London Borough of Havering Employment Land Review

Final Report

London Borough of Havering

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Delivering a better world

Prepared for:

London Borough of Havering

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1. Executive Summary

1.1 Study Context

1.1.1 AECOM was commissioned by the London Borough of Havering (hereafter Havering) to undertake an Employment Land Review (ELR). The study sets out a detailed evidence base on which an appropriate supply and mix of employment land and premises can be planned for, and provides a strategy for balancing supply and demand. The study forms part of the evidence base for the Local Plan Update, and specifically the borough's future approach to the provision, protection, release and enhancement of employment land and premises. This will enable future economic growth through meeting the needs of local businesses.

1.1.2 The National Planning Policy Framework (NPPF)[1] outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies. The need for Local Planning Authorities to produce an up to date employment land evidence base and the suggested format is outlined in national Planning Practice Guidance (PPG)[2]. The approach to the study reflects the requirements and directions of this guidance.

1.1.3 Employment land considered by the study is defined as land with business activities falling under office and industrial use classes. These include:

- E(g)(i) Offices;
- E(g)(ii) Research and Development;
- E(g)(iii) Light industrial;
- B2 General industrial;
- B8 Storage or distribution; and
- Sui Generis employment office or industrial uses – (for example taxi businesses, dark kitchens).

1.2 Policy and literature review

1.2.1 The NPPF provides overarching guidance on the Government's development aims. It describes the Government's vision for building a strong, competitive economy. It emphasises that Local Plans and Employment Needs Assessments should present robust evidence to support clearly defined designations and allocations of land for employment, and sets out a series of recommendations which policymakers should follow to help create conditions in which businesses can invest.

1.2.2 The need for an evidence base in understanding existing business needs, local circumstances and market conditions is also emphasised in the national PPG. The PPG is a web-based resource providing detailed guidance on the implementation of the NPPF which undergoes regular updates. Guidance includes 'Housing and Economic Needs Assessments' and 'Housing and Economic Land Availability Assessments', both of which were most recently updated in July 2019.

1.2.3 At a regional level, The London Plan 2021 outlines policies to ensure 'Good Growth' across London. The policy most relevant to employment, the economy, and local development is Policy GG2 'Making the best use of land' which encourages local planning policy to use space efficiently, and ensure neighbourhoods work better for the people who use them. The London Plan 2021 is supported by other documents relevant to economic needs, including The Mayor's Economic Development Strategy for London (2018), and the London Industrial Land

[1] Department for Communities and Local Government, (2023), National Planning Policy Framework.
[2] Ministry for Communities, Housing and Local Government, (2019); Planning Practice Guidance.

Supply Study 2020 (2023) which provide further guidance and an evidence base for the efficient use of employment land within Greater London.

1.2.4 Havering Council's most recent Employment Land Review was prepared in 2014, supported by an Addendum prepared in 2018. The study concluded that the demand and supply of office employment floorspace in the Borough was broadly in balance and recommended that Romford Town Centre continue to be supported as the key location for such uses, whilst allowing selective redevelopment of space within it on underutilised sites. The demand for industrial and warehousing floorspace was forecast to contract such that needs would reduce by around 1.2ha per annum over the period to 2031. It recommended the protection of the majority of existing industrial employment land, with selective redevelopment for other uses proposed at Rainham West, Crow Lane Site 3 and Bridge Close. The then non-designated Freightmaster Estate was recommended for re-designation as a Strategic Industrial Location, to align with the adopted London Plan and in recognition of its favourable characteristics for continued industrial use.

1.3 Functional Economic Market Area

1.3.1 The PPG requires local planning authorities (LPAs) to assess development needs working with other LPAs in the relevant functional economic market area (FEMA). Analysis of Havering's travel to work area, housing market area, property market area, and economic governance and partnerships area, indicates that Havering is not self-contained economically. It is identified to have important connections, either from an economic government point of view (administrative boundaries) or market characteristics (housing and commercial property markets), with neighbouring London Boroughs.

1.3.2 Based on the assessment made in this section, it can be reasonably concluded that Havering is particularly connected with the following other Local Authorities when all criteria are considered:

- Barking and Dagenham (both important in the inflow and outflow self-containment, commercial property market and economic partnership).
- Redbridge (both important in the inflow and outflow self-containment, commercial property market and economic partnership).

1.3.3 On this basis, it was proposed that Havering forms a FEMA together with London Boroughs of Barking and Dagenham, and Redbridge. This conclusion is made recognising that there are other areas, such as Brentwood and Thurrock that meet some of the criteria considered in determining the FEMA, and the role of this area within the ELR is not such that these areas are not disregarded in the overall findings and conclusions.

1.4 Socio-economic profile

1.4.1 A socio-economic profile of Havering has been established, drawing on the latest available data and benchmarking against the wider FEMA, London and England where appropriate. This helps provide context when considering the changes to the supply and demand for employment land, which is analysed in the following sections.

1.4.2 Havering saw a significant level of population growth between 2011 and 2021 according to the Census, with a figure of 10.1%, which is broadly similar than the growth across the wider FEMA (11.9%). This is higher than the population growth seen in London (7.2%) and England (6.5%) over the same period. Office for National Statistics (ONS) population projections show populations across Havering, the FEMA, London and England are expected to increase by lower rates over the next 10 years, compared to the previous decade. Havering's population is expected to increase by 5.9%, which is higher than the anticipated growth of the other 3 comparators (3.4%; 3.7%; 4.2%).

1.4.3 According to the latest ONS Annual Population Survey (APS) (2021) Havering residents are, on average, educated to a lower level than the wider region and the national average. The proportion of residents educated to degree level and above is 38%, compared to 42% for the

FEMA, 59% for London and 43% for England. This is somewhat reflected in gross median weekly earnings, as reported in the latest Annual Survey of Hours and Earnings (ASHE) (2022) where median earnings in Havering (£709) are lower than London overall (£765); but they are higher than that of the FEMA (£691) and England (£646).

1.4.4 With regard to occupational profiles, the APS reports that 48.8% of Havering's residents have managerial, professional and technical occupations (standard industrial classification (SOC) groups 1-3), which is slightly lower than the FEMA and national average, and almost 15% lower than the London average. The proportion of Havering residents in 'lower skilled occupations' is higher than the wider FEMA and London averages, but lower than the national average. Job density analysis published by ONS in 2021 shows that in Havering (0.64) is above the FEMA average, but considerably lower than the figure for London and England.

1.4.5 The APS reports that the economic activity rate in Havering in 2022 was 86.1%, which is higher than the FEMA (77.7%), London (79.4%) and national (78.7%) average. Havering's employment rate (83.3%) is also stronger than all comparator areas.

1.4.6 The size profile of businesses as reported by ONS in its UK Business Counts dataset in 2022 in Havering is broadly similar to that of the FEMA, with the vast majority of businesses having between 1 and 9 employees (92% and 93% respectively). These figures are slightly higher than that of London (91%) and England (90%). There are only 25 large businesses in Havering i.e. businesses with more than 250 employees; this is out of a total of 10,240 businesses in the borough.

1.4.7 According to the ONS's latest Business Register and Employment Survey, the construction sector employs 9.2% of Havering's workforce, a considerably higher proportion than across London and England overall. The professional, scientific & technical and business administration & support services sectors employ 16.7% of the borough's workforce. The manufacturing sector employs 3.4% of Havering's workforce and the information & communication sector employs 2%.

1.5 Property Market Assessment

1.5.1 The characteristics of LB Havering's office and industrial land and floorspace property markets have been identified and considered in the context of its FEMA, and wider geographies. This corresponds to the PPG which states that needs should be assessed in relation to this. The findings have been derived from a desk based assessment using CoStar property market database, and the conclusions of a consultation exercise with key stakeholders.

1.5.2 The local office (E(g)(i) use) floorspace market in Havering accommodates approximately 145,983 sqm of floorspace. Premises are predominantly small (less than 500sqm) and are found principally in and around Romford with scattered properties in Rainham, Hornchurch and Harold Hill. Occupiers are typically solicitors firms, recruitment firms, local financial advisors and brokers and public and voluntary sector and education linked companies. Trends in demand over the last 5 years indicate vacancy and availability rates in Havering fell to 2020 but have since risen again. Rent across Havering and the FEMA has increased slightly over the last 10 years but has remained relatively stable in recent years. The deterioration of market yield in the last 10 years reflects a deterioration of the viability of office developments in Havering, and whilst understanding affordability is not straightforward, rental values and trends in these suggest the area is retaining its affordability relative to other parts of London.

1.5.3 The light industrial (E(g)(iii) use) employment land and floorspace market in Havering accommodates approximately 122,530 sqm of floorspace. Premises are predominantly smaller (less than 999 sqm) and are found in Rainham, Romford and Harold Hill predominantly (locations providing good access to the A12 and A13). Trends in demand over the last 5 years indicate vacancy and availability rates in Havering remained stable before increasing over the past few years to the current rates of around 3%. Rent across Havering, the FEMA, and London has increased gradually over the last 10 years.

1.5.4 The general industrial (B2 use) market in Havering accommodates approximately 92,341 sqm of floorspace. Premises are predominantly smaller (less than 999 sqm) and are found mainly around Rainham Employment Area (near the A13) but also in and around Romford, such as at King George's Close SIL, Harold Hill SIL and Harold Wood LSIS. There is a further scattering of properties throughout much of the borough. Trends in demand over the last 5 years indicate vacancy and availability rates were the same in 2018; the vacancy rate then falls and the availability rate increases, before the two rates converge before decreasing at a similar rate from 2021. Rent across Havering, the FEMA, and London has increased steadily over the last 10 years.

1.5.5 The warehousing (B8 use) land and floorspace market in Havering accommodates approximately 507,529 sqm of floorspace. Premises are predominantly large (between 1,000 and 10,000 sqm) and are found almost exclusively along or near to the A13 and the A12 (locations that provide the best access to the strategic road network). Trends in demand over the last 5 years indicate vacancy and availability rates in Havering have fluctuated, falling overall between 2018 and 2021, before slightly increasing to their current rates. Rents across Havering, the FEMA, and London has increased steadily over the last 10 years.

1.5.6 Yards for open storage and other industrial/warehousing purposes are found mostly within the Rainham SIL, located away from residential uses, owing to the often bad neighbour issues associated with their use. The survey of employment land identified open storage areas occupied some 88.2ha of land in the Borough in 2023, increasing from 86.9ha in 2020, 80.1ha in 2015 and 69.1ha in 2010. This equates to an increase in area of 27% over 13 years, which is indicative of the increasing popularity of this type of site. Consultation with property agents indicated that demand for open storage sites reflects the strong growth in e-commerce, the loss of land to redevelopment within Inner London and, more recently, the emergence of electric vehicle (EV) charging locations. Demand for sites for open storage is expected to increase based on levels of enquiries from occupiers based on the views of agents.

1.5.7 Looking at viability and affordability within the industrial/warehousing market, the fall in market yields for light and general industrial use space has led to a deterioration of the viability of such developments in Havering. For warehousing, whilst yields have declined overall when comparing today with 10 years ago, they have trended upwards for the past 5 years indicating that whilst overall viability has deteriorated, there has been some recovery which may persist if trends continue. For all industrial uses, the performance of Havering is comparable to the performance of London, therefore likely allowing the borough to stay competitive with the wider region from a viability perspective. In respect of affordability, based purely on rental values, these have experienced a rapid increase between 2013 and 2022, except in respect of general industrial properties where values have been stable within this small part of Havering's industrial/warehousing offer. This would suggest that, from a financial point of view and for the most part, affordability of industrial/warehousing space in the Borough is deteriorating (as in London), potentially leading to the relocation of businesses which cannot afford rapid rental value increases.

1.6 Supply of employment land

Types of employment land and floorspace

1.6.1 The study considers two types of employment land supply: floorspace in office use (E(g)(i), E(g)(ii) and Sui Generis (SG) office use) and land and floorspace in industrial use (B2, B8, E(g)(iii) and Sui Generis industrial use) across Havering. This includes both floorspace that is in use and vacant.

Site data and identification

1.6.2 This study has identified 45 distinct clusters of employment land within the Borough based on the requirements of the Planning Practice Guidance. The study recognises that there is a supply of additional office and industrial floorspace which lies dispersed in land parcels outside of the identified employment clusters. The employment clusters, their designation,

size, and the principal land uses and predominant activities within them are identified in Table 1-1 and Figure 1-1.

Table 1-1: Identified Employment Land Clusters

Cluster Ref. Number	Name	Designation	Typology	Employment cluster area (ha)
C1	Harold Hill	Strategic Industrial Location (SIL)	Industrial/W'housing	31.0
C2	King George's Close	SIL	Industrial/W'housing	9.8
C3a	Ferry Lane North (a)	SIL	Industrial/W'housing	22.1
C3b	Ferry Lane North (b)	SIL	Industrial/W'housing	12.3
C4	Beam Reach 5	SIL	Industrial/W'housing	37.3
C5	Ford	SIL	Industrial/W'housing	65.5
C6	CEME	SIL	Office	7.3
C7	Fairview Estate	SIL	Industrial/W'housing	25.2
C8a	Ferry Lane South (a)	SIL	Industrial/W'housing	12.7
C8b	Ferry Lane South (b)	SIL	Industrial/W'housing	18.9
C9	Beam Reach 6	SIL	Vacant Ind. Land & Industrial/W'housing	12.5
C10	Rainham SIL Infill	SIL	Wider Industrial	56.7
C11	Harold Wood	Locally Significant Industrial Sites (LSIS)	Industrial/W'housing	8.5
C12	Hillman Close	LSIS	Industrial/W'housing	1.5
C13	The Seedbed Centre	LSIS	Industrial/W'housing	0.9
C14	Lyon Road	LSIS	Industrial/W'housing	2.8
C15	Crow Lane Site 2 (Danes Rd)	LSIS	Industrial/W'housing	3.8
C16	Crow Lane Site 1	LSIS	Industrial/W'housing	2.6
C17	Crow Lane Site 3	LSIS	Industrial/W'housing	2.7
C18	Former Romford Office Quarter	Non-designated (Office)	Office	1.9
C19	Rainham West	Non-designated	Industrial/W'housing	9.4
C20	Bridge Close	Non-designated	Industrial/W'housing	2.1
C21	Chesham Close	Non-designated	Industrial/W'housing	1.8
C22	Spring Gardens	Non-designated	Industrial/W'housing	0.4
C23	Lambs Lane	Non-designated	Industrial/W'housing	1.7
C24	Freightmaster Estate	SIL	Industrial/W'housing	15.2
C25	Avenue Industrial Estate/ Gallows Corner / Southend Arterial Road	Non-designated	Industrial/W'housing	2.0
C26	Caravan Storage Site	Non-designated	Industrial/W'housing	3.4

Cluster Ref. Number	Name	Designation	Typology	Employment cluster area (ha)
C27	Dagenham Rd Pumping Station / Kilnbridge Waste Transfer Site	Non-designated	Wider Industrial	1.2
C28	178 - 208 Crow Lane	Non-designated	Industrial/W'housing	3.8
C29	Albert Road Workshops	Non-designated	Industrial/W'housing	0.5
C30	Royal Mail - Abbscross Gardens	Non-designated	Royal Mail	0.3
C31	Rear of Broadway Parade, Elm Park	Non-designated	Sui Generis	0.6
C32	Royal Mail - Tansy Close	Non-designated	Royal Mail	0.3
C33	Vicarage Road/ Hornchurch Road Workshops	Non-designated	Industrial/W'housing	0.3
C34	Benskins Lane Vehicle Breakers Yard	Non-designated	Sui Generis	3.6
C35	Broxhill Road Vehicle Breakers Yard	Non-designated	Sui Generis	4.4
C36	55 Brentwood Road Vehicle Repair Workshops	Non-designated	Sui Generis	0.3
C37	293 Crow Lane Vehicle Breakers Yard	Non-designated	Sui Generis	0.4
C38	Bryant Avenue Workshops	Non-designated	Sui Generis	3.2
C39	St Mary's Lane	Non-designated	Industrial/W'housing	1.7
C40	Royal Mail - Wennington Road	Non-designated	Royal Mail	0.4
C41	Royal Mail - Corbets Tey Road	Non-designated	Royal Mail	0.3
C42	Noakes Industrial Estate	Non-designated	Sui Generis	1.8
C43	Land west of Juliette Way, Thurrock	Non-designated	Industrial/W'housing	4.5
C44	East Havering Datacentre Campus and Ecology Park	Non-designated	Non-employment*	192.4
C45	Land at Grove Farm	Non-designated	Industrial/W'housing	6.1

* Site identified for potential employment use and ecology park by Council

1.6.3 Most of the employment clusters are not subject to policy designations. The clusters comprised 13 within SILs, 7 within LSISs and 25 non-designated industrial sites and 2 other non-designated sites (East Havering Datacentre Campus and Ecology Park and former Romford Office Quarter). The assessment of existing supply was conducted based on a set of site appraisal criteria (which were agreed with the Council in advance) from which detailed analysis was carried out to identify the typologies of employment land within the Borough.

1.6.4 The survey identifies that employment land in Havering is dominated by industrial activity. There are a number of well performing industrial areas, particularly at Harold Hill, King George's Close and across the Rainham Employment Area. These clusters tend to have very good, direct access to the strategic road network, namely the A12 and A13. Clusters less well connected to the road network appear to be far smaller and have older/poorer quality buildings. They also have the ability for 24-hour working to take place and limited physical site constraints.

1.6.5 The majority of the designated employment clusters (SILs and LSISs as listed in Table 7-1) are deemed to be well functioning, and are predominantly industrial clusters of employment land. Some vacant land remains and there are potential opportunities for intensification or redevelopment to provide better quality premises. The non-designated clusters (excluding Former Romford Office Quarter and the vacant East Havering Datacentre Campus and Ecology Park, which are considered separately) were assessed to be more mixed in quality. Several of the clusters are performing well, whilst others are considered poor across the identified criteria.

1.6.6 Office space within Havering is concentrated within the Former Romford Office Quarter, with a smaller supply of premises scattered through the borough such as in Rainham, Hornchurch and Harold Hill. Stock of premises in the Former Romford Office Quarter is likely suitable for current occupiers and is well located for transport and amenities, but would not meet current office occupier demands for high energy efficiency premises, without retrofitting which may not be viable or desirable – especially given the arrival of the Elizabeth Line and the better access that would provide for residents to other office areas.

1.6.7 The supply assessment concludes that most sites surveyed are functioning well, have high occupancy rates and support a diverse range of business types. There is evidence of loss of employment sites to other uses, particularly due to the impact of Permitted Development Rights. The survey identified some potential opportunities for intensification and development to provide further employment use in the borough, within existing cluster boundaries. This was principally where vacant land or clearly underused land exists.

1.6.8 A review of the Planning London Datahub was undertaken to identify the pipeline of employment land development i.e. that expected to be gained or lost through unimplemented planning permissions, This identified that a considerable loss of office floorspace is expected, with a relatively modest net gain in industrial floorspace anticipated.

1.7 Future Demand

1.7.1 The approach to assessing future employment floorspace and land requirements below is in line with Planning Practice Guidance on Economic Needs Assessments. The analysis in this section considers a range of future employment growth scenarios, including:

- Scenario 1: Demand-based scenario – based on the land needed to accommodate expected employment growth in the borough, as per the latest employment forecasts from Experian.
- Scenario 2: Past take-up rates – trend-based scenario based on the continuation of historical take-up rates, sourced from CoStar. This analyses take-up rates by use class over the period 2015-2020 and extrapolates these trends over the assessment period.
- Scenario 3: Future labour supply – based on the latest population and housing growth projections. This provides an indication of the minimum amount of employment land required to maintain a balance between population and economic growth.

1.7.2 For the general office use class (E(g)(i)), the floorspace requirements forecasted through Scenario 1 (Demand-based) indicate that there will be moderate growth in employment in these sectors in Havering to 2041, equivalent to 20% of the current supply of office floorspace in the Borough.

1.7.3 Although the Experian forecasts consider wider macroeconomic factors such as social and economic trends, they do not fully capture the individual characteristics and planning arrangements of each Borough. There have been few new office developments in recent years with the stock being of average quality and not attracting the investment needed to meet both occupier requirements and Environmental Social and Governance (ESG) needs, including meeting Energy Performance Certificate (EPC) requirements. These local factors, coupled with ongoing uncertainty around the permanence of hybrid working and how this will influence office demand in the long term, are likely to result in lower floorspace being delivered than is suggested by the Experian forecasts.

1.7.4 The floorspace requirements under Scenario 2 (Past-Take Up) show a very slight decline in the need for office floorspace in Havering to 2041, if past trends continue. This projection (-2,124 sqm) is considered to be the most realistic projection of office demand in the Borough given the pressures facing office employment space and the factors outlined above.

1.7.5 It is also recommended that this scenario's forecast in respect of research and development, E(g)(ii) use requirements be used on the basis that this does take account of there being no such recent development of such space in Havering and the lack of existing supply in totality.

1.7.6 For industrial land and floorspace (E(g)(iii), B2 and B8 uses) Scenario 1 (Demand-based) is considered to be the preferred scenario for considering future needs in Havering borough over the new Local Plan period to 2041. Scenario 1 forecasts requirements for an additional 64,190 sqm in floorspace. Scenario 3 (Future labour supply) considers growth possible should job growth track against population growth, however given that the Experian forecasts consider wider influences such as this, there is potential for double counting of growth. This scenario is therefore not considered sufficiently robust to warrant application.

1.7.7 For the reasons stated above, Scenario 2 (Past Take-Up) is considered to provide the most robust projection for office floorspace needs and Scenario 1 (Demand-based) the most appropriate for industrial land and floorspace needs to 2041.

1.8 Comparison between supply and demand

1.8.1 This section compares the projected future demand for office and industrial floorspace between 2023 and 2041, with existing and projected supply conditions in the Borough. It also analyses the pipelines for development of office and industrial land within the Borough to inform a position of how supply may change over the planning period, and how that influences the overall supply and demand balance.

1.8.2 For office floorspace (E(g)(i) and E(g)(ii)) there is projected to be a (net) requirement of approximately -32 sqm office floorspace in Havering. However, if all approved planning applications concerning office floorspace were realised, supply in the Borough would decrease by 60,500 sqm when both gains and losses are considered.

1.8.3 A (net) increase of industrial land of 3.1 ha between 2023 and 2041 is also predicted within the context of there being 387.4ha of such land currently, amongst the largest reservoirs of supply in London. If all approved planning applications concerning industrial floorspace were to come forward for development, supply of industrial floorspace in the Borough would increase somewhat modestly by 19,377 sqm, meaning that most of the forecast needs will be required to met outside of this pipeline of supply, with no certainty that this planned floorspace will be delivered.

1.9 Conclusions and Recommendations

Conclusions

1.9.1 CoStar data indicates the office market in Havering is currently comprised of 189 properties, with approximately 146,000 sqm net internal area (NIA) floorspace. The majority of this floorspace is located in Romford, principally in the former Office Quarter and elsewhere in the town centre with a further limited presence in Rainham, Hornchurch and Harold Hill. The supply of floorspace and properties is indicative of a market of relatively limited size and importance.

1.9.2 The property market analysis of Chapter 6 indicates that the office market in Havering is home to premises that are predominantly small (less than 500sqm) and principally found in and around Romford. The data shows that the average property size in Havering is substantially smaller than the average in London (772 sqm average compared to 1,720 sqm), albeit this is skewed by large floorplate in the central London markets of the City, West End and Canary Wharf.

1.9.3 The former Romford Office Quarter (C18), which historically housed most of the office floorspace and premises stock in Havering, has undergone notable redevelopment for other uses since the 2015 ELR, reflecting the fact that it is no longer denoted as a designated office area in local planning policy. Redevelopment has included several conversions via Permitted Development Rights (PDR) to residential, including Chaucer House (now Verve apartments), Scimitar House, and Morland House. This represents a shift away from when the Romford Office Quarter consisted mainly of large floorplate purpose-built office buildings. Demand for these office typologies were already diminishing when analysed in the 2015 ELR, one of the cited reasons being an increase in home working, which is even more prevalent today.

1.9.4 The site survey revealed that the condition of the remaining office buildings is mostly either good or average quality, but with no new-build premises which would meet current office occupier specifications i.e. compliance with incoming energy efficiency regulations and spaces which will encourage employees into the office which is key to the hybrid working models of most occupiers at present and in the near future. While the cluster does also benefit from very good access to both facilities and amenities in the town centre and to public transport, further improved by the Elizabeth Line, this also allows local residents to get into central London more easily to access primary office locations in the City of London, West End and Canary Wharf. This makes the further conversion or redevelopment of remaining office space quite likely.

1.9.5 As well as the office space within the Former Romford Office Quarter, a smaller supply of premises are scattered through the borough such as Rainham, Hornchurch and Harold Hill. These cater for specific uses and are generally of lower building quality and in single-occupancy where they exist. A notable exception is the CEME site within Rainham Employment area which provides a high-quality environment conducive to helping SMEs to thrive.

1.9.6 Comparison between supply and demand reveals a modest projected loss of approximately -32sqm sqm office floorspace is required in Havering to 2041. It is expected that this floorspace would primarily meet the needs of local businesses, however the Council should encourage the intensification and/or redevelopment of poor-quality existing floorspace in the local office market to provide floorspace compliant with Minimum Energy Efficiency Standards. A review of the Planning Datahub identified the pipeline of office employment land development i.e. floorspace that is expected to be gained or lost through unimplemented planning permissions. This review has identified that a larger loss of office floorspace is expected, 60,500 sqm, such that there is no requirement or justification for additional floorspace or land for office uses being identified through Local Plan policy.

1.9.7 For industrial and warehousing land and floorspace, CoStar data indicates that there are currently 99 light industrial properties comprising 122,520 sqm of floorspace, 99 general industrial properties totalling 60,020 sqm, and 169 warehousing properties, accounting for by

far the largest share of the total, amounting to 507,529 sqm of floorspace. In total, this equates to approximately 690,000 sqm of industrial floorspace. This can be broken down into four SILs (Strategic Industrial Land), 7 LSISs (Locally Significant Industrial Sites) and 25 non-designated industrial areas, and a further site in non-industrial use which has potential for industrial sui generis employment use, East Havering Datacentre Campus and Ecology Park.

1.9.8 The forecasts for industrial land use requirements show that there is projected to be a gross increase in demand in the period 2023-2041 of approximately 9.9ha, driven by an increase in industrial jobs of approximately 930, the vast majority of which are in use class B8 jobs. To derive the net position we also take account of the supply-side position, which is informed by data published in the LILS and then updated through the site survey undertaken as part of this employment land review to provide a supply position for 2023. This includes accounting for vacant land and frictional floorspace vacancy. The analysis forecasts a net requirement of 3.1ha of land for industrial floorspace between 2023-2041.

1.9.9 On the supply-side, the qualitative appraisal of employment clusters evidenced by the site surveys and consultations indicates that there are a number of well performing industrial areas, particularly at Harold Hill, King George's Close and across the Rainham Employment Area. These clusters tend to have very good, direct access to the strategic road network, namely the A12 and A13. Clusters less well connected to the road network appear to be far smaller and have older/poorer quality buildings. There is also the ability for 24-hour working for these clusters and limited physical site constraints.

1.9.10 The majority of the designated employment clusters (SILs and LSISs) are deemed to be well functioning. With the exception of C24, Freightmaster Estate, all clusters which are designated as a SIL are considered to have good public realm, environment and surroundings; suitability; accessibility; and building condition. Clusters C1, C2 and C6 are particular stand-outs among these domains. However, the redevelopment potential of these clusters is limited, suggesting that most of them are being well-utilised in their current use, with low vacancy rates and limited vacant land available for redevelopment. In some instances however, there are potential opportunities for intensification or redevelopment to provide better quality premises. Several of the clusters are performing well, whilst others are considered poor across the identified criteria, particularly among the suitability and redevelopment domains. The review of the Planning London Datahub has identified a relatively modest net gain in industrial floorspace.

Recommendations

R1 Meeting requirements for office floorspace should be achieved through monitoring potential loss of floorspace for redevelopment and encouraging the reprovision of floorspace within redevelopment.

R2 The Council should, through appropriate Local Plan policies, set out a clear plan to ensure the retention of existing industrial land and floorspace including maintaining the protection of SIL and LSIS in the Borough against conversion to other uses.

SIL

C1 Harold Hill

C2 King George's Close

C3a Ferry Lane North (a)

C3b Ferry Lane North (b)

C4 Beam Reach 5

C5 Ford

C6 CEME

C7 Fairview Estate

C8a Ferry Lane South (a)

C8b Ferry Lane South (b)

C9 Beam Reach 6

C10 Rainham SIL Infill

C24 Freightmaster Estate

LSIS

C11 Harold Wood

C12 Hillman Close

C14 Lyon Road

C16 Crow Lane Site 1

C17 Crow Lane Site 3

R3 To help meet housing and wider regeneration objectives the Council should de-designate the Seedbed Centre, Romford (Cluster 13) LSIS if the unimplemented planning permission for mixed-use redevelopment, including re-provision of the existing quantum of employment floorspace, is realised.

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 clusters, with employment uses reprovided where practical:

- Rainham West (Cluster 19)
- Bridge Close (Cluster 20)

R5 The Council should encourage viable industrial intensification and the redevelopment of poor-quality industrial land and premises in SIL and LSIS to meet the demand for industrial land in the Local Plan period. Provision of suitable yard space should be provided in instances where intensification is proposed.

R6 The Council should monitor changes of industrial employment land through planning permissions to ensure that sufficient land is available for economic growth over the Local Plan period and/or monitor how employment land is performing against the objective of the Local Plan.

R7 To ensure that non-designated industrial land is retained where appropriate, the Council could adopt a criteria-based policy requirement to assess proposals for conversion of this land against which redundancy or unsuitability for ongoing employment use can be appraised. The criteria could include:

- location of the site;
- quality of the buildings;
- site or floor layout;
- accessibility;
- proximity to strategic roads;
- neighbouring uses;
- cost of demolition/ refurbishment sets against its future value for employment uses;
- the length of time the site has been vacant and documented evidence of the marketing strategy adopted (where applicable); and

- whether or not industrial, storage or distribution floorspace is provided as part of mixed-use intensification where this is feasible.

R8 The Council should provide a range of affordable workspace options across the Borough to cater for the different types of businesses which require it. The discounts which the space is provided at should be reflective of the area of the Borough which the workspace is in and the type of tenant which the workspace is provided for.

2. Introduction

2.1 Study Context

2.1.1 AECOM was commissioned by the London Borough of Havering (hereafter Havering) to undertake an Employment Land Review (ELR). The study sets out a detailed evidence base on which an appropriate supply and mix of employment land and premises can be planned for, and provides a strategy for balancing supply and demand. The study forms part of the evidence base for the Local Plan Update, and specifically the borough's future approach to the provision, protection, release and enhancement of employment land and premises. This will enable future economic growth through meeting the needs of local businesses.

2.1.2 The scope of the study includes employment land defined as office and industrial land and businesses, falling under the following use classes:

Offices:

- E(g)(i) Offices; and
- E(g)(ii) Research and Development.

Industrial:

- E(g)(iii) Light industrial;
- B2 General industrial;
- B8 Storage or distribution;

2.1.3 The study also considers Sui Generis (SG) use class, within land in employment uses, although this is not central to the Employment Land Review and forecasting of demand for SG land is not considered.

2.1.4 Within Havering employment land falls within the following areas as used by regional and local planning policy:

- Strategic Industrial Locations (SIL);
- Locally Significant Industrial Sites (LSIS); and
- Non-designated employment land.

2.1.5 All employment land measuring 0.25 hectares (ha) or more has been assessed in this study via detailed site appraisal with sites smaller than this in size, where not within the cluster types identified above, forming part of the total supply identified in land and floorspace for offices and industrial uses.

2.2 Objectives

2.2.1 The main objectives of this ELR are to:

- Understand the existing situation – Provide a supply-side assessment of the quantity and quality of the borough's current employment land and its suitability to continue to support employment, and establish the existing Functional Economic Market Area (FEMA);
- Assess future needs and gap analysis – Assess the likely future demand for employment space in the borough over the proposed Local Plan period; and compare quantitatively and qualitatively the supply of existing land against forecast future demand; and
- Recommendations and actions – Set out evidence-based recommendations for appropriate employment land policies. This includes an assessment of

recommendations for employment land policies that could support higher jobs growth scenario in the borough, aligning with broader local economic growth objectives.

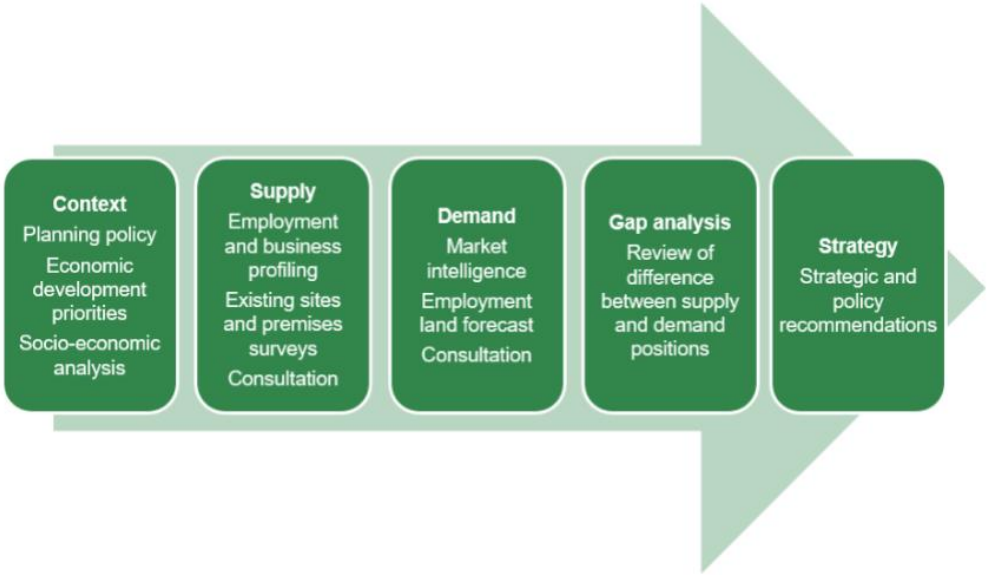
2.3 Approach

2.3.1 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.

2.3.2 The need for Local Planning Authorities to produce an up to date employment land evidence base and the suggested format is outlined in national Planning Practice Guidance (PPG) published in March 2014. The PPG is regularly updated, with the 'Housing and Economic Needs assessment' last being updated on July 22, 2019.

2.3.3 As such, the methodology and tasks forming the approach to this ELR have been designed to conform to the PPG. This approach is illustrated in Figure 2-1.

Figure 2-1: Approach to ELR



Source: AECOM

2.4 Report structure

2.4.1 The remainder of this report is structured as follows:

- Section 3 presents a review of the relevant policy and strategic context including a review of local economic priorities;
- Section 4 defines the Functional Economic Market Area (FEMA) in which Havering is located;
- Section 5 provides a comprehensive analysis of socio-economic baseline conditions relevant to the study;
- Section 6 presents a review of the property market indicators in Havering and discusses viability and affordability of the different employment typologies in the borough. Reference is also made to comparator geographies;
- Section 7 presents the key qualitative and quantitative results of the existing employment land assessment;
- Section 8 is an Economic Demand Needs Assessment and sets out the forecast scenarios used within the study to understand the 'reasonable alternatives' for potential future growth.

- Section 9 contains a quantitative comparison of projected supply and demand for employment land and floorspace; and
- Section 10 presents overall conclusions and employment land policy recommendations.

3. Planning and policy literature review

3.1 Introduction

3.1.1 This section outlines the planning policy and strategic context of relevance to employment land in the study area.

3.2 National planning policy

National Planning Policy Framework (2023)

3.2.1 The NPPF consolidates the Government's economic, environmental and social planning policies for England into a single document and describes how it expects these to be applied. It provides overarching guidance on the Government's development aims. The National Planning Policy Framework (NPPF)[3] was most recently updated in September 2023, replacing the previous July 2021 version[4]. The new NPPF incorporates policy addressing meeting the challenge of climate change, flooding and coastal change.

3.2.2 At the heart of the NPPF is a presumption in favour of sustainable development, which the Government states should be seen as a common theme running through plan-making and decision-taking. The NPPF describes the Government's vision for building a strong, responsive and competitive economy. The document states that the purpose of the planning system is to contribute to the achievement of sustainable development. The United Kingdom has agreed to pursue the 17 Global Goals for Sustainable Development in the period to 2030. These goals address social progress, economic wellbeing and environmental protection.

3.2.3 In relation to the economy and employment land, the NPPF states that:

- *"Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. Planning policies should:*
- *Set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;*
- *Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
- *Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and*
- *Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances." (Paragraph 82).*

Planning Practice Guidance (2019)

3.2.4 In March 2014, the Government published the national Planning Practice Guidance (PPG)[5], a web-based resource in support of the NPPF which undergoes regular updates. Guidance includes '*Housing and Economic Needs Assessments*', which was updated in December 2020, and the *'Housing and Economic Land Availability Assessments'*, which was updated in July 2019.

[3] Department for Levelling Up, Homes and Communities (DLUHC), (2021), National Planning Policy Framework
[4] Department for Communities and Local Government, (2019), National Planning Policy Framework
[5] PPG, (2019); MHCLG

3.2.5 '*Housing and Economic Needs Assessments'* states that authorities need to prepare an evidence base to understand existing business needs, which will have to reflect local circumstances and market conditions. This includes assessing:

- *'the best fit functional economic market area (FEMA);*
- *the existing stock of land for employment uses within the area;*
- *the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);*
- *evidence of market demand (including the locational and premises requirements of particular types of businesses) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;*
- *wider market signals relating to economic growth, diversification and innovation; and*
- *any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.'*

3.2.6 To provide an understanding of the underlying requirements for office, general business and warehousing sites the PPG emphasises the importance of considering projections (based on past trends) and forecasts (based on future scenarios) and sites which have been developed for specialist economic uses. The PPG recommends that analysing supply and demand concurrently will enable conclusions to be drawn on whether these 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 and those which are undersupplied. By comparing availability of stock with particular requirements, it is possible to identify any 'gaps' in local employment land provision.

3.2.7 '*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 PPG requires local planning authorities to work with other local authorities within the functional economic market area when assessing availability of land. The PPG 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. The assessment of the suitability of sites for development should be guided by the relevant local development plan, regional, and national policy, as well as market and industry requirements.

The Town and Country Planning (General Permitted Development) (England) Order (2015), as amended (2020)

3.2.8 In 2015, the Government introduced permitted development rights (hereafter referred to as 'PDR') allowing certain building and development works to be carried out without the need of the normal planning process[6]. These rights exist under the General Permitted Development (GDPO) order and were introduced to facilitate housing growth to meet targets across England. New types of permitted development have been introduced to make it easier for people to extend their home, create new homes in existing buildings such as offices, shops and warehouses or demolish vacant previously classified B1(a), B1(b), B1(c) or C3 space and rebuild as residential.

3.2.9 The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 3) Order 2020 came into effect on 31 August 2020. This dealt with PDRs for demolition and rebuilding as residential. Article 4 of the 2020 Order added a new class ZA to the 2015 Order, dealing with demolition of buildings and construction of new dwellinghouses in their place. To fall within the scope of this new PDR, the building to be demolished must have been built before 1 January 1990, be vacant, redundant and free-standing and fall within the B1(a) offices, B1 (b) research and development, B1 (c) industrial processes (light industrial), and

[6] HM Government (2015), The Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.

free-standing purpose-built residential blocks of flats (C3) use classes on 12 March 2020. This PDR is subject to the prior approval process and the building must have been vacant for at least six months prior to the date of the application for prior approval.

3.2.10 The current Use Classes were last updated on 1 September 2020. Class B now comprises B2 General Industrial and B8 Storage and Distribution, while previously classified B1(a), B1(b) and B1(c) uses are now as follows:

- E(g)(i): Offices to carry out any operational or administrative functions;
- E(g)(ii) Research and development of products or processes; and
- E(g)(iii) Industrial processes.

3.3 Regional planning policy

The London Plan 2021 (2021)

3.3.1 The current London Plan[7] was published in March 2021 and supersedes the 2016 Plan. As the overall strategic plan for London, it sets out an integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years.

3.3.2 The London Plan 2021 outlines six policies central to the overall objective of ensuring that London's growth is '*Good Growth'*. The policy most relevant to employment, the economy, and local development is Policy GG2 *'Making the best use of land'*. This policy suggests that a rounded approach to the way neighbourhoods operate must be taken, making them work more space-efficiently, and better for the people who use them. Creating places of higher density in appropriate locations is encouraged. This not only addresses the need for more homes and jobs, but also supports the clustering effect of businesses to maximise job opportunities. Additionally, the following policy areas are of relevance to this study:

3.3.3 **Policy SD1 'Opportunity Areas'** identifies Opportunity Areas (OA) as *"significant locations with development capacity to accommodate new housing, commercial development and infrastructure (of all types), linked to existing or potential improvements in public transport connectivity and capacity.*" They typically have the capacity to provide a minimum of 5,000 net additional jobs. It suggests that boroughs, with the aid of Development Plans and decisions, should set out how they will encourage growth of OAs, as well as support developments which generate employment and housing opportunities.

3.3.4 With reference to Havering, the Plan newly designated Romford as an OA outlining its potential to deliver 5,000 new homes and 500 new jobs by 2041. Havering also contains a long-established OA namely London Riverside, which it shares with LBBD. It includes Rainham and Beam Park, and is identified as potentially providing 44,000 new homes and 29,000 new jobs by 2041.

3.3.5 **Policy SD6 'Town centres and high streets'** indicates that the viability of town centres should be promoted and enhanced by ensuring they are the "*primary locations for commercial activity beyond the CAZ".*

3.3.6 Paragraph 2.6.1B states the importance of high streets as one of the city's most characteristic urban features and acknowledges their role in terms of local economic and social infrastructure, through their provision of employment opportunities and promotion of community and cultural exchange.

3.3.7 **Policy SD7 'Town centres: development principles and Development Plan Documents'** highlights the need for boroughs to take a town centres first approach when considering development proposals. Boroughs should discourage out-of-centre development, "*with limited exceptions for existing viable office locations in outer London*". As this refers to outer London, it is relevant to Havering.

[7] Mayor of London, (2021), The London Plan.

3.3.8 **Policy E1 'Offices'** identifies that, in the wider London area, improvements to the quality, flexibility and adaptability of office floorspace should be supported by new office provision, refurbishment and mixed-use development. It recognises that the agglomeration and clustering of firms in the central London office market should be developed and promoted. The diverse office markets in both inner and outer London should be consolidated and extended (where viable); new developments should be focussed in town centres and existing office clusters. It also recognises that the office market is going through a period of restructuring with an increasing number of small and medium enterprises (SMEs) with changing workstyles and floorspace requirements. It states that, therefore, development proposals related to new office floorspace should consider the need for a range of suitable workspace including lower cost office and affordable workspace. The conversion of surplus office floorspace to other uses should also be considered where relevant.

3.3.9 **Policy E2 'Providing suitable business space'** states that Boroughs should include policies in their planning documents which supports the provision and protection of B-use class business space. It states that any development of B-use class[8] space should ensure that space is fit for purpose having regard for the demand for space. Any proposals which involve the loss of B-use class space should demonstrate that there is no reasonable prospect of the site being used as employment land and that an equivalent amount of B-use class space is re-provided where appropriate. This is to ensure sufficient workspace is available to be occupied by SMEs and businesses wishing to start-up or expand.

3.3.10 **Policy E3 'Affordable workspace'** identifies that, in some circumstances, it will be appropriate to secure affordable workspace at rents maintained below the market rate for a space because of social, cultural or economic development objectives. The policy states criteria where this may be appropriate, including for disadvantaged groups starting up, for specific sectors that have either social or cultural value, for those supporting educational outcomes, and for early stage businesses or regeneration. Boroughs should set out affordable workspace policies considering local need and viability. This is to ensure that London continues to generate a wide range of economic and other opportunities to ensure that it is a fairer, more inclusive, and more equal city.

3.3.11 **Policy E4 'Land for industry, logistics and services to support London's economic function'** states that a sufficient supply of land and premises across London to meet current and future demands for industrial and related functions should be provided and maintained, taking into account evidence-based studies and policies including intensification, co-location and substitution. The policy identifies the types of employment land which should be considered under this policy and states that industrial land falls within three categories: Strategic Industrial Land (SIL), Locally Significant Industrial Sites (LSIS) and Non-Designated Industrial Sites.

3.3.12 **Policy E5 'Strategic Industrial Locations'** emphasises the importance of SIL in London's industrial capacity. It states that Boroughs should refuse development proposals for uses in SIL other than industrial except in areas released through a strategically co-ordinated process of SIL consolidation. Development proposals within or adjacent to SILs should not compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis.

3.3.13 Relevant to Havering, the policy identifies the Harold Hill Industrial Estate and King George Close Estate, Romford, as SILs. The Dagenham Dock/ Rainham Employment Area is also an identified SIL, spanning Havering and London Borough of Barking and Dagenham (LBBD) with the Rainham Employment Area portion falling within Havering.[9] Moreover, in paragraph 6.5.3 the Thames Gateway, of which Havering is traditionally considered a part of, is identified

[8] The London Plan 2021 does not account for the Use Classes update which took place 1 September 2020 so should be read in conjunction with the changes to the Order referred to in section 3.2.10 of this report.
[9] The Freightmaster Estate was designated as a SIL in the Local Plan having previously been a Local Employment Area. As the London Plan was published before the adoption of the Plan, this location is not currently a SIL in the London Plan and as such the LILS study does not include performance indicator information for this location. The LILS study does include detailed and up-to-date data on land uses within the SIL.

as providing *"the greatest scope for strategically co-ordinated plan-led consolidation of SILs in order to managed down overall vacancy rates".*

3.3.14 **Policy E6 'Locally Significant Industrial Sites'** states that Boroughs should designate LSIS in policies maps based on evidence provided in employment land reviews, accounting for intensification and co-location policy. Local policy documentation should "*make clear the range of industrial and related uses that are acceptable in LSIS including, where appropriate, hybrid or flexible B1c/B2/B8 suitable for SMEs".*"

3.3.15 **Policy E7 'Industrial intensification, co-location and substitution'** states that Borough's development proposals should be proactive and encourage the intensification of business uses in use classes B1c, B2 and B8. Boroughs should be proactive in considering where certain logistics, industrial and related functions in selected parts of SIL or LSIS could be intensified to provide additional industrial capacity. The policy states that intensification can also be used to facilitate the consolidation of an identified SIL or LSIS to support the delivery of residential and other uses, such as social infrastructure, or to contribute to town centre renewal. However, there should be no net loss of industrial land within SIL and LSIS.

3.3.16 The policy goes on to state that mixed-use residential development in non-designated industrial sites can be supported but only where there is no reasonable prospect of the site being used for the industrial and related purposes, or industrial, storage or distribution floorspace is re-provided as part of mixed-use intensification. All development in designated and non-designated industrial land should not compromise the industrial uses on site in terms of their continued efficient function, access and service arrangements.

3.3.17 **Policy E8 'Sector growth opportunities and clusters'** states that employment opportunities for Londoners across a diverse range of sectors should be promoted and supported along with support for the development of business growth and sector-specific opportunities. It states that London's diverse sectors, including start-up space, flexible workspace, conventional space, and affordable workspace should be supported. Research and development of industrial and related products or processes should be supported as well as higher and further education providers. *"Boroughs are encouraged to identify and support the growth of sustainably-located employment clusters in inner and outer London."*

3.3.18 Paragraph 6.8.5 highlights The Strategic Outer London Development Centre (SOLDC) concept, which seeks to support business and employment opportunity growth beyond central London. It underscores the advantages of Town centres, local innovation and the need to implement the SOLDC concept across development plans and frameworks.

3.3.19 **Policy SI7 'Reducing waste and supporting the circular economy'**, which sets out the strategic waste reduction and recycling targets for London. The policy reiterates the Mayor's objective to improve resource efficiency, increase material re-use and recycling and reduce waste going for disposal.

3.3.20 **Policy SI8 'Waste capacity and net waste self-sufficiency'** requires Boroughs to plan for identified waste needs and identify suitable sites/areas and waste management facilities to provide the capacity to manage the apportioned tonnages of waste. The policy directs new waste facilities towards Strategic Industrial Locations, Locally Significant Industrial Sites and safeguarded wharves with an existing or future potential for waste and secondary material management.

3.3.21 **Policy SI9 'Safeguarded waste sites'** states that existing waste sites should be safeguarded and retained in waste management use. The proposed loss of an existing waste site will only be supported where appropriate compensatory capacity is made within London that must be at or above the same level of the waste hierarchy and at least meet, and should exceed, the maximum achievable throughput of the site proposed to be lost.

Land for Industry and Transport Supplementary Planning Guidance (2012)

3.3.22 The Land for Industry and Transport SPG was published in 2012[10], as a supporting document to the 2011 London Plan, to provide guidance on the implementation of policies relating to industrial and transport land. In 2022, the SPG was revoked by the Greater London Authority (GLA) and is to be replaced by London Plan Guidance (LPG) on Industry and Logistics (Industry and Logistics LPG). At the time of writing, this guidance was being prepared with no timetable for publication known. Reference to the SPG has been retained in this study to provide historical context in the absence of supporting documents in respect of industrial employment land at the regional level.

3.3.23 The SPG acknowledges the structural change in the London economy and the change in employment away from the traditional manufacturing sector. It further notes the increase in land demand from 2011 to 2031 for other types of industrial functions, such as logistics, waste management, recycling, and environmental utilities. Havering was recommended to move from the 'Managed transfer of industrial sites' to the 'Limited transfer of industrial sites' with regard to the transfer of industrial land to other uses. Borough categorisations for transfer of industrial land are not included in the latest London Plan and as such, given its age and recent revocation of this SPG, this categorisation provides only a reference to the most recent industrial land management category that applied to Havering.

3.3.24 The SPG also provided assessment criteria for the appraisal of industrial employment land in London. These remain applicable today despite the revocation of the document.

The Mayor's Economic Development Strategy for London (2018)

3.3.25 In December 2018, the Mayor of London published a new Economic Development Strategy (EDS)[11]. 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 direction for achieving its ambitions; and to clarify roles and responsibilities with other partners whom contribute to developing London's economy.

3.3.26 The EDS outlines the Mayor's commitment to *"creating the most supportive, innovative environment for businesses and entrepreneurs in the world",* by focusing on several specific policy areas. The ones of relevance to this study are:

- **Space for business and work**, which highlights the recent loss of office and industrial floorspaces to redevelopment/conversion for residential use. It recognises the need for a wide range of different types of workspaces to accommodate businesses of different sizes, sectors, and stages of development. As such, the Mayor will: *"ensure there is sufficient supply of office accommodation and investment in transport and infrastructure; support vibrant local economies outside of central London, including successful town centres, markets, high streets and industrial areas; ensure that London retains sufficient industrial land to keep the economy working sufficiently; and support the provision of affordable and flexible workspace."*
- **Enterprise and entrepreneurship**, which identifies that London is a hub for some of the most creative people in the world. As such, the Mayor will work with key stakeholders to help *"attract and retain investment in London"* and *"support start-ups and business growth."*

[10] GLA (2012): Land for Industry and Transport Supplementary Planning Guidance 2012.
[11] GLA, (2018), The Mayor's Economic Development Strategy for Greater London 2018.

London Industrial Land Demand Study (2017)

3.3.27 The London Industrial Land Demand Study[12] was published in 2017. It assessed land demand for different types of industry and the amount of industrial land needed in London, including for Havering, *"to ensure it continues to function as a successful and sustainable city".* Havering, along with 4 other outer London boroughs, saw a small increase in floorspace stock over the period 2001 – 2016, and at the time of writing, had a vacancy rate of industrial land of above 10%.

3.3.28 The report states that Havering should be categorised as a 'Limited Release' borough for industrial land based on its higher than average floorspace vacancy rates, recording among the lowest rental values in London and negative net demand translating into the release of 40.8 ha of land by 2041[13]. It is notable that the largest release figures are mainly located in East London and across the Thames Gateway area, where large quantities of vacant industrial land still exist.

London Industrial Land Supply Study 2020 (2023)

3.3.29 The London Industrial Land Supply Study 2020[14], published in March 2023, was produced by AECOM with Avison Young and Maccreanor Lavington. The Study builds on the London Industrial Land Supply Study 2015 and provides a comprehensive review and update on the London industrial land supply baseline for the Greater London Authority (GLA). The comprehensive analysis of London's supply of industrial land includes related uses such as logistics, waste management, utilities, wholesale markets and vacant land. Supported by desk research, field surveys and Geographic Information System (GIS) mapping, the Study's aim was to provide valuable input into the evidence base for the review of the London Plan, and other reports relating to industrial land. The study is assisting the GLA, Transport for London (TfL), London Boroughs, and other partners in implementing strategies for industrial land management and investment.

3.3.30 The study found that, in 2020, Havering had 413.7 ha or industrial land. Of this:

- 75.8 ha were occupied by industry and 200.4 ha were occupied by warehouses, self storage and open storage, totalling 276.3 ha of land in 'core' industrial use.
- 106.3 ha were occupied by wider industrial uses (such as utilities and waste management facilities), and
- 31.2 ha was vacant industrial land.

London Office Policy Review (2017)

3.3.31 The most recent London Office Policy Review was published in 2017[15], to provide information on the supply and demand for offices in London, as well as analysis of the operation of the office market and its relationship with planning policy. There are no known plans to prepare another London Office Policy Review. Reference to the 2017 review has been retained in this study to provide historical context in the absence of supporting documents in respect of office floorspace at the regional level.

3.3.32 At the time of writing in 2017, projected an increase in office employment of 619,300 jobs, from 1.98 million in 2016 to 2.60 million in 2041, corresponding to a rise of 31%. In terms of supply, it forecasted an increase in office floorspace stock of 4.27 million square meters (sqm) over the same period. Ultimately, the study concluded that there was sufficient potential capacity identified in London to accommodate projected growth, by either increasing the

[12] CAG Consultants for the GLA, (2017): London Industrial Land Demand Study.
[13] The release categorisations proposed in the London Industrial Land Demand Study were included in the Draft London Plan but later removed such that they do not feature in adopted policy.
[14] GLA, (2023); London Industrial Land Supply Study 2020.
[15] GLA, (2017); London Office Policy Review 2017.

density of existing sites or by developing previously non-office sites. However, the review also noted the low level of outstanding consents at the time.

3.3.33 In total, 33,150 sqm (GIA) of net additional office floorspace was projected to be demanded in Havering between 2016 and 2041.

Industrial Intensification & Co-Location through Plan-led and Masterplan Approaches: Practice Note (2018)

3.3.34 London Plan Policy E7 *"supports the intensification of industrial uses within Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) to make better use of land and to strengthen their role in supporting growth in London's economy and population. The policy also supports plan-led or masterplan approaches to intensify industrial capacity in SILs and LSIS to free up land to meet other planning objectives, such as housing and infrastructure."* This note outlines good practice principles for plan-led or masterplan approaches to industrial intensification and co-location within the context of Policy E7.

Thames Estuary 2050 Growth Commission Report: 2050 vision (2018)

3.3.35 The Thames Estuary 2050 Growth Commission Report: 2050 vision report[16], published in 2018, states the great potential of the Thames Estuary area, but highlights that concerted action is necessary to achieve its potential. The 2050 vision outlines key challenges, opportunities and future trends; presents a vision; and lays out recommendations and priorities central to delivery. Havering falls under the 'City Ribbon' area of the Thames Estuary, along with other east London boroughs.

London Riverside Opportunity Area Planning Framework (OAPF) (2015)

3.3.36 The London Riverside OAPF[17] was adopted in September 2015 and was a collaboration between the GLA, TfL, and Havering and Barking & Dagenham councils. Opportunity Areas (OAs) in London are key locations that have the potential for large scale development, providing substantial new jobs and homes. The London Riverside covers a large area of East London which encompasses parts of Havering, as well as Barking and Dagenham. The OAPF *"puts forward strategies to guide the regeneration of the area setting out how the Mayor's planning, transport, housing and land functions can be coordinated to maximise the public benefit to Londoner's. It looks at land use including housing and industry, built form and connectivity, transport and the interventions that will be needed to facilitate change".*

3.3.37 With respect to Havering, the significant potential for the delivery of new housing, jobs and supporting facilities across Rainham and Beam Park is detailed. Additionally, Chapter 3 of the plan addresses land use, and discusses the strategy to encourage and facilitate consolidation and intensification of the industrial districts at Rainham employment areas. The A1306 sites including Rainham and Beam Park are considered Key Development Areas.

3.4 Local planning policy

Havering Local Plan 2016-2031 (adopted in 2021)

3.4.1 Havering's most recent Local Plan[18] was adopted in November 2021. The plan replaced the Core Strategy and Development Control Policies DPD (2008). However, the remaining existing allocations in the Romford Area Action Plan (2008) and the Site Specific Allocations

[16] Ministry of Housing, Communities & Local Government, (2018); Thames Estuary 2050 Growth Commission report: 2050 vision.
[17] Greater London Authority (GLA), (2015); London Riverside Opportunity Area Planning Framework.
[18] London Borough of Havering, (2021); Havering Local Plan.

(2008) will be retained by the Council until masterplans are adopted for the Romford and Rainham and Beam Park areas, respectively. The 2021 Plan was prepared with reference to NPPF 2012 and the London Plan 2016, therefore, due to the publication of NPPF 2021 and the adoption of the new London Plan in 2021, the Council is committed to an immediate update of the local plan.

3.4.2 The Local Plan sets out key strategic environmental, social, and economic objectives, which reflect the Borough's vision and strategy for future growth and sustainable development up to 2031. Havering's vision, since February 2015, has been to create a clean, safe and proud borough. The Council's vision *"is focused around four cross cutting priorities: Communities, Place, Opportunities and Connections".* Over the Plan period, Havering's population is expected to grow to over 293,000. The Plan subsequently establishes the level of infrastructure, housing, employment and retail development needed to meet the anticipated needs of the district over the plan period.

3.4.3 Notably, Romford Strategic Development Area, along with Rainham & Beam Park, which is also identified within the London Riverside Opportunity Area, are highlighted as key strategic development locations in the Local Plan. The Plan also refers to the need to protect the borough's SILs and LSISs for continued industrial and employment use, a list of these locations is included below:

- Rainham Employment Area – SIL
- Harold Hill Industrial Estate – SIL
- King George Close Estate – SIL
- Freightmaster Estate – newly re-designated as a SIL
- Harold Wood – LSIS
- Hillman Close – LSIS
- The Seedbed Centre – LSIS
- Lyon Road – LSIS
- Crow Lane - LSIS[19]

3.4.4 The following policies are of relevance to this Employment Land Review:

3.4.5 **Policy 19 'Business Growth'** outlines the steps the Council will take to encourage and promote business growth, and thus, help build a strong and prosperous economy in Havering. The policy discusses protecting designated SILs and LSISs, as well as supporting sustainable business growth and expansion. The Council will also work with stakeholders to develop the proposed Strategic Outer London Development Centre (SOLDC) in Havering, as laid out in the London Plan For its strategically significant logistics activities.

- **Policy 20 'Loss of locally significant industrial sites and non-designated land'** relates to the Council continuing to review the provision of LSISs and non-designated industrial land to help ensure that Havering has a strong and prosperous economy. The policy also aims to protect and enhance, where possible, the employment potential of existing LSISs and non-designated employment land and floorspace.
- The policy states that "*the Council will only support the loss of non-designated industrial land and floorspace in Havering where it can be demonstrated that:*

  i. *The change of use from industrial employment uses will not lower the industrial capacity of the borough below that necessary to meet projected demand over the planning period as estimated by the most up to date Havering Employment Land Review;*

  ii. *There is no market interest in the site following one year of continuous active marketing."*

[19] Boundary reflecting a partial de-designation of this area in the adopted Local Plan.

- **Policy 21 'Affordable workspace'** focuses on how the council will support local micro and small businesses by securing affordable workspace across the boroughs network of town centres, SILs and LSISs. The 2015 ELR reported that 97% of companies in Havering were either micro (1-9 employees) or small (10-49 employees), and the Council is committed to supporting these organisations.
- **Policy 22 'Skills and training'** refers to the Council's promotion of employment and skills development opportunities for local residents by supporting major development proposals that commit to a number of criteria, including a minimum local labour target of 20% during construction, notification of all associated vacancies through the Council's employment service, and offering opportunities to local businesses within their supply chains.

The Localism Act (2011)

3.4.6 The Duty to co-operate in relation to planning of sustainable development falls under the Localism Act of 2011[20]. It places a duty on local planning authorities (LPAs), County Councils and public bodies in England to undertake active engagement between one another, to share findings and work together across a number of activities relating to planning and sustainable development. More specifically, with regard to this employment land review, it may mean collaborating to resolve any imbalances with supply and demand of employment land across a FEMA.

3.4.7 For Havering, this means the requirement of active, on-going, and constructive engagement with the GLA and neighbouring boroughs and authorities to identify and resolve strategic issues relating to employment land or the economy. This may result in engagement with any of the following adjacent and/or interested authorities: London Borough of Redbridge, London Borough of Bexley, London Borough of Newham, London Borough of Barking and Dagenham, Brentwood Borough Council, Essex County Council, Thurrock Council and Epping Forest.

Havering Employment Land Review (2015)

3.4.8 The Borough's previous Employment Land Review (ELR) was prepared by AECOM, formerly URS, in 2015, and covered the period up to 2031. The assessment concluded that demand levels for industrial premises remain stable, with second hand stock dominating the market. It is noted that there is a shortage of large distribution facilities, and consultees suggested a relative lack of good quality, lower cost space for SMEs. Moreover, the supply of B1 floorspace generally was considered to meet demand in Havering, largely being concentrated in the former Romford Office Quarter. The key gap in respect of provision of office space was considered to be affordable office locations which can meet the needs of small start-up companies.

3.4.9 The ELR found gross demand for 350 ha of industrial land (B2 and B8) in Havering over the Local Plan period up to 2031. The review highlights that the majority of existing SILs are in locations with direct access to the strategic road network, and away from residential areas. The report recommends the protection of numerous SILs and LSISs to ensure there is sufficient capacity to meet projected industrial land demand. The ELR recommended that the Council should reconsider re-designating the Freightmaster Estate as a SIL, which was carried through in the since adopted Local Plan.

3.4.10 The ELR advised that around 24 ha of industrial employment land could be released over the same period. This release, namely across parts of Crow Lane Site 3 (boundary redrawn subsequently in the Local Plan) Rainham West – North and South, and Bridge Close, could be used to help meet wider regeneration and housing objectives of the Council.

Havering Employment Land Review Addendum 2018

3.4.11 An Addendum to the 2015 ELR was prepared by the Council with AECOM'S assistance in 2018, prior to the submission of the Havering Local Plan. The purpose of the Addendum was

[20] UK Public General Acts, (2011); Localism Act 2011.

to review the analysis and recommendations published in the 2015 ELR to judge whether these were still relevant as an element of the evidence base or required updating.

3.4.12 The Addendum notes changes and recommendations, and concluded overall that the 2015 ELR resulted in robust findings, which maintained relevance for the Havering Local Plan.

4. Functional Economic Market Area

4.1 Introduction

4.1.1 The PPG requires LPAs to assess development needs working with other LPAs in the relevant 'functional economic market area' in line with the duty to cooperate. It states that local communities, partner organisations, Local Enterprise Partnerships, businesses, business representative organisations and Higher Education Institutions should be involved in the preparation of the evidence base in relation to development needs.

4.1.2 The PPG states that needs for economic uses should be assessed in relation to the functional economic area whilst identifying and recognising smaller sub-markets with specific features and 'market segments.'

4.1.3 The PPG advises there is no standard approach to defining a functional economic market but notes in Paragraph 012 that:

> *'the geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply, often referred to as the functional economic market area.'*

4.1.4 The PPG outlines that it is possible to define functional economic market areas by taking account of a number of factors. The factors include:

- Spatial economic profile;
- Travel to work areas;
- Commercial property market areas;
- Housing market areas;
- Consumer market areas;
- Transport and infrastructure networks; and
- Economic governance and partnerships areas.

4.1.5 When it comes to statistical data the PPG suggests a single source for defining FEMAs - the Office for National Statistics (ONS) Travel-to-Work Areas (TTWAs), which are based on commuting data only. However, the TTWAs ignore administrative boundaries, and are therefore of limited value for Duty to Cooperate discussions.

4.1.6 The methodology for defining the FEMA is therefore based on commuting data, administrative boundaries and housing and commercial property markets. The socio-economic profile in Section 4 was therefore prepared with reference to the defined FEMA.

4.1.7 The objective was therefore to identify an area that records the highest self-containment in terms of commuting flows, and which also best fits the administrative boundaries, housing and commercial property markets.

4.2 Travel to work area

4.2.1 The PPG does not prescribe a threshold of self-containment (people who live and work on the same area) to help define the FEMA. AECOM has adopted the ONS's definition of Travel to Work Areas (TTWAs) that states that:

> *'The current criterion for defining the TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area… however, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted.'*

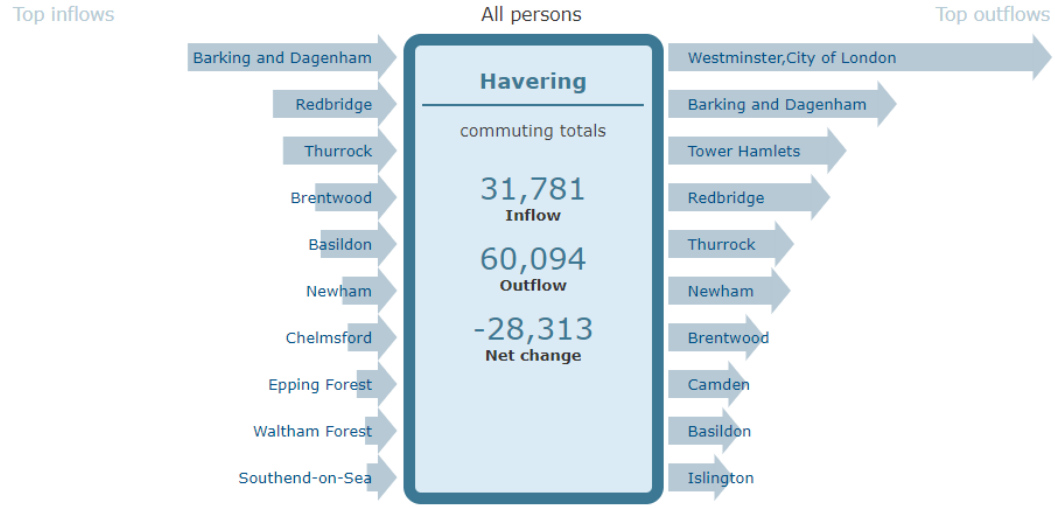
4.2.2 The lower 66.7% threshold for self-containment for origin and destination commuting is therefore appropriate in the case of Havering, which has a working population in excess of 25,000.

4.2.3 The ONS publishes Origin-Destination data (also known as flow data) which include the travel-to-work patterns of individuals based on data from the 2011 Census – the latest such data available with coverage of all geographies as required to inform such an analysis.

4.2.4 Figure 4-1 provides a summary of total and top inflows and outflows for Havering. The data indicates that 31,781 people commute into Havering, from a different local authority, for work, whilst 60,094 commute from Havering to another local authority for work, generating an overall net outflow of 28,313 people.

4.2.5 The main flow of workers to Havering are from Barking and Dagenham, Redbridge and Thurrock, while the main flow of workers from Havering are to Westminster and City of London, Barking and Dagenham and Tower Hamlets.

Figure 4-1: Havering, Location of usual residence and place of work (2011)



Commuting totals for Havering:

- Inflow: 31,781 all persons commute into Havering from other local authorities in the UK.
- Outflow: 60,094 all persons commute out of Havering to other local authorities in the UK or abroad.
- Net change: Overall, commuting results in a population decrease of 28,313 all persons in Havering.

Source: Office for National Statistics (ONS) (2014); Census 2011 – Origin-Destination data

Inflow self-containment

4.2.6 Detailed Origin-Destination data indicates that there are 63,709 persons working in Havering, of which 31,928 live in Havering. This represents a share of 50%, below the 66.7% ONS's self-containment definition of TTWAs. Therefore, based on this definition, Havering is not considered as self-contained and as a travel to work area.

4.2.7 Detailed Origin-Destination data (inflows) is presented in Table 4-1 for the top 10 origins. This data suggests there is a Havering centric travel to work area, from an inflow perspective. However, the borough shares connections, in terms of labour market, with several neighbouring authorities and in particular with Barking and Dagenham.

Table 4-1: Havering, Inflows (2011)

Usual place of residence	Working in Havering	Self-containment
Havering	31,928	50%
Barking and Dagenham	6,554	60%
Redbridge	3,760	66%
Thurrock	3,429	72%
Brentwood	2,375	75%
Basildon	2,196	79%
Newham	1,487	81%
Chelmsford	1,307	83%
Epping Forest	1,015	85%
Waltham Forest	740	86%

Source: Office for National Statistics, (2014); Census 2011 – Origin-Destination data.

4.2.8 Data presented in Table 4-1 shows that in terms of inflow commuting, Havering forms a self-contained area made of **Havering, Barking and Dagenham** and **Redbridge**.

Outflow self-containment

4.2.9 Detailed Origin-Destination data indicates that Havering has a working-age population (residents aged 16-64 in employment) of 91,856 persons, of which 31,928 work in Havering. This represents a share of 35%, which is below the ONS TTWA definition of 66.7%. Therefore, based on this definition, Havering cannot readily be considered as self-contained and as a travel to work area.

4.2.10 Detailed Origin-Destination (outflows) is presented in Table 4-2 for the top 10 destinations. This data suggests that there is a TTWA made of Havering, Westminster & City of London, Barking and Dagenham, Tower Hamlets and Redbridge (above the 66.7% ONS' self-containment definition of TTWA), from an outflow perspective.

4.2.11 The borough also shares strong connections, in terms of labour market, with neighbouring authorities such as Redbridge, and Barking and Dagenham.

Table 4-2: Havering, Outflows (2011)

Usual place of work	Residing in Havering	Self-containment
Havering	31,928	35%
Westminster, City of London	12,294	48%
Barking and Dagenham	7,110	56%
Tower Hamlets	5,416	62%
Redbridge	4,882	67%
Thurrock	3,674	71%
Newham	3,567	75%
Brentwood	2,706	78%
Camden	2,112	80%
Basildon	1,890	82%

Source: Office for National Statistics, (2011); Census 2011 – Origin-Destination data.

4.2.12 Data presented in Table 4-2 shows that in terms of outflow commuting, Havering forms a self-contained area comprised of **Havering, Westminster & City of London, Barking and Dagenham, Tower Hamlets** and **Redbridge**.

4.3 Housing market area

4.3.1 This study has not sought to redefine the Housing Market Area (HMA) incorporating Havering but has drawn on existing evidence from the latest Outer North East London Strategic Housing Market Assessment for Havering.

4.3.2 In line with the 2016 London Plan, the Outer North East London (ONEL) Strategic Housing Market Assessment (SHMA) was undertaken jointly with the London Boroughs of Redbridge, Barking and Dagenham and Newham. As part of the study the Objectively Assessed Needs for the London Borough of Havering were identified.

4.4 Commercial property market area

4.4.1 The FEMA is also influenced by the commercial property market area in which Havering sits.

4.4.2 Commercial property market areas are geographic boundaries that serve to define core areas that compete with each other and constitute a generally accepted means of defining a market. Markets are building-type specific, and are non-overlapping contiguous geographic designations.

4.4.3 For the purpose of this ELR, it is relevant to look at both the office and industrial property markets.

4.4.4 CoStar, the most comprehensive database of real estate data throughout the UK, is a useful source of information and provides pre-defined office and industrial property market areas for the entire UK. CoStar defined markets have therefore been assumed as part of this analysis.

4.4.5 Both the industrial and office markets are defined as **London**, with **Havering** being defined as its own sub-market within the London property Market.

4.4.6 Of relevance to industrial land and premises, the Greater London Authority's London Industrial Land Study 2020 (2023) places Havering in the Thames Gateway Property Market Area, which is comprised of **Barking and Dagenham, Bexley, Bromley, Greenwich, Havering, part of Newham** and **Redbridge**.

4.5 Economic governance and partnerships area

4.5.1 Havering is a member of the London Economic Action Partnership (LEAP), which is the local enterprise partnership for London. The LEAP brings entrepreneurs and business together with the Mayoralty and London Councils to identify strategic actions to support and lead economic growth and job creation in the capital.

4.6 Summary

4.6.1 Havering is not relatively self-contained economically, with important connections either from an economic government point of view (administrative boundaries) or market characteristics (housing and commercial property markets).

4.6.2 Based on the assessment made in this section, it can be reasonably concluded that Havering is particularly connected with the following other Local Authorities when all criteria are considered:

- Barking and Dagenham (both important in the inflow and outflow self-containment, commercial property market and economic partnership)
- Redbridge (both important in the inflow and outflow self-containment, commercial property market and economic partnership)

4.6.3 On this basis, it is considered reasonable to define in this study that Havering forms a FEMA together with Barking and Dagenham and Redbridge. This conclusion is made recognising that there are other areas, such as Brentwood and Thurrock that meet some of the criteria considered in determining the FEMA, and the role of this area within the ELR is not such that these areas are not disregarded in the overall findings and conclusions.

5. Socio-economic profile

5.1 Introduction

5.1.1 This section profiles Havering and its FEMA (i.e. Havering, Barking and Dagenham, and Redbridge) using key socio-economic indicators. The analysis informs an understanding of the local economic strengths and weaknesses that may impact upon employment land and premises requirements. Key indicators include:

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

5.1.2 To provide a comparative assessment, Havering is benchmarked against averages for the FEMA (as defined in Section 4), Greater London and England as a whole.

5.2 Population

5.2.1 The future economic needs for Havering will be driven in part by trends in the size of the resident population. The most recent Office for National Statistics (ONS) census data[21] show that Havering's population increased by 10.5% between 2011 and 2021 (from 237,232 to 262,052). This is slightly lower than the FEMA growth rate, but higher than the growth rate experienced both regionally and nationally over the last 10 years. Table 5-1 below shows the trends in more detail.

Table 5-1: Population figures (2011-2021)

Location	Population (2021)	Population (2011)	Population increase (2011 – 2021)	Population projection (2021-2031)
Havering	262,052	237,232	10.5%	6.6%
FEMA	791,181	702,113	12.7%	2.7%
London	8,799,728	8,173,941	7.7%	7.2%
England	56,490,048	53,012,546	6.6%	5.1%

Source: ONS, (2022); Census 2021 and Population Projections.

5.2.2 The most recent ONS population projections[22] show that the population in Havering is expected to increase by 6.6% (to 279,413) between 2021 and 2031 (the end of the current Local Plan period for Havering). This is a higher rate of growth than anticipated during the same time period across the FEMA (2.7% growth), London (7.2%), and England (5.1%). The local population growth is likely to require supporting growth in demand for housing, community facilities, infrastructure, and employment land and floorspace over the Local Plan in period in Havering.

5.2.3 Across Havering, the FEMA, London and nationally the highest growth in population between 2021 and 2031 is expected to be among the over 65 age group (14.2%, 18.8%, 28.3% and 21.3% growth respectively). The working age population (ages 16-64) in Havering is expected to grow by 5.2% over the same period – higher than the rates expected across the FEMA (3.6%), London (2.6%) and England (1.8%).

[21] Office for National Statistics (ONS), 2022; Census 2021.
[22] Office for National Statistics, (2021); Population projections.

Earnings

5.2.4 Table 5-2 presents the median gross weekly earnings recorded in the Annual Survey of Hours and Earnings (ASHE)[23], using the latest available data from 2022. It shows that the median earnings of Havering is approximately £709, which is lower than the median earnings of London residents (£765), but higher than the median earnings of the FEMA (£691) and England as a whole (£646). The median gross weekly earnings of those working in Havering is approximately £664. This difference between residence-based and workplace-based earnings (£45 per week) suggests that a proportion of Havering residents commute out of the borough to access higher-paying jobs elsewhere.

Table 5-2: Comparative Resident and Workplace Median Earnings

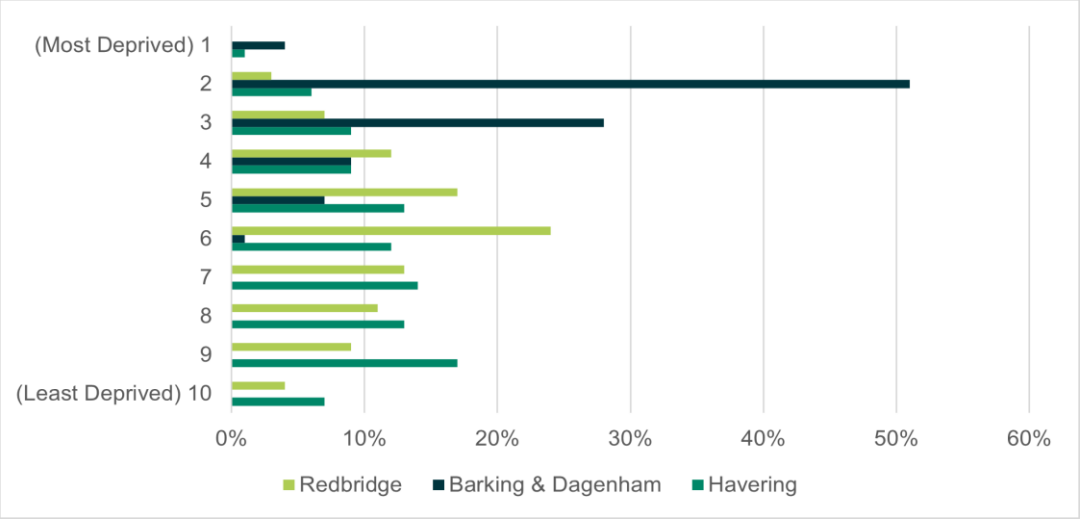
Earnings	Havering (£)	FEMA (£)	London (£)
Residence-based	709	691	765
Workplace-based	664	625	805

Source: ONS, (2022); Annual Survey of Hours and Earnings (ASHE) - Resident and Workplace Analysis

Deprivation

5.2.5 Based on the English Indices of Deprivation 2019[24], Havering is the 179th most deprived local authority out of the 317 local authorities in England (where 1 is the most deprived), in terms of overall index of multiple deprivation. Havering ranks 25th out of 33 Local Authorities in London[25] (where 1 is the most deprived), suggesting it is relatively less deprived than many other London boroughs. Only 1 of Havering's 150 Lower layer Super Output Areas (LSOAs)[26] is ranked amongst the 10% most deprived nationally, with 38% of its LSOAs in the 50% most deprived. Figure 5-1 shows the breakdown of the LSOAs in the FEMA, by decile of multiple deprivation index in England. It is evident that Barking and Dagenham is relatively much more deprived than both Havering and Redbridge, with 99% of its LSOAs ranked in the 50% most deprived LSOAs in England, whereas Havering and Redbridge only see a figure of 38% and 39% respectively.

Figure 5-1: Multiple Deprivation breakdown by LSOA



Source: Ministry of Housing, Communities and Local Government (MHCLG) (2019); English Indices of Deprivation

5.2.6 The overall index of multiple deprivation set out above is comprised of a number of domains. Every LSOA in England is also ranked nationally in each of these domains, which include employment, income, and education, skills & training. In terms of employment, Havering is

[23] Office for National Statistics, (2022), Annual Survey of Hours and Earnings (ASHE).
[24] Ministry of Housing, Communities and Local Government (MHCLG), (2019); English indices of deprivation.
[25] 32 London Boroughs plus the City of London.
[26] A Lower Layer Super Output Area is a geographic area. Lower Layer Super Output Areas (LSOA) are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales.

ranked 183rd out of 317 local authorities in England, meaning it is ranked amongst the 40-50% least deprived local authorities nationally in that domain. In terms of income deprivation, Havering is ranked 159th out of 317 local authorities, meaning it is also ranked amongst the 40-50% least deprived local authorities for that domain. For education, skills & training, Havering is ranked 95th out of 317 local authorities in terms of deprivation, placing it in the 30-40% least deprived local authorities in England for that domain, and so is thus relatively more deprived in this measure than in others.

Skills and training

5.2.7 According to the ONS Annual Population Survey (APS)[27], The proportion of Havering residents aged between 16 and 64 educated to degree level (National Vocational Qualification (NVQ) 4+) and above is 38%; this is notably lower than the London average (59%) and somewhat lower than the national average (43%). Within the FEMA, Barking and Dagenham displays the lowest proportion of residents aged 16 to 64 educated to a degree level and above, with a figure of approximately 37%, compared to a much higher level of 52% in Redbridge. The average figure across the FEMA for residents educated to degree level and above is 42%. The breakdown of educational attainment in the FEMA, London and England is shown in Figure 5-2.

Figure 5-2: Qualification level by proportion of population (aged 16 to 64)

Source: ONS, (2022); Annual Population Survey (APS) (January 2021 to December 2021)

Occupational profile

5.2.8 The APS[28] provides the most recent economic activity, employment, and unemployment statistics for the UK. As of September 2022, the economic activity rate (aged 16-64) in Havering is 86.1%. This is higher than the FEMA (77.7%), London (79.4%) and England (78.7%) averages.

5.2.9 To provide a more accurate representation for Havering, analysis of average economic activity rates over the 10 years between 2011 and 2021 have been calculated. In this time period, Havering had an average economic activity rate of 80.7%, which was higher than the rates recorded across the FEMA, London and England. This suggests that a high proportion of Havering's population has been more economically active than the average across the time period.

[27] ONS, (2021); Annual Population Survey (APS) (January 2021 to December 2021).
[28] ONS, (2021); APS

5.2.10 The employment rate in Havering, as of September 2022, is 83.3%. This is considerably higher than the FEMA average of 74.7%, as well as the London and the national average. The unemployment rate in Havering as of September 2022 is 3.2% and is also lower than the FEMA, regional and national averages of 3.9%, 4.5% and 3.8% respectively.

5.2.11 Data for the economic activity rate, employment rate and unemployment rate for all geographies is summarised in Table 5-3 below.

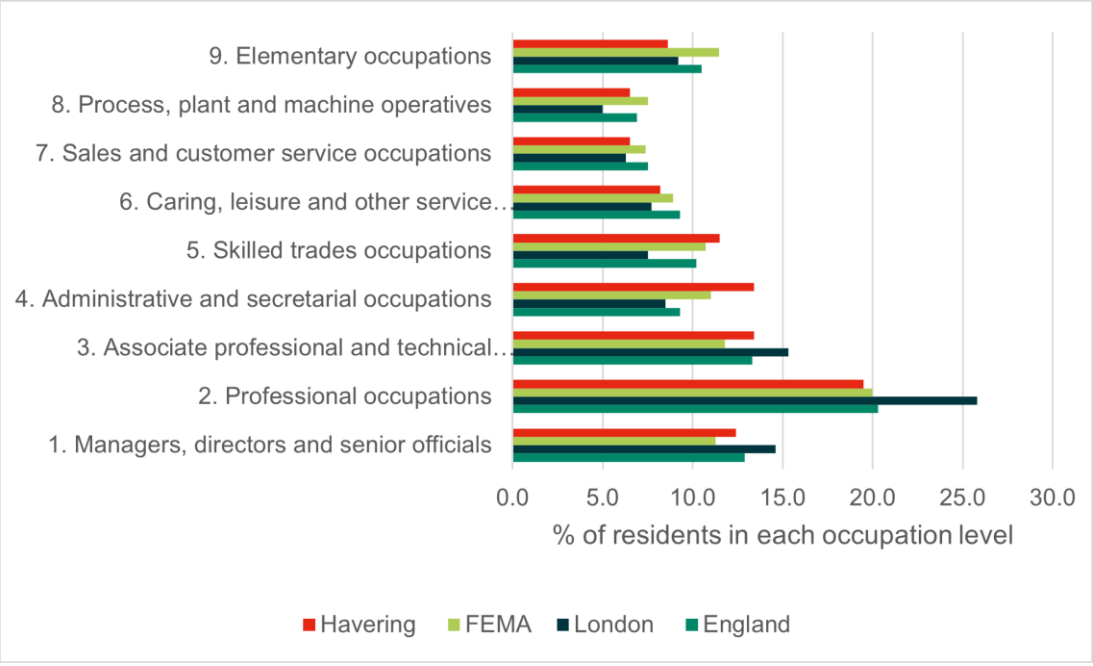
Table 5-3: Economic activity, employment and unemployment rates (aged 16 to 64)

Location	Economic activity rate (As of September 2022)	Average economic activity rate (2011-2021)	Employment rate (As of September 2022)	Unemployment rate (As of September 2022)
Havering	86.1%	80.7%	83.3%	3.2%
FEMA	77.7%	75.8%	74.7%	3.9%
London	79.4%	77.5%	75.8%	4.5%
England	78.7%	78.1%	75.7%	3.8%

Source: ONS (2021); APS.

5.2.12 Analysis of the occupational profiles of Havering's residents shows that 45.3% have managerial, professional and technical occupations (standard occupational classification (SOC) groups 1-3) compared to approximately 43.1% across the FEMA, 55.7% across London and 46.5% nationally. The category with the highest proportion of Havering's residents employed within it is Professional occupations, and the lowest proportion are within Sales and customer service occupations, and Process, plant and machine operatives. This is set out within Figure 5-3.

Figure 5-3: Occupational profiles



Source: ONS, (2021); Census 2021 – TS063 – Occupation.

5.2.13 It follows that Havering's proportion of residents within SOC groups 4-5 (Administrative and secretarial occupations & Skilled trades occupations) is higher (24.9%) than the FEMA (21.7%), London (16%) and England (19.5%) averages. The proportion of Havering's residents within SOC groups 6-9 (29.8%) (which primarily comprise lower skilled

occupations[29]) is lower than the FEMA (35.3%) and national (34.2%) averages, but slightly higher than the London average (28.2%).

5.3 Commuting Patterns

5.3.1 The most recent travel to work data is provided through origin-destination statistics collated from the 2011 Census[30]. While the total figures for employment may be more than ten years old, the figures give a good indication of the pattern of movement of residents and workers into and out of Havering.

5.3.2 Approximately 35% of the working age population residing in Havering also work there, meaning that around two-third of the resident population work elsewhere. The second most popular destination is Westminster & City of London (13%), followed by Barking and Dagenham (8%) and Tower Hamlets (6%). A breakdown of workplace locations of Havering's residents is presented in Table 5-4.

Table 5-4: Location of workplace for residents of Havering (Aged 16+)

Workplace location	Number of Havering residents working in location	Proportion of Havering population working in location (%)
Havering	31,928	35%
Westminster, City of London	12,294	13%
Barking and Dagenham	7,110	8%
Tower Hamlets	5,416	6%
Redbridge	4,882	5%
Thurrock	3,674	4%
Newham	3,567	4%
Brentwood	2,706	3%
Camden	2,112	2%
Basildon	1,890	2%
All Others	16,277	18%

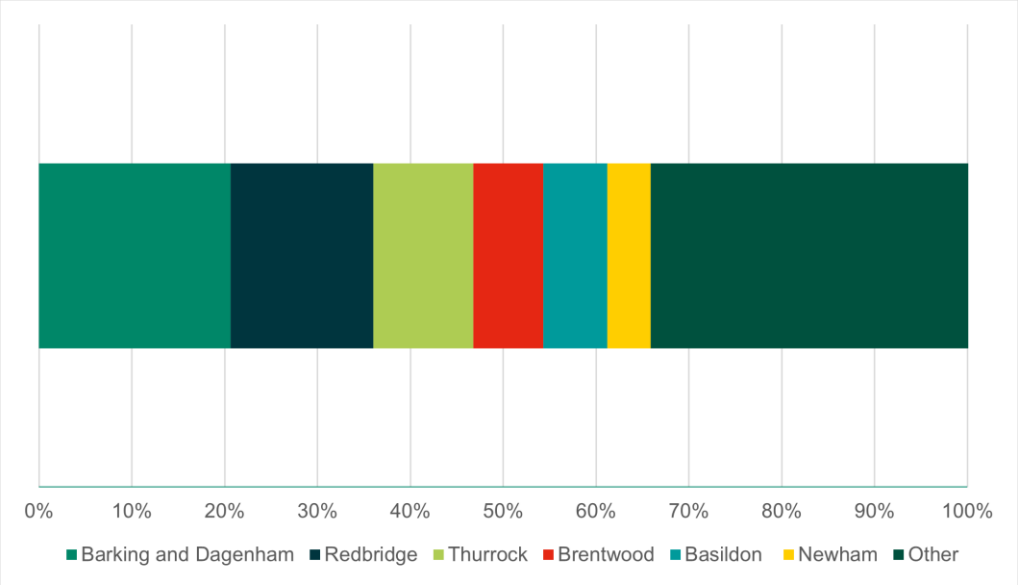
Source: ONS, (2014); Census 2011: Location of usual residence and place of work.

5.3.3 Overall, Havering is a net exporter of labour with approximately 31,781 residents of other local authorities commuting to Havering for work, and approximately 60,094 of the Havering resident population commutes to other areas for work. This suggests that there are some employment opportunities within the borough that can draw in labour from elsewhere, but this is far outstripped by the number of people leaving Havering for work (the net change in workforce is circa -28,000 people).

5.3.4 Barking and Dagenham and Redbridge, which both border Havering and together form the FEMA, are the most common source of in-commuting to the borough. They represent 20.6% and 15.4% of the total number of in-commuters respectively (excluding the 31,928 workers from Havering). The other main origins from which people are commuting to Havering can be seen in Figure 5-4 below.

[29] Lower skill occupations are defined as: elementary occupations; process, plant and machine operatives; sales and customer service occupations. Medium skill occupations are defined as: caring, leisure and other service; skilled trades occupations; administrative and secretarial. High skill occupations are defined as: associate prof & tech occupations; professional occupations; managers, directors and senior officials.
[30] Office for National Statistics, (2014); Census 2011 – Origin-Destination data.

Figure 5-4: In-commuters location of origins



Source: ONS, (2014); Census 2011: Location of usual residence and place of work.

5.4 The Workplace Economy

Job Density

5.4.1 According to the latest data from 2021[31], jobs density, which is calculated by the number of jobs in an area divided by the resident population aged 16-64, is estimated to be 0.64 in Havering. This compares with 0.54 in the FEMA more widely, 1.02 in London and 0.86 in England.

5.4.2 This reflects that there are far fewer jobs per number of working aged residents in the Havering area than in London or England. This also reflects the primarily residential nature of much of the borough.

Employment sectors

5.4.3 The 2021 Business Register and Employment Survey (BRES)[32] provides a detailed breakdown of the broad industrial sectors that workers in Havering and London are employed in. Table 5-5 provides a comparison of employment by industry for Havering and London.

[31] ONS, (2021); Jobs density.
[32] Office for National Statistics, (2022); Business Register and Employment Survey 2021.

Table 5-5: Employment by broad industry sector in Havering and London (2021)

Employment sector	Havering		London	England
	Employment (no.)	% of total	% of total	% of total
Agriculture, forestry & fishing	100	0.1	0.0	1.3
Mining, quarrying & utilities	800	0.9	0.7	1.1
Manufacturing	3,000	3.4	2.1	7.3
Construction	8,000	9.2	3.6	4.9
Motor trades	2,000	2.3	0.7	1.7
Wholesale	3,000	3.4	3.0	3.6
Retail	9,000	10.3	7.9	9.0
Transport & storage (incl. postal)	5,000	5.7	4.3	5.2
Accommodation & food services	5,000	5.7	7.3	7.4
Information & communication	1,750	2.0	8.2	4.5
Financial & insurance	1,750	2.0	7.9	3.6
Property	1,000	1.1	2.6	2.0
Professional, scientific & technical	4,500	5.2	14.5	9.3
Business administration & support services	10,000	11.5	9.6	8.9
Public administration & defence	2,500	2.9	4.6	4.1
Education	7,000	8.0	7.2	8.5
Health	18,000	20.7	10.6	13.1
Arts, entertainment, recreation & other services	4,000	4.6	5.3	4.3
Total	**86,400**			

Source: ONS, (2022); Business Register and Employment Survey 2021.

5.4.4 The sectors that employ the highest proportion of Havering's workforce are health (20.7%), business administration and support services (11.5%), retail (10.3%) and construction (9.2%). The proportion of the workforce in Havering employed in the health sector is almost twice the regional average and more than 7% higher than the national average; evidently a predominant source of employment in the borough. Moreover, Havering has 5.6% more of its population proportionately working in the construction sector than the London average (3.6%).

5.4.5 London has a large proportion of its population working across office-related service sectors, namely the Information & communication, Financial & insurance, and Professional, scientific & technical sectors, with the share of Havering's population working in these sectors being significantly lower, reflecting its lack of office locations. These sectors comprise only 9.2% of Havering's employment (8,000 employees), compared to 30.6% of London's total employment, and 17.4% of employment nationally.

5.4.6 The proportion of employees in industrial sectors is almost twice the regional average. When combined, the construction, manufacturing, transport & storage, and motor trades sectors account for 20.6% of total employment in Havering. Comparatively, employment in these sectors accounts for just 10.7% in London. However, the figure for Havering is much closer to the national average for these sectors, at 19.1%.

5.4.7 Table 5-6 shows the change in Havering's employment between 2015 and 2021 by broad industry sector, and how this compares with the FEMA as a whole. The relevant sectors to this employment land review include construction, which experienced high growth (33.3%) in Havering and even higher (45%) across the FEMA. Professional, scientific & technical and business administration & support services experienced 28.6% and 25% growth respectively, similar to the rates seen by the FEMA. Manufacturing saw a decline in employment of over

14% in line with the FEMA. Information & communication also saw a decrease in employment across both Havering (12.5%) and the wider FEMA (17.9%).

5.4.8 Overall, Havering experienced 5.4% job growth between 2015 and 2021, while the FEMA experienced an overall increase of 7.8%.

Table 5-6: Change in employment in Havering and FEMA by broad industry sector

Employment Sector	Havering Jobs 2015	Havering Jobs 2021	Havering % change (2015 - 2021	FEMA % change (2015 – 2021)
Agriculture, forestry & fishing	125	100	-20.0%	25.9%
Mining, quarrying & utilities	700	800	14.3%	21.2%
Manufacturing	3,500	3,000	-14.3%	-14.6%
Construction	6,000	8,000	33.3%	45.1%
Motor trades	2,250	2,000	-11.1%	-10.5%
Wholesale	3,000	3,000	0.0%	2.8%
Retail	11,000	9,000	-18.2%	-4.0%
Transport & storage (incl. postal)	5,000	5,000	0.0%	12.5%
Accommodation & food services	4,500	5,000	11.1%	15.6%
Information & communication	2,000	1,750	-12.5%	-17.9%
Financial & insurance	2,000	1,750	-12.5%	-8.0%
Property	900	1,000	11.1%	4.3%
Professional, scientific & technical	3,500	4,500	28.6%	24.4%
Business administration & support services	8,000	10,000	25.0%	27.3%
Public administration & defence	3,000	2,500	-16.7%	5.3%
Education	9,000	7,000	-22.2%	-11.1%
Health	14,000	18,000	28.6%	11.8%
Arts, entertainment, recreation & other services	3,500	4,000	14.3%	13.5%
Total	**81,975**	**86,400**	**5.4%**	**7.8%**

Source: ONS, (2022); Business Register and Employment Survey 2021.

Business stock and scale

5.4.9 The latest ONS UK Business Counts data[33] indicates that there are 10,235 businesses located in Havering. Table 5-7 presents the composition of the employment size of Havering's businesses. Micro-businesses (defined as companies employing up to nine employees) represent the vast majority (92%) of all businesses in Havering, which is slightly lower than the FEMA average, but higher than both the London and national figures. There are a total of 675 small-sized businesses (defined as companies employing between 10 to 49 employees), 100 medium-sized businesses (employing between 50 to 249 employees), and 25 large businesses (employing more than 250 employees). Table 5-7 shows how this compares to the composition across the FEMA, London, and England as a whole.

[33] Office for National Statistics, (2022); UK Business Counts.

Table 5-7: Businesses by employment size (2022)

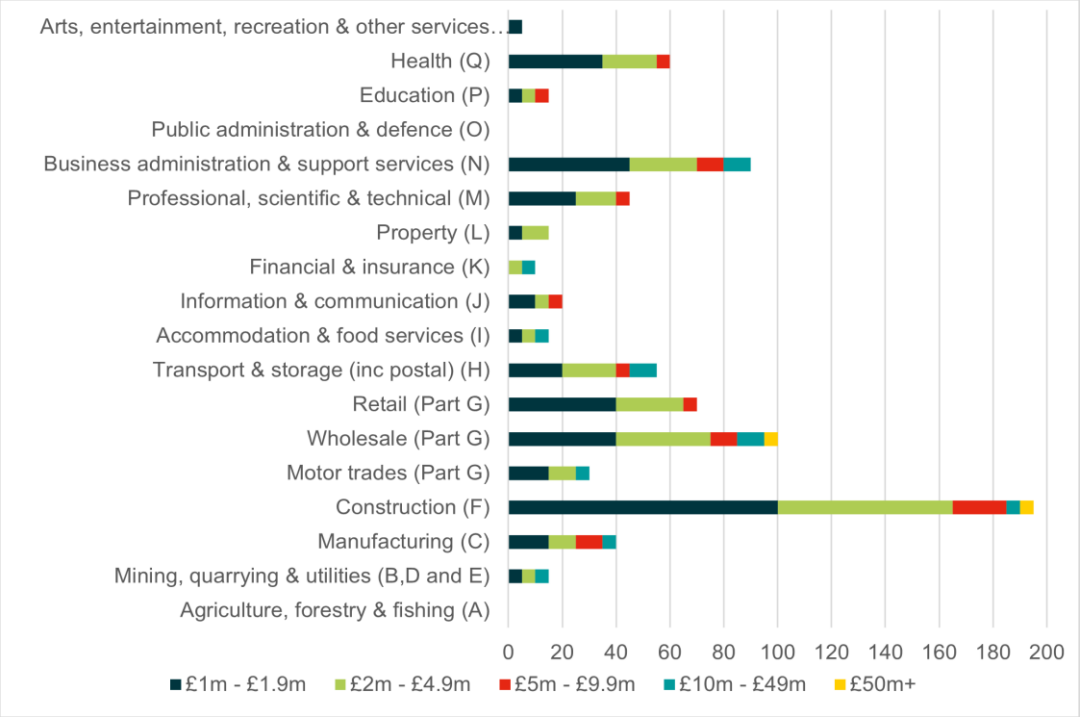
Employment size	Havering		FEMA	London	England
	No. of businesses	% of total	% of total	% of total	% of total
1 to 9 (Micro)	9,440	92.2%	93.4%	90.7%	89.6%
10 to 49 (Small)	675	6.6%	5.6%	7.4%	8.5%
50 to 249 (Medium)	100	1.0%	0.7%	1.5%	1.5%
250 + (Large)	25	0.2%	0.2%	0.4%	0.4%
Total	**10,240**	-	-	-	-

Source: ONS, (2022); UK Business Counts; Local units by industry and employment size band. Note: Figures do not always sum due to source data rounding

5.4.10 Of these businesses, the construction and professional, scientific & technical sectors represent the largest share, with approximately 2,729 and 1,220 businesses in Havering respectively, representing circa 27% and 12% of the total share. This is followed by the business administration & support services (890), and retail (795) sectors, with approximately 8% and 9% of the total share. There are only 20 large businesses located in Havering, of which 15 are in the private sector and 5 are in the public sector.

5.4.11 In terms of economic performance, the highest proportion of turnover revenue generated by businesses in Havering is between £100,000-£199,000 (34% of businesses). Figure 5-5 shows a breakdown of the businesses in Havering which generated over £1 million in turnover in 2021. Overall, 790 businesses generated more than £1 million in turnover, of which the construction sector had the highest proportion (195 / 25%). This was followed by the wholesale and business administration & support services sectors, with 100 and 90 businesses respectively. In all, 9 different sectors generated over £10 million in turnover; and the construction and wholesale sectors, both employment land related, being the only sectors with businesses that turned over more than £50 million in 2022, of which there were 5 each.

Figure 5-5: Local businesses by industry with a turnover of over £1 million (2022)



Source: ONS, (2022); UK Business Counts; Enterprises by industry and turnover size band

Business registrations and de-registrations

5.4.12 VAT registration and de-registration rates provide an indication of the entrepreneurial characteristics of a statistical area. Data on this indicator is sourced from the ONS business demography publication[34], which provides numbers for business 'births' and 'deaths' and is presented in Table 5-8. The data shows that from 2016 to 2021, business registrations in Havering fell from 1,820 to 1,495, a decrease of around 18%. During the same period, the FEMA, London, and England experienced a decrease in business registrations, by 9.5%, 11% and 9.5% respectively. Business de-registrations in Havering increased by 30% between 2016 and 2021, while in the FEMA, London and England they increased by 30%, 15% and 22% respectively.

Table 5-8: Business registrations and de-registrations in Havering (2016-2021)

Year	Registration	De-registration	Net change
2016	1,820	1,240	580
2017	1,470	1,425	45
2018	1,485	1,310	175
2019	1,980	1,305	675
2020	1,655	1,440	215
2021	1,495	1,615	-120

Source: Office for National Statistics, (2022); Business demography, UK

5.5 Summary

5.5.1 This section has provided an analysis of the socio-economic profile of Havering, drawing on the latest available data and benchmarking against the wider FEMA, London and England where appropriate. This helps provide context when considering the changes to the supply and demand for employment land, which is analysed in the following sections.

5.5.2 Havering saw a significant level of population growth between 2011 and 2021, with a figure of 10.1%, which is broadly similar than the growth across the wider FEMA (11.9%). This is higher than the population growth seen in London (7.2%) and England (6.5%) over the same period. ONS population projections show populations across Havering, the FEMA, London and England are expected to increase by lower rates over the next 10 years, compared to the previous decade. Havering's population is expected to increase by 5.9%, which is higher than the anticipated growth of the other 3 comparators (3.4%; 3.7%; 4.2%).

5.5.3 Havering residents are, on average, educated to a lower level than the wider region and the national average. The proportion of residents educated to degree level and above is 38%, compared to 42% for the FEMA, 59% for London and 43% for England. This is somewhat reflected in gross median weekly earnings, where median earnings in Havering (£709) are lower than London overall (£765); but they are higher than that of the FEMA (£691) and England (£646).

5.5.4 With regard to occupational profiles, 48.8% of Havering's residents have managerial, professional and technical occupations (standard industrial classification (SOC) groups 1-3), which is slightly lower than the FEMA and national average, and almost 15% lower than the London average. The proportion of Havering residents in 'lower skilled occupations' is higher than the wider FEMA and London averages, but lower than the national average. Job density in Havering (0.64) is above the FEMA average, but considerably lower than the figure for London and England.

5.5.5 The economic activity rate in Havering is 86.1%, which is higher than the FEMA (77.7%), London (79.4%) and national (78.7%) average. Havering's employment rate (83.3%) is also stronger than all comparator areas.

[34] Office for National Statistics, (2022); Business demography, UK.

5.5.6 The size profile of businesses in Havering is broadly similar to that of the FEMA, with the vast majority of businesses having between 1 and 9 employees (92% and 93% respectively). These figures are slightly higher than that of London (91%) and England (90%). There are only 25 large businesses in Havering i.e. businesses with more than 250 employees; this is out of a total of 10,240 businesses in the borough.

5.5.7 The construction sector employs 9.2% of Havering's workforce, a considerably higher proportion than across London and England overall. The professional, scientific & technical and business administration & support services sectors employ 16.7% of the borough's workforce. The manufacturing sector employs 3.4% of Havering's workforce and the information & communication sector employs 2%.

6. Property market analysis

6.1 Introduction

6.1.1 This chapter presents analysis of the commercial property markets in Havering. Reference is also made to comparator geographies, namely the FEMA, London, and England. This reflects the fact that the commercial property market in Havering is not self-contained, and instead forms part of a much wider market area encompassing the FEMA, and wider London region and Thames Gateway area to some extent, varying somewhat by type of floorspace.

6.1.2 Data presented in this section is derived from CoStar which represents a comprehensive database of up-to-date property market data. Trends are presented where applicable, otherwise data for 2022 Quarter 4 (Q4) is shown, being the most recent period for which complete data is available. All data presented reflects that which is available and is subject to gaps and inaccuracies.

6.1.3 Employment-generating properties comprised of office, light industrial, general industrial, and storage and distribution types are considered, in line with the definition of employment land. The relationship between historic and new planning use classes (see section 3), their relationship to CoStar property type primary and secondary classification, and the nomenclature adopted for this report, are shown in Table 6-1 below. It is recognised that there are other property types which may contribute to employment use activity, but these will not be analysed for the purposes of this evidence base.

Table 6-1: Property Type Classification

Pre-2021 Planning Use Class	New Planning Use Classes	CoStar Primary Type	CoStar Secondary Type
B1a (revoked) – Offices	E(g)(i) – Offices to carry out any operational or administrative function	Office	• All
B1b (revoked) – Research and Development (R&D)	E(g)(ii) – Research and Development	Industrial	• R&D
B1c (revoked) – Industrial Processes	E(g)(iii) – Uses which can be carried out in a residential area without detriment to its amenity: industrial processes	Light Industrial	• All, except R&D
		Industrial	• Light Industrial
B2 – General industrial (other than E(g))	B2	Industrial	• Food Processing • Manufacturing • Service • Refrigeration/ Cold Storage • Showroom (Industrial) • Telecom Hotel/ Data Hosting (Industrial)
B8 – Storage and Distribution	B8	Industrial	• Distribution • Warehouse • Truck Terminal

Source: AECOM

6.1.4 In this section, we refer to use classes using the new Planning Use Class Order: E(g)(i); E(g)(iii); B2; B8.

6.1.5 The section is divided into four sub-sections covering the office market (E(g)(i)) and the industrial market (E(g)(iii); B2; B8); providing an assessment of local and sub-regional floorspace by analysing key property market indicators[35].

[35] E(g)(ii) is not covered in this section as CoStar does not return any data for this use class in Havering.

6.2 Office Market [E(g)(i)]

6.2.1 This section presents findings related to the office property market in Havering, along with some comparisons to both the FEMA and London. The majority of office properties are located in Romford, principally in the former Office Quarter and elsewhere in the town centre with a further limited presence in Rainham, Hornchurch and Harold Hill, and scattered properties elsewhere.

Buildings and floorspace

6.2.2 CoStar data indicates the office market in Havering is comprised of 189 properties, with approximately 146,000 sqm net internal area (NIA) floorspace, including existing space, and space under construction.

6.2.3 Table 6-2 shows the number of office properties and the corresponding floorspace (in sqm) for Havering, the wider FEMA and London overall. Havering accommodates around 37% of properties within the FEMA, and accounts for 32% of the FEMA's total office floorspace.

6.2.4 The data also shows that the average property size in Havering is substantially smaller than the average in London.

Table 6-2: Office Properties – Buildings and Floorspace

	Havering	FEMA	London
Number of properties	189	514	22,573
Floorspace (sqm)	145,983	454,053	38,817,287
Average property size (sqm)	772	883	1,720

Source: CoStar, (2023).

Premises and occupiers

6.2.5 Table 6-3 shows that 42% of all office units in Havering are less than 250 sqm in size, however, the floorspace within these premises' accounts for only 7% of the borough's total stock. Approximately 35% of all units are between 250 and 1,000 sqm, with the remaining 23% between 1,000 and 10,000 sqm. There are no premises larger than 10,000 sqm in the Borough. Occupiers are typically solicitors firms, recruitment firms, local financial advisors and brokers and public and voluntary sector and education linked companies.

Table 6-3: Office stock by premises size in Havering

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	80	42%	10,940	7%
250 – 499	40	21%	14,276	10%
500 – 999	26	14%	20,278	14%
1,000 – 1,999	25	13%	34,420	24%
2,000 – 9,999	18	10%	66,070	45%
Over 10,000	0	-	-	-
Total	**189**	**-**	**145,983**	**-**

Source: CoStar, (2023). Figures may not sum due to rounding

6.2.6 Table 6-4 shows that the proportion of both units and floorspace across the FEMA are broadly similar to the figures seen across Havering. 43% of all units in the FEMA are less than 250 sqm, 31% are between 250 and 1,000 sqm, and 35% are greater than 2,000 sqm. Within the FEMA, there is only 1 premises which is larger than 10,000 sqm.

Table 6-4: Office stock by premises size in the FEMA

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	219	43%	28,831	6%
250 – 499	100	19%	37,016	8%
500 – 999	63	12%	47,335	10%
1,000 – 1,999	74	14%	100,029	22%
2,000 – 9,999	57	11%	210,631	46%
Over 10,000	1	0%	30,211	7%
Total	**514**	**-**	**454,053**	**-**

Source: CoStar, (2023). Figures may not sum due to rounding

Vacancy, Availability and Absorption Rates

6.2.7 This section presents data on vacancy, availability, and net absorption for office premises – class E(g)(i). CoStar determines vacancy rates by dividing the new/relet/sublet space vacant by the existing rentable building area (RBA); whereas the availability rate is determined by the total available space divided by the total RBA (on the last day of each quarter).

6.2.8 Net absorption provides another insight on demand. The measure expresses the change in the overall quantum of occupied floorspace, typically recorded year on year. Positive annual net absorption means that a greater amount of space has been occupied from a given year to the next. Net absorption is not the reverse of vacancy as vacancy is an expression of the level of non-occupancy against total stock. In office markets where stock may be in decline, due for example to conversion of offices to residential use, vacancy may reduce but net absorption would be negative.

6.2.9 Table 6-5 shows the vacancy rate, availability rate and net absorption for the office market in Havering, along with the FEMA and London, in Q4 of 2022. Havering's rates are broadly similar to that of the wider FEMA, but the vacancy and availability rates are considerably lower than for London overall. Consultation with property agents suggest that this is a reflection of both market sentiment being weak such that not all empty floorspace is actively marketed for occupancy and that excess supply has been converted for other uses, notably through PDR for residential use. Overall, 2022 saw positive net absorption for London, whereas Havering and the FEMA had a negative level.

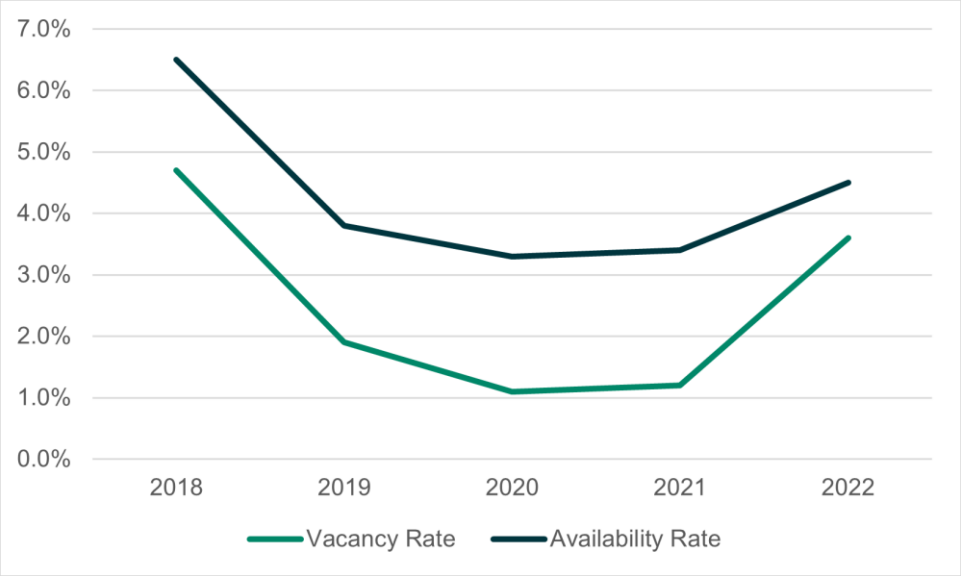
Table 6-5: Net Absorption, Vacancy and Availability Rates [E(g)(i)]

Location	Vacancy rate (2022 Q4)	Availability rate (2022 Q4)	Net Absorption (2022) (sqm)
Havering	3.6%	4.5%	-549
FEMA	3.5%	3.9%	-3,495
London	7.9%	10.4%	+290,245

Source: CoStar, (2023). Figures as of March 2023.

6.2.10 Figure 6-1 shows the vacancy and availability rates for Havering over the past 5 years. The rates show a similar pattern, falling from 2018 to 2020, before increasing again towards 2022.

Figure 6-1: Vacancy and Availability Rate for Havering (2018-2022) – E(g)(i)



Source: CoStar, (2023).

Rental values

6.2.11 Table 6-6 presents average market rent per sqm for office floorspace, as of Q4 2022, across Havering, the FEMA and London. It shows that Havering has a similar average market rent to the wider FEMA, but these are both considerably less than market rent for office floorspace across London.

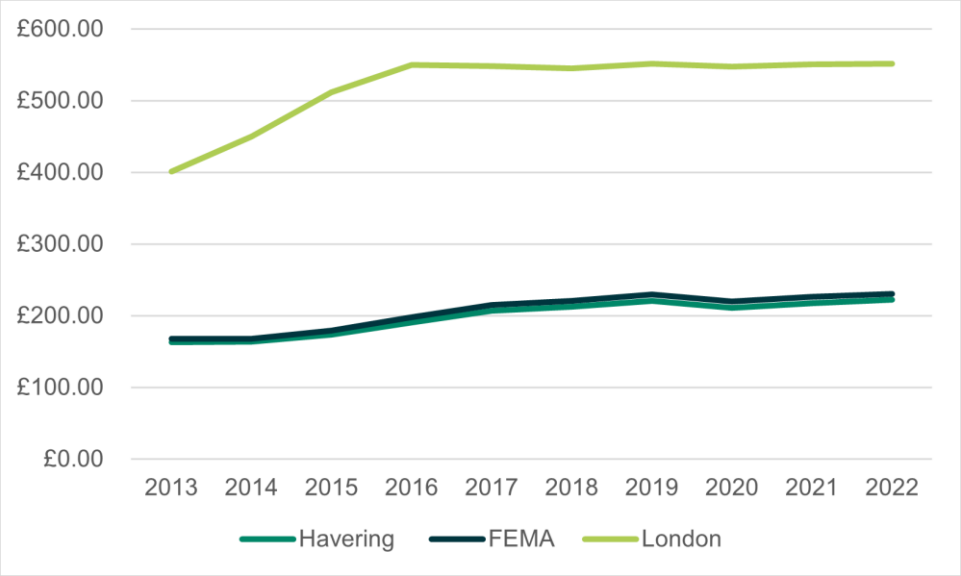
Table 6-6: Market rent for office floorspace

Location	Average £ per sqm
Havering	222
FEMA	230
London	552

Source: CoStar, (2023).

6.2.12 Figure 6-2 shows the change in average market rent over the last 10 years. It shows that rental values across Havering and the FEMA have been broadly similar, increasing slightly over time and plateauing at around £215 to £230 per sqm in the past 2 years. The figures for London are considerably higher; there was a sharper increase in average rent between 2013 and 2017 from around £400 to £550 per sqm but this has since remained relatively constant.

Figure 6-2: Market rent for office floorspace, 2013-2022 (£ per sqm)

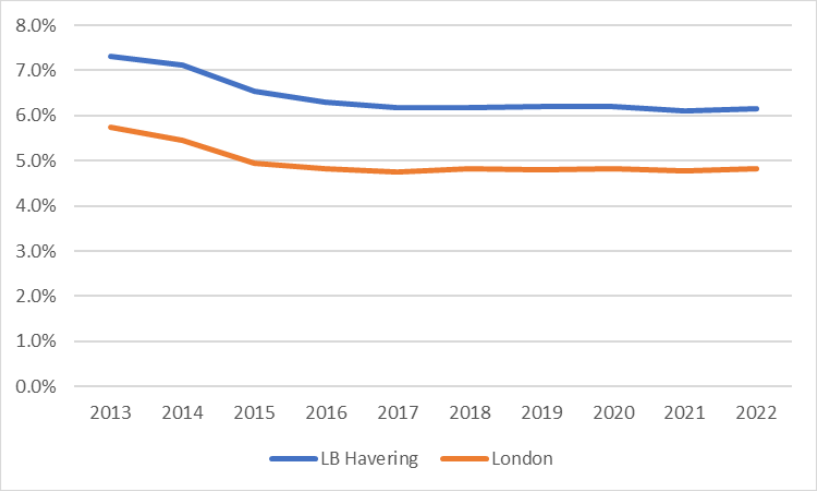


Source: CoStar, (2023).

Viability and Affordability

6.2.13 As shown in Figure 6-3, market yield for office space in Havering as deteriorated, both in Havering and London, between 2013 and 2017 before stabilising. The deterioration of the market yield between 2013 (7.3%) and 2022 (6.2%) reflects a deterioration of the viability of office developments in Havering.

Figure 6-3: Office market yield



Source: CoStar, (2023).

6.2.14 It is difficult to comment on affordability of office space in Havering, as affordability is not only a question of price (rental value) for occupiers, but also of access to the appropriate space, providing the required services.

6.2.15 In pure financial aspects (i.e. rental value), Figure 6-2 shows that Havering provides affordable office space, in comparison to the London average and FEMA average. Between 2013 and 2022, rental values have increased in the borough by an average of 3.5% per annum. This increase is roughly comparable to the FEMA and London increases (both with an average

annual increase of 3.6%), although marginally lower. This would suggest that, from a financial point of view[36], Havering is maintaining its level of affordability.

Office market conclusions

6.2.16 The local office market in Havering accommodates approximately 145,983 sqm of floorspace. Premises are predominantly small (less than 500sqm) and are found in principally in and around Romford with scattered properties in Rainham, Hornchurch and Harold Hill. Occupiers are typically solicitors firms, recruitment firms, local financial advisors and brokers and public and voluntary sector and education linked companies. Trends in demand over the last 5 years indicate vacancy and availability rates in Havering fell to 2020 but have since risen again. Rent across Havering and the FEMA has increased slightly over the last 10 years but has remained relatively stable in recent years.

6.3 Light Industrial market - [E(g)(iii)]

6.3.1 This section presents findings related to the light industrial property market, E(g)(iii) class – Light Industrial, in Havering, along with some comparisons to both the wider FEMA and London.

Buildings and floorspace

6.3.2 CoStar data indicates the E(g)(iii) light industrial market in Havering is comprised of 99 properties, with approximately 122,530 sqm net internal area (NIA) floorspace, including existing space, and space under construction. Rainham Employment Area, sites around Romford, Harold Hill and Harold Wood are the main repositories of stock, locations which provide good access to the A12 and/or A13.

6.3.3 Table 6-7 shows the number of properties and the corresponding floorspace (in sqm) for Havering, the wider FEMA and London overall. Havering has approximately 52% of the properties within the FEMA, and around 42% of the FEMA's total E(g)(iii) light industrial floorspace.

Table 6-7: E(g)(iii) Light Industrial Properties – Buildings and Floorspace

	Havering	FEMA	London
Number of properties	99	192	3,179
Floorspace (sqm)	122,530	286,784	3,310,520
Average property size (sqm)	614	996	991

Source: CoStar, (2023).

Premises and occupiers

6.3.4 Table 6-8 shows that 28% of all E(g)(iii) units in Havering are less than 250 sqm in size, however, the floorspace within these premises' accounts for only 3% of the borough's total stock. Approximately 42% of all units are between 250 and 1,000 sqm, with 28% between 1,000 and 10,000 sqm, and the remaining 1% over 10,000 sqm. There is only one unit larger than 10,000 sqm in the borough. Occupiers are typically light manufacturers, metal workers, scrap metalworkers, car-related uses and businesses engaged in retrofitting and repair activities.

[36] Note that this not take into considerations other financial costs of rental and deductions such as service charge, business rate, or months free rent for example.

Table 6-8: E(g)(iii) stock by premises size in Havering

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	28	28%	3,989	3%
250 – 499	17	17%	6,479	5%
500 – 999	25	25%	17,735	14%
1,000 – 1,999	17	17%	24,238	20%
2,000 – 9,999	11	11%	50,453	41%
Over 10,000	1	1%	19,636	16%
Total	**99**	**-**	**122,530**	**-**

Source: CoStar,(2023). Figures may not sum due to rounding

6.3.5 Table 6-9 shows that the proportion of both units and floorspace across the FEMA are broadly similar to the figures seen across Havering. 26% of all units in the FEMA are less than 250 sqm, 39% are between 250 and 1,000 sqm, and 19% are greater than 2,000 sqm. Within the FEMA, there are only 2 premises which are larger than 10,000 sqm, but they do account for 11% of total floorspace stock.

Table 6-9: E(g)(iii) stock by premises size in the FEMA

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	49	26%	6,567	2%
250 – 499	34	18%	13,090	5%
500 – 999	40	21%	28,059	10%
1,000 – 1,999	32	17%	45,554	16%
2,000 – 9,999	35	18%	162,517	57%
Over 10,000	2	1%	30,998	11%
Total	**192**	**-**	**286,784**	**-**

Source: CoStar, (2023).

Vacancy, Availability and Absorption Rates

6.3.6 Table 6-10 shows the vacancy rate, availability rate and net absorption for the light industrial (E(g)(iii)) market in Havering, along with the FEMA and London, in Q4 of 2022 or 2022 overall. Havering's rates are broadly similar to that of the wider FEMA and London overall, but are slightly lower than both comparators. In all, 2022 saw positive net absorption in the FEMA, whereas Havering and London had a negative level.

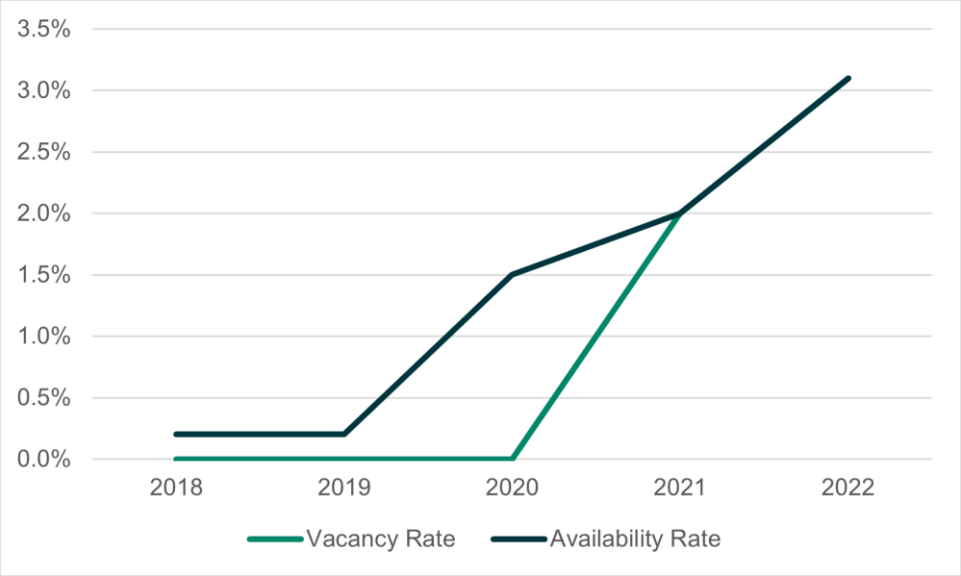
Table 6-10: Net Absorption, Vacancy and Availability Rates [E(g)(iii)]

Location	Vacancy rate (2022 Q4)	Availability rate (2022 Q4)	Net Absorption (2022) (sqm)
Havering	3.1%	3.1%	-1,385
FEMA	3.6%	4.4%	+3,193
London	3.3%	4.8%	-21,533

Source: CoStar, (2023).

6.3.7 Figure 6-4 shows the vacancy and availability rates for Havering over the past 5 years. The rates show a somewhat similar pattern, remaining at low levels from 2018 to 2019 and 2020, before increasing and then converging to the same rate in 2021 and 2022.

Figure 6-4: Vacancy and Availability Rate for Havering (2018-2022) - E(g)(iii)



Source: CoStar, (2023).

Rental values

6.3.8 Table 6-11 presents average market rent per sqm for office floorspace, as of Q4 2022, across Havering, the FEMA and London. It shows that Havering has a similar average market rent to the wider FEMA, but these are both less than market rent for light industrial floorspace across London.

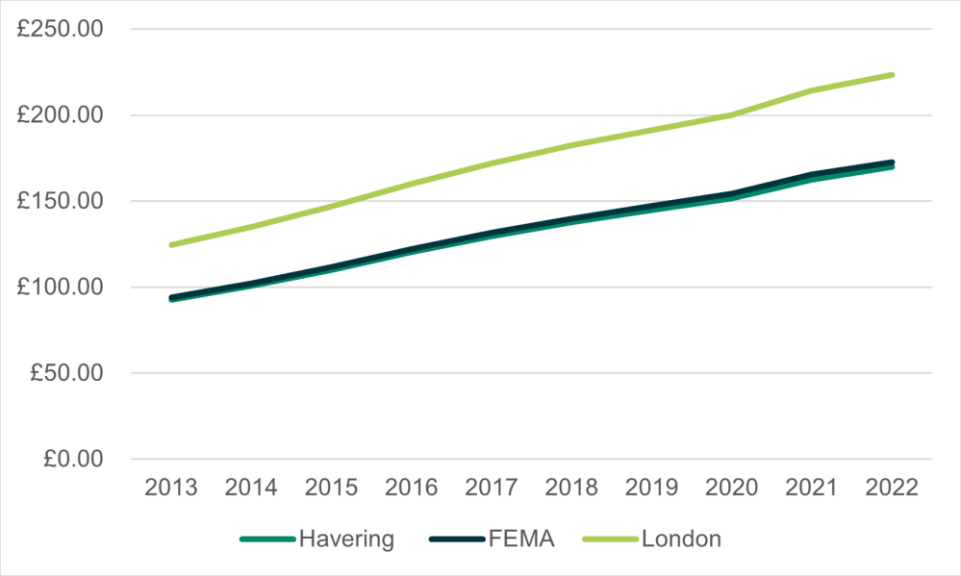
Table 6-11: Market rent for E(g)(iii) floorspace

Location	Average £ per sqm
Havering	170
FEMA	173
London	223

Source: CoStar (2023). Figures as of March 2023.

6.3.9 Figure 6-5 shows the change in average market rent over the last 10 years. It shows that rental values across Havering and the FEMA have been broadly similar, increasing steadily over time. The figures for London follow a similar pattern, but rental values are around £30 to £50 more per sqm than for Havering and the FEMA.

Figure 6-5: Market rent for E(g)(iii) floorspace, 2013-2022 (£ per sqm)



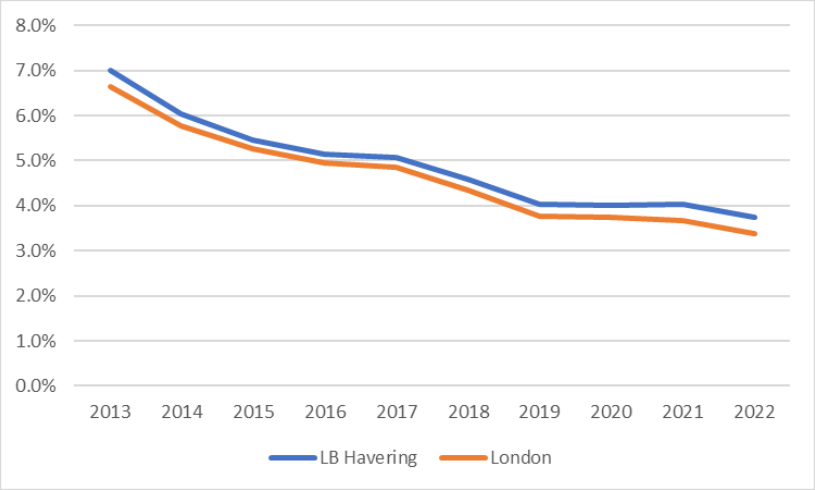
Source: CoStar, (2023).

Viability and Affordability

6.3.10 As shown in Figure 6-6, market yield for light industrial space in Havering as deteriorated, both in Havering and London, between 2013 and 2022. The deterioration of the market yield between 2013 (7%) and 2022 (3.7%) has led to a deterioration of the viability of light industrial developments in Havering. The performance of Havering is comparable to the performance of London, therefore allowing the borough to stay competitive with the wider region.

6.3.11 However, in a period of high inflation and high interest-rates, low market yields will limit the potential of delivering new light industrial space in Havering.

Figure 6-6: Light industrial market yield



Source: CoStar, (2023).

6.3.12 It is difficult to comment definitively on affordability, as affordability is not only a question of price (rental value) for occupiers, but also of access to the appropriate space, providing the required services. It can be particularly true for light industrial businesses, who may find it attractive to pay extra in rent to have access to shared high-tech equipment (i.e. 3d printers, cutting machines, etc.).

6.3.13 From a purely financial viewpoint (i.e. rental value), Figure 6-5 shows that Havering provides affordable light industrial space, in comparison to the London average. However, rental values have rapidly increased between 2013 and 2022, with an average annual increase of 6.9%.

Furthermore, this average annual rental value increase is slightly above the London average of 6.7%. This would suggest that, from a financial point of view[37], affordability of light industrial space in LB Havering is deteriorating.

Light Industrial [E(g)(iii)] market conclusions

6.3.14 The light industrial market in Havering accommodates approximately 122,530 sqm of floorspace. Premises are predominantly smaller (less than 999 sqm) and are found in Rainham, Romford and Harold Hill predominantly (locations providing good access to the A12 and A13). Trends in demand over the last 5 years indicate vacancy and availability rates in Havering remained stable before increasing over the past few years to the current rates of around 3%. Rent across Havering, the FEMA, and London has increased gradually over the last 10 years.

6.4 Industrial market - [B2]

6.4.1 This section presents findings related to the industrial property market, specifically B2 class – General Industrial, in Havering, along with some comparisons to both the wider FEMA and London.

Buildings and floorspace

6.4.2 CoStar data (2023) indicates the B2 industrial market in Havering is comprised of 126 properties, with approximately 92,341 sqm net internal area (NIA) floorspace, including existing space, and space under construction.

6.4.3 Table 6-12 shows the number of properties and the corresponding floorspace (in sqm) for Havering, the wider FEMA and London overall. Havering has approximately 44% of the properties within the FEMA, but only around 25% of the FEMA's total B2 industrial floorspace.

Table 6-12: B2 Industrial Properties – Buildings and Floorspace

	Havering	FEMA	London
Number of properties	126	286	3,909
Floorspace (sqm)	92,341	376,112	3,360,822
Average property size (sqm)	733	1,042	860

Source: CoStar, (2023).

Premises and occupiers

6.4.4 Table 6-13 shows that 22% of all B2 units in Havering are less than 250 sqm in size, however, the floorspace within these premises' accounts for only 4% of the borough's total stock. The majority of units, approximately 66%, are between 250 and 1,000 sqm, with only 11% between 1,000 and 10,000 sqm, and no units over 10,000 sqm. Typical occupiers are similar to those in light-industrial units, ranging from metal workers, to scrap metalworkers, to car-related uses and printing.

Table 6-13: B2 stock by premises size in Havering

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	28	22%	3,913	4%
250 – 499	33	26%	12,018	13%
500 – 999	51	40%	37,129	40%

[37] Note that this not take into considerations other financial costs of rental and deductions such as service charge, business rate, or months free rent for example.

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
1,000 – 1,999	8	6%	9,803	11%
2,000 – 9,999	6	5%	29,478	32%
Over 10,000	0	-	-	-
Total	**126**	**-**	**92,341**	**-**

Source: CoStar, (2023).Figures may not sum due to rounding

6.4.5 Table 6-14 shows that the proportion of both units and floorspace across the FEMA are broadly similar to the figures seen across Havering. 19% of all units in the FEMA are less than 250 sqm, 69% are between 250 and 1,000 sqm, and 4% are between 2,000 and 9,999 sqm. Within the FEMA, there are only 6 premises which are larger than 10,000 sqm, but they do account for 4% of total floorspace stock.

Table 6-14: B2 stock by premises size in the FEMA

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	55	19%	7,391	2%
250 – 499	83	29%	30,229	8%
500 – 999	115	40%	82,825	22%
1,000 – 1,999	15	5%	19,111	5%
2,000 – 9,999	12	4%	70,203	19%
Over 10,000	6	2%	166,354	44%
Total	**286**	**-**	**376,112**	**-**

Source: CoStar, (2023).Figures may not sum due to rounding

Vacancy, Availability and Absorption Rates

6.4.6 Table 6-15 shows the vacancy rate, availability rate and net absorption for the industrial (B2) market in Havering, along with the FEMA and London, in 2022. Havering's rates are lower than both comparators. 2022 saw positive net absorption in Havering and the FEMA, whereas London had a negative level.

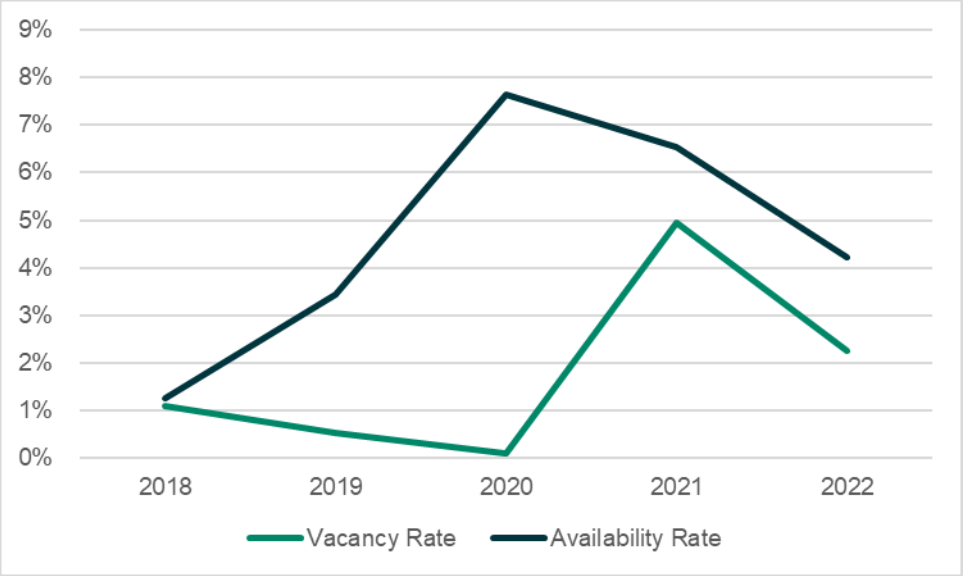
Table 6-15: Net Absorption, Vacancy and Availability Rates [B2]

Location	Vacancy rate (2022)	Availability rate (2022)	Net Absorption (2022) (sqm)
Havering	2.3%	4.2%	25,814
FEMA	5.9%	6.6%	+110,357
London	4.1%	5.3%	-34,228

Source: CoStar, (2023)..

6.4.7 Figure 6-7 shows the vacancy and availability rates for Havering over the past 5 years. The rates are the same in 2018, before the vacancy rate falls and the availability rate increases; the two rates then converge before decreasing at a similar rate from 2021.

Figure 6-7: Vacancy and Availability Rate for Havering (2018-2022) - B2



Source: CoStar, (2023).

Rental values

6.4.8 Table 6-16 presents average market rent per sqm for B2 industrial floorspace, as of 2022, across Havering, the FEMA and London. It shows that Havering has a similar average market rent to the wider FEMA, but these are both less than market rent for B2 industrial floorspace across London.

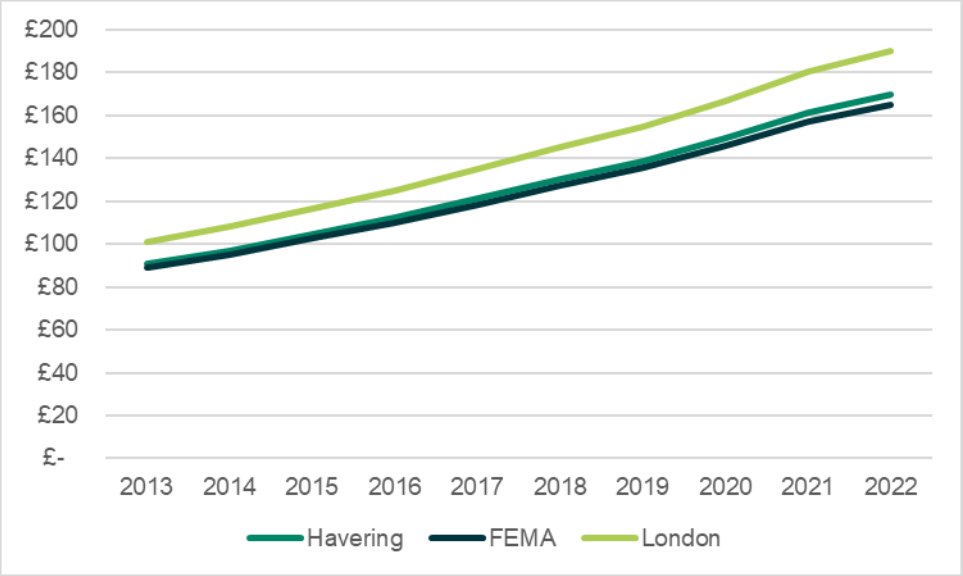
Table 6-16: Market rent for B2 floorspace

Location	Average £ per sqm
Havering	170
FEMA	165
London	190

Source: CoStar, (2023).

6.4.9 Figure 6-8 shows the change in average market rent over the last 10 years. It shows that rental values across Havering and the FEMA have been broadly similar, increasing steadily over time but slowing over the last 2 years to around £170 and £165 per sqm. The figures for London follow a similar pattern, but rental values are around £20 to £30 more per sqm than for Havering and the FEMA.

Figure 6-8: Market rent for B2 floorspace, 2013-2022 (£ per sqm)

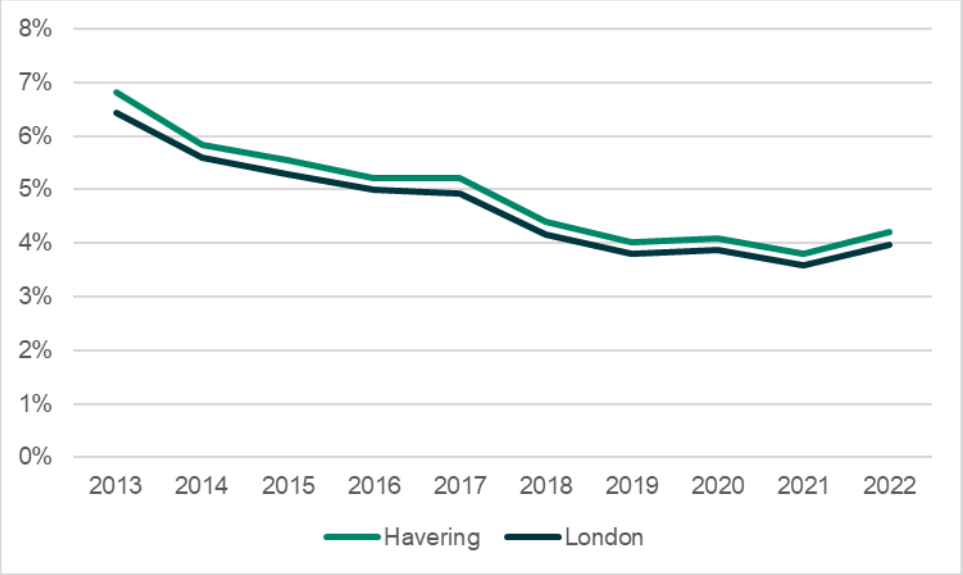


Source: CoStar, (2023).

Viability and Affordability

6.4.10 As shown in Figure 6-9, market yield for industrial space in Havering fell between 2013 (6.8%) and 2022 (4.2%) which translates into a deterioration of the viability of industrial developments in Havering. The performance of Havering is comparable to the performance of London, therefore allowing the borough to stay competitive with the wider region. Low market yields will limit the potential for delivering new industrial space in Havering, particularly whilst inflation and interest rates are high.

Figure 6-9: Industrial market yield



Source: CoStar (2023). Figures as of March 2023.

6.4.11 It is difficult to comment definitively on affordability as explained above in para 6.3.12. This can be particularly true for traditional industrial businesses of B2 use, who may find it attractive to pay extra in rent to have access to shared high-tech equipment (i.e. 3d printers, cutting machines, etc.).

6.4.12 In respect of rental values, Figure 6-8 shows that Havering provides affordable industrial space, in comparison to the London average. This is tempered by the fact that rental values have rapidly increased between 2013 and 2022, with an average annual increase of 7.2%.

This would suggest that, from a financial point of view[38], affordability of industrial space, as with light industrial space, is deteriorating in Havering as it is in London. This is likely to be pushing businesses to relocate or seek space elsewhere, outside Havering and the capital.

Industrial [B2] market conclusions

6.4.13 The B2 industrial market in Havering accommodates approximately 92,341 sqm of floorspace. Premises are predominantly smaller (less than 999 sqm) and are found mainly around Rainham Employment Area (near the A13) but also in and around Romford, such as at King George's Close SIL, Harold Hill SIL and Harold Wood LSIS. There is a further scattering of properties throughout much of the borough. Trends in demand over the last 5 years indicate vacancy and availability rates were the same in 2018; the vacancy rate then falls and the availability rate increases, before the two rates converge before decreasing at a similar rate from 2021. Rent across Havering, the FEMA, and London has increased steadily over the last 10 years.

6.5 Warehousing market - [B8]

6.5.1 This section presents findings related to B8 class property market – Storage and Distribution, in Havering, along with some comparisons to both the wider FEMA and London.

Buildings and floorspace

6.5.2 CoStar data indicates the B8 market in Havering is comprised of 158 properties, with approximately 507,529 sqm net internal area (NIA) floorspace, including existing space, and space under construction. Premises cluster along or near to the A13 and the A12 roads, including all of the borough's SILs and most of the larger LSIS.

6.5.3 Table 6-17 shows the number of properties and the corresponding floorspace (in sqm) for Havering, the wider FEMA and London overall. Havering has approximately 34% of properties within the FEMA, and around 32% of the FEMA's total B8 warehousing floorspace.

6.5.4 It should be noted that this is the only use class for which average property size is comparable to average size of properties in London (and not smaller).

Table 6-17: B8 Warehousing Properties – Buildings and Floorspace

	Havering	FEMA	London
Number of properties	158	466	4,048
Floorspace (sqm)	507,529	1,582,191	13,035,770
Average property size (sqm)	3,212	3,395	3,220

Source: CoStar, (2023).

Premises and occupiers

6.5.5 Table 6-18 shows that only 1 B8 unit in Havering is less than 250 sqm in size. Approximately 10% of all units are between 250 and 1,000 sqm, with the majority (87%) of units between 1,000 and 10,000 sqm, accounting for around 80% of total floorspace. The remaining 3% of units are over 10,000 sqm, yet these account for 18% of total floorspace. Occupiers range from small-scale uses including self-storage premises, to large distribution hubs (e.g. Tesco at Beam Reach 5) and last mile distribution hubs which have particularly proliferated with the growth of e-commerce.

[38] Note that this not take into considerations other financial costs of rental and deductions such as service charge, business rate, or months free rent for example.

Table 6-18: B8 stock by premises size in Havering

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	1	1%	249	0%
250 – 499	3	2%	1,230	0%
500 – 999	13	8%	11,588	2%
1,000 – 1,999	65	41%	99,597	20%
2,000 – 9,999	72	46%	304,375	60%
Over 10,000	4	3%	90,491	18%
Total	**158**	**-**	**507,529**	**-**

Source: CoStar, (2023). Figures may not sum due to rounding

6.5.6 Table 6-19 shows that the proportion of both units and floorspace across the FEMA are broadly similar to the figures seen across Havering. Only 3% of all units in the FEMA are less than 250 sqm, and 9% are between 250 and 1,000 sqm. The majority (89%) of units are greater than 1,000 sqm, more specifically, 6% are larger than 10,000 sqm, but they account for 27% of total floorspace stock.

Table 6-19: B8 stock by premises size in the FEMA

Premises Size (sqm)	Units	Proportion of units	Floorspace (sqm)	Proportion of total floorspace stock
Under 250	14	3%	2,366	0%
250 – 499	9	2%	3,069	0%
500 – 999	32	7%	27,696	2%
1,000 – 1,999	167	36%	251,018	16%
2,000 – 9,999	217	47%	876,319	55%
Over 10,000	27	6%	421,723	27%
Total	**466**	**-**	**1,582,191**	**-**

Source: CoStar, (2023). Figures may not sum due to rounding

Vacancy, Availability and Absorption Rates

6.5.7 Table 6-20 shows the vacancy rate, availability rate and net absorption for the warehousing (B8) market in Havering, along with the FEMA and London, in Q4 of 2022 or 2022 overall. Havering's rates are lower than both comparators. 2022 saw positive net absorption in Havering and the FEMA, whereas London had negative net absorption.

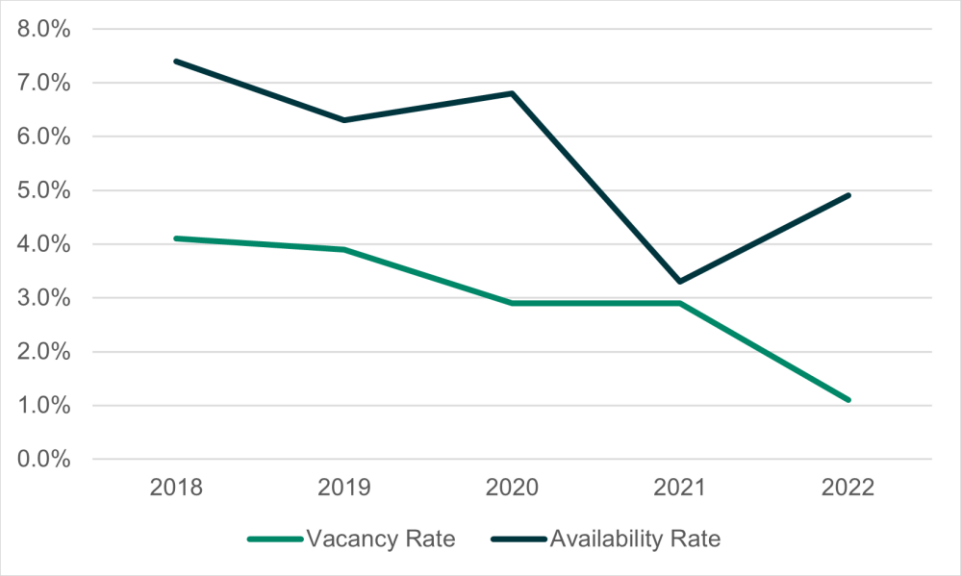
Table 6-20: Vacancy and Availability Rates [B8]

Location	Vacancy rate (2022 Q4)	Availability rate (2022 Q4)	Net Absorption (2022) (sqm)
Havering	1.1%	4.9%	+9,209
FEMA	3.3%	6.1%	+3,656
London	4.7%	6.1%	-59,974

Source: CoStar, (2023).

6.5.8 Figure 6-10 shows the vacancy and availability rates for Havering over the past 5 years. The rates follow a similar pattern, falling overall between 2018 and 2021, before the vacancy rates falls further in 2022 and the availability rate increases.

Figure 6-10: Vacancy and Availability Rate for Havering (2018-2022) - B8



Source: CoStar, (2023).

Rental values

6.5.9 Table 6-21 presents average market rent per sqm for B8 warehousing floorspace, as of Q4 2022, across Havering, the FEMA and London. It shows that Havering has a similar average market rent to the wider FEMA, but these are both slightly less than market rent for B8 warehousing floorspace across London.

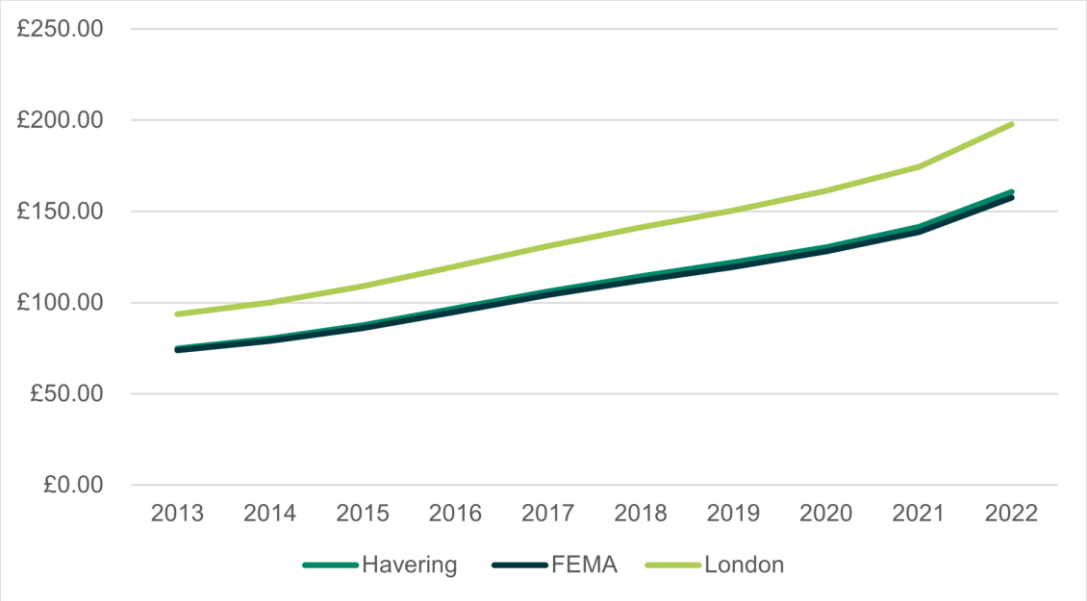
Table 6-21: Market rent for B8 floorspace

Location	Average £ per sqm
Havering	161
FEMA	158
London	198

Source: CoStar, (2023).

6.5.10 Figure 6-11 shows the change in average market rent over the last 10 years. It shows that rental values across Havering and the FEMA have been broadly similar, increasing steadily over time, with a sharper increase between 2021 and 2022. The figures for London follow a similar pattern, but rental values are around £20 to £30 more per sqm than for Havering and the FEMA.

Figure 6-11: Market rent for B8 floorspace, 2013-2022 (£ per sqm)

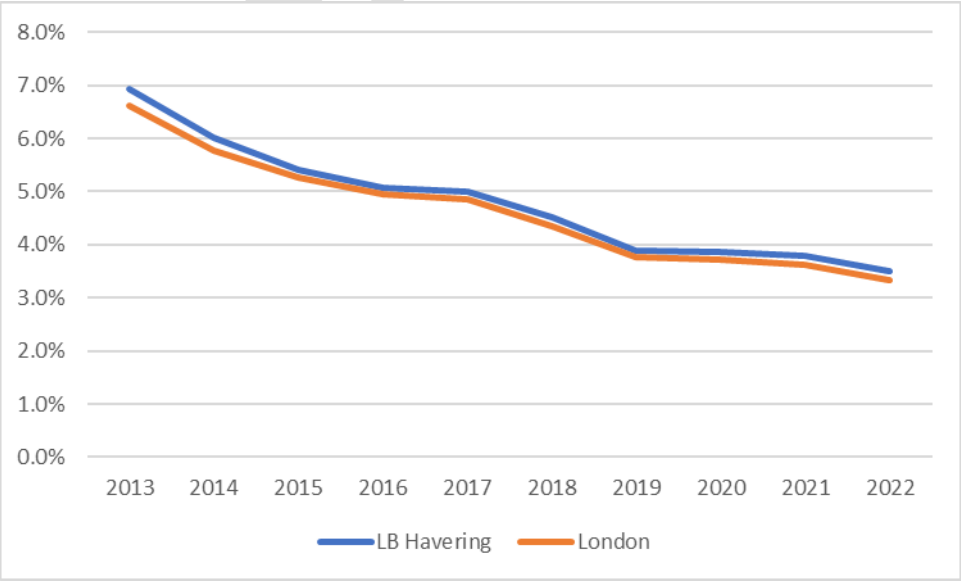


Source: CoStar, (2023).

Viability and Affordability

6.5.11 As shown in Figure 6-12, market yield for warehousing space in Havering has fallen both in Havering and London, between 2013 and 2022, albeit mostly slowing down between 2019 and 2021, with a noted acceleration in the last year for which data is available to 2022. This translates into a deterioration of the viability of warehousing developments in Havering. As the performance of Havering is comparable to the performance of London, this allows the borough to stay competitive with the wider region. However, in a period of high inflation and high interest-rates, low market yields will likely constrain the potential for delivering new warehousing space in Havering.

Figure 6-12: Warehousing market yield



Source: CoStar, (2023).

6.5.12 It is difficult to definitively comment on affordability, as affordability is not only a question of price (rental value) for occupiers, but also of access to the appropriate space, providing the required services.

6.5.13 In pure financial aspects (i.e. rental value), Figure 6-11 shows that Havering provides affordable warehousing space in comparison to the London average. However, rental values have rapidly increased between 2013 and 2022, with an average annual increase of 8.8%. This would suggest that, from a financial point of view[39], affordability of warehousing space in the borough is deteriorating (as in London), potentially leading to the relocation of businesses which cannot afford this rapid rental value increase.

Open Storage Yards

6.5.14 Yards for open storage and other industrial/warehousing purposes are found mostly within the Rainham SIL, at some of the LSISs (e.g. Harold Wood) and at scattered sites elsewhere. They are mostly located away from residential uses, owing to the often bad neighbour issues associated with their use. The survey of employment land identified open storage areas occupied some 88.2ha of land in the Borough in 2023, increasing from 86.9ha in 2020, 80.1ha in 2015 and 69.1ha in 2010. This equates to an increase in area of 27% over 13 years, which is indicative of the increasing popularity of this type of site, which is becoming a property asset class in its own right.

6.5.15 Consultation with property agents indicated that demand for open storage sites reflects the strong growth in e-commerce, the loss of land to redevelopment within Inner London and, more recently, the emergence of electric vehicle (EV) charging locations. Occupiers include fleet operations, container storage, car parking (e.g. the Ford site in Rainham/Dagenham), construction support sites and plant hire / plant yards. Demand for sites for open storage is expected to increase based on levels of enquiries from occupiers based on the views of agents.

Warehousing market conclusions

6.5.16 The B8 warehousing market in Havering accommodates approximately 507,529 sqm of floorspace. Premises are predominantly large (between 1,000 and 10,000 sqm) and are found almost exclusively along or near to the A13 and the A12 (locations that provide the best access to the strategic road network). Trends in demand over the last 5 years indicate vacancy and availability rates in Havering have fluctuated, falling overall between 2018 and 2021, before slightly increasing to their current rates. Rents across Havering, the FEMA, and London has increased steadily over the last 10 years.

6.6 Changing office workspace requirements

6.6.1 This sub-section delves into the recent evolution of changing space requirements for office and knowledge work.

6.6.2 Presently, around 70% of global employees spend days working in the office, leading to a significant impact on real estate portfolio planning. In this context, employee categorization becomes crucial. Workplace-based employees are fixed in specific locations due to contractual or operational reasons, while hybrid workers engage in a structured blend of office and remote work based on their roles. Meanwhile, mobile workers remain agile with no fixed office, and home workers are contractually bound to remote work from their residences. This diversity of work arrangements emphasizes the need for flexible real estate strategies that accommodate varying employee needs and preferences.

6.6.3 The work-from-home shift is a key driver of the evolving landscape, as 60% of London workers embrace hybrid work, reshaping models, and foretelling a lasting change, with 75% anticipating transformed in-person work approaches. In this context, employee categorization becomes crucial. Workplace-based employees are fixed in specific locations due to contractual or operational reasons, while hybrid workers engage in a structured blend of office and remote work based on their roles. Meanwhile, mobile workers remain agile with no fixed office, and home workers are contractually bound to remote work from their residences. This

[39] Note that this not take into considerations other financial costs of rental and deductions such as service charge, business rate, or months free rent for example.

diversity of work arrangements emphasizes the need for flexible real estate strategies that accommodate varying employee needs and preferences.

6.6.4 In the context of the evolving office landscape in London, the future of office spaces in the city is set to be shaped by intricate dynamics involving employee attendance rates and the broader economic landscape. While projections indicate that traditional office-based jobs are anticipated to grow substantially, reaching up to 31% by 2042 according to the Greater London Authority, the current trend of decreased employee attendance poses a significant challenge for employers. Faced with this new reality, employers are confronted with strong incentives to strategize ways to entice employees back to the office environment, thus influencing decisions related to office expansion, right-sizing office spaces, and delaying real estate investments.

6.6.5 The inertia within the office market, characterized by extended leases held by tenants and landlords alike, suggests that a time lag will occur before a decrease in demand for office space is fully evident. This delay provides a window during which office job numbers might increase, employee attendance rates could experience a partial recovery, and a pursuit of high-quality office environments may persist, collectively contributing to a relatively gradual and controlled transition for office providers. This temporal overlap also affords occupiers, developers, landlords, and policymakers the opportunity to proactively adapt to these evolving trends. However, it is noteworthy that peripheral locations and areas with limited premium office offerings might experience a more pronounced impact due to the variable nature of the flight to quality across central London.

6.6.6 Furthermore, the seismic shift in working patterns following the pandemic, commonly referred to as the 'work from home' revolution, is fundamentally reshaping London's working landscape. Employees in London have undergone a substantial transformation in their work routines compared to the pre-pandemic era, and the consensus among the majority is that there is no likelihood of return to previous uniform working patterns. In all, 60% of London workers now identify with hybrid working, a configuration defined by working remotely at least one day a week and being present at the workplace for fewer than five days a week. This statistic marks a significant shift from the pre-pandemic norm, where only 37% of workers reported working from home at least once a week on average. This figure has now surged to an impressive 75%, exemplifying the profound impact of remote work on daily routines.

6.6.7 This trend of downsizing of requirements by office occupiers is already driving decisions by businesses to reduced their premises size with impacts on vacancy rates. In turn this may potentially result in new office floorspace being of lower average density than has been typical. At present this may not be translating into smaller buildings being planned as there remains a strong demand for new/ 'grade A' space which complies with Minimum Energy Efficiency Standards (MEES) and attracts staff, which is not fully met in the London market generally. This is expected however to translate into lower space requirements per full-time equivalent office job than has been previously the case.

6.7 Affordable workspace

6.7.1 This sub-section provides an overview of the background to the policy context for the provision of affordable workspace, and an outline of policy other comparable Boroughs have put forward to support its delivery with a view to advising the Council on what its policy should include. The analysis was conducted through desk-based research of the best available data and was complemented by engaging with local partners and groups to capture real-world insights.

Background

6.7.2 The British Council for Offices (BCO)[40] indicates that the availability of affordable and flexible office space is vital for innovation and growth. It helps generate economic growth and jobs, by supporting entrepreneurs in the early stages of their businesses.

[40] BCO, (2021); July 2021 Briefing note.

6.7.3 Workspace affordability has become an area of strategic focus across London in recent years, reflecting constraints in the overall levels of supply, rising rents and evolution in the type and spatial distribution of demand across the city. Some of the evidence of this is set out in the following documents:

- The Mayor of London published a new Economic Development Strategy (EDS)[41] in 2018. The EDS outlined the Mayor's commitment to "creating the most supportive, innovative environment for businesses and entrepreneurs in the world" by focusing on several specific policy areas.
- In the London Plan 2021[42], the GLA defined affordable workspace as *"Workspace that is provided at rents maintained below the market rate for a specific social, cultural, or economic development purpose*". The plan introduced a new strategic policy (E3) seeking the provision of affordable workspaces from commercial development in areas where a local authority has identified a need and considering the overall viability of development.
- BusinessLDN[43] in its report "*Delivering affordable workspace in London*" suggested that although there are local policies to set Borough wide objectives and that there is high-quality office space being delivered in prime employment hubs, this space may not be suited for the demands of the affordable workspace provider or the tenants in need of space in local communities.

Other London Boroughs

6.7.4 Based on the above, it is considered appropriate that the Council plan for the delivery of affordable workspace as part of the policies put forward in its Local Plan. To frame this, recently adopted policies by other comparable boroughs have been reviewed with an overview provided below:

- Hackney Council[44] indicates that new major employment or mixed-used development in the Borough's designated employment areas and town centres should provide affordable or low-cost workspace. Developments in the Shoreditch Priority Office Area (POA) should provide at least 10% of the new floorspace (gross) and it should not be at no more than 40% of the locality's market rent in perpetuity, subject to viability. In the remaining POAs, at least 10% of the new floorspace (gross) should be affordable at no more than 60% of the locality's market rent in perpetuity, subject to viability.

  The Local Plan states that only in exceptional circumstances where it can be demonstrated robustly that this is not appropriate in terms of the policies in this Plan, it may be provided off-site. A cash-in-lieu contribution will only be accepted where this would have demonstrable benefits in furthering affordable workspace in the Borough and other policies in the Local Plan.
- Brent Council, in its Affordable Workspace Strategy[45], indicates that in mixed-use developments totalling 3,000 sqm or more in growth areas, the affordable workspace should total 10% of the total floorspace. The applicable discount should not exceed 50% of open market rents. Off-site provision is only allowed in exceptional circumstances and cash in lieu is possible with case made.

  In acknowledgement that exceptional circumstances can exist, the Council in its "Affordable Workspace Supplementary Planning Document" [46], sets out a financial contribution in lieu of onsite provision:

[41] GLA, (2018); The Mayor's Economic Development Strategy for Greater London 2018.
[42] GLA, (2021); The London Plan.
[43] BusinessLDN, (2022); Delivering affordable workspace in London.
[44] Hackney Council, (2020); Local Plan 2033.
[45] Brent Council, (2020); Affordable Workspace Strategy.
[46] Brent Council, (2022); Affordable Workspace Supplementary Planning Document.

*"[50% of market rent/sqft/annum * floor area (GIA) of proposed Affordable Workspace as per policies BE1[47] - 4 (sf)] * [1 / yield]"*

- Lambeth Council, in accordance with the draft London Plan policy E3, requires major developments that include B1 floorspace to provide a proportion of affordable workspace in the following locations:
    - In Waterloo and Vauxhall major developments should provide 10% of B1 floorspace at 50% of market rents for a period of 15 years.
    - In Oval, Kennington and Clapham major developments should provide 10% of B1 floorspace at 80% of market rents for a period of 15 years.
    - In the Brixton Creative Enterprise Zone (CEZ) all developments that include B1 floorspace should provide 10% of this as affordable workspace for a period of 25 years.

  Affordable workspace should be provided on-site and be designed to meet a local need. A payment in lieu may be accepted in limited circumstances where it can be demonstrated to the satisfaction of the council that a greater economic impact could be secured through off-site provision.
- In Southwark, the Council requires a proportion of at least 10% of commercial floorspace to be provided as affordable workspace at discounted market rent. If it is not feasible to provide affordable workspace on site, an in-lieu payment will be required for off-site affordable workspace.

6.7.5 These boroughs allow on-site affordable workspace provision to be mitigated by off-site and cash in lieu payments, where this clearly demonstrates positive economic impacts for the area; however, this tends to be on a 'by exception' basis. Such a policy could nevertheless be used more proactively to cultivate clusters of affordable workspaces by sectoral or geographic relevance.

Conclusion

6.7.6 The provision of affordable workspace within new developments in Havering should be considered either via policy or strategy. This should include whether it is possible to provide light industrial or storage accommodation within such developments given that traditionally workspace is targeted at office users, a market which is generally decreasing in size and activity. The E use class designation may act to facilitate this more readily by providing space that could be used by small scale industrial occupiers.

[47] The policy indicates – *"10% of employment floorspace within major developments exceeding 3000sqm employment as affordable workspace".*

7. Current Supply

7.1 Introduction

7.1.1 This section provides a summary of the key findings and characteristics of the supply of employment land in Havering. The analysis of employment land supply was done via a site survey and desk-based research. The site survey was undertaken for identified 'employment clusters' throughout the Borough which generally captured all designated and non-designated employment land in large employment areas.

7.2 Overview of employment supply

7.2.1 Two types of employment space are considered in this analysis: industrial land and office space.

7.2.2 Industrial employment land is defined as being space falling within the following use classes, which correspond to former B class uses, under previous land use classifications (as clarified in the property market analysis chapter):

- E(g)(iii) Light industrial;
- B2 General industrial;
- B8 Storage or distribution;
- Sui Generis industrial uses.

7.2.3 Office employment space is defined as space falling within the following use class:

- E(g)(i) Offices;
- E(g)(ii) Research and development – there are no premises identified as being in this use in Havering;
- Sui Generis office uses.

7.3 Site data and identification

7.3.1 Clusters are defined as parcels of employment land, usually of 0.25 ha in size or more, within the Borough and can represent both designated and non-designated land. A total of 45 clusters in Havering have been identified in this assessment via review of the following sources:

- An update of the 2015 Havering Employment Land Review Sites; and
- An additional four clusters identified by the London Borough of Havering.

7.3.2 Four of the clusters surveyed in the 2015 ELR have since been fully developed for non-employment uses and have not been assessed in this study, which were named Beam Park, Hall Lane Works, South Street Offices (via Permitted Development Rights conversion) and Workshops at the rear of Collier Row Road Filling Station. The four new clusters identified in discussion with the Council are; Noakes Industrial Estate; Land west of Juliette Way, Thurrock; East Havering Datacentre Campus and Ecology Park; and Land at Grove Farm.

7.3.3 The identified clusters, their reference number (cluster number), their designation where applicable, typology as well as their area and the area of any vacant land within them is shown in Table 7-1. A borough-wide overview map showing the clusters location and their land use in Figure 7-1.

7.3.4 These clusters are also each represented on maps within the separate cluster summary report (see **Appendix A**)

Table 7-1: Identified Employment Land Cluster

Cluster Ref. Number	Name	Designation	Typology	Employment cluster area (ha)
C1	Harold Hill	Strategic Industrial Location (SIL)	Industrial/W'housing	31.0
C2	King George's Close	SIL	Industrial/W'housing	9.8
C3a	Ferry Lane North (a)	SIL	Industrial/W'housing	22.1
C3b	Ferry Lane North (b)	SIL	Industrial/W'housing	12.3
C4	Beam Reach 5	SIL	Industrial/W'housing	37.3
C5	Ford	SIL	Industrial/W'housing	65.5
C6	CEME	SIL	Office	7.3
C7	Fairview Estate	SIL	Industrial/W'housing	25.2
C8a	Ferry Lane South (a)	SIL	Industrial/W'housing	12.7
C8b	Ferry Lane South (b)	SIL	Industrial/W'housing	18.9
C9	Beam Reach 6	SIL	Vacant Ind. Land & Industrial/W'housing	12.5
C10	Rainham SIL Infill	SIL	Wider Industrial	56.7
C11	Harold Wood	Locally Significant Industrial Sites (LSIS)	Industrial/W'housing	8.5
C12	Hillman Close	LSIS	Industrial/W'housing	1.5
C13	The Seedbed Centre	LSIS	Industrial/W'housing	0.9
C14	Lyon Road	LSIS	Industrial/W'housing	2.8
C15	Crow Lane Site 2 (Danes Rd)	LSIS	Industrial/W'housing	3.8
C16	Crow Lane Site 1	LSIS	Industrial/W'housing	2.6
C17	Crow Lane Site 3	LSIS	Industrial/W'housing	2.7
C18	Former Romford Office Quarter	Non-designated (Office)	Office	1.9
C19	Rainham West	Non-designated	Industrial/W'housing	9.4
C20	Bridge Close	Non-designated	Industrial/W'housing	2.1
C21	Chesham Close	Non-designated	Industrial/W'housing	1.8
C22	Spring Gardens	Non-designated	Industrial/W'housing	0.4
C23	Lambs Lane	Non-designated	Industrial/W'housing	1.7
C24	Freightmaster Estate	SIL	Industrial/W'housing	15.2
C25	Avenue Industrial Estate/ Gallows Corner / Southend Arterial Road	Non-designated	Industrial/W'housing	2.0
C26	Caravan Storage Site	Non-designated	Industrial/W'housing	3.4
C27	Dagenham Rd Pumping Station / Kilnbridge Waste Transfer Site	Non-designated	Wider Industrial	1.2
C28	178 - 208 Crow Lane	Non-designated	Industrial/W'housing	3.8

Cluster Ref. Number	Name	Designation	Typology	Employment cluster area (ha)
C29	Albert Road Workshops	Non-designated	Industrial/W'housing	0.5
C30	Royal Mail - Abbscross Gardens	Non-designated	Royal Mail	0.3
C31	Rear of Broadway Parade, Elm Park	Non-designated	Sui Generis	0.6
C32	Royal Mail - Tansy Close	Non-designated	Royal Mail	0.3
C33	Vicarage Road/ Hornchurch Road Workshops	Non-designated	Industrial/W'housing	0.3
C34	Benskins Lane Vehicle Breakers Yard	Non-designated	Sui Generis	3.6
C35	Broxhill Road Vehicle Breakers Yard	Non-designated	Sui Generis	4.4
C36	55 Brentwood Road Vehicle Repair Workshops	Non-designated	Sui Generis	0.3
C37	293 Crow Lane Vehicle Breakers Yard	Non-designated	Sui Generis	0.4
C38	Bryant Avenue Workshops	Non-designated	Sui Generis	3.2
C39	St Mary's Lane	Non-designated	Industrial/W'housing	1.7
C40	Royal Mail - Wennington Road	Non-designated	Royal Mail	0.4
C41	Royal Mail - Corbets Tey Road	Non-designated	Royal Mail	0.3
C42	Noakes Industrial Estate	Non-designated	Sui Generis	1.8
C43	Land west of Juliette Way, Thurrock	Non-designated	Industrial/W'housing	4.5
C44	East Havering Datacentre Campus and Ecology Park	Non-designated	Non-employment*	192.4
C45	Land at Grove Farm	Non-designated	Industrial/W'housing	6.1

* Site identified for potential employment use and ecology park by Council

7.4 Criteria identification

7.4.1 In order to characterise the function, quality and development potential of each of the employment sites in Havering, a series of indicative criteria were developed in order to conduct a detailed assessment. The site appraisal criteria were primarily based on the Land for Industry and Transport SPG (2012) and the more recent GLA Practice Note on Industrial Intensification and Co-location (2018)[48] and were subsequently agreed with the Council. The appraisal criteria were tailored based on the consultancy team's experience and the specific local context. The following criteria were assessed:

- Business use/occupier typologies;
- Main employment/land uses;
- Quality of environment and public realm;
- Access to facilities and amenities;
- Negative effects of businesses on neighbouring sensitive uses;
- Physical site constraints;
- Land uses in close proximity;
- Servicing of businesses in the cluster;
- Potential for 24-hour working;
- Parking facilities;
- Strategic road access;
- Access to public transport;
- Access to waterways/wharves;
- Access to railhead;
- Building condition;
- Vacant developable sites;
- Redevelopment of employment cluster for other uses; and
- Possibilities for intensification/redevelopment.

7.5 Detailed site assessment

7.5.1 A detailed assessment of each of the criteria set out above was undertaken for each site, comprising both desk-based investigation and site surveys conducted on visits which took place in March 2023[49]. Site visits were undertaken in order to confirm and enhance information about the sites. This section presents the overall findings of the site assessments. A Red-Amber-Green (RAG) rating[50] has been applied to each of the sites in the following domains:

- Public realm, environment and surroundings;
- Suitability;
- Accessibility;

[48] GLA, (2018) Practice Note on Industrial intensification and co-location through plan-led and masterplan approaches,
[49] Due to access constraints, it was not possible to conduct a thorough site survey for clusters C5, C6, C9, C10 and C25, and the information presented here represents best available information derived from desk-based investigation, and observation of the clusters from their perimeters as well as that information collected in the 2015 ELR.
[50] A RAG (Red-Amber-Green) rating provides a representative overview of performance in each domain, whereby green represents the best performing and red represents the worst performing. Each domain is comprised of some of the assessed criteria set out in paragraph 7.4.1 above. A grey colouring indicates that a domain is not applicable at that location, or it was not possible to conduct an assessment.

- Building condition (where applicable); and
- Redevelopment potential[51].

7.5.2 Public realm, environment and surroundings considers quality of environment and public realm, access to facilities and amenities and any impacts of businesses on the local neighbourhood. Suitability considers servicing of businesses, physical site constraints, the possibility of 24 hour working and whether the site is in close proximity to residential. Accessibility considers strategic road access, access to public transport and parking facilities.

7.5.3 The information presented in this section is supported by the detailed findings within the separate cluster summary report (see **Appendix A**).

7.5.4 The following part of this section groups findings based on the designation of each cluster (SILs, LSISs and non-designated sites), with the assessed RAG rating[52] in each domain for each site shown in Table 7-2, Table 7-3 and Table 7-4.

SILs

7.5.5 Table 7-2 shows the RAG ratings for the 13 clusters designated as being within SILs across the borough. The Rainham Employment Area has been sub-divided into a number of cluster areas for assessment in view of its size and internal physical barriers.

Table 7-2: RAG rating - SILs

Ref.	Name	Designation	Public Realm, Environment and Surroundings	Suitability	Accessibility	Building Condition
C1	Harold Hill	SIL				
C2	King George's Close	SIL				
C3a	Ferry Lane North (a)	SIL				
C3b	Ferry Lane North (b)	SIL				
C4	Beam Reach 5	SIL				
C5	Ford	SIL				
C6	CEME	SIL				
C7	Fairview Estate	SIL				
C8a	Ferry Lane South (a)	SIL				
C8b	Ferry Lane South (b)	SIL				
C9	Beam Reach 6	SIL				
C10	Rainham SIL Infill	SIL				
C24	Freightmaster Estate	SIL				

[51] Potential to deliver new/additional employment space through either infill development (on vacant land), intensification or redevelopment of older stock. Note, this criterion does not assess the potential of the site for a redevelopment in alternative uses (i.e. retail, community, or residential).

[52] The RAG rating indicates the performance of the site against key criteria, with green indicating a good performance (suitable against the criterion to support employment activities), yellow an average performance and red a poor performance (unsuitable against the criterion to support employment activities). Grey indicates that the criterion is not relevant (i.e. the building condition of properties cannot be assessed when the site is undeveloped).

7.5.6 Harold Hill Industrial Estate is identified as a SIL in The London Plan 2021 (2021 and is a relatively high quality, large, self-contained business park in the Harold Hill area to the north of the borough, with direct access to the A12. It is characterised by buildings of good and average condition; the cluster is well serviced and there are no physical site constraints. The site was assessed to have average access to facilities and amenities and good access to public transport, with bus services and the arrival of the Elizabeth Line to Harold Wood station (less than 1 mile from the cluster). Although there are parking facilities within the cluster, the site visit highlighted that many cars still park on the roads within the site. The site visit also uncovered that there are high levels of activity within the cluster, however, there were some vacant premises identified.

7.5.7 King George Close Estate, located to the north-west of Romford, is also identified as a SIL in The London Plan 2021 (2021. The cluster can be described as a general industrial estate, comprised of warehousing and some general industrial premises within average to good quality buildings. The cluster also contains a reasonably large plot of vacant land which would be suitable for redevelopment, as highlighted by the amber RAG rating. The cluster has direct access to the A12, on-site parking and good access to public transport (buses). The quality of environment and public realm was assessed to be very good, with pavements throughout the cluster, the servicing of businesses is also good and there are no physical site constraints, with a wide road running through the cluster.

7.5.8 Clusters C3a, C3b, C4, C5, C6, C7, C8a, C8b, C9 and C10 form the Rainham Employment Area portion of the Dagenham Dock/ Rainham Employment area SIL identified in The London Plan 2021 (2021 (partly in Barking and Dagenham). These clusters are located in the south-east of the borough, bordering Barking and Dagenham, and lying just to the north of River Thames. It is the largest area of employment land in Havering, with the clusters mainly comprising of industrial and warehousing uses, as well as storage and utilities.

7.5.9 The clusters have very good strategic road access owing to the position of the A13 and all sites have dedicated parking within the cluster. Whilst there are some bus stops within the employment area, access to public transport is generally poor, or average at best. Lack of public transport serving industrial employment areas such as this has become a more limiting constraint than historically has been the case, given the promotion of active travel and, most recently, the Ultra Low Emissions Zone (ULEZ) . Access to facilities and amenities in this area also tends to be poor or very poor, but clusters in the north-east, such as C3a, have easier access to Rainham centre, this is reflected in the public realm, environment and surroundings RAG rating shown in Table 7-2.

7.5.10 The clusters within the Rainham Employment Area all have a green RAG rating for suitability, with the exception of C3b. This can mostly be attributed to the fact that there are opportunities for 24-hour working, they are not within close proximity to residential buildings and there are few physical site constraints. Accessibility is also generally good, as previously mentioned, this is particularly due to the location of the A13 to the north of the employment area.

7.5.11 Whilst most of the clusters in the Rainham Employment Area are industrial and warehousing, C6, CEME, is a business park comprised of a training centre, innovation centre, incubation centre and events space. The cluster is on a slightly raised area to the south of the A13 and the buildings are of very good quality. The RAG rating for redevelopment potential is red as the site is already well used and laid out with no further opportunities. The RAG ratings across the other four domains are green, owing to the very good building condition, very good quality of public realm and environment, strategic road access, on-site buses and dedicated parking facilities, the lack of physical site constraints and very good servicing of businesses.

7.5.12 C3a comprises a mixture of sites ranging from poorly laid out open storage areas and vehicle depots in the west/south-west, to new good quality premises in the east/north-east close to Rainham station north of Lamson Road. The cluster has a green RAG rating for accessibility due to its very good, direct access to a strategic road network (A13) and the dedicated parking within the cluster. There are no physical site constraints and there is the possibility for 24-hour working. Parts of the estate have already been intensified to provide better quality and attractive premises, for example at Rainham Steel. Given the large and orderly layout of the

area, and its good strategic characteristics, it would likely benefit from further intensification and/or redevelopment to maximise its potential in meeting demand for premises, being already well-occupied.

7.5.13 C3b was assessed to be of average or poor quality across many of the criteria and holds the lowest RAG ratings overall in the Rainham Employment Area. The site can be described as a general industrial estate with some buildings of good and average quality, but around half are assessed to be very poor. The quality of environment is generally poor due to internal roads being of poor quality, the pavement is used for parking and the site is generally dirty. Whilst there is direct strategic road access (A13), there is limited on-site parking and poor access to public transport. There is some vacant land which could be developed and there is potential to redevelop some of the lower quality sites.

7.5.14 C4 is described as a high-quality business park, comprised of multiple units, including a Tesco distribution centre and other logistics businesses, with all buildings of very good quality, which reflecting the fact that they are relatively new. The quality of environment and public realm is deemed to be good, with pavements and cycle lanes across the cluster. There are no physical site constraints and servicing of the businesses is very good, but there is heavy traffic, lots of HGVs and a high voltage power line to the south of the site, which may impact neighbourhood uses. There is limited potential to develop the vacant land within the cluster; some of the vacant land identified in the 2015 ELR has been developed.

7.5.15 Cluster C24 is designated as a SIL in the adopted Local Plan, based on a recommendation from the last employment land review in Havering. The Freightmaster Estate is an isolated, but active and well-functioning industrial estate, to the very south of the borough and backing onto the River Thames. The cluster has a green RAG rating for suitability due to the servicing of businesses, lack of physical site constraints, the possibility of 24 hour working due to the isolated location. This is further underpinned by it not being within close proximity of residential or other sensitive uses, noting that the adjacent landfill site is envisaged to become open space once operations there cease.

7.5.16 With the exception of cluster C24, all clusters which are designated as a SIL had a RAG rating of amber or green across public realm, environment and surroundings; suitability; accessibility; and building condition. Clusters C1, C2 and C6 were rated highly across all four domains. The red rating across many of the clusters for redevelopment potential suggests that the majority of these clusters are being well utilised in their current use, with low vacancy rates and limited vacant land available for redevelopment. Cluster C7 contained some buildings of poorer quality public realm, which could benefit from some redevelopment and clusters C2, C4, C8a and C8b contain some vacant land which could be redeveloped or intensified.

LSISs

7.5.17 Table 7-3 shows the RAG ratings across the LSISs in Havering, there are seven clusters designated as lying within LSISs across the borough, which accounts for the Crow Lane LSIS being divided into three parcels reflecting separation within it. All clusters identified as LSISs are found in the north of the borough, with C11 and C12 located in the Harold Hill area and the remaining 6 clusters located across Romford or nearby. The clusters designated as LSISs have been assessed as having varying quality across the criteria, with the seven clusters having a range of red, amber and green RAG ratings.

Table 7-3: RAG rating - LSISs

Ref.	Name	Designation	Public Realm, Environment and Surroundings	Suitability	Accessibility	Building Condition
C11	Harold Wood	LSIS				

Ref.	Name	Designation	Public Realm, Environment and Surroundings	Suitability	Accessibility	Building Condition
C12	Hillman Close	LSIS				
C13	The Seedbed Centre	LSIS				
C14	Lyon Road	LSIS				
C15	Crow Lane Site 2 (Danes Rd)	LSIS				
C16	Crow Lane Site 1	LSIS				
C17	Crow Lane Site 3	LSIS				

7.5.18 C11 can be described as a general industrial estate and business area, located within the Harold Wood area in the north-east of Romford. The cluster lies to the north of the railway and slightly south of the A12 road. The overall quality of the environment is average, with Bates Industrial Estate 1 in generally good condition, whereas the other two estates suffer from poor internal roads and poorer building condition. The cluster may have an impact on the neighbourhood as there is likely to be significant car traffic via residential roads to access the site.

7.5.19 The cluster has a green RAG rating for accessibility owed to the close proximity of the strategic road network, the good access to public transport – there are buses and Harold Wood Station, which is now serviced by Crossrail, is around half a mile away, there is also dedicated parking within the cluster, however this is concentrated in Bates Industrial Estate 1. The building condition within the cluster is average overall, but this is due to some buildings of good and very good quality within Bates Industrial Estate 1, and some buildings of poor and very poor condition across the rest of the site. On the site visit it was observed that 2 out of 42 units in the industrial park were vacant and marketed, so it is generally well-occupied. The cluster has an amber RAG rating for redevelopment potential as the vacant plots and lesser quality parts of the cluster could benefit from redevelopment, albeit that the surroundings would limit potential to intensify activities.

7.5.20 C12 is comprised of good quality buildings that include warehousing, wholesale and distribution businesses. The cluster is well laid out, with pavements throughout and although there are residential properties in relatively close proximity, the site is self-contained, this is reflected in the green RAG rating for public realm, environment and surroundings. The cluster has favourable accessibility, it has good access to the strategic road network, via the A127 to the north-east, access is however via residential roads. There is dedicated parking within the cluster and access to public transport is average to good, with buses and 2 train stations, that are serviced by Crossrail, within 1 mile – Gidea Park and Harold Wood. The suitability has an amber RAG rating, as although the servicing of businesses is good, the proximity to residential suggests it would not be possible to use the site or 24-hour working. The site seems to be mostly occupied, with one building observed to be vacant and marketed at the time of survey. The cluster is fully developed meaning there is no opportunity for intensification.

7.5.21 C13, the Seedbed Centre, is a very small industrial estate within a retail park area close to Romford town centre. Occupiers are mainly SMEs and there are some non-employment occupiers present. An outline planning application was approved in December 2023 for a mixed use development which would deliver a minimum of 3,000 sqm of industrial floorspace, housing and other non-employment land uses. The buildings are of average and good quality, and public realm is deemed very good; the cluster has a good layout and is well managed

and maintained. Access to facilities and amenities as Romford major centre is close by. Suitability is deemed to be good as there is direct access to the A125, which connects to the A12, and there is dedicated parking within the cluster. There is very good public transport access – buses and Romford train station – a characteristic which lends itself more to office and non-employment uses than an industrial estate. Servicing is adequate, there are no physical site constraints and it is not within close proximity of residential albeit it is entirely within a retail park. There are potentially some vacant units or units which are occupied but not observed to be active.

7.5.22 C14, Lyon Road, is a general industrial estate to the south of Romford, made up of buildings of average condition. The site is not suitable for 24-hour working due to the presence of residential property nearby, there is also likely to be significant vehicle traffic via residential access roads, which may impact neighbourhood uses. The clusters' location in Romford means it has good access to public transport (buses and Romford Station), and average access to facilities and amenities. Despite its proximity to residential uses, the quality of public realm is good as roads are well kept and maintained and the layout is adequate. There is limited opportunity for intensification or redevelopment.

7.5.23 Clusters C15, C16, and C17 are located on or off Crow Lane to the west of Romford town centre. They have indirect access to the strategic road network, via the nearby A125, but access is mostly via residential roads. C15 and C16 can be described as general industrial estates, Crow Lane Site 1 (C16) has a mix good and average quality buildings, whereas Crow Lane Site 2 (C15) has a mix of average and poor quality premises. Crow Lane Site 3 (C17) contains Romford Mail Centre. Adjacent to it is a cluster of vacant land (being remediated as a former gas works) and new residential housing, both areas which were de-designated in the adopted Local Plan.

Non-designated industrial sites

7.5.24 Table 7-4 shows the RAG ratings across the non-designated industrial sites in Havering. The sites were assessed variably across the criteria, however there is a high proportion of clusters with amber and red ratings, showing they were likely to have been assessed as poor or very poor in accordance with the criteria in sub-section 7.4.

Table 7-4: RAG rating – Non-designated sites

Ref.	Name	Designation	Public Realm, Environment and Surroundings	Suitability	Accessibility	Building Condition
C19a	Rainham West	Non-designated				
C20	Bridge Close	Non-designated				
C21	Chesham Close	Non-designated				
C22	Spring Gardens	Non-designated				
C23	Lambs Lane	Non-designated				
C25	Avenue Industrial Estate/ Gallows Corner / Southend Arterial Road	Non-designated				
C26	Caravan Storage Site	Non-designated				
C27	Dagenham Rd Pumping Station /	Non-designated				

Ref.	Name	Designation	Public Realm, Environment and Surroundings	Suitability	Accessibility	Building Condition
	Kilnbridge Waste Transfer Site					
C28	178 - 208 Crow Lane	LSIS				
C29	Albert Road Workshops	Non-designated				
C30	Royal Mail - Abbscross Gardens	Non-designated				
C31	Rear of Broadway Parade, Elm Park	Non-designated				
C32	Royal Mail - Tansy Close	Non-designated				
C33	Vicarage Road/ Hornchurch Road Workshops	Non-designated				
C34	Benskins Lane Vehicle Breakers Yard	Non-designated				
C35	Broxhill Road Vehicle Breakers Yard	Non-designated				
C36	55 Brentwood Road Vehicle Repair Workshops	Non-designated				
C37	293 Crow Lane Vehicle Breakers Yard	Non-designated				
C38	Bryant Avenue Workshops	Non-designated				
C39	St Mary's Lane	Non-designated				
C40	Royal Mail - Wennington Road	Non-designated				
C41	Royal Mail - Corbets Tey Road	Non-designated				
C42	Noakes Industrial Estate	Non-designated				
C43	Land west of Juliette Way, Thurrock	Non-designated				
C45	Land at Grove Farm	Non-designated				

7.5.25 Many of the non-designated industrial sites are small clusters dispersed across the borough. The majority of these clusters are around the Romford area and within the northern half of the borough.

7.5.26 C19 is located along New Road Rainham, once forming part of the Rainham Employment Area SIL. The majority of C19b has been redeveloped in the past 10 years, with few employment premises remaining which are also expected to change to non-employment use in keeping with its site specific allocation. The condition of buildings and quality of the environment and public realm is poor for the remaining uses.

7.5.27 C20, C21, C22, C23 and C25 were previously designated sites. They are all general industrial estates and C25 also includes some business areas and car dealerships, this cluster is adjacent to C38. The condition of buildings is deemed particularly poor in C20 and C23 though not unsuitable for the current users. The suitability RAG ratings are brought down by the general poor servicing of businesses, the presence of some site constraints due to narrow access and access via residential roads. This is further underpinned by the inability to use the clusters for 24-hour working due to the presence of residential properties.

7.5.28 C26 is a caravan storage site which is assessed to be of higher quality than the other vehicle related clusters. It is situated to the east of the borough in Upminster and is adjacent to the A127. The site is solely occupied by Cranham Caravans and contains an office, a few sheds and lots of vehicle storage. The condition of the buildings present is good, is situated away from sensitive uses, and has good strategic road access.

7.5.29 C27 is used for wider industrial uses and is located on the A112, on the western border of the borough. The cluster is mostly used as storage yard space or for small scale waste and metal recycling, with few if any permanent buildings present and some sites used informally. C28 is an industrial estate which includes a large open storage site, small warehouses and car-related uses with buildings in average and poor condition where present.

7.5.30 C30, C32, C40 and C41 are all Royal Mail facilities, of varying quality and condition, spread across the borough. C40 and C41 have buildings of good condition, whilst C30 and C32 were deemed to be older and average the sites were adequate and well-functioning. All four sites have a red RAG rating for redevelopment potential due to the small and single-use nature of each site.

7.5.31 C29, C31, C33 to C39, C42 and C43 can generally be grouped as small clusters of workshops and vehicle breakers yards. These clusters are generally of poorer quality than others; C34, C35 and C39 were assessed to be particularly poor sites, with the condition of buildings and quality of environment and surroundings deemed to be poor to very poor. These sites offer limited parking facilities, very poor access to facilities and amenities and public transport (though not important given their industrial nature), with poor servicing of businesses, physical site constraints and they may negatively impact their neighbours. It is unclear how much of site C34 is vacant, but there has been no redevelopment in the past decade which though possible might not be viable in such a location and in such size.

7.5.32 C33, C36 and C37 house car repairs and MOT centres, and C38 is a general industrial estate which also includes car dealerships, workshops, warehouses and a carpet showroom. Despite the overall suitability of C38, it is worth nothing that there are some layout issues with buildings being too close together and the inability for larger vehicles or HGVs to pass through the cluster due to narrow roads and the presence of the car dealerships.

7.5.33 C42,C43 and C45 are newly identified sites that were not included in the previous employment land review. C42 contains sui generis industrial uses, including used car dealerships, a scrap yard and storage and logistics. The condition of buildings was average to poor, with generally poor servicing of buildings, however the site appears to be well used, with no vacant land. C43 is a strip of industrial land within part of a larger employment land cluster nearly entirely situated in Purfleet in Thurrock. It comprises storage yard at the back of an industrial estate containing builders' merchants and a timber yard. There is direct access to the strategic road network (A13), however there are only limited parking facilities and narrow roads to access the site. C45 is a cluster containing open storage, workshops and vehicle breakers yards. It has good road access, located close to intersection of the A12 and M25, however it is not formally laid out, and has poor access to other facilities and amenities.

East Havering Datacentre Campus and Ecology Park

7.5.34 C44 is a large site subject to proposals for a datacentre campus and ecology park situated around one mile from the M25. The site is currently privately owned agricultural land within the Green Belt, however, subject to further assessment the opportunities the potential

development offers in terms of research and innovation would be likely to compensate for any agricultural employment lost through redevelopment.

7.5.35 The site has no nearby access to facilities and amenities due to the rural nature of the location, and although Upminster station is not far away, access to public transport is still considered poor as it is not within walking distance of the site, requiring parking space to be provided. The proposed site is not within close proximity to residential property of any density and is relatively well situated in relation to the M25 as previously mentioned.

Former Romford Office Quarter

7.5.36 The former Romford Office Quarter (C18) is situated in Romford town centre close to the train station and its new Elizabeth Line access. Since the 2015 ELR, the area has undergone notable redevelopment for other uses, reflecting the fact that it is no longer denoted as a designated office area in local planning policy. Redevelopment of note includes the new leisure centre on Western Road, and several conversions via Permitted Development Rights (PDR) to residential, including Chaucer House (now Verve apartments), Scimitar House, and Morland House.

7.5.37 At the time of survey, the condition of the remaining office buildings is either good or average quality but with no new premises which would meet current office occupier specifications – particularly related to energy efficiency. The quality of the environment, public realm and servicing of businesses remains good, although some potential for improvement was observed. The cluster benefits from very good access to both facilities and amenities in the town centre, and to public transport, further improved by the Elizabeth Line). Whilst the latter arrival has improved, this also allows local residents to get into Central London more easily and access the primary office locations of the City of London, West End and Canary Wharf. As such, further conversion or redevelopment for other uses is likely and within the planning pipeline – see below.

7.6 Future supply

7.6.1 The current Local Plan remains the development plan for the borough and will be used in determining planning applications until the Council updates it. This sets out the planning framework for the borough up to 2041 and will cover issues such as the future supply of employment land. It will also set out policies by which planning applications will be determined.

7.6.2 A review of the Planning London Datahub has been undertaken to identify the pipeline of employment land development, the findings of which are presented in Table 7-5.

Table 7-5: Planning Pipeline – Havering

Use Class	GIA Gained (sqm)	GIA Lost (sqm)	Net Gain
E(g)(i)	34,081.10	106,383.84	-72,302.74
E(g)(ii)	0	291	-291.00
E(g)(iii)	17,391	15,751	1,639.80
B2	30,566	6,416	24,150.00
B8	36,627.55	43,040.13	-6,412.58

Source: Planning London Datahub, 2023

7.7 Summary

7.7.1 AECOM's qualitative survey of employment land within Havering was formed of a site visit to 47 clusters, combined with elements of desk research. Most of the employment clusters are not subject to policy designations. The clusters comprised 13 within SILs, 7 within LSISs and 25 non-designated industrial sites and 2 other non-designated sites (East Havering Datacentre Campus and Ecology Park and former Romford Office Quarter). The assessment

of existing supply was conducted based on a set of site appraisal criteria (which were agreed with the Council in advance) from which detailed analysis was carried out to identify the typologies of employment land within the district.

7.7.2 The survey identifies that employment land in Havering is dominated by industrial activity. There are a number of well performing industrial areas, particularly at Harold Hill, King George's Close and across the Rainham Employment Area. These clusters tend to have very good, direct access to the strategic road network, namely the A12 and A13. Clusters less well connected to the road network appear to be far smaller and have older/poorer quality buildings. They also have the ability for 24-hour working to take place and limited physical site constraints.

7.7.3 The majority of the designated employment clusters (SILs and LSISs as listed in Table 7-1) are deemed to be well functioning, and are predominantly industrial clusters of employment land. Some vacant land remains and there are potential opportunities for intensification or redevelopment to provide better quality premises, or limited release for other uses.

7.7.4 The non-designated clusters (excluding Former Romford Office Quarter and the vacant East Havering Datacentre Campus and Ecology Park, which are considered separately) were assessed to be more mixed in quality. Several of the clusters are performing well, whilst others are considered poor across the identified criteria.

7.7.5 Office space within Havering is concentrated within the Former Romford Office Quarter, with a smaller supply of premises scattered through the borough such as in Rainham, Hornchurch and Harold Hill. Stock of premises in the Former Romford Office Quarter is likely suitable for current occupiers and is well located for transport and amenities, but would not meet current office occupier demands for high energy efficiency premises, without retrofitting which may not be viable or desirable – especially given the arrival of the Elizabeth Line and the better access that would provide for residents to other office areas.

7.7.6 The supply assessment concludes that most sites surveyed are functioning well, have high occupancy rates and support a diverse range of business types. There is evidence of loss of employment sites to other uses, particularly due to the impact of PDR. Four clusters have been fully redeveloped for non-employment uses since the 2015 ELR. There has also been loss of employment land within existing clusters, including within cluster C19 along New Road, though examples of these are relatively limited when taken in context of there being considerable supply, especially of non-designated industrial land. It was also evident that new industrial units have been provided as part of redevelopment across C3a, C3b and C4.

7.7.7 The survey identified some potential opportunities for intensification and development to provide further employment use in the borough, within existing cluster boundaries. This was principally where vacant land or clearly underused land exists.

7.7.8 A review of the Planning London Datahub has been undertaken to identify the pipeline of employment land development i.e. that expected to be gained or lost through unimplemented planning permissions. This has identified that a considerable loss of office floorspace is expected, with a relatively modest net gain in industrial floorspace anticipated.

8. Future Demand

8.1 Introduction

8.1.1 The approach to assessing future employment floorspace and land requirements below is in line with Planning Practice Guidance on Economic Needs Assessments. The analysis in this section considers a range of future employment growth scenarios, including:

- Scenario 1: Demand-based scenario – based on the land needed to accommodate expected employment growth in the borough, as per the latest employment forecasts from Experian.
- Scenario 2: Past take-up rates – trend-based scenario based on the continuation of historical take-up rates, sourced from CoStar. This analyses take-up rates by use class over the period 2015-2020 and extrapolates these trends over the assessment period.
- Scenario 3: Future labour supply – based on the latest population and housing growth projections. This provides an indication of the minimum amount of employment land required to maintain a balance between population and economic growth.

8.1.2 Employment sectors have been mapped to the current core B and E(g) use classes:

Office uses (former B1a, B1b):

- E(g)(i) Offices;
- E(g)(ii) Research and development;

Industrial uses (former B1c, B2, B8):

- E(g)(iii) Light industrial;
- B2 General industrial;
- B8 Storage or distribution.

8.1.3 Job numbers for each use class have been calculated, and these have then been converted to floorspace and requirements by applying appropriate employment density assumptions. The employment densities and plot ratios used draw on the HCA Employment Densities Guide 3rd Edition (2015). These employment density and plot ratio assumptions are summarised in Table 8-1 below.

Table 8-1: Employment density and plot ratio assumptions

Use class	HCA Employment Density Guide (2015)	Employment density assumption used (sqm per full-time equivalent (FTE) job)	Plot Ratio (% of site area)
E(g)(i)	Offices – 8-13 sqm NIA per FTE job	11.3	185%
E(g)(ii)	R&D space – 40-60 sqm NIA per FTE job	50	65%
E(g)(iii)	Light industrial – 47 sqm NIA per FTE job	47	65%
B2	Industrial & Manufacturing – 36 sqm GIA per FTE job	36	65%
B8	Storage & Distribution – 70-95 sqm GEA per FTE job	70	65%

Source: Employment Densities Guide 3rd Edition (2015)

8.1.4 It should be noted that employment ratios and plot ratios can vary significantly depending on location and the exact type of use. The HCA Employment Densities Guide allows for this by providing density ranges against uses. This study has taken a mid-point approach to applying these ranges. The exception to this is for B8 uses where an average density towards the higher end of the HCA Employment Densities Guide has been applied – reflecting the density ascribed to final mile distribution uses (rather than regional or national hubs, which are generally of lower employment density per sqm of space). This is considered appropriate for Havering borough, where most storage and distribution uses serve a local or sub-regional market rather than being of a larger scale.

8.1.5 All scenarios discussed in this chapter should be treated as broadly indicative. Predicting future economic trends and corresponding employment land requirements is not an exact science. The assessment needs to be based on a series of assumptions, including the future performance of individual business sectors, the proportion of employment in each sector that corresponds to each of the B and E(g) use classes, and the future employment densities and plot ratios for each use class. Furthermore, the future economic performance of Havering's economy is subject to external factors that are hard to predict in the context of this study, such as political and economic changes at the national and international levels.

8.1.6 With the above caveat in place, the scenarios presented in this chapter provide an indication of future economic trends and are a useful tool for informing employment land policy. It should also be noted that all figures presented in this chapter have been rounded and therefore may not completely add up.

8.2 Scenario 1: Demand-based scenario

8.2.1 According to Experian's March 2023 employment forecasts, full time equivalent (FTE) employment across all sectors in Havering is forecast to increase from 72,800 in 2023 to 82,300 in 2041, an increase of approximately 13% (Table 8-2). The biggest growth sectors in terms of absolute number of FTE employment growth include: Administrative & Support Services (+1,500 FTEs), Health (+1,500 FTEs) and Professional Services (+1,500 FTEs).

8.2.2 The sectors forecast to decline in absolute terms are Non-Metallic Products (-100 FTEs) and Other Private Services (-100 FTEs).

Table 8-2: Forecast growth or decline by employment category 2023-2041

Employment Sector	FTE change 2023-2041
Administrative & Supportive Services (Thousands)	1,500
Health (Thousands)	1,500
Professional Services (Thousands)	1,500
Accommodation & Food Services (Thousands)	900
Residential Care & Social Work (Thousands)	900
Wholesale (Thousands)	800
Specialised Construction Activities (Thousands)	600
Land Transport, Storage & Post (Thousands)	400
Computing & Information Services (Thousands)	300
Education (Thousands)	300
Recreation (Thousands)	300
Real Estate (Thousands)	200
Construction of Buildings (Thousands)	100
Machinery & Equipment (manufacture of) (Thousands)	100
Public Administration & Defence (Thousands)	100
Retail (Thousands)	100
Utilities (Thousands)	100
Agriculture, Forestry & Fishing (Thousands)	0
Air & Water Transport (Thousands)	0

Employment Sector	FTE change 2023-2041
Chemicals (manufacture of) (Thousands)	0
Civil Engineering (Thousands)	0
Computer & Electronic Products (manufacture of) (Thousands)	0
Extraction & Mining (Thousands)	0
Finance (Thousands)	0
Food, Drink & Tobacco (manufacture of) (Thousands)	0
Fuel Refining (Thousands)	0
Insurance & Pensions (Thousands)	0
Media Activities (Thousands)	0
Metal Products (manufacture of) (Thousands)	0
Other Manufacturing (Thousands)	0
Pharmaceuticals (manufacture of) (Thousands)	0
Printing and Recorded Media (manufacture of) (Thousands)	0
Telecoms (Thousands)	0
Textiles & Clothing (manufacture of) (Thousands)	0
Transport Equipment (manufacture of) (Thousands)	0
Wood & Paper (manufacture of) (Thousands)	0
Non-Metallic Products (manufacture of) (Thousands)	-100
Other Private Services (Thousands)	-100
All sectors	**+9,500**

Source: Experian employment forecasts

8.2.3 Employment in office and industrial use class sectors makes up approximately 41% of all employment in Havering in 2023 (29,610 out of a total of 72,800 FTE jobs). Experian forecasts employment in office and industrial sectors overall is forecast to increase by 4,460 jobs over the period 2023-2041, an increase of approximately 15.1%.

Table 8-3: Employment forecasts by use class, 2023-2041 - Demand-based Scenario

Use class	Total jobs					Change 2023-2041
	2023	2028	2033	2038	2041	
E(g)(i)	15,140	15,780	16,570	17,250	17,770	2,630
E(g)(ii)	4,630	4,880	5,110	5,360	5,530	900
Total office jobs	**19,770**	**20,660**	**21,680**	**22,610**	**23,300**	**3,530**
E(g)(iii)	990	970	970	1,000	1,000	10
B2	1,210	1,150	1,150	1,230	1,230	20
B8	7,640	7,900	8,120	8,450	8,540	900
Total industrial jobs	**9,840**	**10,020**	**10,240**	**10,680**	**10,770**	**930**
Total office and industrial jobs	**29,610**	**30,680**	**31,920**	**33,290**	**34,070**	**4,460**

Source: Experian, 2023; AECOM, 2023.

8.2.4 The greatest increase in absolute terms is forecast to take place in use class E(g)(i) office-based jobs (+2,630 jobs), followed by use class B8 jobs (+900 jobs) Employment in light industrial use class E(g)(iii) and general industrial (B2) sectors is only forecast to increase marginally.

8.2.5 It is noted that employment in use class E(g)(ii) (research and development) is forecast to increase by +900jobs, however there are currently no premises in Havering in this use (based

on CoStar data see section 6) and property market analysis and consultations have not identified interest from such potential occupiers.

8.2.6 Based on the above employment forecasts and the employment density assumptions summarised in Table 8-3, Havering floorspace requirement forecasts over the period 2023-2041 are presented in Table 8-4 and Table 8-5 below.

Table 8-4: Havering additional office floorspace need (sqm) - Demand-based Scenario

Use class	2028	2033	2038	2041	% change 2023-2041
E(g)(i)	+7,232	+16,159	+23,843	+29,719	17.4%
E(g)(ii)	+12,500	+24,000	+36,500	+45,000	19.4%
Office floorspace need	**+19,732**	**+40,159**	**+60,343**	**+74,719**	**18.6%**

Source: Experian, 2023; AECOM, 2023.

Table 8-5: Havering additional industrial floorspace need (sqm) - Demand-based scenario

Use class	2028	2033	2038	2041	% change 2023-2041
E(g)(iii)	-940	-940	+470	+470	1.0%
B2	-2,160	-2,160	+720	+720	1.7%
B8	+18,200	+33,600	+56,700	+63,000	11.8%
Industrial floorspace need	**+15,100**	**+30,500**	**+57,890**	**+64,190**	**10.3%**

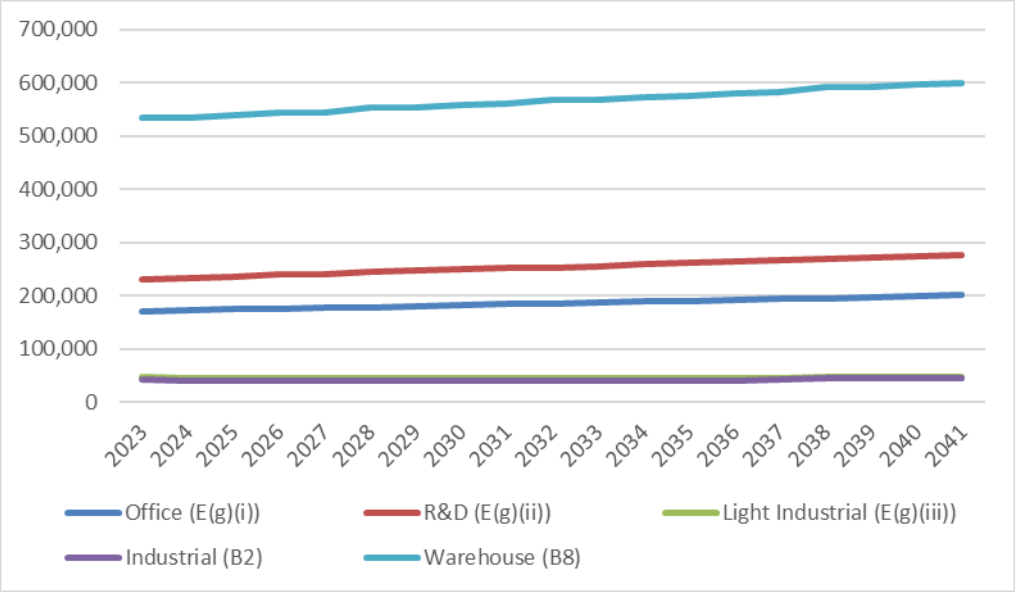
Source: Experian, 2023; AECOM, 2023.

8.2.7 Overall based on the Experian demand-based scenario, Havering is projected to undergo relatively large changes in employment floorspace requirements across the borough over the period 2023-2041, including an additional 74,700 sqm of office floorspace and 64,200 sqm more industrial floorspace.

8.2.8 Figure 8-1 shows the evolution of floorspace requirements in Havering between 2023 and 2041. This shows that based on employment forecasts, by 2041 there would be a requirement for:

- +29,719 sqm of E(g)(i) floorspace;
- +45,000 sqm of E(g)(ii) floorspace;
- +470 sqm of E(g)(iii) floorspace;
- +720 sqm of B2 floorspace; and
- +63,000 sqm of B8 floorspace.

Figure 8-1: Floorspace Requirement (sqm) (2023-2041) – Demand-Based scenario

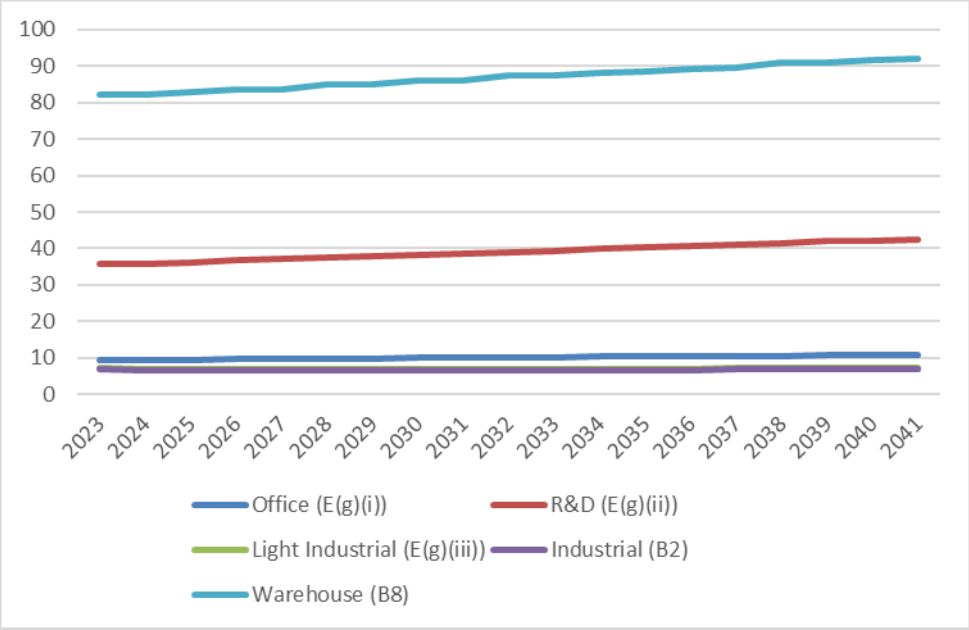


8.2.9 Finally, applying relevant plot ratios, floorspace requirements can be converted into land requirements (presented in hectares), which has been done for industrial uses only.

8.2.10 Based on this, Figure 8-2 the evolution of land requirements in Havering to 2041 indicates a requirement for:

- +0.1 ha of land for E(g)(iii) use;
- +0.1 ha of land for B2 use; and
- +9.7 ha of land for B8 use.

Figure 8-2: Land Requirement (ha) (2023-2041) - Demand-Based scenario



8.3 Scenario 2: Past take-up rates scenario

8.3.1 To determine the needs arising from a scenario of change based on 'past take-up', AECOM used data from CoStar on net absorption of employment floorspace by planning use class for Havering. CoStar provides data from 2009.

8.3.2 The historical net absorption (annual average), by planning use class, is projected forwards to inform the future demand for employment floorspace. As part of this exercise, several historical periods were considered (past 5 years, past 10 years, past 13 years). It was considered that the past 10-year average was the most robust, as it was not overly impacted by the 2008 financial crisis and was long enough to smooth the impact of Covid-19 (unlike the past 5-year average).

8.3.3 The average historical annual absorption of employment floorspace was projected forward to 2038 from the 2023 baseline position.

8.3.4 Table 8-6 provides a summary of the average net absorption of employment floorspace by planning use class over the past 5, 10 and 14 years.

Table 8-6: Average Annual Net Absorption of Floorspace (sqm)

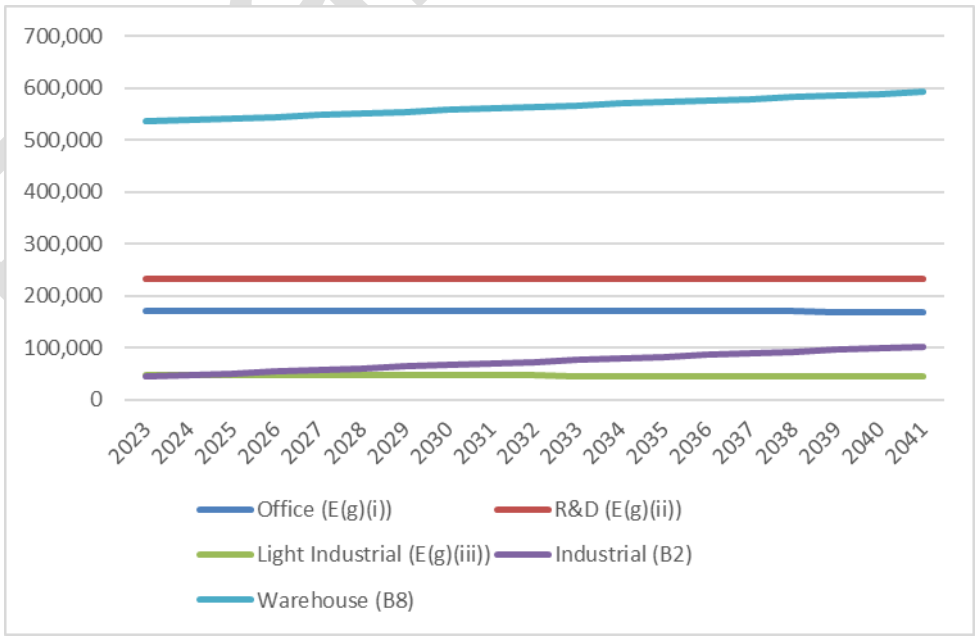
	5-Year	10-Year	14-Year
Office (E(g)(i))	(262)	(118)	(62)
R&D (E(g)(ii))	0	0	0
Light Industrial (E(g)(iii))	(320)	(73)	(28)
Industrial (B2)	1,748	3,267	2,620
Warehouse (B8)	1,497	3,157	2,533

Source: AECOM 2023, based on CoStar

8.3.5 Figure 8-3 shows the evolution of floorspace requirements in Havering between 2023 and 2041. This shows that based on labour supply, by 2041 there is a requirement for:

- -2,124 sqm of E(g)(i) floorspace;
- +0 sqm of E(g)(ii) floorspace;
- -1,314 sqm of E(g)(iii) floorspace;
- +58,806 sqm of B2 floorspace; and
- +56,826 sqm of B8 floorspace.

Figure 8-3: Floorspace Requirement (sqm) (2023-2041) - Past Take Up scenario



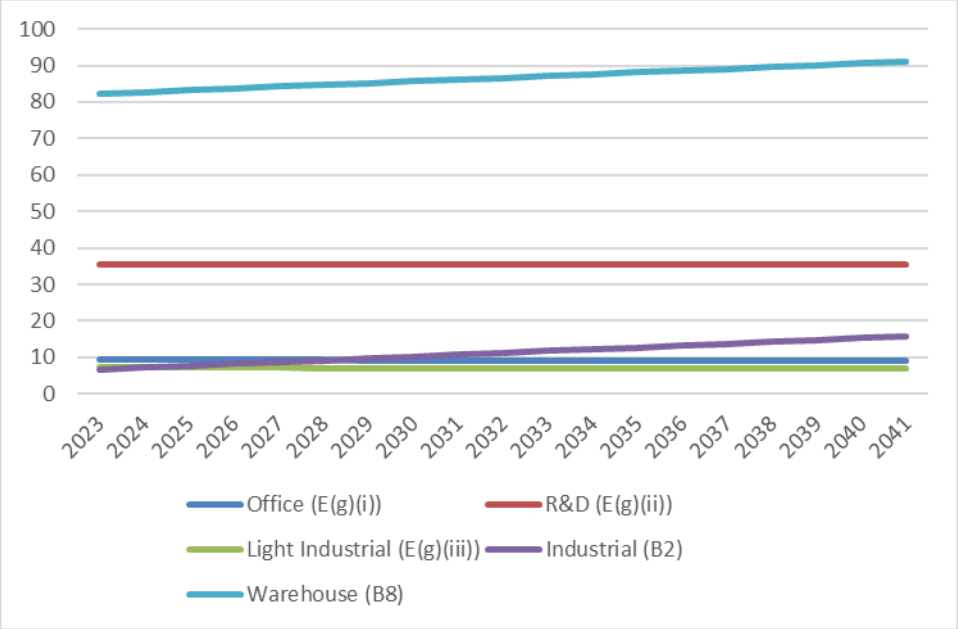
Source: AECOM 2023

8.3.6 Finally, applying relevant plot ratios, floorspace requirements can be converted into land requirements (presented in hectares), which has been done for industrial uses only.

8.3.7 Based on this, the evolution of land requirements in Havering to 2041 indicates a requirement for:

- -0.2 ha of land for E(g)(iii) use;
- +9.0 ha of land for B2 use; and
- +8.7 ha of land for B8 use.

Figure 8-4: Land Requirement (ha) (2023 to 2041) - Past Take Up scenario



Source: AECOM 2023

8.4 Scenario 3: Future supply

8.4.1 Scenario 3: Future labour supply – based on the latest population and housing growth projections. This provides an indication of the minimum amount of employment land required to maintain a balance between population and economic growth.

8.4.2 The labour supply scenario considers the potential local employment requirements arising from an initial assessment of future growth driven by demographic factors. This has been informed by the latest annual population projections over the Plan period from the GLA Capacity Study.

8.4.3 The following assumptions have been applied to generate employment growth projections arising from expected population growth in Havering between 2023-2041:

- Total working age population projections per year as per the GLA Capacity Study;
- Proportion of population that is economically active is 59.5%[53]; and
- Self-containment rate is 35%[54].

8.4.4 Applying the above, the total employment in Havering is expected to increase by a total of 2,084 between 2023 and 2041.

8.4.5 The rate of growth has been mapped proportionally by industry for each year using Experian demand-based employment growth assumptions by industry.

8.4.6 The labour supply scenario projects an increase of 1,099 office and industrial jobs in Havering over the period 2023-2041, an increase of approximately 3.7%.

[53] ONS (2023) Economic activity status, England and Wales: Census 2021
[54] ONS (2023) Location of usual residence and place of work by sex (WU01UK)

Table 8-7: Havering borough office and industrial use employment (FTE) forecasts – Labour supply scenario

Use class	Total jobs					Change 2023-2041
	2023	2028	3033	2038	2041	
E(g)(i)	15,140	15,570	15,783	15,852	15,879	4.9%
E(g)(ii)	4,630	4,772	4,840	4,866	4,875	5.3%
Total office jobs	**19,770**	**20,342**	**20,623**	**20,719**	**20,754**	**5.0%**
E(g)(iii)	990	970	970	972	972	-1.8%
B2	1,210	1,150	1,150	1,156	1,156	-4.4%
B8	7,640	7,738	7,789	7,820	7,827	2.4%
Total industrial jobs	**9,840**	**9,858**	**9,909**	**9,949**	**9,956**	**1.2%**
Total office and industrial jobs	**29,610**	**30,200**	**30,532**	**30,668**	**30,709**	**3.7%**

Source: AECOM

8.4.7 Based on the above employment forecasts and the employment density and plot ratio assumptions, Havering floorspace requirements generated by the Labour supply scenario over the period 2023-2041 are presented in Table 8-8 and Table 8-9.

Table 8-8: Havering additional office floorspace need (sqm) – Labour Supply scenario

Use class	2028	3033	2038	2041	Change 2023-2041
E(g)(i)	+4,859	+7,265	+8,050	+8,351	4.9%
E(g)(ii)	+7,122	+10,502	+11,815	+12,228	5.3%
Office floorspace need	**+11,980**	**+17,767**	**+19,865**	**+20,579**	**5.1%**

Source: AECOM

Table 8-9: Havering additional industrial floorspace need (sqm) – Labour Supply scenario

Use class	2028	3033	2038	2041	Change 2023-2041
E(g)(iii)	-940	-940	-828	-828	-1.8%
B2	-2,160	-2,160	-1,933	-1,933	-4.4%
B8	+6,839	+10,401	+12,610	+13,085	2.4%
Industrial floorspace need	**+3,739**	**+7,301**	**+9,850**	**+10,325**	**1.7%**

Source: AECOM

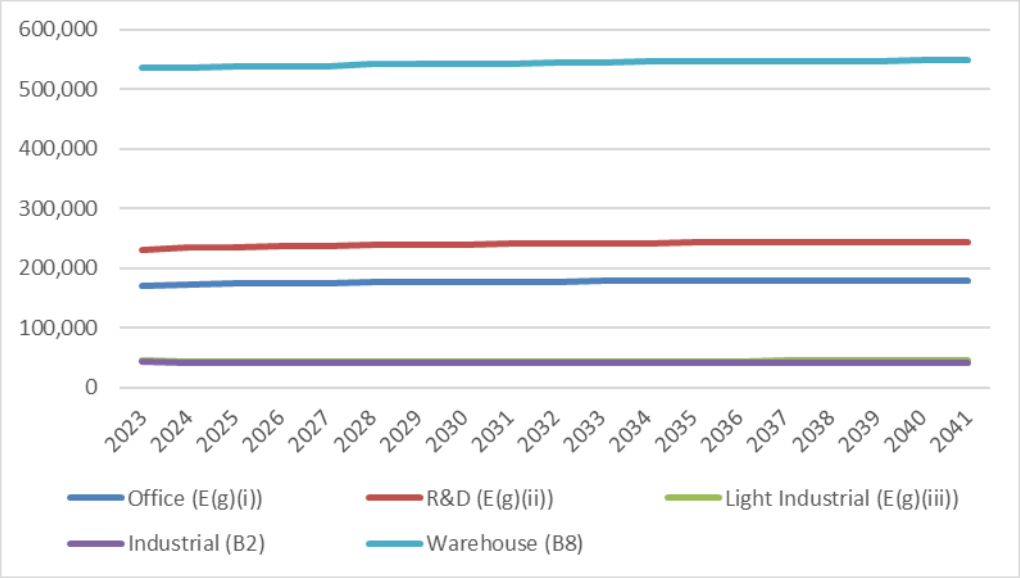
8.4.8 Overall, this scenario estimates for Havering an additional need for 20,600 sqm office floorspace over the period 2023-2041 and a decline of floorspace need of 10,300 sqm industrial space.

8.4.9 Figure 8-5 shows the evolution of floorspace requirements in Havering between 2023 and 2041. This shows that based on future supply, by 2041 there is a requirement for:

- +8,351 sqm of E(g)(i) floorspace;
- +12,228 sqm of E(g)(ii) floorspace;
- -828 sqm of E(g)(iii) floorspace;

- -1,933 sqm of B2 floorspace; and
- +13,085 sqm of B8 floorspace.

Figure 8-5: Floorspace Requirement (sqm) (2023-2041) - Labour Supply scenario

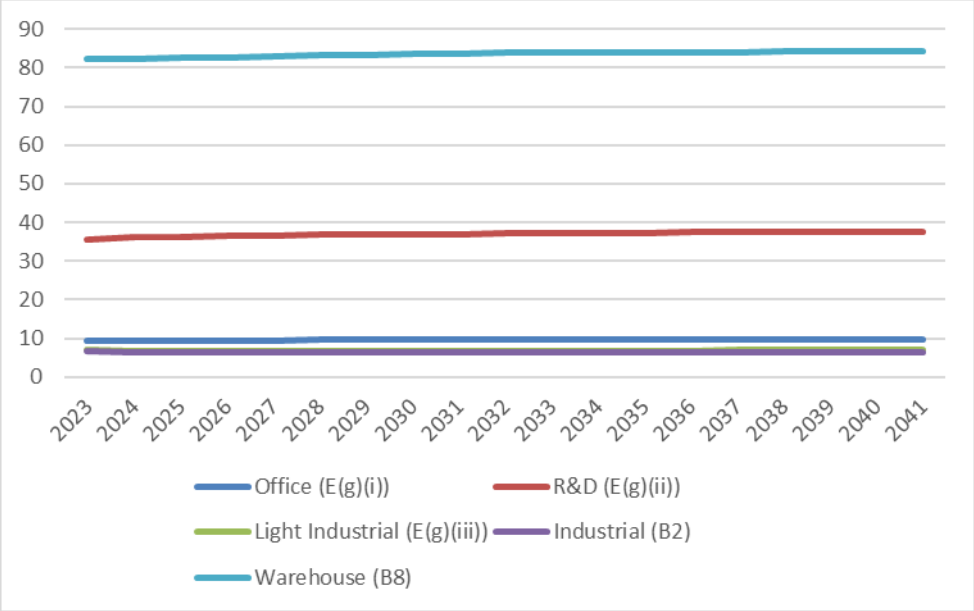


8.4.10 Finally, applying relevant plot ratios, floorspace requirements can be converted into land requirements (presented in hectares), which has been done for industrial uses only.

8.4.11 Based on this, the evolution of land requirements in Havering to 2041 indicates a requirement for:

- -0.1 ha of land for E(g)(iii) use;
- -0.3 ha of land for B2 use; and
- +2.0 ha of land for B8 use.

Figure 8-6: Land Requirement (ha) (2023-2041) - Labour Supply scenario



8.5 Sensitivity Testing

Plot Ratios

8.5.1 The first sensitivity test undertaken was to adjust the plot ratios for each unit type, within each of the forecast scenarios for industrial uses only reflecting that office buildings in Havering are typically within town centre areas. The changes are reflected in Table 8-10.

Table 8-10 :lot Ratio Adjustments

Use Class	Baseline Plot Ratio	Adjusted Plot Ratio
Light Industrial (E(g)(iii))	65% of site area	75% of site area
B2	65% of site area	75% of site area
B8	65% of site area	75% of site area

Source: AECOM

8.5.2 The results of the sensitivity tests within each of the 3 scenarios is reflected in Table 8-11.

Table 8-11: Plot Ratio Sensitivity Test Results

Change (ha) 2023-2041	Demand-Based Scenario	Past Take-Up Scenario	Labour Supply Scenario
Light Industrial (E(g)(iii))	+0.1 ha	-0.2 ha	-0.1 ha
Industrial (B2)	+0.1 ha	+7.8 ha	-0.3 ha
Warehouse (B8)	+8.4 ha	+7.6 ha	+1.7 ha

Source: AECOM

Employment Densities

8.5.3 To reflect the possible changes to employment space utilisation post-COVID, another sensitivity test was undertaken that adjusted the employment densities informing overall land requirements. Namely, the employment densities for E(g)(i) and E(g)(ii) were adjusted downward to account for the potential downsizing of offices since the pandemic due to increased remote working.

8.5.4 The employment density for E(g)(i) was revised from 11.3 sqm per FTE to 8 sqm per FTE and the employment density for E(g)(ii) was revised from 50 sqm per FTE to 40 sqm per FTE. Both of the revised figures represent the low end of the respective scales as per the Employment Density Guide.

8.5.5 The results of the sensitivity tests within each of the 3 scenarios is reflected in Table 8-12.

Table 8-12: Employment Density Sensitivity Test Results

Change (ha) 2023-2041	Demand-Based Scenario	Past Take-Up Scenario	Labour Supply Scenario
Office (E(g)(i))	+1.1 ha	-0.1 ha	+0.3 ha
R&D (E(g)(ii))	+5.5 ha	0.0 ha	+1.5 ha
Light Industrial (E(g)(iii))	+0.1 ha	-0.2 ha	-0.1 ha
Industrial (B2)	+0.1 ha	+9.0 ha	-0.3 ha
Warehouse (B8)	+9.7 ha	+8.7 ha	+2.0 ha

Source: AECOM

Employment Growth (Scenario 1)

8.5.6 Sensitivity tests were undertaken within Scenario 1 (Demand-based scenario) to gauge the impact of employment growth being either 10% higher or 10% lower than the baseline forecast.

8.5.7 The results of this sensitivity test are reflected in Table 8-13.

Table 8-13: Employment Growth Sensitivity Test Results

Change (ha) 2023-2041	10% Lower	Baseline Growth	10% Higher
Office (E(g)(i))	+1.4 ha	+1.6 ha	+1.8 ha
R&D (E(g)(ii))	+6.2 ha	+6.9 ha	+7.6 ha
Light Industrial (E(g)(iii))	+0.1 ha	+0.1 ha	+0.1 ha
Industrial (B2)	+0.1 ha	+0.1 ha	+0.1 ha
Warehouse (B8)	+8.7 ha	+9.7 ha	+10.7 ha

Source: AECOM

8.6 Vacant Industrial Land

8.6.1 Havering contains a relative large supply of vacant industrial land within designated areas which needs consideration when forecasting demand and needs. The estimated vacant land is shown in Table 8-14 below, showing a breakdown between land which is developable and that which is considered undevelopable for a given reason such as nature reserves or land that has natural constraints such as topographical or watercourses running through it. The total developable vacant land was calculated by subtracting the vacant land. Vacant industrial land in Havering totals 31.1ha, of which 13.7ha is considered to be undevelopable such that 17.4ha is developable vacant land.

Table 8-14: Estimated Vacant Land in LB Havering 2041

Employment Cluster Number and Name	Policy designation	Area (ha)	Undevelopable Area (ha)	Comment
C2 – King George's Close	SIL	1.5	-	
C3a - Ferry Lane North (a)	SIL	2.5	-	
C3b - Ferry Lane North (b)	SIL	1.5	-	
C4 – Beam Reach 5	SIL	5.2	5.2	Undevelopable - Area of cluster which is a SINC
C5 – Ford	SIL	1.0	-	
C7 – Fairview Estate	SIL	0.1	-	
C8b - Ferry Lane South (b)	SIL	1.9	-	
C9 – Beam Reach 6	SIL	9.8	1.6	Topography of part of cluster inhibits development
C10 – Beam Reach 6	SIL	6.9	6.9	Undevelopable - Area of cluster which is a SINC
C24 – Freightmaster Estate	SIL	0.2	-	
Non-designated land	Non-designated	0.9	-	
Total		**31.1**	**13.7**	

8.7 Local Market Demand Factors

8.7.1 This sub-section references market factors which could influence demand for land and floorspace for employment uses in Havering which are not readily accounted for in the forecasting scenarios set out above.

Thames Freeport

8.7.2 Thames Freeport is an economic zone stretching from Ford's engine plant at Dagenham to the ports at London Gateway and Tilbury in Essex. Backed by a partnership Ford, Forth Ports Limited and DP World the Freeport was granted approval from Government in May 2023, and targets generation of an estimated 21,000 jobs and more than £4.6billion in investment.

8.7.3 Businesses within freeports are offered incentives such as tax breaks and a more simplified customs procedure. The benefits of this are expected to drive investment into sectors including those relevant to decarbonisation such as automated and electric vehicles, renewable energy and battery storage.

8.7.4 Based on the outcomes of the consultation, the impact of the Freeport on economic activity and employment land is unclear. Although there is some vacant developable land within the Rainham Employment Area SIL, there is a shortage of transformative opportunity sites. That there are no port facilities in the Borough does not mean the area cannot benefit but it is expected that other locations which have land opportunity in conjunction with such facilities would realise more economic benefit. Nevertheless, opportunity to capitalise on the designation are there and will persist into the future.

Beam Park Station

8.7.5 Aspirations for a rail station at Beam Park to be served by the London, Tilbury and Southend line are long established, although there are no confirmed plans for the station to be built

8.7.6 The introduction of train services and planned associated bus services could improve the areas connectivity and attractiveness for industrial use classes. Whilst industrial areas have traditionally relied less on public transport given availability of parking and the lower density of jobs, active travel initiatives at both borough and London level and other pressures are incentivising employees to commute using sustainable means, and the station could therefore support business operations in the north-western part of the Rainham Employment Area.

8.7.7 Demand, particularly for any onward bus services, is likely to be spurred by the recent introduction of the Ultra Low Emission Zone (ULEZ) as employees who use non-compliant vehicles for commuting may look for alternative travel means. Opening the station could therefore provide direct benefit to businesses in the Rainham Employment Area, with the present lack of certainty on this likely proving a hindrance based on consultation.

Ultra Low Emission Zone (ULEZ)

8.7.8 London's Ultra Low Emission Zone (ULEZ) was largely confined until August 2023 to within the North and South Circular Road. It has since been expanded to cover all London Boroughs including the near entirety of Havering. This means that businesses and employees who use non-compliant vehicles will, with some exceptions need to pay substantial daily charges or take alternative means of transport.

8.7.9 Larger industrial businesses particularly those engaged in distribution and logistics, are likely to already have compliant fleets or will soon such that direct impacts on them are likely to be limited or none. For self-employed workers, ULEZ fees can be claimed back via tax returns for all journeys that are solely for the purpose of work. Small and medium enterprises and employees who commute to them but do not use their car for work purposes will be required to pay the charges. The same is applicable to office businesses, albeit fewer businesses relatively are expected to be affected.

8.7.10 Whilst consultation confirmed that the impact would be limited and the tax relief available was welcomes, the impact on workers particularly at a time of a cost of living crisis would still be adversely affected with potential consequences for their ability to work in locations where other transport options are limited. The Borough has undergone significant public transport improvements in the last few years with the introduction of Elizabeth Line services. More options for improving public transport may need to be explored if impacts on firms and their workers are to be minimised.

8.8 Conclusion

8.8.1 All three scenarios outlined above forecast, for the most part, positive changes in employment in Havering over the new Local Plan period. Scenario 2 (Past Take-Up Rates) provides the lowest outlook on growth for office space but considerably a considerably higher outlook on growth for industrial space than Scenarios 1 and 2. Conclusions regarding the most appropriate scenario, split by office and industrial land uses are set out below.

Summary of Office Floorspace Forecast

8.8.2 For the general office use class (E(g)(i)), the floorspace requirements forecasted through Scenario 1 (Demand-based) indicate that there will be moderate growth in employment in these sectors in Havering to 2041, equivalent to 20% of the current supply of office floorspace in the Borough.

8.8.3 Although the Experian forecasts consider wider macroeconomic factors such as social and economic trends, they do not fully capture the individual characteristics and planning arrangements of each Borough. There have been few new office developments in recent years with the stock being of average quality and not attracting the investment needed to meet both occupier requirements and ESG needs, including meeting EPC requirements. These local factors, coupled with ongoing uncertainty around the permanence of hybrid working and how this will influence office demand in the long term, are likely to result in lower floorspace being delivered than is suggested by the Experian forecasts.

8.8.4 The floorspace requirements under Scenario 2 (Past-Take Up) show a very slight decline in the need for office floorspace in Havering to 2041, if past trends continue. This projection (-2,124 sqm) is considered to be a more realistic projection of office demand in the Borough given the pressures facing office employment space and the factors outlined above.

8.8.5 It is also recommended that this scenario's forecast in respect of research and development, E(g)(ii) use requirements be used on the basis that this does take account of there being no such recent development of such space in Havering and the lack of existing supply in totality.

Summary of Industrial Land and Floorspace Forecast

8.8.6 The Experian demand-based scenario (Scenario 1) is considered to be the preferred scenario for considering future industrial floorspace needs in Havering borough over the new Local Plan period to 2041. The Scenario 1 forecasts requirements for an additional 64,190 sqm in floorspace. The future supply scenario considers growth possible should job growth track against population growth, however given that the Experian forecasts consider wider influences such as this, there is potential for double counting of growth. This scenario is therefore not considered sufficiently robust to warrant application.

9. Comparison between supply and demand

9.1 Introduction

9.1.1 This section compares the projected future demand for office floorspace and industrial land and floorspace between 2023 and 2041, described in section 8, with existing and projected supply conditions in the borough, described in section 6 and section 7. This chapter also analyses the pipelines for development of office and industrial land within the Borough to inform a position of how supply may change over the planning period, and how that effects the overall supply and demand balance.

9.1.2 Broadly, supply in excess of demand suggests a demand constrained position; and where demand is in excess of supply, a supply constrained position with the requirement to identify additional land for employment use activities and ensure growth is adequately supported.

9.1.3 Further consideration of the balance of supply and demand in terms of quantitative and quality requirements is given in the conclusions and recommendations section.

9.2 Office Floorspace

Net requirement for office floorspace

9.2.1 The forecast net requirement for office floorspace (E(g)(i) and (ii)), is set out in Table 9-1. The table identifies all the parameters which are used to inform the supply/demand balance. The existing supply position is informed by CoStar data on office floorspace presented in section 6.2.2.

9.2.2 Net requirements for office floorspace are identified for the borough in its entirety.

Table 9-1: Supply/demand balance for office floorspace 2023 to 2041

Parameters	Land (sqm)
A. Supply of occupied office floorspace (2023)	146,000
B. Current vacant office floorspace (3.6%)	5,250
C. Total stock of office floorspace [A+B]	151,250
Forecast	
D. Floorspace demand to 2041	-2,124
E. Optimum frictional vacancy at 2041 [5% of A+D] [55]	7,406
F. Surplus/deficit of vacant floorspace in 2041 [E-B]	2,156
G. Gross requirement for office floorspace 2023-2041 [C+D+F]	151,282
H. Net requirement for office floorspace 2019-2041 [G-C]	-32

9.2.3 This shows up to 2041 there is additional (net) demand for -32 sqm office floorspace in LB Havering.

[55] Frictional vacancy is the optimal level of surplus land or floorspace (as a % of overall land) required to allow for the efficient churn of occupiers. For Havering a suitable frictional floorspace vacancy rate would be 5% according to the Mayor of London's Land for Industry and Transport Supplementary Planning Guidance, as currently vacancy levels are lower than this.

Pipeline

9.2.4 If all approved planning applications concerning office floorspace were to come forward for development, supply of office floorspace in the Borough would decrease by 60,500 sqm net internal area.

9.3 Industrial Land and Floorspace

Net requirement for industrial land

9.3.1 The forecast net requirement for industrial space is set out below in Table 9-2. The table identifies all the parameters which are used to inform the supply/demand balance. The existing supply position is informed by data published in the London Industrial Land Supply Study, updated through the site survey undertaken as part of this employment land review to give a 2023 supply position.

9.3.2 Land demand and net requirements for industrial space are identified for the Borough in its entirety.

Table 9-2: Supply/demand balance for industrial land 2023 to 2041

Parameters	Land (ha)
A. Supply of occupied industrial land (2023) including land for utilities, bus and rail depots, and waste management	387.4
B. Current vacant industrial land	31.5
C. Total stock of industrial land (2023) [A+B]	418.9
Forecast	
D. Land demand to 2041	9.9
Additional demand for waste and recycling facilities 2023 to 2041	0.0
E. Optimum frictional vacancy at 2041 [5% of A+D] [56]	18.5
F. Surplus/deficit of vacant land in 2041 [E-B]	-13.0
G. Gross requirement for industrial land 2023-2041 [C+D+F]	384.3
H. Net requirement for industrial land 2023-2041 [G-C]	3.1

9.3.3 Between 2023 and 2041, the analysis predicts a net requirement of 3.1 ha of land for industrial floorspace.

Pipeline

9.3.4 If all approved planning applications concerning industrial floorspace were to come forward for development, supply of industrial floorspace in the Borough would increase by 19,377 sqm. However, it should be noted that this does not consider potential development of undeveloped land at the East Havering Datacentre Campus and Ecology Park.

[56] Frictional vacancy is the optimal level of surplus land or floorspace (as a % of overall land) required to allow for the efficient churn of occupiers. For Havering a suitable frictional floorspace vacancy rate would be 5% according to the Mayor of London's Land for Industry and Transport Supplementary Planning Guidance.

10. Conclusions and recommendations

10.1 Introduction

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

10.2 Conclusion

Office Floorspace (E(g)(i)/(ii))

10.2.1 CoStar data indicates the office market in Havering is currently comprised of 189 properties, with approximately 146,000 sqm net internal area (NIA) floorspace. The majority of this floorspace is located in Romford, principally in the former Office Quarter and elsewhere in the town centre with a further limited presence in Rainham, Hornchurch and Harold Hill. The supply of floorspace and properties is indicative of a market of relatively limited size and importance. The results of our forecasting exercise indicate an estimated additional net demand of approximately 33,250 sqm office floorspace in the planning period to 2041.

10.2.2 The property market analysis of Chapter 6 indicates that the office market in Havering is home to premises that are predominantly small (less than 500sqm) and principally found in and around Romford. The data shows that the average property size in Havering is substantially smaller than the average in London (772 sqm average compared to 1,720 sqm), albeit this is skewed by large floorplate in the central London markets of the City, West End and Canary Wharf.

10.2.3 The former Romford Office Quarter (C18), which historically housed most of the office floorspace and premises stock in Havering, has undergone notable redevelopment for other uses since the 2015 ELR, reflecting the fact that it is no longer denoted as a designated office area in local planning policy. Redevelopment has included several conversions via Permitted Development Rights (PDR) to residential, including Chaucer House (now Verve apartments), Scimitar House, and Morland House. This represents a shift away from when the Romford Office Quarter consisted mainly of large floorplate purpose-built office buildings. Demand for these office typologies were already diminishing when analysed in the 2015 ELR, one of the cited reasons being an increase in home working, which is even more prevalent today.

10.2.4 The site survey revealed that the condition of the remaining office buildings is either good or average quality, but with no new premises which would meet current office occupier specifications; compliance with incoming energy efficiency regulations and in terms of spaces which will encourage employees into the office which is critical to hybrid working models of most occupiers at present and in the near future. While the cluster does also benefit from very good access to both facilities and amenities in the town centre and to public transport, further improved by the Elizabeth Line, this also allows local residents to get into central London more easily to access primary office locations in the City of London, West End and Canary Wharf. This makes the further conversion or redevelopment of remaining office space quite likely.

10.2.5 As well as the office space within the Former Romford Office Quarter, a smaller supply of premises are scattered through the borough such as Rainham, Hornchurch and Harold Hill. These cater for specific uses and are generally of lower building quality and in single-occupancy where they exist. A notable exception is the CEME site within Rainham Employment area which provides a high-quality environment conducive to helping SMEs to thrive.

10.2.6 Comparison between supply and demand reveals an additional (net) demand for approximately 33,249 sqm office floorspace in LB Havering. It is expected that this floorspace would primarily meet the needs of local businesses, however the Council should encourage the intensification and/or redevelopment of poor-quality existing floorspace in the local office market to provide floorspace compliant with Minimum Energy Efficiency Standards. A review

of the Planning Datahub identified the pipeline of office employment land development i.e. floorspace that is expected to be gained or lost through unimplemented planning permissions. This review identified that a considerable loss of office floorspace is expected such that there is no requirement or justification for additional floorspace or land for office uses being identified through Local Plan policy.

Industrial Land Use (E(g)(iii)/B2/B8)

10.2.7 CoStar data indicates that there are currently 99 light industrial properties comprising 122,520 sqm of floorspace, 99 general industrial properties totalling 60,020 sqm, and 169 warehousing properties, accounting for by far the largest share of the total, amounting to 507,529 sqm of floorspace. In total, this equates to approximately 690,000 sqm of industrial floorspace. This can be broken down into four SILs (Strategic Industrial Land), 7 LSISs (Locally Significant Industrial Sites) and 25 non-designated industrial areas, and a further site in non-industrial use which has proposals for industrial sui generis employment use, East Havering Datacentre Campus and Ecology Park.

10.2.8 The light industrial market in Havering is comprised of premises that are predominantly smaller (less than 999 sqm), found mostly in Rainham, Romford and Harold Hill. Trends in demand over the last 5 years indicate vacancy and availability rates have remained stable before increasing over the last few years to approximately 3%. The general industrial market is also predominantly made up of smaller premises, found mainly around Rainham Employment Area but also in and around Romford. Trends in demand over the last 5 years indicate vacancy and availability rates increased to 2019 and 2020 respectively before both falling and converging to the current rate of 0.2%. With regards to warehousing, premises are predominantly large (between 1,000 and 10,000 sqm) and are located almost exclusively along or near to the A13 and the A12. Trends in demand over the last 5 years have fluctuated but have been increasing as of late.

10.2.9 The forecasts for industrial land use show that there is projected to be an increase in demand in the period 2023-2041 of approximately 9.9ha, driven by an increase in industrial jobs of approximately 930, the vast majority of which are in use class B8 jobs. To derive the net position we also take account of the supply-side position, which is informed by data published in the LILS and then updated through the site survey undertaken as part of this employment land review to provide a supply position for 2023. The analysis forecasts a net requirement of 2.3ha of land for industrial floorspace between 2023-2041.

10.2.10 On the supply-side, the qualitative appraisal of employment clusters evidenced by the site surveys and consultations indicates that there are a number of well performing industrial areas, particularly at Harold Hill, King George's Close and across the Rainham Employment Area. These clusters tend to have very good, direct access to the strategic road network, namely the A12 and A13. Clusters less well connected to the road network appear to be far smaller and have older/poorer quality buildings. There is also the ability for 24-hour working for these clusters and limited physical site constraints.

10.2.11 The majority of the designated employment clusters (SILs and LSISs) are deemed to be well functioning. With the exception of C24, all clusters which are designated as a SIL are considered to have good public realm, environment and surroundings; suitability; accessibility; and building condition. Clusters C1, C2 and C6 are particular stand-outs among these domains. However, the redevelopment potential of these clusters is limited, suggesting that most of them are being well-utilised in their current use, with low vacancy rates and limited vacant land available for redevelopment. In some instances however, there are potential opportunities for intensification or redevelopment to provide better quality premises, or limited release for other uses.

10.2.12 The non-designated clusters (excluding Former Romford Office Quarter and the vacant East Havering Datacentre Campus and Ecology Park, which are considered separately) were assessed to be more mixed in quality. Several of the clusters are performing well, whilst others are considered poor across the identified criteria, particularly among the suitability and redevelopment domains.

10.2.13 The review of the Planning London Datahub has identified a relatively modest net gain in industrial floorspace.

10.3 Recommendations

Office Use

R1 Meeting requirements for office floorspace should be achieved through monitoring potential loss of floorspace for redevelopment and encouraging the reprovision of floorspace within redevelopment.

Justification

10.3.1 The projected demand for office floorspace up to 2041 is in balance (-32 sqm).

10.3.2 As noted in the assessment of pipeline supply in section 9 all approved planning applications concerning office floorspace were realised, supply of office floorspace in the Borough would decrease by 60,500 sqm net internal area. Although there is no certainty that all of this change in floorspace will be realised, it is evident given the lack of a positive demand requirement to 2041 that identifying additional office floorspace for development may result in over-provision. Furthermore a degree of further losses can be expected, including through PDR and through space becoming non-compliant with MEES; a change which could represent a significant pressure on the supply of second hand office accommodation in itself which dominates the office market in Havering. There is some uncertainty on future office usage patterns given continuing evidence of downsizing and prevalence of hybrid working patterns which further underlines the importance of taking a long-term and cautious outlook to assessing needs.

10.3.3 On this basis, it is important that Havering seeks to retain the existing stock of office premises and encourage new floorspace to be brought forward principally through refurbishing existing office floorspace. It is preferable to see premises refurbished through retrofitting rather than redevelopment whilst recognising that this will not always be viable. Policy should provide some flexibility for allowing change of use at premises where retrofitting is unviable or unfeasible. Loss of floorspace for other uses should be closely monitored in review of planning applications. It is however recognised that the flexibility provided by the E use class categorisation for change of use to other commercial/leisure uses means that there is a limit to the control that the Council has to protect office premises and floorspace from changing activity to non-employment uses such as retail and leisure.

10.3.4 Consultation has evidenced that there is demand for flexible and shared workspace and as such provision of this should be encouraged in Romford Town Centre given its connectivity, amenities and existing stock of office floorspace.

Industrial

R2 The Council should, through appropriate Local Plan policies, set out a clear plan to ensure the retention of existing industrial land and floorspace including maintaining the protection of SIL and LSIS in the Borough against conversion to other uses.

SIL

C1 Harold Hill

C2 King George's Close

C3a Ferry Lane North (a)

C3b Ferry Lane North (b)

C4 Beam Reach 5

C5 Ford

C6 CEME

C7 Fairview Estate

C8a Ferry Lane South (a)

C8b Ferry Lane South (b)

C9 Beam Reach 6

C10 Rainham SIL Infill

C24 Freightmaster Estate

LSIS

C11 Harold Wood

C12 Hillman Close

C14 Lyon Road

C16 Crow Lane Site 1

C17 Crow Lane Site 3

Justification

10.3.5 Over the Local Plan period to 2041 there is projected to be a net additional requirement for 3.1ha of additional industrial land in Havering within the context of there being 387.4ha of such land currently, amongst the largest reservoirs of supply in London. In line with the principles of the NPPF this demand should continue to 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 period. The vast majority of existing SIL and LSIS sites remain the most suitable location for accommodating this industrial and warehousing demand. This corresponds to the principles set out in London Plan policies.

R3 To help meet housing and wider regeneration objectives the Council should de-designate the Seedbed Centre, Romford (Cluster 13) LSIS if the unimplemented planning permission for mixed-use redevelopment, including re-provision of the existing quantum of employment floorspace, is realised.

10.3.6 The Seedbed Centre, Romford (Cluster 13) has an outline planning consent for a mixed use redevelopment of the site which would deliver a minimum of 3,000 sqm of industrial floorspace, alongside housing and other non-employment land uses. Provision of employment space is proposed on the lower floors. Alongside reprovision of industrial employment space at the cluster, de-designation of the cluster as LSIS would enable regeneration benefits to occur which both deliver homes and protect the quantum of employment floorspace whilst providing fit for purpose premises at this well-functioning employment cluster. This de-designation should only be proposed in the Local Plan if the envisaged redevelopment is realised with the expected employment floorspace reprovision realised.

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 non-designated employment clusters, with employment uses re-provided where practical:

- Rainham West (Cluster 19)
- Bridge Close (Cluster 20)

Justification

10.3.7 The study has concluded that there is a forecast positive demand for industrial land in the Borough to 2041. In the context of its supply, the additional requirement is modest. It is

recommended that the Council considers allowing a change of use at certain other clusters where planning, suitability or historical factors are relevant which may support change of use according with NPPF principles. This could entail seeking reprovision of employment floorspace as part of any redevelopment, for light industrial uses, which would be compatible with sensitive uses and will help minimise the net loss of space.

10.3.8 Given there remains demand for small industrial workspace in the Borough it is recommended that new light industrial and office employment space for SMEs be sought at the clusters as part of any redevelopment which would be compatible with sensitive uses and will help minimise the net loss of space.

10.3.9 Rainham West (Cluster 19) has undergone significant change away from employment uses. since being de-designated as SIL in a previous Local Plan. De-designation envisaged redevelopment for non-industrial uses at most sites within the area. Allowing change of use at the remaining sites 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.

10.3.10 Bridge Close (Cluster 20) 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 has been earmarked for redevelopment to capitalise on its location within Romford Town Centre and close to the Elizabeth Line, with such development being considered compatible with meeting wider needs in light of its limited remaining industrial employment being within entirely poor quality premises.

R5 The Council should encourage viable industrial intensification and the redevelopment of poor-quality industrial land and premises in SIL and LSIS to meet the demand for industrial land in the Local Plan period. Provision of suitable yard space should be provided in instances where intensification is proposed.

Justification

10.3.11 Since demand for industrial land is projected to outstrip supply in the Borough, the Council should encourage developments which contribute positively to the supply of industrial land, noting the sectors which are likely to see most increases in demand during the plan period. The Council is most likely to meet this need by intensifying and/or redeveloping existing industrial land in the Borough. As identified in the supply analysis, the quality of industrial land and premises in the Borough is generally good but there are opportunities for this to occur.

10.3.12 As explained in Recommendation 2, SIL and LSISs remain the most suitable locations in Havering for accommodating industrial demand. The Rainham Employment Area SIL is a significant tract of industrial land where intensification opportunities could potentially be readily realised given the existence of large sites and most parts being set away from sensitive uses entirely. The Ferry Road North area (Cluster 3a/3b) for example contains areas of open storage land which are not well laid out and detract from the generally good environmental quality found within the SIL, which could benefit from masterplanning to provide a more cohesive area potentially including higher density floorspace. Similarly other SIL and LSIS clusters in locations with direct access to the strategic road and with appropriate layout would likely have potential to accommodate intensified use.

10.3.13 In light of the demand for yard space and the needs of storage and distribution occupiers in Outer London locations such as Havering to have adequate yard space, intensification proposals should include suitable provision of yard space within its plot, using the ratios in this study as a benchmark or most up-to-date GLA guidance.

10.3.14 It should be noted that large-scale/multi-storey industrial developments remain rare and whilst industrial land values and rental levels are very strong by historical levels, these do not

currently proliferate and interest from developers remains muted overall and focused on certain sites where conditions are optimal. Co-location of uses which in some circumstances could deliver additional floorspace as part of mixed-use developments are not yet common in Outer London areas and it is considered that current housing and industrial values in Havering do not support the case for such schemes. That said, what applies today may not in 2-3 years time and as such it is appropriate that the Council does what it can to encourage intensified development and colocation in its policies in alignment with London Plan policy and any specific guidance within the forthcoming London Plan Guidance on Industry and Logistics.

R6 The Council should monitor changes of industrial employment land through planning permissions to ensure that sufficient land is available for economic growth over the Local Plan period and/or monitor how employment land is performing against the objective of the Local Plan.

Justification

10.3.15 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 years[57]. 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.

10.3.16 As referenced above, in light of the demand for yard space monitoring should include for loss of existing yard space which should not be supported unless demonstrated that there is no loss of capacity.

R7 To ensure that non-designated industrial land is retained where appropriate, the Council could adopt a criteria-based policy requirement to assess proposals for conversion of this land against which redundancy or unsuitability for ongoing employment use can be appraised. The criteria could include:

- location of the site;
- quality of the buildings;
- site or floor layout;
- accessibility;
- proximity to strategic roads;
- neighbouring uses;
- cost of demolition/ refurbishment sets against its future value for employment uses;
- the length of time the site has been vacant and documented evidence of the marketing strategy adopted (where applicable);
- whether or not industrial, storage or distribution floorspace is provided as part of mixed-use intensification where this is feasible.

Justification

10.3.17 There is industrial land in the Borough which is not currently protected by planning policy. These land parcels have been identified in the supply assessment of this study where they

[57] NPPG, paragraph 037 reference ID: 2a-037-20140306

are over 0.25ha. Industrial land under 0.25ha in size has mostly not been identified in this study but are known to be dispersed across the Borough. These areas, regardless of size, generally meet a local business need. Given that the forecasting exercise presented in this study suggests that the demand for industrial land is projected to outstrip supply, it is recommended that the Council agree on appropriate action in the Local Plan that protects non-designated industrial land, regardless of the size of the site.

10.3.18 Havering's Outer London location and relatively low land values mean that it is at less risk of losing industrial land supply to higher value land uses including residential, as evidenced by the limited change in the quantum of total industrial land supply since 2015 and its remaining supply is amongst the highest of all London boroughs. Nevertheless, this study recommends that the Borough, to ensure that non-designated land is protected where appropriate, apply the criteria set out in the recommendation above.

R8 The Council should provide a range of affordable workspace options across the Borough to cater for the different types of businesses which require it. The discounts which the space is provided at should be reflective of the area of the Borough which the workspace is in and the type of tenant which the workspace is provided for.

Justification

10.3.19 The extent to which workspace is deemed 'affordable' varies considerably based on the type of business which the workspace is provided to accommodate. The Assessment has identified that there are many SMEs operating within the Borough. This small-scale consultancies and business services firms operating in the local/sub-regional market which are not yet financially proven. These firms are likely to be distributed across the Borough given its geography, with office businesses being concentrated in the remaining buildings in Romford Town Centre.

10.3.20 In updating Policy 21 of the existing Local Plan, the Council should refer to other successful affordable workspace strategies employed elsewhere in London when setting out policy or requirements including on what any financial contribution should be in lieu of onsite provision. It is important that a cash-in-lieu contribution is only accepted where it is demonstrated to have considerable benefits in furthering affordable workspace in the Borough. The introduction of approved occupier and provider lists will help to provide greater confidence that needs are being appropriately met if relevant to the Local Plan policy underpinning it.

10.3.21 To stay competitive and to ensure Havering's economy continues to be diverse, the Council should take a proactive approach promoting inclusive growth by ensuring its businesses and not-for-profits can access the right workspaces and on affordable and fair terms.

Appendix A Cluster Summary Report

Issued as separate stand alone document.

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