second hand units - £5-6 per ft²
- New units over 500 sq m - £8.50 per ft²
- Better quality units in Barking Riverside - £9.50 per ft²
- Big sheds - £7.50 per ft²

Office (B1a/b) premises

The VOA indicates that the office sector occupied 154,000m² of floorspace in LB Havering in 2012, with around 75% in commercial sector use and 25% used for non-commercial uses i.e. the public sector.

The vast majority of office floorspace in the Borough is second hand accommodation, with many larger buildings having been built to accommodate (or with the aim to accommodate) a lone occupier, e.g. financial and business service industries or public sector bodies. Medium to large commercial premises, of good specification, are found within the Romford Office Quarter enabling medium-sized enterprises to locate in the Borough if they wish. Serviced offices, providing small and flexible business space, are also available at locations in Romford Town Centre. Occupiers generally require short leases, with one agent indicating that a typical lease period is in the realm of a three-year terms with a six month break clause. Several consultees suggested that with the changing economy, which has more focus on footloose, smaller sized companies using

³⁴ This rate does not include floorspace which is unoccupied but not actively marketed.

the internet as their main tool for business there is an increasingly high demand for affordable flexible workspace with short term contracts.

Romford office market expanded in the 1980 and 1990s with large purpose built offices built serving regional and national office market demand (many were linked to E-On). See Image 6.1 below for an example. However, when E-On moved out of the borough and due to the economic downturn and changing business practices (e.g. rationalisation of office services, offshoring and rise of internet) demand for large purpose built offices rapidly declined. As a result there are relatively high vacancy rates for office in Romford office quarter.

Image 6.1 Example of large floorplate office building in Romford (Cluster 18) in relatively lower demand now due to changing business needs



Source: URS (2014)

Office Rental Values

Rental values range between £9 per ft² for second hand premises, and between £12 and £13 per ft² for the best quality (prime) workspace, such as within Romford Office Quarter. Investment yields are typically around 6.5%, although there has been a lack of investment activity in the last five years. Comparatively, closer to London, LB Newham has achieved prime rents of £21 per ft². Anecdotal evidence suggested that the difference in rents is a contributing factor to office relocations from LB Newham to LB Havering.

To tempt speculative developers to build in Havering it was suggested by agents that rental values of around £17 to £18 per ft² would be required. The fact that this level of rent is not being achieved at the moment in Romford explains why in the short term there is relatively little office development interest from developers. However, consultees felt that with improvements to the Town Centre environment as expected to be delivered in the medium term as proposed in the Romford AAP and Romford Development Framework and improved transport accessibility to Central London with Crossrail then these higher levels of rent could be achieved and therefore speculative development incentivised.

Agents indicate that while vacancy rates across much of the Borough are moderate, rates are, to a large extent, influenced by the low volume of stock i.e. if a medium-large business or public sector occupier vacates a premises then the overall vacancy rate is impacted to a greater degree than it would be in a larger market. Vacancy rate for commercial office floorspace is around 20%³⁵.

The future supply of office floorspace is perceived as being stable, with no major developments currently in the pipeline. There is however a potential for a contraction in supply related to potential mixed-use redevelopments of office sites.

6.5 Demand for Employment Sites and Premises in LB Havering

Industrial/Warehousing (B1c/B2/B8)

As with most areas with strong linkages to Central London, the demand for good quality industrial and warehousing accommodation has held up well in spite of the onset of the global economic downturn. Occupiers generally demand:

- Adequate access to the strategic road network
- Off road loading/unloading
- Lack of disturbance from residential uses (e.g. rush hour traffic)
- Adequate parking provision, and
- 24 hour access.

Local agents indicate that new sites and premises for B8 occupiers, which meet these requirements, are in demand. Examples are Easter Park at Ferry Lane South (Cluster 8b - recent take-up of land) and Beam Reach 5 (Cluster 4, Tesco Distribution Centre – one of the largest transactions in the PMA in the last three years). Other areas close to the M25, including the neighbouring Borough of Thurrock, do have a larger stock of high-quality premises however and are somewhat better placed to capture demand. Opportunities for developing such premises in Havering are mostly limited to redevelopments of typically small industrial estates (such as at Lamson Road in Ferry Lane North, Cluster 3a), or restricted owing to multiple land ownership issues.

With regard to second hand accommodation, the number of enquiries decreased substantially throughout the economic downturn but has since returned to previous levels across the East London area. Demand arises largely from small-scale warehousing (B8) and, more rarely, production (B2) businesses – sole traders being an important traditional source of demand for small units. Although within the non-industrial *sui generis* use class, vehicle servicing and repairing remains an important sector, with these businesses having a particularly strong presence in; SEAs such as Harold Wood and Crow Lane 2; 2007's de-designated employment areas; and also within the Rainham SIL at Ferry Lane North and Salamon's Way.

Short-term leases are a key feature of the market, as is the case across much of Greater London. In the SILs and SEAs, short leases are attractive because they offer flexibility to occupiers (particularly in times of economic uncertainty) and due to the security offered by the employment area designation there is a high likelihood that the leases will be available for renewal at a future date. However short terms leases are less attractive in areas under pressure from competing higher land value uses (e. residential) because there is a higher likelihood that the leases will not be renewed. Agents indicate that this may act to hinder levels of take-up at non-designated employment locations, even if premises are fit for purpose.

³⁵ This rate includes floorspace which is unoccupied but not actively marketed.

Demand is also high for properties which are not disturbed by, and do not cause disturbance to local residential properties. Industrial uses can create noise, smell, heavy traffic, and some are required to operate on a 24-hour basis. These 'bad neighbour uses' can cause excessive disturbance to local residents, which may lead to restrictive measures being placed on the industrial uses. In addition the supply and delivery of goods requires a national road network, and one, which is not subject to the type of traffic associated with residential uses. Although Havering is relatively fortunate in having good access to the national road network, road congestion is considered to be an issue at some locations, particularly along the A12 towards Junction 28 of the M25, and along the A13 in particular when there are congestion issues at the Dartford Crossing.

Specifically, within Rainham SIL, there is evidence of demand for small units. The Business Improvement District (BID) in Rainham has led to improvements in the trading practices and physical environment of key estates which may further stimulate demand for premises in the SIL, or at least within certain estates. CEME's innovation centre has had high take up but, according to consultees, there is a reluctance of business to move on from these high quality premises units. As a result there is thought to be pent up demand for smaller B1c/B2/8 unit space for start-up/young and growing businesses.

The green enterprise concept and high value manufacturing sector, which are targeted uses for the Rainham SIL, has experienced a relatively low take up so far. However, green enterprise related enquiries are starting to increase. The proposals for redevelopment of the Freightmaster estate for advanced recycling could have a knock on effect in stimulating more demand in the Rainham SIL area. Currently most enquiries tend to be for mostly traditional waste management use.

Office (B1a/b)

In the context of the PMA Romford and Havering is not seen as a particularly significant office location. Most of the demand comes from local office occupiers. Local property agents confirmed that a range of businesses typically demand/require office space in the Borough, including accountancy firms, public and voluntary sector organisations, architectural practices and training organisations (e.g. at Cluster 6 CEME).

Premises required, where demand exists, are generally small (ranging from less than 250m² at Harold Hill) to up to 2,500m² (Romford Office Quarter). Although quality requirements vary depending on the needs of the occupier, most businesses demand medium to high specification premises, regardless of size. Small serviced offices were noted by several consultees as being in demand, with a trend away from large office floorplates in the short term, as the larger businesses consolidate their operations at fewer locations.

As is known to be the case elsewhere in London, the Disability Discrimination Act (DDA) is having an impact on the demand for modern premises. The DDA requires that employers provide adequate access for disabled users by including ramped access, widened doorways and suitable sanitary facilities. These facilities are difficult to retro-fit to older buildings, and this is thought to have led to increased demand for modern office facilities, making older office units more difficult to let.

Although there is currently considered to be a relatively low level of demand for (and supply of) B1 premises generally in Havering, there is evidence of demand for serviced office space both at Romford Office Quarter, where the majority of B1 transactions take place. There has been some demand, from SME occupiers, for flexible workspace elsewhere in Romford Town Centre (primarily along South Street and above shops for example), though in line with the wider trend for the Borough, demand is considered to have been fairly muted in recent years.

Consultations have identified that there has been some interest in the redevelopment of low density sites in Romford Office Quarter for residentially-led mixed use schemes that would include some office floorspace.

There has been some change of use of offices to residential under the permitted development change order. Most agents felt that this has occurred in offices that are not in demand from office occupiers and therefore that there is no threat to the supply of office accommodation to meet business needs.

6.6 Conclusion - Balance of Supply and Demand

Industrial/Warehousing (B1c/B2/B8)

Our assessment has concluded that demand levels for industrial premises are stable, as a whole, having experienced a fall at the onset of the economic downturn. There are successful examples of high-specification developments (Beam Reach 5 and Easter Park) and demand for medium-large premises remains. Most requirements are for warehouses with good observed take-up of vacant land and new premises. Demand and take-up of second-hand stock is considered to be somewhat more muted.

Although new high-quality premises have recently been built, second hand stock dominates the market at present. Whilst occupiers demand a range of premises, there is a noted shortage of large distribution facilities or available land to build such premises, meaning that when demand for such premises arises, occupiers have to look elsewhere in the PMA.

Vacancy rates are generally considered to be low within the SILs, somewhat higher in the SEAs (though still low), and high in the de-designated employment areas. This points to there being a good level of churn of supply and demand for stock in protected locations, close to major road arteries and away from residential and other sensitive land uses. Consultees suggested that there was a relative lack of availability of good quality lower cost space for SMEs.

In conclusion, whilst it is likely that some demand from occupiers requiring large premises may be 'lost' to other boroughs in the PMA, supply generally meets demand, with vacancy rates appearing to have remained low. The presence of poorer quality premises in some locations may provide opportunities for refurbishment or redevelopment to ensure the needs of occupiers are met and the supply-demand balance maintained.

Office (B1a/b)

Based on consultation and review of information sources it is assessed that take-up rates of office floorspace in Havering has been slow in recent years, and demand is currently not strong, with relatively few enquiries being received. Where demand exists, good quality premises are required with good links to public transport and amenities. There is some evidence of demand for serviced offices within business centres, with good occupancy levels at such premises in Romford Town Centre.

The supply of office premises in Havering is not considerable and is largely concentrated within the Romford Office Quarter, where a number of good quality premises are available. This area was the only location highlighted as experiencing much demand, though small office units within the SILs do attract interest. The vast majority of the available stock is second hand, varying in age, with some relatively new stock at Melville Court (Harold Hill) and some refurbished serviced office space in the Romford Office Quarter. Short-term leases are generally offered, with most businesses being content with such tenure arrangements in the present economic climate. Over 50% of premises available for let are less than 2,500 ft², with current vacancy rates standing at 12%, having increased since the onset of the economic downturn.

In conclusion, the supply of B1 floorspace generally meets demand in the Havering local office market in the current to short term period. The key gap is in affordable, serviced office accommodation to meet the needs of small start-up companies. The generally good quality of premises supplied meets the demands of most prospective traditional office occupiers. The fact that the local B1 market remains small, and has been small historically, may suggest that it is largely in a state of equilibrium, with no speculative developments in the pipeline that are likely to stimulate the market. This is mainly a result of the low rental values between 12 and 13 per ft². With improvements to the environment of Romford town Centre spurred by the Romford AAP and Development framework and introduction of Crossrail this could change. The prime office location in the Borough, Romford Town Centre retains the fundamental conditions for maintaining a presence as an outer London office location.

7 DEMAND FORECAST

7.1 Introduction

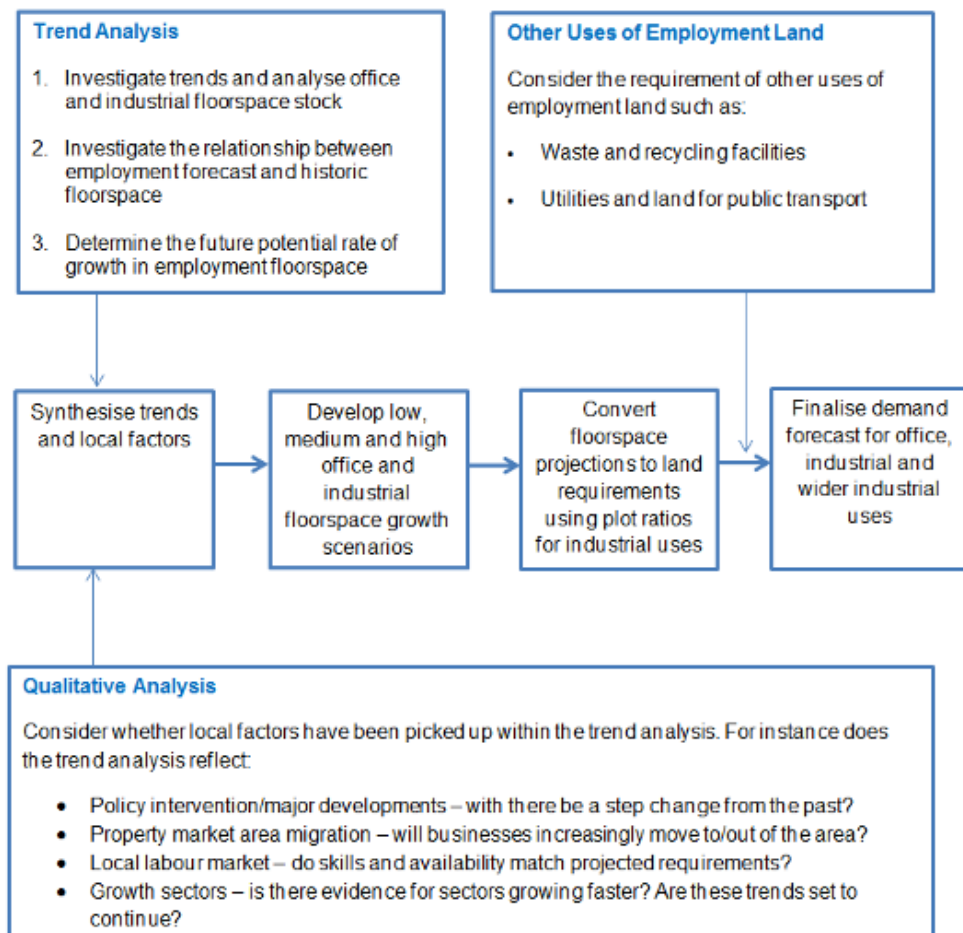
This section projects the future demand for industrial and office land in LB Havering for the period 2013 and 2031.

7.2 Methodology

Our approach to estimating demand for industrial land and office space is compliant with the National Planning Policy Framework (NPPF), National Planning Practice Guidance (NPPG), Employment Land Reviews: Guidance Note (2004) which although cancelled by the NPPG still provides a detailed guidance on ELR best practice and the GLA Land for Industry and Transport SPG (Sept 2012).

Our approach synthesises published employment projections with historic floorspace trends and local economic drivers of the property market area (PMA) in which LB Havering industrial and office markets operate, to provide a borough wide projection of employment floorspace. For industrial uses projected floorspace is converted to land demand using plot ratios. We do not convert the floorspace requirement for office space into land as plot ratios for office vary significantly, in particular storey heights, meaning that the conversion to land can be unreliable. Our methodology is set out below:

Figure 7.1 Industrial and Office Land Demand Forecasting Methodology



Source: URS (2014)

7.3 Property Market Area

Industrial and Office property markets rarely correspond to local government administrative boundaries. Businesses searching for sites or premises will typically consider a number of similar locations. This area is termed the 'property market area' (PMA). The PMA will often have similar characteristics such as the labour market structure, access to market areas and suppliers, rental values, appropriate size and grade of stock. The NPPG states that needs should be assessed in relation to the relevant functional economic market area (FEMA)³⁶. The FEA as defined in the NPPG can be viewed as the PMA as defined in this study.

For the purpose of this study we have used data from the following local authority boundaries of a defined Property Market Area (PMA), as suggested by property market agents, to measure the trends of the above three factors:

- LB Havering;
- LB Barking and Dagenham;
- LB Newham, and;
- Brentwood Borough Council.

As described at section 6.3 above Thurrock is not included in the PMA in terms of data used in the demand forecast because it was considered by market agents to be a separate sub-market due to the effects of the London Gateway. However, Thurrock does share similar characteristics to the PMA as described above. Data on historic business floorspace, historic employment and forecast employment is analysed for each of the above four PMA boroughs. The trends across the PMA for each of these factors then feeds into the overall employment land demand forecast.

7.4 Historic Trends in Floorspace

The NPPG describes how future trends for employment land should be forecast³⁷. This includes an assessment of past take-up of employment land. The Valuation Office Agency (VOA) records the amount of floorspace in an area for tax purposes (the assessment of business rates) by building type. VOA data is considered to be a reliable source of data between 1998 and 2008. However, difficulties can occur in comparing raw VOA data due to the revaluation of properties that occurred in 2004. This causes discontinuities in the quantum of floorspace between 2004 and 2005. Also, 2008 is the latest available data which is five years old at the time of writing this report. Importantly the 2008 data does not include floorspace data collected since the current economic downturn.

To counter these issues we have used experimental commercial floorspace data released by the VOA in May 2012 and covering the period 2000 to 2012³⁸. Although the VOA states that they are currently evaluating this data set it is considered a robust enough dataset to analyse trends in employment floorspace across the PMA for the purposes of this ELR.

The historic employment floorspace trend across the PMA and LB Havering is shown at **Table 7.1**. **Figure 7.2** shows the trends for the PMA.

³⁶ NPPG, paragraph 009 Reference ID: 2a-009-20140306

³⁷ NPPG, paragraph 033 Reference ID: 2a-033-20140306

³⁸ This is available at: <http://www.voa.gov.uk>

Table 7.1 Change in Industrial and Office Floorspace 2000 to 2012

	Business Type	2000 m ²	2012 m ²	Diff (%)	CAGR
LB Havering	Office	162,000	154,000	-4.9%	-0.4%
	Industrial	680,000	670,000	-1.5%	-0.1%
PMA	Office	598,000	647,000	8.2%	0.7%
	Industrial	3,099,000	2,791,000	-9.9%	-0.9%

Source: URS; VOA Business Floorspace (Experimental Statistics) 2012.

Note: CAGR: Compound Annual Growth Rate. Figures may not sum due to rounding.

Figure 7.2 Change in Industrial and Office Floorspace ('000 m²)

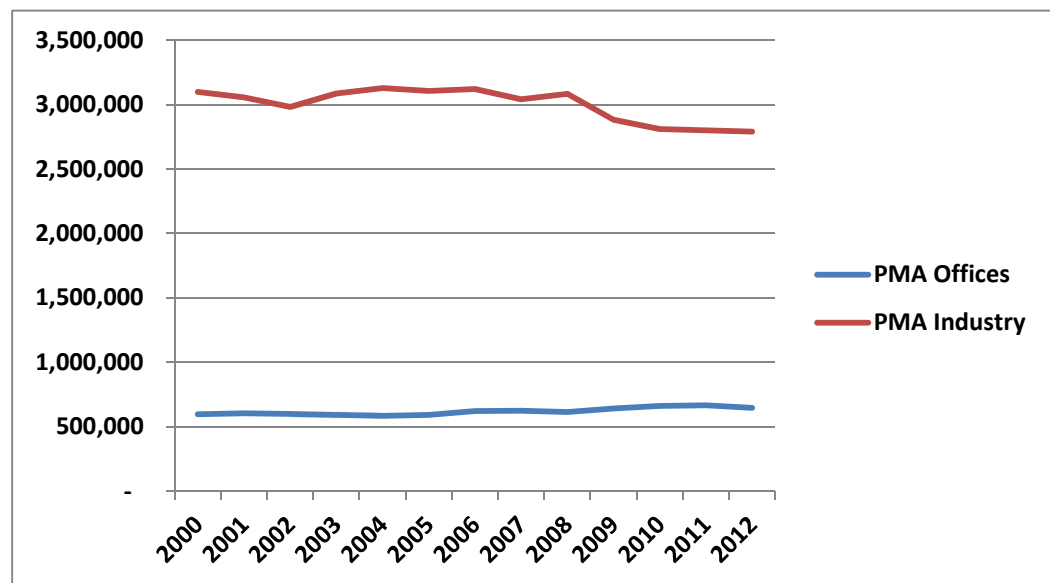


Table 7.1 and Figure 7.2 shows that there has been a decline in industrial floorspace and an increase in office floorspace across the PMA. The industrial and office trends for the PMA feed into the synthesis demand forecast as shown at section 7.7 below. This includes the CAGR of -0.9% for industrial uses and +0.7% for offices.

7.5 Historic Employment Growth

The NPPG describes how employment land trends can be analysed by looking at labour demand³⁹. This includes an assessment of historic employment growth. Historic employment data is drawn from the Annual Business Inquiry (ABI) between 2000 and 2008 and the Business Register and Employment Survey between 2008 and 2011. Both datasets are compiled by the Office for National Statistics (ONS). They are both expressed at a Standard Industrial Classification (SIC) level, not by use class. To estimate employment by use industrial land class (office, industry and warehousing uses, as per our ELR definition) we have identified those sectors which typically operate from B1, B2 and B8 use classes. The linking of sector to use class draws upon our work for other London boroughs in which we have determined employment land by relevant

³⁹ NPPG, paragraph 033 Reference ID: 2a-033-20140306

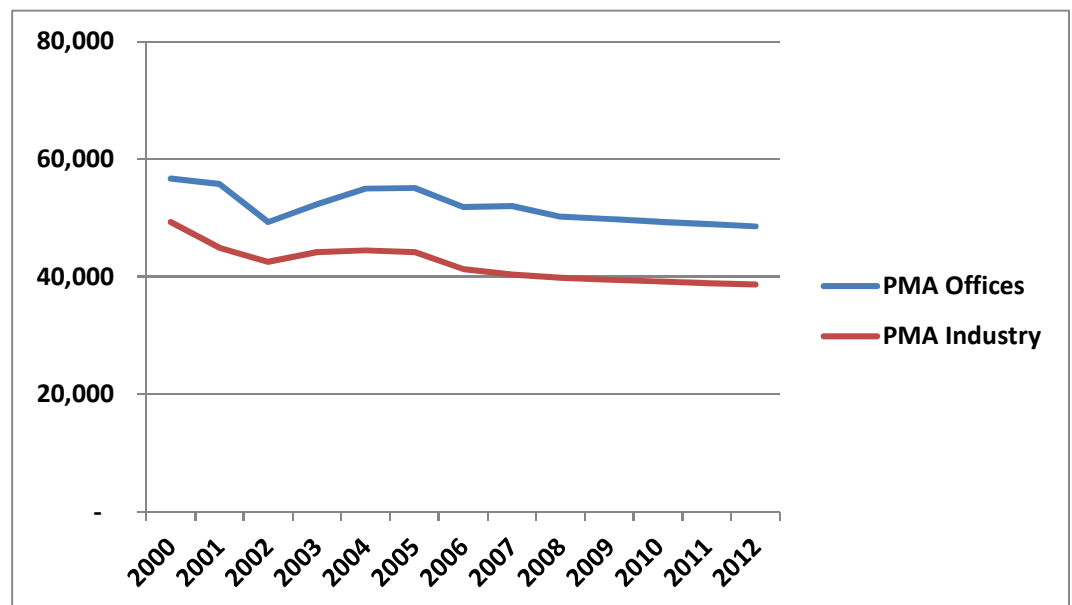
sector⁴⁰. By this approach we estimate workplaces employment by use class as set out in **Table 7.2** and **Figure 7.3**.

Table 7.2 Historic Employment 2000 to 2012

Area	Business Type	2000	2012	Diff %	CAGR
Havering	Office	15,977	15,667	-1.9%	-0.2%
	Industrial	13,997	10,360	-26.0%	-2.5%
PMA	Office	56,668	48,554	-14.3%	-1.3%
	Industrial	49,294	38,712	-21.5%	-2.0%

Source: URS; ONS 2014⁴¹. Figures may not sum due to rounding.

Figure 7.3 Historic Employment 2000 to 2012



The historic employment trend CAGRs used to inform the synthesis employment land demand forecast are -1.3% for office and -2.0% for industrial uses.

7.6 Employment Projections

The NPPG outlines how employment land should be forecast using assessments of future employment projections (labour demand)⁴². Employment forecasts for London boroughs are produced by GLA Economics and the most recent forecasts were issued in GLA Economics in April 2013. The forecasts are considered the most robust available information on future employment trends by London borough. They are based on a

⁴⁰ For example see the London Industrial Land Release Benchmarks and North East and South East Baseline, URS (2007)

⁴¹ Note: The BRES data SIC codes are not identical to the ABI SIC codes so to ensure consistency the actual rate of change for each year between 2008 and 2011 in the BRES data was applied to the known ABI data from 2008 onwards.

⁴² NPPG, paragraph 033 Reference ID: 2a-033-20140306

'triangulation' process, which marries macro-economic employment forecasts on a regional level to micro-economic factors at borough level. These include:

- Trend analysis of the major employment sectors in each borough taking account of the effects of the recent recession and prospects for future growth;
- Transport improvements planned for each borough; and
- The availability of land for the development of new office employment sites in each borough (the forecasts assume that vacant industrial sites become residential over the time period).

The April 2013 GLA forecasts take account of the recent economic downturn through the assessment of more recent employment data which has led overall to less optimistic projections of future employment growth⁴³. The employment forecasts for Brentwood are taken from the 2012 Heart of Essex Economic Futures Study⁴⁴

Table 7.3 presents the employment forecasts across the PMA.

Table 7.3 Employment Forecasts

<i>Area</i>	<i>Use Class</i>	2013	2031	CAGR 2013-31
<i>Havering</i>	Office	9,104	11,449	1.3%
	Industrial	15,633	13,639	-0.8%
<i>PMA</i>	Office	41,440	50,235	1.1%
	Industrial	50,781	46,056	-0.5%

Source: URS; GLA Borough Employment Projections (November 2009); Heart of Essex Economic Futures (July 2012)

Figures may not sum due to rounding

⁴³ GLA Employment Projections 2013 only publishes overall borough employment forecasts and does not produce forecasts by industrial or office uses. Therefore to convert the overall employment forecasts to industrial and office land uses the relevant proportion of industrial and office employment of total forecast employment from the London Employment Time Series publication (GLA, 2010) is taken and then applied to the overall employment forecasts as shown in GLA Employment Projections 2013.

⁴⁴ NLP, July 2012, Heart of Essex Economic Futures Study

Figure 7.4 Employment Forecast 2013 to 2031

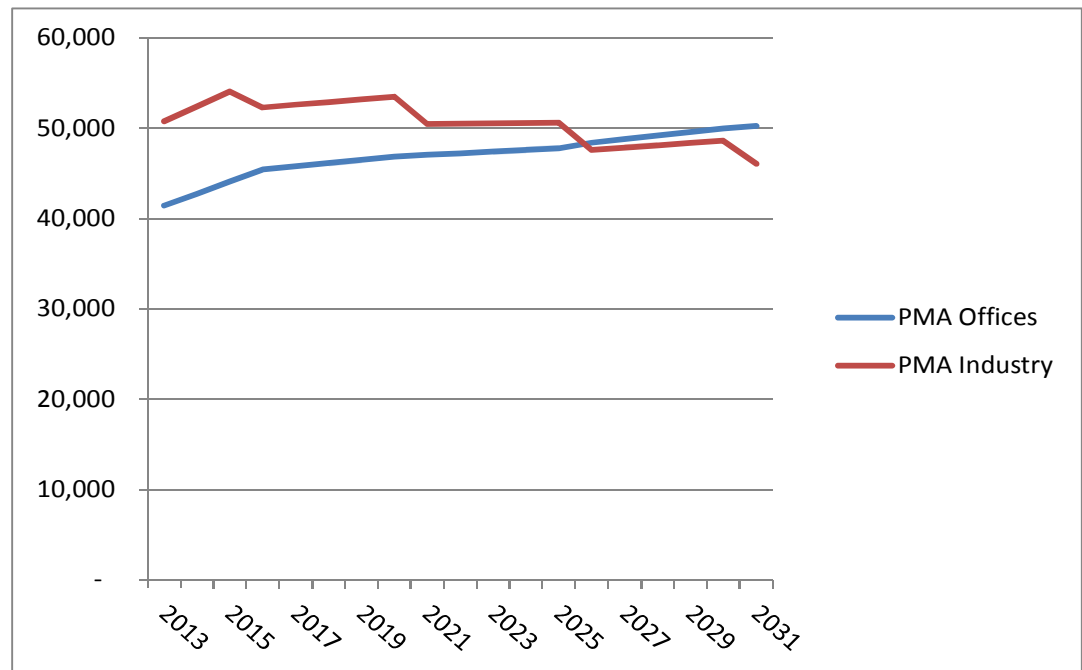


Table 7.3 shows that office employment in LB Havering is forecast to grow at a slightly higher rate than the PMA (1.3% per annum compared with 1.1%, respectively) and see a relatively stronger contraction in B2/8 employment than compared with the PMA (-0.8% and -0.5% respectively). These 'top down' economic trends do not build in a 'bottom up' understanding of likely future local circumstances which are considered at **section 7.8** below.

The PMA employment forecast trend CAGRs used to inform the synthesis employment land demand forecast are +1.1% for office and -0.5% for industrial uses

7.7 Synthesis Forecast

Our synthesis forecast approach takes trends in historic floorspace provision as a basis for forecasting future employment land demand. The historic floorspace trends are projected by a linear function and adjusted for regional economic changes by incorporating an adjustment factor. The adjustment factor is the ratio of forecast employment to historic employment.

The adjustment factor is then applied to historic change in floorspace to determine the floorspace forecast. The results are shown in **Table 7.4**. The table shows the historic trend based on past floorspace changes, historic and forecasted annual employment changes for B use classes, the adjustment term and the adjusted average annual floorspace demand for the period 2013 to 2031. This CAGR for historic floorspace and employment and forecast employment are taken from preceding tables.

Table 7.4 Synthesis Forecast for Employment Floorspace

Business type	Floorspace CAGR	Employment CAGR		Adjusted average annual floorspace demand
	2000-2012	2000-2012	2013 - 2031	
<i>Office (PMA)</i>	0.7%	-1.3% ⁴⁵	1.1%	0.8%
<i>Industrial (PMA)</i>	-0.9%	-2.0%	-0.5%	-0.2%

Source: URS calculations 2015. Figures may not sum due to rounding

Table 7.4 above shows the synthesised demand trend for offices and industrial uses between 2013 and 2031 projected office floorspace trend is 0.8% per annum and the industrial trend is -0.2% per annum. These annual growth rate estimates are derived from a ‘top down’ assessment of demand. The next step in the process is to perform a ‘bottom up’ assessment of likely demand and then to consider whether the ‘top down’ estimates could be revised upwards or downwards to reflect a more localised understanding of likely future demand.

7.8 Bottom up adjustment of the Synthesis Forecast

The bottom up demand assessment is derived from market intelligence gained through the literature review, local research and consultation with local property market agents and key stakeholders. Factors considered include the following:

- The impact of any major new developments and infrastructure plans;
- Property market trends within the PMA; and
- Impact of the recession.

We summarise below the comparative advantages or disadvantages of LB Havering in relation to the wider PMA, to illustrate the degree to which Havering could compete for economic growth and the inward investment arising across the PMA.

7.8.1 Impact of Major Projects

Consented Proposals

Crossrail: Crossrail will deliver a high frequency, high capacity service to 37 stations linking Maidenhead and Heathrow in the west to Shenfield and Abbey Wood in the East. Crossrail will stop at Romford. It will bring an additional 1.5 million people within 45 minutes commuting distance of London’s key business districts⁴⁶. The improved connectivity is expected to have significant economic effects across London. These could include a positive shift in demand from businesses that require good public transport links, especially those seeking to access the West End and west of London, which is a key difference to the current rail network⁴⁷.

According to the 2012 Crossrail Property and Regeneration Study, Crossrail could create £5.5 billion in added value to residential and commercial real estate along its

⁴⁵ The reason there appears to be potentially contradictory trends in the historic office employment and floorspace is mainly due to a large amount of speculative office development constructed at Newham in the last eight years to support Stratford City and the Olympics. It may be that there is a lag period while actual employment catches up with the supply of office floorspace. This is reflected in the positive GLA employment office forecasts for the PMA. It is therefore not appropriate to adjust this trend in the syntheses exercise.

⁴⁶ www.crossrail.co.uk

⁴⁷ Currently trains terminate at Liverpool Street.

route between 2012 and 2021⁴⁸. The study, along with the 2014 Crossrail Development Pipeline Study⁴⁹ suggests that Crossrail is already having a positive impact on investment decisions and at many locations Crossrail will be influential in supporting and influencing new development. In regards to Havering the study suggests that in outer London locations such as Romford the impact on the commercial office market will be less significant than in Central London. However Romford is placed in the middle category of likely positive impacts and it is likely that most of the positive impacts relate to increased residential values. However, positive benefits include the increased attraction of the area to commuters and hence employees, and the geographically larger labour pool available to employers.

It is expected that Crossrail will lead to a greater 'sense of place' in Romford. This would likely be achieved through investment in public realm and through a multiplier effect of local spend by new residents seeking to live in Romford due to its improved connectivity. This raising of the profile of Romford could over time encourage investment in local employment schemes both in terms of new office accommodation for people who want to be located closer to home or related to firms seeking to provide services to the increased population such as financial and professional services. Also new logistics, distribution and food and drink manufacturing firms could choose to locate closer to this expanded and improved residential and employment market. Therefore over time Crossrail is likely to have a marginal positive effect on demand for industrial and office space and the top down demand forecast can therefore be adjusted upwards.

London Gateway: London Gateway is a port and logistics development on the north bank of the River Thames in Thurrock, Essex. It is 20 miles (32 km) east of central London. Outline planning permission has been granted for a total of 880,000 m² of employment uses. Construction began in February 2010 and is expected to take several years, with the port and logistics park completed in stages. The project comprises a new deep-water port, which is able to handle the biggest container ships in the world, as well as one of Europe's largest logistics parks. The distribution park will cover a total area of 300 hectares. It will accommodate buildings in excess of 93,000 m² and will provide access by road and railways to London and the rest of Great Britain⁵⁰. According to the views of commercial property agents consulted the project once complete is likely to stimulate further demand for industrial and logistics units in Havering. Accordingly the demand forecast has been adjusted upwards for industrial uses.

Lakeside: Thurrock have a vision for the Lakeside Basin as a new regional town centre. Outline planning permission was granted in April 2014 for a £180m scheme to extend the centre north and eastwards, providing 30-40 new retail stores including space for new café/restaurant facilities resulting in a net gain of 40,000m² GIA; a new bus station, which together with the adjacent Chafford Hundred Rail Station, to form a new transport interchange facility; improved pedestrian and cycle routes. The Environmental Statement accompanying the planning permission states the potential for 1,130 jobs during the construction period, and once operational over 6,000 direct permanent jobs in the local economy and around 1,250 seasonal jobs⁵¹. The benefits arising from these jobs will mostly fall to retail and logistics. However, many of the brands are expected to be national/international and may already have their logistics operations set up and functioning to managed supply requirements from the existing Lakeside. The site developer has said construction could start as early as 2015 which means the leisure development could open in 2017⁵². Given the likely benefits to the logistics market we expect some of the effects to spill over into Havering and so we therefore adjust the employment synthesis forecast accordingly.

⁴⁸ Crossrail (GVA) , 2012, Crossrail Property and Regeneration Study

⁴⁹ Crossrail (GVA) , 2014, Crossrail Development Pipeline Study

⁵⁰ <http://www.pla.co.uk/About-Us/London-Gateway-Port>

⁵¹ Lakeside Shopping Centre: Extension Proposals Planning Summary December 2011

⁵² <http://www.theretailbulletin.com>

Proposals yet to be Consented or in Concept Phase

Beam Park Station: There are aspirations for a Beam Park rail station, which is contingent on Cluster 20 (Beam Park) coming forward for development. Higher density housing here would also see the bus network and capacity improved southwards into Rainham Employment Area, which could improve the areas connectivity and attractiveness for B2/B8 use classes. Given the uncertainty over these projects occurring at this stage, we do not adjust the employment synthesis forecast by this factor.

A Lower Thames Crossing: There are currently two proposals to improve connectivity between the north and south banks of the Thames Estuary East of Dartford. In July 2014 the Department for Transport announced that they were committed to a lower Thames crossing and that Option A – a crossing close to the existing Dartford Crossing and Option C – Linking the M2 to the M25 east of Gravesend⁵³ are the two shortlisted options. Havering had responded to earlier consultation in mid-2013 setting out its preference for Option A. The existing Dartford-Thurrock River Crossing A282 trunk road is a key link in the strategic road network, which facilitates the movement of goods and people. The crossing suffers from significant levels of congestion, with over 50 million vehicles using it each year. Congestion remains a significant problem and the situation is anticipated to worsen as a result of forecast traffic growth⁵⁴. The absence of viable alternative routes exacerbates the disruption. For locations outside the immediate crossing route such as LB Havering, there are expected to be access and reliability benefits as traffic from Channel ports bifurcates along the M25, M20 and M2. An indicative timeframe for completion is at least ten years. It is thought that Havering's B8 use classes especially would benefit. Given that there is a firm commitment to the project the demand forecast is adjusted upwards accordingly.

East of Silvertown River Crossing: Transport for London is investigating the potential for an additional river crossing east of Silvertown and west of Dartford to ease road congestion and improve connectivity. There are currently a number of options being considered including a new tunnel at Silvertown, a new ferry at Woolwich, a bridge and ferries at Gallions Reach and a bridge between Belvedere and Rainham⁵⁵. The Belvedere Bridge option is likely to have impacts in terms of employment land in Havering and the Council has very strongly objected to this option in its consultation response submitted in October 2014. However, given the lack of certainty at this stage of which option will be pursued and based on the views of market agents no adjustments are proposed for the demand forecast.

7.8.2 **PMA Migration & Regeneration Initiatives**

Property market agents have indicated that there could be a migration of industry from LB Newham and other central boroughs of London which have land constraint issues. As a result business could move to outer London boroughs. Property market agents confirmed that there was likely to be some migration of industry away from London's central activities zone (CAZ) to outer London borough locations over time. It is thought that LB Havering could benefit from this effect. Over the longer term, the release of industrial land could translate as an increase in land values, especially in inner London boroughs and businesses pushed out to outer London Boroughs such as Havering. This effect of property migration has also, to some extent, been captured in the historic floorspace change and employment projections. The impact on demand is therefore thought to be limited although some minor upward adjustment is made.

⁵³ <https://www.gov.uk/government/news/next-steps-for-lower-thames-crossing-announced>

⁵⁴ It is estimated that congestion and delays at the crossing cost the UK economy £40 million a year (Dartford River Crossing Study Report (Department for Transport, Route Options for the new Lower Thames Crossing, July 2014)

⁵⁵ TFL, River Crossings: East of Silvertown Crossings: Technical Documentation (Atkins June 2014)

The Romford Area Action Plan (AAP) vision is to promote and enhance Romford's position as East London's premier town centre. The document includes objectives to support and enhance the local economy. The council is preparing a business growth strategy and there are intentions to work closer with and support local businesses and strengthen partnership working across organisations.

In terms of physical regeneration, Romford Urban Integration study proposes three masterplans to enhance the public realm of Romford Town Centre designed to improve areas north and south of the station alongside the arrival of Crossrail. Around the station area – a key gateway to Romford - proposals are for a new station forecourt, new piazzas, reconfiguration of the bus lay-by, improved pedestrian flow, linkages and environmental improvements. There is also a masterplan to green the Romford ring-road by soft planting, improving pedestrian sub-ways and an attention to enhancing safety and designing out crime. These improvements are likely to have a positive impact on perception of place. The intention is to implement timescale is within five to ten years; however, realisation of these masterplans are constrained by lack of funding. The impact on demand is thought to be on offices located in Romford Town Centre, though this is unlikely to result in a step change in demand.

The overall effect of regeneration strategies and active Council intervention could lead to an increase in demand for office floorspace.

7.8.3 **Local Factor Summary**

Table 7.5 presents the combined effects of the local factors on the demand forecasts. We presents in a format of either a positive impact on demand (↑), a negative impact on forecasts (↓) or no overall impact (↔). Each factor is given a weighting of +/-10% of the CAGR, depending on the direction of the arrow. The result of this exercise produces an adjusted forecast.

Table 7.5 Summary of Local Factors and Impact on Synthesis Forecast

	<i>Office</i>	<i>Industry/Warehousing</i>
<i>CAGR Forecast</i>	0.8%	-0.24%
<i>Major projects</i>	↑	↑
<i>PMA migration & Regeneration Initiatives</i>	↑	↑
<i>Adjusted CAGR Forecast</i>	0.9%	-0.19%

Source: URS (2015)

7.8.4 **Sensitivity**

To account for potential variations in our synthesis of projections based on employment, floorspace and local factors we introduce high and low growth scenarios to our demand projections +/-0.1 either side of our best estimates (medium growth scenario).

Our low to high growth scenarios also provide some flexibility to any potential changes in demand (up or down) arising from, for example, variations in plot ratios; variations in the impact of Crossrail; the realisation of a potential new station at Beam Park; the expansion of Lakeside; or consent for a new Lower Thames Crossing or crossing east of Silvertown. The impact of some or a combination of these development proposals could provide a step in demand and it is recommended that the council monitor employment land demand and supply. We provide a specific recommendation to the monitoring of employment land in **Section 8**.

The three growth scenarios, including the impact of local factors, are presented in **Table 7.6**.

Table 7.6 Growth Projections with Local Factors and Sensitivity

	<i>Adjusted CAGR</i>	
	<i>Office</i>	<i>Industrial/Warehousing</i>
<i>Low Growth Scenario</i>	0.85%	-0.17%
<i>Medium Growth Scenario</i>	0.94%	-0.19%
<i>High Growth Scenario</i>	1.03%	-0.21%

Source: URS 2015

7.9 The Forecast for Industrial and Office Premises

The net growth in demand for office and industrial floorspace over the planning period, 2014 to 2031 is set out in **Table 7.7**. Net growth refers to the balance of commercial space once new development and the loss of premises (either demolished or changed use) has been taken into account.

The table shows that the net requirement employment floorspace in LB Havering by 2031 is estimated to be between 26,700m² and 33,300m² for office space, and - 21,300m² to -25,900m² additional floorspace for industry and warehousing. Given the stage of the current economic cycle it is likely that short-term growth will be at a lower rate than the long-term average.

Table 7.7 Long Term Office and Industrial Floorspace Demand Forecast ('000m²)

	<i>Additional Floorspace Requirements at 2031</i>		
	<i>Net Low Sc.</i>	<i>Net Med Sc.</i>	<i>Net High Sc.</i>
<i>Office</i>	26.7	30.0	33.3
<i>Industry/ Wareh'g</i>	-21.3	-23.6	-25.9
<i>Total</i>	5.5	6.4	7.3

Source: VOA; URS 2015

7.10 Development Pipeline

Analysis of LB Havering employment planning application data taken from the London Development Database (for April 2012 to August 2014) shows there is a negative development pipeline for both offices (B1a and B1b) and industrial uses (B1c, B2 and B8). This generally relates to planning permissions not started and is assumed to relate to the falling demand for industrial and office space linked to the recent economic downturn. Most of these applications are for change of use from employment to residential or other mixed use. The headline development pipeline figures are as follows:

- Offices (B1a) -1,836 m²
- Industrial (B1b,c, B2 and B8) -11,065m²

The office pipeline can be left as floorspace as it is not always clear what plot ratios should be used due to offices either being high density town centre offices with multiple levels or lower density 'out of town' business park office developments. The industrial floorspace figure can be converted to land by using the plot ratio 0.5⁵⁶. This results in approximately -2 ha of industrial land that has permission to be released from industrial

⁵⁶ DCLG (2004) Employment Land Review Guidance p.47

use. Office and Industrial development pipeline will be factored into the policy recommendations as described in Section 8.

7.11 Other Users of Industrial or Office Land

7.11.1 Waste Management and Recycling

The Joint East London Waste Strategy adopted in February 2012 identifies three waste sites for LB Havering to meet expected demand over the planning period. These sites are as follows:

- Ferry Lane North - existing waste site to be redeveloped – 0.5 to 1.5ha
- Gerpins Lane – rural site in Greenbelt to be used as a composting facility – 1.5 to 5 ha
- Hall Farm – former landfill site in rural location to be used as a composting facility – 19 ha

As none of the above sites are additional sites that could be located in employment land no adjustment is made to the demand forecast.

7.11.2 Utilities, & Land for Public Transport

The GLA London's Industrial Land Baseline (2010) measured 81.7ha of land. Our observations did not identify any new land allocated for utilities, waste or public transport since the 2010 study. The release of a gas utilities site at Crow Lane (Cluster 17) was identified by the site owner, National Grid, through the call for sites process. The area of the site is approximately 5.24 ha and it is considered surplus to operational requirements.

7.11.3 Vacant Land

Information on vacant land and land with vacant buildings within employment areas was collected during the field survey. It was then measured using Geographic Information Systems (GIS) software. The estimated vacant land is shown in table 7.8 below. The total developable vacant land was calculated by taking away vacant land that is effectively undevelopable, such as nature reserves or land that has natural constraints such as topographical or watercourses running through it. The developable vacant land is 37 hectares and this is factored into the forecast for employment land requirement to 2031 as shown in Table 7.9.

Table 7.8 Estimated Vacant Land in LB Havering 2031

<i>Employment Cluster Number and Name</i>	<i>Policy designation</i>	<i>Size (ha)</i>	<i>Comment</i>
Total Vacant land within employment areas			
C1. Harold Hill	SIL	0.1	
C2. King George Close	SIL	1.4	
C3a. Ferry Lane North	SIL	0.5	
C3b. Ferry Lane North	SIL	0.6	
C4. Beam Reach 5	SIL	16.5	
C5. Ford	SIL	4.9	
C7. Fairview Estate	SIL	0.1	
C8a. Ferry Lane South	SIL	1.9	
C8b. Ferry Lane South	SIL	2.3	
C9. Beam Reach 6	SIL	12.5	
C10. Rainham SIL infill	SIL	13.0	
C11. Harold Wood	SEA	0.9	
C15. Hillman Close	SEA	0.1	
C16. Crow Lane 1	SEA	0.1	
C17. Crow Lane 3	SEA	0.8	
C19b. Rainham West (N)	SSA12	0.3	
C25. Freightmaster Estate	No desig	0.2	
Sub-total		56.1	
Vacant 'undevelopable' land within employment areas			
C4. Beam Reach 5	SIL	5.0	Area of cluster which is a SINC (Note 1)
C9 Beam Reach 6	SIL	1.6	Topography of part of cluster inhibits development
C10. Rainham SIL Infill	SIL	12.5	Three plots in the Rainham SIL Infill cluster to the south of the utilities site. SINC
Sub-total		19.1	
Total Developable Vacant land within employment areas			
Total		37.0	

Source: URS (2015);

7.12 The Forecast for Industrial Land to 2031

The NPPG, states that where possible employment floorspace should be converted to employment land using plot ratios⁵⁷. Office development can vary considerably (from three to ten plus storeys) so therefore it is not suitable to convert the demand projections from floorspace into office land requirements. By comparison development density (plot ratio and storeys) tends to be static for industry and warehousing premises, and a plot ratio of 1:0.45 (land to premises, over one storey) can be applied. This ratio means that over one hectare of land one can typically expect the footprint of an industrial or warehouse building to take up 0.45 hectares. Using this ratio we calculate that the additional demand for industrial and warehousing floorspace, set out in **Figure 7.7**, is the equivalent of -5.8ha, -5.2ha or -4.7ha (low, medium and high growth scenarios respectively).

⁵⁷ National Planning Practice Guidance (NPPG) paragraph 034 reference ID: 2a-034-20140306

The demand forecasts set out in **Table 7.9** take into account the demand for waste and recycling land and the need to retain an appropriate level of vacant or derelict land while sites are prepared for new occupiers (termed frictional vacancy⁵⁸). The vacant developable land is shown in Table 7.8.

Table 7.9 Industrial Employment Land Demand, 2012-2031

	<i>Low</i>	<i>Medium</i>	<i>High</i>
<i>Demand for industrial land use</i>		(hectares)	
A. Supply of industrial land occupied by B-use class, including land for utilities, bus and rail depots, and waste management		375.0	
B. Current vacant industrial land 2014		37.0	
C. Total occupied industrial land and developable land (A+B)		412.0	
D. Land demand to 2031	-5.8	-5.2	-4.7
E. Additional demand for waste and recycling facilities 2014 to 2031		0.0	
F. Optimum frictional vacant land at 2031 (5% of A+D+E) ⁵⁹	18.5	18.5	18.5
G. Excess vacant land (includes optimal levels of frictional land (F) minus existing vacant land (B))	-18.6	-18.5	-18.5
H. Gross demand for industrial land 2014-2031 (A+D+E+G)	350.7	351.2	351.8
I. Net demand for industrial employment land 2014-31 (H-D)	-24.3	-23.8	-23.2
J. Net change per annum (ha)	-1.3	-1.3	-1.2

Source: URS (2015); GLA London's Industrial Land Baseline (2010); East London Waste Plan (2012)

Figures may not appear to sum due to rounding

The implications of this analysis is that there is a surplus of employment land in the region of between 24.3ha and 23.2ha, depending on the demand scenario. The median scenario is for -23.8 between 2014 and 2031 or -1.3 p.a. This is deemed the most likely to occur and so forms the basis of the policy recommendations outlined at section 8.

⁵⁸ See paragraph 3.7 of the Land for Industry and Transport Draft SPG (Mayor of London; February 2012) for a fuller explanation of frictional vacancy

⁵⁹ The Land for Industry and Transport SPG (2012) paragraph 3.7 identifies 5% as the optimal frictional vacancy rate for industrial land in order for the market to work efficiently.

7.13 The Forecast for Office Floorspace to 2031

Table 7.10 shows up to 2031 there is additional (net) demand for between approximately 10,657m² and 17,132m² office floorspace in LB Havering. It is expected that this floorspace would primarily meet the needs of local businesses.

Table 7.10 Office Floorspace Demand, 2014 - 2031

	Low	Medium	High
Demand for office floorspace		(m ²)	
A. Actual (Gross) B1 Floorspace		154,000	
B. Current Estimated Vacant Floorspace		30,800	
C. Demand for B1 floorspace 2031	26,979	29,977	32,974
D. Optimum frictional vacancy in 2031 (8% of A + C)	14,478	14,718	14,958
E. Oversupply of vacant floorspace (D – B))	-16,322	-16,082	-15,842
F. Gross demand for B1 floorspace 2014-2031 (A+C+E)	164,657	167,895	171,132
G. Net demand for B1 floorspace 2014-2031 (F – A)	10,657	13,895	17,132

Source: URS (2015) Figures may not appear to sum due to rounding

Because of the vast range of densities of office developed in Havering and similar locations, and the fact that many offices are coming forward as part of mixed use development, it is not meaningful to translate floorspace (square metres) into land requirements (hectares). The stock for offices, is therefore represented in terms of floorspace (per square metre).

8 CONCLUSIONS

8.1 Introduction

This section sets out conclusions and recommendations for the employment land review building upon findings from previous sections of the report.

8.2 Conclusions

8.2.1 *Office Land Use (B1)*

There is approximately 154,000m² of gross office floorspace in LB Havering, the majority of which is located in Romford Town Centre's Office Quarter. Our forecasting exercise estimated that there is additional demand for between approximately 10,657m² and 17,132m² of office floorspace in the planning period to 2031 (see **Table 7.10**). The projected growth in office floorspace is mainly attributed to ongoing demand for space within Romford Town Centre, and to a lesser extent demand from SMEs for smaller units in Romford.

The property market analysis of Chapter 6 indicates that office market in Havering is mostly supplying the demands of small to medium sized companies. Most of these companies are linked to the local market, for example solicitors firms, recruitment firms, local financial advisors and brokers and public and voluntary sector and education linked companies. There was traditionally also a significant element of larger nationally focussed businesses seeking a key location in the South East of England close to London. This explains why many of the offices in the Romford Office quarter are large floorplate purpose built office buildings. However since these larger purpose-built office buildings were constructed in the 1980s and 1990s demand from these types of office occupier have significantly reduced. This explains why many of the larger office buildings in the Romford Office quarter are vacant or have changed use in past years. This reduction in demand for larger offices is due to structural changes in the economy, with a reduction in headcount at larger firms due to a combination of off-shoring, home working and reduction in administrative staff due to technological advances and cost cutting exercises.

Despite this Romford has intrinsic strengths as a potential office location. Occupiers are attracted by the relatively modest rents, in comparison to locations closer to the City and Canary Wharf. The locational strengths of Romford Town Centre lie in its high public transport accessibility levels (PTAL), range of facilities and amenities, good quality of environment, proximity to rural areas, relatively lower property prices than some other areas of London and access to a wide labour force.

In recent years the office market in Havering has suffered due to the recession and the change in permitted development rights allowing conversion of offices to residential. However, the research and consultation with commercial agents and stakeholders (Chapter 6) suggests that despite this there are grounds for optimism in the future. As explored in section 7.8 of the demand exercise, there are regeneration initiatives and major infrastructure projects that could positively change the conditions and environment in Romford. These could lead to a stimulation of demand for offices. These factors include Crossrail, which should have a long term beneficial catalytic effect through encouraging commercial investment in Romford. Also the Romford AAP and evolving Romford Development Framework should lead to an improved public realm, environment and quality of office stock which modern office occupiers require.

One element that will be important to occur to stimulate office demand will be the upgrading of office stock to accommodate the needs of modern occupiers. This includes provision of more flexible, affordable space. The property market analysis suggests there is significant demand for serviced and flexible workspace to meet the needs of start-ups and growing businesses. However, in the medium to longer term, the research

suggests that there will also be reversal of the trend of decreasing demand for larger floor plate offices, such as those present within the Romford Office Quarter. This is due to the expected benefits associated with Crossrail and the Romford regeneration initiative.

Outside Romford Town Centre office space is in limited supply, found mostly in the Rainham and Harold Hill SILs. Space here is variable in quality, ranging from good quality incubator space at CEME, and purpose office built floorspace in Harold Hill, to large 1960's buildings meant to house lone occupiers. Both Rainham SIL and Harold Hill SILs are first and foremost industrial locations and the characteristics of the SILs are more in line with serving industrial uses than office uses. Uses within these areas therefore tend to be stand alone buildings. These premises, regardless of quality, are generally affordable, owing to the mostly poor public transport accessibility serving them and their location away from town centres (poor access to amenities).

Vacancy levels are relatively high (approximately 20%), both within and outside Romford Town Centre indicating that supply is currently sufficient to meet demand. The relatively high vacancy rates observed during survey was supported in our property market area analysis suggests that demand for the type of units marketed here is, at present, relatively weak, though weak demand is expected to partly a characteristic of the recent economic downturn.

Consultations, analysis of the property market and policy evidence indicate that Havering contains some older office stock, which once vacant proves difficult to re-let given that characteristics may no longer appeal to modern occupiers. It is thus important that a measured approach is taken to encouraging refurbishment or site redevelopment to provide modern floorspace.

Medium term initiatives such as Crossrail and demand stimulated from potential outmigration from central London will likely lead to there being continued, though ultimately modest, demand for office space in LB Havering.

8.2.2 *Industrial Land Use (B1c/B2/B8)*

There is a total of 375ha of land currently in industrial use in LB Havering (see **Table 7.9**). Total industrial floorspace is estimated to be in the region of 700,000m². This can be broken down into land that is designated as Strategic Industrial Land (SIL), Secondary Employment Land (SEA), Site Specific Allocations (SSA) and non-designated employment land. The breakdown in percentages terms is as follows:

- SIL (75%)
- SEA (8.2%)
- SSA (4.3%)
- Non-designated (12.4%)

Our forecast shows that there is projected to be an decrease in demand for industrial land in the period 2014 to 2031 of between approximately -6ha and -5ha (not including frictional floorspace). This is due largely to a forecast decrease in industrial employment as projected by the GLA and a corresponding continuation of a historic declining trend in industrial floorspace take-up as shown at **Table 7.1**.

To derive the net demand we also take account of the supply-side position. As shown in **Table 7.8** there is 56.1ha of vacant land in the Borough. However, only 37ha of the vacant industrial land is considered to be developable with the remainder being nature reserves or having topographical issues. Once this developable vacant industrial land and demand for other uses such as waste, recycling and utilities is taken into account (0ha, as explained in **Section 7.10**), we estimate that net demand over the planning period is between -24.3ha and -23.2ha of industrial land. This means that approximately

24 hectares of existing industrial land in LB Havering could be released for other uses while still providing sufficient industrial land in the Borough to meet future demand.

In general the past decade or so has seen a sustained period of consolidation of underused industrial land across London and especially in the East London sub-region. This has resulted in a significant amount of vacant industrial land and buildings released to non-employment uses, where it no longer fulfils the needs of modern businesses. This is partly due to the application of strategic policies on industrial land release as contained in the London Plan, individual London Boroughs Local Development Plans and effective development management. According to the market agents consulted this has resulted in a position of relative equilibrium in the local industrial land market with supply largely meeting demand. While this provides evidence of the success of the London wide employment land policy it also suggests that future spatial planning policy efforts should be focussed on stabilising the supply of industrial land so that capacity is retained to meet the future needs of industrial and logistics firms over the planning period. This can be challenging in the face of significant pressures to meet housing targets and corresponding pressures from housing developers for change of use at existing employment sites, as outlined in the policy and literature review (Chapter 4).

On the supply-side, our qualitative appraisal of employment clusters evidenced by the field survey and the consultation with market agents and stakeholders, indicates that the current supply of industrial premises is generally considered to be appropriate for the needs of occupiers in the Borough. The Borough's three SILs and seven SEAs are judged to have the key strategic characteristics required by employment land activities. These characteristics include good/ very good access to the strategic road network, very good/ good or average condition and a lack of incompatible land uses that create bad neighbour issues.

Some existing industrial clusters in LB Havering have been identified through recent Council policies and strategies as potentially appropriate for release or change of use to enable wider regeneration benefits to be achieved. These sites amount to around 19.5 hectares which is around 80% of the projected release figure of 24 hectares. The sites with potential for release of change of use to include the following:

- Rainham West (Clusters 19a and b) 15.4 ha
- Crow Lane Site 3 (Cluster 17) 2.7 ha
- Bridge Close (Cluster 21) – 1.4 ha

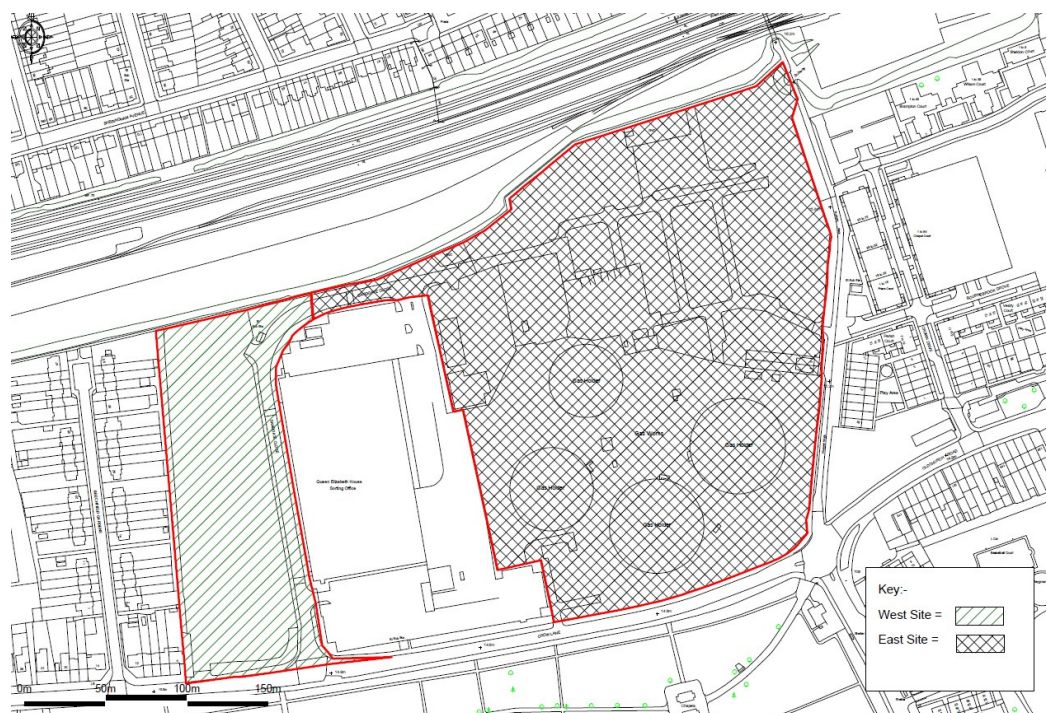
Rainham West, with the exception of the Rainham Steel office building, is identified by the LB Havering as a site that could be released for housing. The Council has submitted a funding bid to the GLA for 'housing zone' status for Rainham and Beam Park. This funding would provide finance to unlock the Rainham West site and wider area (including Beam Park). Its redevelopment for housing would help the LB Havering meet its increased housing targets and wider regeneration goals. An element of the site has already been redeveloped for housing (for example the Climate Change Passivhouse development in centre of site). The Rainham West site was included as a site specific allocation (SSA12) for mainly residential led redevelopment

in the 2008 LB Havering Core Strategy. Beam Park (Cluster 20) is part of the same regeneration initiative and has already been earmarked for redevelopment by the site owner and the Council as a residential site. It currently has temporary storage uses on it so is not considered as part of the overall industrial land supply and therefore is not included in the release figures.

Bridge Close (Cluster 21) is a fragmented industrial cluster in Romford Town Centre which has been earmarked through the Romford Development Framework for redevelopment for mixed use office and residential. The cluster is not a designated employment site but does remain predominantly in B use class.

An area covering approximately 7.94 ha of the Crow Lane Site 3 has been put forward through the call for sites process for release and redevelopment for other uses. The Eastern portion of the site is a gas utilities use and is approximately 5.3 ha. The land owner, National Grid, states that the site is surplus to operational requirements. The western portion of the site is 2.7 ha and is currently vacant. The Council feel that both parts of the site are unlikely to be redeveloped for industrial uses⁶⁰. Therefore it is appropriate to recommend their release from industrial employment use. The remaining 2.4 hectare of the site is a Royal Mail sorting office and could be retained as SEA. The sites proposed for release through the call for sites process are shown below:

Figure 8.1: Crow Lane Site 3 (Cluster 17) Romford: Call for Sites Proposal



Source: URS 2015

The findings of the field survey and consultation with market agents found that generally speaking non-designated industrial employment clusters are less appropriate for industrial uses than the designated industrial land (SIL and SEA). However, it should be noted that most of these sites are occupied and appear to be meeting a local business need. Some of the non-designated sites have issues such as; poor servicing arrangements; poorer quality of premises and environment; access via residential areas; or have higher rates of vacancy.

Non-designated clusters assessed in this study can be broken down into the following typologies (these typologies are defined further in Chapter 5). Percentages of the total non-designated stock are also provided:

- Industrial and logistics estates (69.9%)

⁶⁰ In terms of the gap analysis, only the western portion of the site (2.7 ha) is considered as industrial land release as the eastern portion is a utilities site and not in B use.

- Sites fulfilling an individual or specialist service often with *sui generis* uses such as breakers yards, auto mechanics and wider industrial uses such as utilities sites (27.7%)
- Royal Mail sites and depots (2.7%)

Some of these non-designated clusters could potentially be released to non-industrial uses if certain criteria are met or if the Council consider their release would allow other objectives to be met. These criteria are outlined in the policy recommendations (Recommendation 5) section below.

To further enhance the business environment of LB Havering some areas of designated industrial employment land which could benefit from better estate management, environmental improvements and protection against re-development for retail and *sui generis* uses. Clusters which could benefit from such improvements include:

- Rainham West (South), which has seen an increase in *sui generis* uses and lack of market demand for redevelopment of key sites;
- Harold Wood, which has some parts low environmental quality and evidence of vacant premises, premises in poor quality and a plot of vacant land, and poor internal accessibility; and
- Crow Lane 2.

In addition, the following site could benefit from comprehensive redevelopment:

- Salamon's Way at Ferry Lane North; This cluster was assessed during the field survey to have poor quality public realm. This is likely to reduce the attractiveness to new occupiers and so there is an opportunity cost in not redeveloping it to attract higher value businesses.

London Riverside BID, set up in 2008, has been popular among businesses and successful in implementing positive change within the local estates by improving the cleanliness of estates and operators, deterring crime, enhancing the public realm, providing a coordinated voice to represent the interests of local business community and promoting business opportunity. The good practice learnt at the Rainham Employment Area SIL could be applied at other key clusters.

The qualitative survey of designated industrial employment land evidenced that some areas could benefit from better estate management and protection against re-development for non-industrial uses (including retail, trade-counter, car dealerships and *sui generis* uses). If this trend is allowed to continue unchecked then employment areas may become further eroded, as landowners may seek to take advantage of precedents set by neighbouring site owners to secure higher land values for their sites.

8.3 Recommendations

The employment land use strategy recommendations below are presented in the format of a recommendation and then supporting a justification and rationale. The specific recommendations build upon our conclusions presented above. A summary of the recommendations are set out in **Table 8.1**.

Please note that this is one of a number of evidence base documents the Council will be considering that will feed into and inform its Local Plan evidence base. These are URS' independent recommendations and the Council will subsequently consider these before drafting its own Local Plan policies.

8.3.1

B1 Offices

R1 The demand assessment estimates that there is net additional demand for between 10,657m² and 17,132m² of B1 floorspace in LB Havering over the Local Plan period to 2031. The most suitable location in the borough to accommodate this forecast demand is Romford Town Centre. This includes space both within and outside of the Romford Office Quarter/Station Quarter (Cluster 18). Other complementary town centre uses could be introduced on underutilised sites within the Romford Office Quarter/Station Quarter, as long as the total quantum of office floor space within Havering as a whole is not reduced or the viability or functionality of the existing stock undermined.

According to feedback from the commercial agent and stakeholder consultation exercise there is also an opportunity to promote flexible and smaller size office workspace units to accommodate the needs of smaller and medium size businesses. This affordable and flexible business space should be promoted within Romford Office Quarter where there is capacity, as well as elsewhere in Romford Town Centre, including above shops and as part of mixed use regeneration schemes.

Justification

The recent economic downturn affected demand for new B1 premises in the short term. This has been exacerbated by the conversion of some office premises to residential uses through the temporary change to the permitted development order. This may give the impression that in the short term demand for offices is declining. However the forecasting exercise in this study sets out a longer-term view. It suggests that up to 2031 there is net additional demand for around 10,500m² to 17,000m² of B1 floorspace in the borough. This view of a modest positive demand over the next 17 years was confirmed by property market agents. Although in London the office market is generally a growing sector the LB Havering is a smaller office market and less integrated into the wider London office market due to its distance from Central London. However, Havering stands to benefit from office occupiers seeking better value office accommodation as office rents rise closer to the City centre and land availability reduces as employment land comes under pressure from higher value uses such as residential. Crossrail should also have a modest beneficial effect on the local office market.

Agents confirmed that enquiries from potential office occupiers looking in LB Havering are overwhelmingly focused on the Romford Town Centre office market. The Romford Office Quarter is considered to have positive characteristics including good access to facilities and amenities, good access to public transport and good access to the strategic road network. In addition, all premises were observed at the time of URS' surveys to have adequate parking (whether as part of their site or in adjacent paid car parks). Premises, although some are now slightly dated, were observed to be in good condition. The environment and public realm surrounding the cluster was also considered to be good.

While there has been higher than average vacancy rates in the Romford Office Quarter/Station Quarter since 2008 (mainly as result of the economic downturn) it is considered by market agents that Crossrail will have a positive impact on demand over the medium to long term and larger floor plate office occupiers will be seeking space there. Consultations reveal that there is also an existing and forecast demand for smaller office units above shops and within mixed use regeneration schemes in Romford Town Centre.

8.3.2

B2 and B8 General Industrial, and Storage and Distribution

R2 To help ensure there is sufficient capacity to meet projected demand for industrial land in LB Havering to 2031 the following existing designated employment land should continue to be protected:

c) All existing Strategic Industrial Land (SIL), which includes the following:

- Harold Hill (Cluster 1)
- King George Close (Cluster 2)
- Ferry Lane North (Cluster 3a and b)
- Beam Reach 5 (Cluster 4)
- Ford (Cluster 5)
- CEME (Cluster 6)
- Fairview Estate (Cluster 7)
- Ferry Lane South (Cluster 8a and b)
- Beam Reach 6 (Cluster 9)
- Rainham SIL Infill (Cluster 10)

d) The following Secondary Employment Areas (SEAs):

- Harold Wood (Cluster 11)
- Hillman Close (Cluster 12)⁶¹
- The Seedbed Centre, Romford (Cluster 13)
- Lyon Road (Cluster 14)
- Crow Lane Site 2 – Danes Road (Cluster 15)
- Crow Lane Site 1 (Cluster 16)
- Crow Lane Site 3 (Cluster 17) Retain the 2.4 ha of the site that is in Royal Mail use. The remaining 7.94 h is recommended for release (see recommendation 4 below)

The Council should consider renaming the Secondary Employment Areas (SEA) as 'Locally Significant Industrial Sites' (LSIS) as per the London Plan definition.

Justification

Over the Local Plan period to 2031 there is projected to be gross demand for approximately 350 ha of Industrial land (B2 and B8) in LB Havering (see **Table 7.9**). There is currently approximately 375 hectares of industrial land. In line with the principles of the NPPF this demand should be accommodated at the most appropriate locations for these uses within the borough. The NPPG states that Councils should identify a future supply of land which is suitable, available and achievable for economic development uses over the plan period⁶². The vast majority of existing SIL and SEA sites remain the most suitable location for accommodating this industrial and warehousing demand. This corresponds to the principles set out in London Plan Policy 2.17.

⁶¹Also known as Stafford Industrial Estate

⁶² NPPG paragraph 001 Reference ID: 3-001-20140306

Retention as SIL

Land currently allocated as SIL should be protected. Rainham Employment Area SIL (Clusters 3 to 10) forms the Borough's key industrial area, comprising a wide range of premises, as well as vacant land, suitable for a range of modern industrial occupiers. New premises have recently been built (for example in Ferry Lane South – Cluster 8b). This provides evidence that demand is strong. The distance of the majority of the SIL from residential areas and its direct access to the strategic road network ensures that it will remain an attractive location for industrial users over the plan period and beyond.

The **Harold Hill Estate (Cluster 1)** is an established SIL, with a good internal layout and clean environment for businesses to operate in. The estates within the SIL cater for both B1 and B2/B8 occupiers, with land and high quality floorspace available to attract new occupiers. Building quality is mostly very good, with excellent access to the strategic road network via the adjacent A12.

King George Close (Cluster 2) is a small but well functioning industrial area, providing premises and internal environment consistent with its SIL designation. A 1.5 hectare cleared site with planning permission for 32 B1(c), B2 and B8 units totalling 15,404 m² has been sold by commercial developer Chancerygate. This indicates that demand for good quality premises can be met at this location. Although close to a residential area, the layout of the SIL and quality of its occupiers ensures that there is no impact on these properties.

Retention as SEA

The designated SEAs listed below are well functioning industrial employment areas where there is on ongoing demand for space to service industrial and logistical occupiers. These areas generally benefit from good servicing, high occupancy levels and good accessibility. A brief justification for each cluster is set out below:

Harold Wood Industrial Estate (Cluster 11): The cluster is actually split into three areas providing small scale floorspace units for SMEs. The estate has a mix of uses including manufacturing, some small scale warehousing office and office, as well as a significant presence of *sui generis* (car repairs/servicing businesses). Although similar in character, two of the estates contain some poorer quality buildings and, although vacancy is generally low, there may be opportunities to improve the estate environment through better management, especially improving internal roads quality and layout and landscaping. Parking and loading was considered to be adequate. There is a small vacant plot of land for development, otherwise the cluster was considered to be activity used and it would be difficult to accommodate further or larger premises. Overall, the cluster was considered to be an important local general industrial estate.

Hillman Close (Stafford Industrial Estate) (Cluster 12): The cluster consists of a single, fairly recently built estate suitable for either B2 or B8 occupiers. The cluster is occupied mostly by B8 users with some trade counter retail warehouse presence. Although close to housing, the cluster is well segregated and functions well on the whole. The cluster is well laid out and well managed, with dedicated parking within cluster and loading bays. The cluster has good access to the strategic road network (A127). The site was suggested for release to residential uses by the site owner through the call for sites process. However, it is considered that this would be inappropriate given the site is a well-functioning, sustainable industrial estate and its release would cumulatively lead to a lowering of capacity to meet the employment needs of the Borough.

The Seedbed Centre (Cluster 13): A purpose built SME/incubator cluster, which had low vacancy at the time of survey. The cluster has high quality premises and good quality public realm. Evidence of occupancy by higher value added industries such as

digital media, although generally light industrial in nature. Units are small and targeted at start-up businesses or niche businesses.

Lyon Road (Cluster 14): The cluster is a mostly well used and active industrial estate, accommodating SMEs. Exceptions are a builder's yard and a car rental garage. There are several small units marketed for warehouse use but appropriate for either B1c/B2/B8. The cluster functions well in terms of types of unit, building size and condition, provision of parking and loading bays, and proximity to the strategic road network.

Crow Lane (Clusters 15, 16 and 17): The clusters act as general industrial estates for local businesses and provide employment land for varied uses containing mostly SMEs involved in manufacturing, a number of *sui generis* uses (mostly automotive repair) and utilities. Across all clusters vacancy was observed to be low. Buildings are generally good condition and the environment is generally good with decent quality of internal roads, and dedicated parking is provided and opportunities for on-street parking. There are opportunities to improve the internal public realm and potentially encourage better circulation of vehicles. As shown in Figure 8.1 above, 7.94 ha of the Crow Lane Site 3 (Cluster 17) is promoted for release from industrial use and redevelopment for residential uses by the site promoter through the call for sites process. The site is a mixed site with a utilities (gas holders) site to the east, a Royal Mail sorting office in the middle and a vacant former industrial site in the west. It is considered that the vacant western site and eastern utilities site (see Figure 8.1 above) could be suitable for release to meet regeneration objectives (See recommendation 4 below). The Royal Mail sorting office in the centre of the the site should be retained as industrial uses.

R3 The Council should consider re-designating the Freightmaster Estate (Cluster 25) as Strategic Industrial Land (SIL).

Justification

The Freightmaster Estate is an isolated but active and well-functioning logistics and industrial estate. It is primarily focussed on the waste and recycling sector. There is a proposal made through the Call for Sites process to redevelop part of the eastern section of the site for an enhanced waste processing and recycling plant. As technological advances are made in the waste sector there is an aspiration to move towards manufacturing of increasingly valuable and complex products from recycled materials. This high growth sector can therefore generate direct employment benefits for Havering and spillover benefits for other local supply chain firms. Although there is little threat of redevelopment of the site for non-industrial uses such as residential, the site currently performs functions characteristic of SIL. Designating it as SIL will therefore formalise and further protect the industrial uses within it. It is known that there is an aspiration to potentially decommission and remediate the site to allow integration with the Rainham Marshes Nature Reserve. However, it is understood that this is likely to be a long term option so in the meantime this active employment site should be supported to generate economic benefits for the Borough.

R4 To help meet housing and wider regeneration objectives the Council could consider a change of use away from industrial employment uses at the following industrial clusters that total approximately 19.5 hectares:

- **Crow Lane Site 3 (Cluster 17) – 2.7 hectares⁶³**
- **Rainham West (North) (Cluster 19a) – 1.7 hectares**

⁶³ This release figure does not include the 5.24 ha eastern portion of the site which is a Gas utilities site that is surplus to operational requirements. This portion of the site is not currently in traditional B use. The demand forecasting exercise focussed on B uses in arriving at an overall target industrial land release figure for the borough so it is appropriate to exclude the utilities site from the industrial land release figure.

- **Rainham West (South) Cluster 19b – 13.7 hectares (all of the cluster except the Rainham Steel Building)**
- **Bridge Close (Cluster 21) – 1.4 hectares**

Total land release = 19.5 hectares

Justification

As described in the conclusion section above (paragraph 8.2.2) the existing industrial employment clusters listed above have been identified through LB Havering strategies as appropriate for release to enable wider regeneration benefits. If these industrial employment sites are released or a change of use is permitted that would equal around 80% of the projected release figure of 24 hectares as set out in Table 7.9.

Rainham West, with the exception of the Rainham Steel office building, is a key site in the Council's Rainham and Beam Park Housing Zone bid. The proposals for the Housing Zone include 3,635 new homes including 1,050 new affordable homes, and high quality development on 50ha of underused land. It will create a new urban linear park, new pedestrian and cycle routes, a new railway station, new primary schools and leisure facilities. The release of the industrial elements of this site will also allow the boundaries of the Rainham SIL to the south to be consolidated, helping maintain the integrity of that industrial employment designation while helping to maintain residential amenity in the Rainham west area. The Council should aim to assist in the relocation of any existing remaining industrial businesses into new accommodation or sites within the Rainham SIL.

An area covering approximately 2.7ha of the **Crow Lane Site 3** has been put forward through the call for sites process for release and redevelopment for residential uses. The site is currently a vacant site that was formerly part of the National grid infrastructure. As an industrial site it creates negative impacts on surrounding residential uses in terms of HGV traffic and noise. The site is cleared and we understand remediated to a level that makes it potentially feasible for housing development but it is likely to remain vacant due to viability constraints if it is continued to be protected for employment uses. Therefore its release from industrial employment is appropriate.

The eastern portion of the Crow Lane site (Site 3) (approximately 5.24 ha) is also recommended for release. It is a gas utilities site that is surplus to operational requirements. However, this figure is not included in the overall industrial land release total as described above. This is because this portion of the site is in utilities use not industrial use. The GLA policy on land for utilities is outlined in the Land for Industry and Transport SPG (2012). At paragraph 7.4 it states that no new capacity is required for gas utilities infrastructure. National Grid have stated that the site is surplus to operational requirements and therefore release of the site is appropriate and should not lower the industrial capacity of the borough to meet projected demand.

Bridge Close is a mixed town centre industrial estate with older buildings. It has several non-industrial uses within it including a gym and several places of worship. It is a fragmented industrial cluster with poor parking, poor quality environment and buildings that are no longer fit for purpose for modern business occupiers. It is earmarked in the emerging Romford Development Framework as a site that could be released from industrial employment uses and redeveloped for mainly high density residential (around 650 units). The most current proposals outlined in the Draft Romford Development Framework also include proposals for around 950 m² of office uses.

R5 To help retain an appropriate balance of supply and demand of industrial land over the planning period, the Council could consider a more flexible approach to changes of use away from industrial uses at a limited amount of industrial employment land not designated as SIL or SEA. The decision on which land to release should be based on certain criteria listed below being met.

The loss of employment use in non SIL or SEA sites should not lower the overall industrial capacity of the borough significantly below that estimated by this study to be necessary to meet anticipated need over the planning period. This means that along with the 19.5 hectares of industrial land recommended for release in Recommendation 4 above an additional 4 to 5 hectares would be appropriate to change from employment use over the planning period.

To help ensure that not too much industrial land changes use the Council could introduce a policy in the updated Local Plan that states that industrial land will only move to alternative uses if all of the following criteria are met:

- The existing employment land use causes detrimental effects to the amenity of the nearby area – particularly where residential uses are adversely affected;
- There is evidenced to be no market interest in the site following a period of active marketing;
- The change of use from industrial employment uses will not lower the industrial capacity of the borough below that estimated to be necessary to meet projected demand over the planning period as estimated by the most up to date ELR (i.e. this study).

Justification

The NPPG describes how Councils in their evidence base should; '*Identify a future quantity of land or floorspace required for economic development needs*⁶⁴. That figure has been identified in this study as approximately 350 hectares. Because there is currently 375 hectares of industrial land in the Borough it means that approximately 25 hectares could be released over the planning period to 2031. This corresponds to the NPPF which states that; '*planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose*⁶⁵.

However, it is also important that not too much industrial land is released as this could hinder the long term economic prospects of the Borough. For example companies seeking to start a business in LB Havering in the future may not have sufficient land or premises to do so. In this case those companies would likely seek accommodation in another area. This would contradict the NPPF as defined at paragraph 7 which states that the planning system should ensure that '*sufficient land of the right type is available in the right places and at the right time to support growth and innovation*⁶⁶. As discussed in recommendation 4 above, approximately 80% of the projected release figure has already been identified at a variety of existing industrial sites. This leaves around 4 to 5 additional hectares that could be released at non-designated sites in LB Havering over the planning period.

There are around 50 hectares of non-designated employment sites assessed in this study. The majority of these sites surveyed and assessed in Section 5 perform adequately as employment areas. They are generally meeting a local business need. These non-designated sites are currently not protected by planning policy. To avoid a potential over release of industrial land it is therefore recommended that a new policy is introduced in the updated Havering Local Plan that protects existing employment land that is predominantly industrial. This land could only be released to non-industrial uses if all of the criteria listed above are met.

The first criterion to be tested is whether the existing industrial site causes unacceptable impacts on surrounding land uses. For example, where an industrial site is surrounded

⁶⁴ NPPG, paragraph 003 reference ID: 2a-003-20140306

⁶⁵ NPPF, paragraph 022: reference ID: 2a-022-20140306

⁶⁶ NPPF, paragraph 007: reference ID: 2a-007-20140306

by residential areas and impacts such as HGV traffic and noise impacts negatively impact the amenity of that residential area it could be appropriate to permit change of use away from industrial uses.

The second criterion to be tested is whether there is a lack of market demand for industrial uses at the site. To demonstrate a lack of market demand the applicant should submit evidence that the site is vacant and a thorough marketing exercise at realistic prices for the area has been sustained over a 12 month period. Marketing must be through a commercial agent at a price that genuinely reflects the market value in relation to use, condition, quality and location of floorspace. It must be demonstrated that consideration has been given to alternative layouts and business uses, including smaller premises with short term flexible leases appropriate for SMEs.

The third criterion to be tested is whether the release of industrial land would lower the industrial capacity of the borough below that identified in this study as necessary to meet future demand. In broad terms this means that approximately 24 hectares in total of the current supply could be released. The overall level of release could be tested through effective monitoring of change of use from industrial to non-industrial uses. See recommendation 6 below for further details on a suggested approach to monitoring of employment land change of use.

Four **Royal Mail** occupied sites were assessed as part of the study. They are all isolated purpose built sites within predominantly residential areas which if reactivated for industrial uses would cause negative impacts on the surrounding residential uses. Three of the sites (C31, C44, C45) have been promoted for release to residential uses by the Royal Mail as part of the call for sites process. Given the overall negative demand of 24 hectares over the planning period and the fact that these sites total only 1 hectare and are within residential areas it would be appropriate to permit their release to housing.

R6 Monitoring: The Council should monitor changes of employment land through planning permissions to ensure that sufficient land is available for economic growth over the planned period, 2014 to 2031.

Justification

It is important that appropriate and sufficient monitoring mechanisms are embedded within the plan making process in order to record the change in employment land available for economic growth. The aim of the monitoring of employment land is to ensure that overall an approximate quantum of appropriate employment land supply is retained in the borough to meet the level of projected demand indicated in this study. As described in Recommendation 5 above this is to guard against too much industrial land being released to higher value uses such as residential as this could restrict the economic potential of the Borough. Also, the relative lack of developable land in London and the high price differential between industrial land and residential land means it is likely that *'once industrial land has gone, it has gone forever'*. The NPPG states that the ELR should be updated roughly every five years⁶⁷. However in the periods in between ELRs the Council should regularly review how much employment land has been lost. The Annual Monitoring Report is likely to be the most appropriate framework for this monitoring and review exercise.

8.4 Summary of Report Recommendations per Cluster

Table 8.1 provides a summary of report recommendations per cluster. Indicatively, the table also sets shows the total quantum of industrial employment land release, based on our calculations of existing site uses. Total land release is in line with the outcome of the employment land forecasting exercise. However, it relates to the recommendations made in Recommendation 4 only as Recommendation 5 does not specify release of

⁶⁷ NPPG, paragraph 037 reference ID: 2a-037-20140306

individual sites but rather suggests a criteria based approach to release of non SIL and SEA sites.

As part of its annual monitoring reporting (AMR) process, the Council should carefully and regularly monitor and manage information on employment land release for industrial employment land uses as well as the total quantum of office floorspace completions within the local office market.

The right most column 'Total industrial employment land for release' or change of use is our estimate of the total land which is in industrial land use, as of October 2014 when the ELR survey was carried out. The figures in this column have been calculated by one of three methods:

The potential industrial land release or change of use by cluster is set out in **Table 8.1** below. The total release of land is 19.5ha, which when combined with a further 4 to 5 hectares of release at non SIL and SEA sites according to criteria being met as outlined in Recommendation 5 is in line with the forecast net demand for industrial employment land (-23.2ha to -24.3ha, see **Table 7.9**). As per R6 above, we recommend that the council closely monitor the changes of employment land over the plan period.

Table 8.1 Summary of Report Recommendations per Cluster

URS Cluster No.	Employment Area/ Name of Cluster	Adopted LDF (2008) Designation / Site Proposals	ELR Recommendations 2014	Total industrial employment land for release / change of use (ha) (Approx.)
C1	Harold Hill	SIL	Retain designation as SIL (R2)	0
C2	King George Close	SIL	Retain designation as SIL (R2)	0
C3a	Ferry Lane North (a)	SIL	Retain designation as SIL (R2)	0
C3b	Ferry Lane North (b)	SIL	Retain designation as SIL (R2)	0
C4	Beam Reach 5	SIL	Retain designation as SIL (R2)	0
C5	Ford	SIL	Retain designation as SIL (R2)	0
C6	CEME	SIL	Retain designation as SIL (R2)	0
C7	Fairview Estate	SIL	Retain designation as SIL (R2)	0
C8a	Ferry Lane South (a)	SIL	Retain designation as SIL (R2)	0
C8b	Ferry Lane South (b)	SIL	Retain designation as SIL (R2)	0
C9	Beam Reach 6	SIL	Retain designation as SIL (R2)	0
C10	Rainham SIL Infill	SIL	Retain designation as SIL (R2)	0
C11	Harold Wood	SEA	Retain designation as SEA and rename LSIS as per London Plan (R2)	0
C12	Hillman Close	SEA	Retain designation as SEA and rename LSIS as per London Plan (R2)	0
C13	The Seedbed Centre	SEA	Retain designation as SEA and rename LSIS as per London Plan (R2)	0
C14	Lyon Road	SEA	Retain designation as SEA and rename LSIS as per London Plan (R2)	0
C15	Crow Lane Site 2 (Danes Road)	SEA	Retain designation as SEA and rename LSIS as per London Plan (R2)	0
C16	Crow Lane Site 1	SEA	Retain designation as SEA and rename LSIS as per London Plan (R2)	0
C17	Crow Lane Site 3	SEA	Allow loss / change of use away from 2.7ha of industrial uses at site and 5.24 of utilities (R4)	-2.7
C18	Romford Office Quarter	Other-Designated	Facilitate growth of office space and protect the quantum of total office space in Romford Office Quarter (R1)	0
C19a	Rainham West (North)	Other-Designated	Allow loss / change of use away from industrial employment uses to achieve Council's regeneration objectives (R4)	-1.7
C19b	Rainham West (South)	Other-Designated	Allow loss / change of use away from industrial employment uses to achieve Council's regeneration objectives (R4)	-13.7
C20	Beam Park	Other-Designated	Allow loss / change of use away from industrial employment uses (R4)	0
C21	Bridge Close	Non-designated	Allow loss / change of use away from industrial employment uses to achieve Council's regeneration objectives (R4)	-1.4
C22	Chesham Close	Non-designated	Protect and only release industrial land if criteria met (R5)	0

URS Cluster No.	Employment Area/ Name of Cluster	Adopted LDF (2008) Designation / Site Proposals	ELR Recommendations 2014	Total industrial employment land for release / change of use (ha) (Approx.)
C23	Spring Gardens	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C24	Lambs Lane	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C25	Freightmaster Estate	Non-designated	Re-designate as SIL Preferred Industrial Location (PIL) (R3)	0
C26	Bryant Avenue Industrial Estate	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C27	Caravan Storage Site	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C29	178 – 208 Crow Lane	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C30	Albert Road Workshops	Non-designated	Release industrial land if criteria met (R5)	0
C31	Royal Mail - Abbscross Gardens	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C32	Rear of Broadway Parade, Elm Park	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C33	Workshops at rear of Collier Row Road Filling Station	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C34	Royal Mail - Tansy Close	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C35	Hall Lane Works (TDS)	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C36	Vicarage Road/ Hornchurch Rd	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C37	Benskins Lane Vehicle Breakers Yard	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C38	Boxhill Road Vehicle Breakers Yard	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C39	55 Brentwood Road Vehicle Repair	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C40	293 Crow Lane Vehicle Breakers Yard	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C41	Bryant Avenue Workshops	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C42	South Street Offices (Neopost)	Non-designated	Facilitate growth of office space and protect the quantum of total office space in Romford Office Quarter	0
C43	St Mary's Lane	Non-designated	Protect and only release industrial land if criteria met (R5)	0
C44	Royal Mail - Wennington Rd	Non-designated	Release industrial land if criteria met (R5)	0
C45	Royal Mail - Corbets Tey Rd	Non-designated	Release industrial land if criteria met (R5)	0
Total land for release				-19.5ha

Source: URS (2015) Note 1: Beam Park is currently not used for industrial employment and SSA11 policy recommends residential and ancillary education, community, leisure, recreation and retail uses. Therefore no industrial land loss is recorded in these recommendations

APPENDIX A: CONSULTATIONS

Property Market Agents Contacted:

- Bidwells
- Altus Edwin Hill
- SBH Page Read
- Glennys
- Kemsleys

Stakeholders Contacted:

- Havering Chamber of Commerce
- Federation of Small Businesses (Essex Division)
- London Riverside Business Improvement District (BID)
- LB Havering Economic Development
- LB Havering Property Manager

Commercial Property Agents Consultation

Dear Sir/Madam

The London Borough of Havering has instructed URS Infrastructure and Environment Ltd to carry out a survey of employment land across the borough.

The survey of employment land will collect information used to inform the development of land use policies and sustainable growth, required as part of Havering’s Local Development Plan, which is currently being prepared by the Borough. Information will be kept strictly confidential and not released to any other organisation or company.

Basic Information

Agent Name	
Contact Tel/email:	

Questions

Property Market Area (PMA)

The PMA is defined as a geographic area where the market for offices, factories and warehouses has similar characteristics. For example, to estimate demand for employment uses in Havering we would typically look at data from a property market area including LB Barking and Dagenham, Newham and Brentwood. Looking at data from a broader area avoids the results being skewed by a single event i.e. a large occupier may have recently left its premises and just looking at data for a specific area would lead to a false conclusion on overall demand.

1. Define the PMA in Havering for:

- a. Offices

- b. Industrial/warehousing/logistics

Demand and Supply Characteristics of Havering's Employment Land/Premises

2. What is the demand outlook (by type i.e. B1, B2, B8)? What is the demand for work-live space, including type and size of unit? What specific demands are there for affordable workspace, space for creative industries and other growth sectors within the borough?

3. Are you aware of any particular unmet needs e.g. small start-up space or specific sectors such as the knowledge economy, high tech or pharmaceuticals? Are companies seeking mainly second hand, refurbished or brand new office accommodation (take up levels)?

4. Are there any other factors that could affect demand, e.g. Crossrail, Regeneration plans for Thames Gateway, Beam Park Rail etc.?

5. Are you aware of any large developments in the pipeline or companies planning to leave the borough in future?

6. What are the typical rental values, yields and land prices for B1, B2 and B8?

7. What are typical current vacancy rates (industrial/office), by area and/or particular estates if possible.

8. What is the likelihood of a conversion of office premises to residential under the new Permitted Development Rights? Do you have any views on particular sites, e.g. sites that should be released for uses other than employment or proposals that are unrealistic?

Stakeholder Consultation 2014

Dear Sir/Madam

The London Borough of Havering has instructed URS Infrastructure and Environment Ltd to carry out a survey of employment land across the borough.

The survey of employment land will collect information used to inform the development of land use policies and sustainable growth, required as part of Havering's Local Development Plan, which is currently being prepared by the Borough. Information will be kept strictly confidential and not released to any other organisation or company.

Basic Information

Stakeholder Name	
Contact Tel/email:	

Questions

Demand and Supply Characteristics of Havering's Employment Land/Premises

1. Are you aware of any particular unmet needs (by sector) or issues with the current supply of employment premises?

2. What is the demand outlook (by type i.e. Industry and Warehouses, Offices)?

Business Support

3. Any suggestions for how to support businesses?

4. Any suggestions for how to promote inward investment?

5. Any suggestions for how to build an entrepreneurial culture in Havering?

6. Any suggestions for how to improve economic inclusion?

APPENDIX B: LAND USES WITHIN EMPLOYMENT CLUSTERS AND LB HAVERING

Table B1 Land Uses within Employment Clusters

URS Cluster No.	Employment Area/ Name of Cluster	Designation	Total Area (ha)	Land Use Breakdown by Cluster											
				Industry	W'houses	Open Storage	Waste Management and Recycling	Land with Vacant Buildings	Vacant Industrial Land	Land for Transport	Utilities	Docks	Office	Non-industrial	Other (non-assigned in clusters)
C1	Harold Hill	SIL	31.0	11.6	11.2	1.6	0.0	0.1	0.0	0.0	0.0	0.0	0.0	5.9	0.6
C2	King George's Close	SIL	9.8	4.6	3.4	0.0	0.0	0.1	1.3	0.0	0.0	0.0	0.0	0.2	0.1
C3a	Ferry Lane North (a)	SIL	25.5	3.6	9.0	8.3	0.8	0.5	0.0	0.0	0.0	0.0	0.0	2.2	1.2
C3b	Ferry Lane North (b)	SIL	12.3	2.0	2.4	5.6	0.0	0.0	0.6	0.0	0.0	0.0	0.0	1.7	0.0
C4	Beam Reach 5	SIL	39.1	3.2	19.1	0.0	0.0	0.0	16.5	0.0	0.0	0.0	0.0	0.0	0.3
C5	Ford	SIL	65.5	0.0	2.1	52.6	0.0	0.0	4.9	0.0	0.0	0.0	0.0	5.9	0.0
C6	CEME	SIL	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.3	0.0	0.0
C7	Fairview Estate	SIL	25.2	4.3	16.4	2.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	2.2	0.1
C8a	Ferry Lane South (a)	SIL	12.7	3.1	1.4	1.1	4.9	0.0	1.9	0.0	0.0	0.0	0.3	0.1	0.0
C8b	Ferry Lane South (b)	SIL	18.9	4.5	8.8	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.0	3.2	0.1
C9	Beam Reach 6	SIL	12.5	0.0	0.0	0.0	0.0	0.0	12.5	0.0	0.0	0.0	0.0	0.0	0.0
C10	Rainham SIL Infill	SIL	60.8	4.1	2.0	0.0	0.0	0.8	12.2	3.0	19.5	0.0	0.0	2.0	17.1
C11	Harold Wood	SEA	8.5	6.2	0.1	0.2	0.6	0.6	0.3	0.0	0.0	0.0	0.3	0.2	0.2
C12	Hillman Close	SEA	1.5	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C13	The Seedbed Centre	SEA	0.9	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C14	Lyon Road	SEA	2.8	1.2	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C15	Crow Lane Site 2 (Danes Road)	SEA	3.8	1.7	1.9	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.0
C16	Crow Lane Site 1	SEA	2.6	2.5	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C17	Crow Lane Site 3	SEA	10.3	0.0	3.0	1.9	0.0	0.0	0.8	0.0	4.6	0.0	0.0	0.0	0.0
C18	Romford Office Quarter	Other designated	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.7	0.0
C19a	Rainham West (North)	Other designated	6.3	1.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	1.7
C19b	Rainham West (South)	Other designated	21.7	5.7	4.5	3.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0	6.9	1.1
C20	Beam Park	Other designated	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1	0.5
C21	Bridge Close	Non-designated	2.1	0.9	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0

URS Cluster No.	Employment Area/ Name of Cluster	Designation	Total Area (ha)	Land Use Breakdown by Cluster											
				Industry	W'houses	Open Storage	Waste Management and Recycling	Land with Vacant Buildings	Vacant Industrial Land	Land for Transport	Utilities	Docks	Office	Non-industrial	Other (non-assigned in clusters)
C22	Chesham Close	Non-designated	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C23	Spring Gardens	Non-designated	0.5	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C24	Lambs Lane	Non-designated	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C25	Freightmaster Estate	Non-designated	15.2	0.0	7.2	1.4	6.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C26	Bryant Avenue Industrial Estate (Southend Arterial Road)	Non-designated	2.0	0.4	0.8	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
C27	Caravan Storage Site	Non-designated	3.4	0.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
C28	Dagenham Rd Pumping Station/Kilnbridge Waste Transfer Site	Non-designated	1.2	0.3	0.0	0.0	0.4	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0
C29	178 – 208 Crow Lane	Non-designated	3.8	0.0	2.6	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
C30	Albert Road Workshops	Non-designated	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
C31	Royal Mail - Abbscross Gardens	Non-designated	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C32	Rear of Broadway Parade, Elm Park	Non-designated	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C33	Workshops at rear of Collier Row Road Filling Station	Non-designated	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C34	Royal Mail - Tansy Close	Non-designated	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C35	Hall Lane Works (TDS)	Non-designated	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C36	Vicarage Road/ Hornchurch Road Workshops	Non-designated	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C37	Benskins Lane Vehicle Breakers Yd	Non-designated	3.6	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C38	Broxhill Road Vehicle Breakers Yd	Non-designated	4.4	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
C39	55 Brentwood Road Vehicle Repair Workshops	Non-designated	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C40	293 Crow Lane Vehicle Breakers Yd	Non-designated	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C41	Bryant Avenue Workshops	Non-designated	3.2	1.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4
C42	South Street Offices (Neopost)	Non-designated	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
C43	St Mary's Lane	Non-designated	1.7	0.9	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C44	Royal Mail - Wennington Rd	Non-designated	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C45	Royal Mail - Corbets Tey Rd	Non-designated	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total			442.8	77.8	105.1	80.1	13.1	2.8	53.4	3	24.6	0	12.3	45.5	25.3

Table B2 Land Uses within SIL, SEA/LSIS and Non-designated Employment Areas in LB Havering

<i>Industrial Land In LB Havering</i>	<i>SIL</i>	<i>SEA/LSIS</i>	<i>Total Designated</i>	<i>Non-designated</i>	<i>Total</i>
Light Industry	3.0	0.0	3.0	0.0	3.0
General Industry	38.0	12.1	50.2	36.1	86.2
Warehouses	76.0	8.5	84.6	28.1	112.7
Open Storage	69.8	2.1	71.8	6.8	78.6
<i>Core Industrial Uses</i>	<i>186.8</i>	<i>22.7</i>	<i>209.5</i>	<i>71.0</i>	<i>280.5</i>
Waste Management and Recycling	5.7	0.6	6.3	6.8	13.1
Land for Rail	3.0	0.0	3.0	3.4	6.3
Utilities	19.5	4.6	24.1	49.8	73.9
Docks	0.0	0.0	0.0	0.5	0.5
<i>Wider Industrial Uses</i>	<i>28.2</i>	<i>5.2</i>	<i>33.4</i>	<i>60.5</i>	<i>93.8</i>
<i>Total Built on Land in Industrial Use</i>	<i>215.0</i>	<i>27.9</i>	<i>242.9</i>	<i>131.5</i>	<i>374.3</i>
Land with Vacant Buildings	0.7	0.6	1.3	0.0	1.3
Vacant Industrial Land	53.6	1.2	54.8	0.0	54.8
<i>Vacant Industrial Land</i>	<i>54.3</i>	<i>1.8</i>	<i>56.1</i>	<i>0.0</i>	<i>56.1</i>
TOTAL INDUSTRIAL LAND (incl. vacant)	269.3	29.7	299.0	132.0	430.4
<i>Non-industrial Land within Designated Industrial Land</i>					
Office	7.6	0.3	7.9		7.9
Retail	6.2	0.0	6.2		6.2
Residential	0.0	0.0	0.0		0.0
Recreation and Leisure	0.0	0.0	0.0		0.0
Community Services	0.0	0.2	0.2		0.2
Defence	0.0	0.0	0.0		0.0
Agriculture and fisheries	0.0	0.0	0.0		0.0
Mixed-use (non-industrial only)	0.7	0.0	0.7		0.7
Other non-industrial	36.0	0.4	36.4		36.4
TOTAL NON-INDUSTRIAL	50.5	0.9	51.4		51.4
TOTAL	319.8	30.6	350.4		481.8