Bexley Employment Land Review

Final Report

London Borough of Bexley

Updated June 2021

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1.0 Introduction

1.1 London Borough of Bexley ("the Council") commissioned Nathaniel Lichfield & Partners ("Lichfields") to prepare a focused Employment Land Review to inform the evidence base for the Council's emerging Local Plan which will cover the period between 2021 and 2036.

Scope of the Study

1.2 The purpose of this study is to provide evidence on the future growth potential of the Borough's economy to support the new Local Plan, focusing specifically upon the latest job growth projections as an indicator of future demand, and commercial property market signals. It reviews the emerging policy approach to the local economy in light of changes to national planning policy, the latest available employment projections and changes to recent market signals, having regard to the National Planning Policy Framework (NPPF), Planning Practice Guidance (PPG) for housing and economic development needs assessment and the recently adopted London Plan.

1.3 In this context, the scope of this study consists of the following:

1 **Market signals:** an analysis of current property market conditions in the Borough, including recent trends in the demand for and supply of office and industrial premises. This provides commentary on economic drivers and future growth sectors, general employment trends, quality of existing stock, and recent completions rates.

2 **Future requirements for employment space:** preparing a series of economic growth scenarios for the Council and associated employment land requirements. This includes consideration of a baseline job growth scenario drawing on latest GLA job forecasts (the July 2017 release), a past take-up scenario based on latest monitoring data on employment class completions in the Borough, and a labour supply scenario that tests the population growth and workplace labour supply implications associated with the proposed Draft Local Plan's housing delivery target.

3 **Review demand/supply balance:** the scenarios have been compared with the Council's latest employment land supply position to consider the balance between demand and supply over the Plan period and potential policy implications that flow from this.

1.4 The scope of this Employment Land Review (ELR) includes consideration of economic development as defined by the NPPF, with a primary focus upon the typologies set out in the business Use Classes as outlined below:

- **B1 Business:** offices (B1a), research & development (B1b) and light industrial (B1c) (subsumed within Use Class E from 1 September 2020).
- **B2 General Industrial:** typically comprising factory and manufacturing space.
- **B8 Storage and Distribution:** warehouses, wholesale and distribution.

1.5 References to 'employment space' refer to all B class (and former B class) elements noted above.

1.6 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation in November and December 2020. The accuracy of data derived from third party sources has not been checked or verified by Lichfields.

1.7 Due to the timing of the study and its analysis, no specific consideration has been given to the impact of emerging planning reform, although the study does take account of the more immediate changes to the Use Classes Order effective from 1 September 2020.

Covid-19

1.8 The outbreak of Covid-19 in December 2019 and resulting pandemic has developed rapidly with far reaching impacts on the economy and business across the country. Lockdown measures have led to unprecedented shut downs of large parts of the economy simultaneously, with effects being transmitted rapidly across all sectors.

1.9 This study has been undertaken during a period of significant economic uncertainty associated with the Covid-19 pandemic, although due to the timing of the analysis and evidence upon which the study draws, it provides only initial consideration of the short, medium, and longer-term implications associated with Covid-19 for economic growth within the Borough of Bexley.

1.10 While restrictions remain in place to varying degrees across the country, and may do so for some time, it is difficult to anticipate the full extent of the economic shock at the time of writing. It is arguably still too early to understand how the pandemic and resulting structural changes may affect how businesses operate and the resultant demand for employment land. Notwithstanding the ongoing uncertainty, it is likely that the Covid-19 pandemic will induce and accelerate some key structural economic changes that will influence patterns of local economic growth and development. It is recommended that the Council continues to monitor local Covid-19 related impacts and review local economic growth prospects.

Structure of the Report

1.11 The remainder of this report is structured as follows:

- **Commercial Property Market Signals (Section 2.0)** – describes current property market conditions, and recent trends in the demand for and supply of employment use class premises;
- **Future Requirements for Employment Space (Section 3.0)** – estimates future employment space requirements for employment use class sectors in quantitative terms, drawing on employment forecasts, past trends and labour supply scenarios;
- **Demand/Supply Balance (Section 4.0)** – assesses the relative balance between current land supply and future needs, in quantitative terms, by comparing forecast requirements with emerging supply; and
- **Conclusions and Policy Considerations (Section 5.0)** – considers the policy implications of the future employment space requirements and demand/supply balance.

2.0 Commercial Property Market Signals

2.1 This section describes current property market conditions in Bexley and its relationship with surrounding areas, including recent trends in the demand for and supply of office and industrial premises. These findings are based on market research, a review of commercial databases and discussions with a number of commercial property agents active in the area (see Appendix 1).

UK Property Market Overview

2.2 After the global financial crisis in 2008, the UK experienced almost a decade of economic growth. The national commercial real estate market had been flourishing across that period with significant capital investment across all property sectors and values in many markets having reached all-time highs by March 2020.

2.3 Over the last few years, there have been developments worldwide and nationally that impact upon the property market, including the Brexit referendum in June 2016 and its transition period to 2021. The national elections in December 2019 also created political and economic uncertainty across the national and South East markets. However, the property market proved to be resilient and there had been an increase in activity following 2019 general election.

2.4 The outbreak of Covid-19 and resulting pandemic has had a significant impact upon the global economic outlook. Ongoing uncertainty regarding the timing and pace of economic recovery makes it difficult to accurately forecast impacts, although economic forecasts suggest that it may take a number of years to return to pre Covid-19 levels of economic activity and growth.

2.5 As a result, property market activity has declined over the last few months reflecting developer and occupier caution, although impacts have been uneven across the different segments of the market. Office sectors have been significantly affected due to lockdown restrictions and the ongoing health crisis, while logistics has continued to see strong demand due to a boom in e-commerce. It is still too early to understand what the future might look like in terms of how businesses might operate and the resultant demand for employment space and commercial property. If the measure of "normality" is how things were prior to the outbreak of Covid-19, we may never see a full return.

2.6 In the short-term, due to ongoing social distancing, fewer people will be able to work from formal offices. In the medium to longer term, people might look to the success of home working as a justification to move to new working arrangements. This may reduce the demand for office space in some locations (such as city and urban centres), whilst also providing opportunities for smaller, more accessible locations.

2.7 Rental growth projections remain entrenched in negative territory for both prime and secondary office space, with the RICS Survey (Q3 2020) forecasting over 50% net loss for the next year. At the other end of the spectrum, prime industrial rents are expected to rise strongly over the year to come with an anticipated net increase of over 50%. The industrial outlook is positive currently, albeit rents have increased modestly for secondary industrial premises nationwide.

2.8 On the investment side of the market, overall enquires continue to decrease and overseas investment demand declined in each segment of the market over the third quarter of 2020.

2.9 In overall terms, we have seen industrial and distribution sectors driving the market following the first lockdown in early 2020 and the sector is expected to continue to thrive in the coming years. By contrast, the office market has suffered and there is uncertainty around the rebound of this segment. At the time of writing, it is arguably too early to understand how the changes we

have seen in working arrangements as a result of Covid-19 will impact on commercial space requirements over the medium to longer term.

Regional Market Overview

2.10 Bexley is located within the London, M25 and South East market, and it is therefore useful to consider broader sub-regional market trends and characteristics which may influence demand for and take-up of employment space in the Borough.

Industrial Market

2.11 There has been continued activity in the logistics and industrial occupational market in London and the South East over the first quarter of 2020, albeit at a more moderate pace compared to the previous year. A total of 1.2m sq ft of space has been taken-up across ten transactions of over 50,000 sq ft[1]. This falls considerably behind Q1 2019 where c.2.9m sq ft was taken-up across 20 transactions.

2.12 The full extent of the damage caused by the Covid-19 crisis to the market's demand and supply fundamentals is not yet clear, however a temporary reduction in enquiries during Q2 2020 was followed by a surge in Q3 2020. Overall, industrial is the strongest performing property segment regionally (as well as nationally) and the sector's activity is expected to continue at pace.

Office Market

2.13 Transactions across the M25 and South East Office market have slowed from the onset of the first lockdown as the scale of the unprecedented market disruption quickly unfolded. Take-up in the market in Q2 2020 was at least 19% below a typical quarterly average[2]. There are a few examples of deals having been completely withdrawn during the pandemic, largely within the sub 10,000 sq ft category. Demand is now reported to be at a record low of 4.0m sq ft; 1.7m sq ft lower than that recorded immediately after the 2008 financial crisis.

2.14 Overall, the office market has been the second most affected segment after retail. Changing working patterns will affect the sector's performance and characteristics going forward, although it is too early to draw any robust conclusions. The only certain outcome for now is the increasing requirement for flexibility around leasing arrangements, with enquires demanding shorter and more flexible terms and notice periods.

Local Property Market

Industrial and Distribution

2.15 Bexley forms part of the South East London industrial market which also extends to the north western part of Kent. The Borough has traditionally served as a secondary location to nearby Dartford for industrial uses due to its relative distance from the M25, although more recently there has been growing cross over between Bexley's industrial estates and Crossways in terms of occupier requirements, and rental growth in Belvedere is now reported to be similar to Dartford.

Demand and Supply

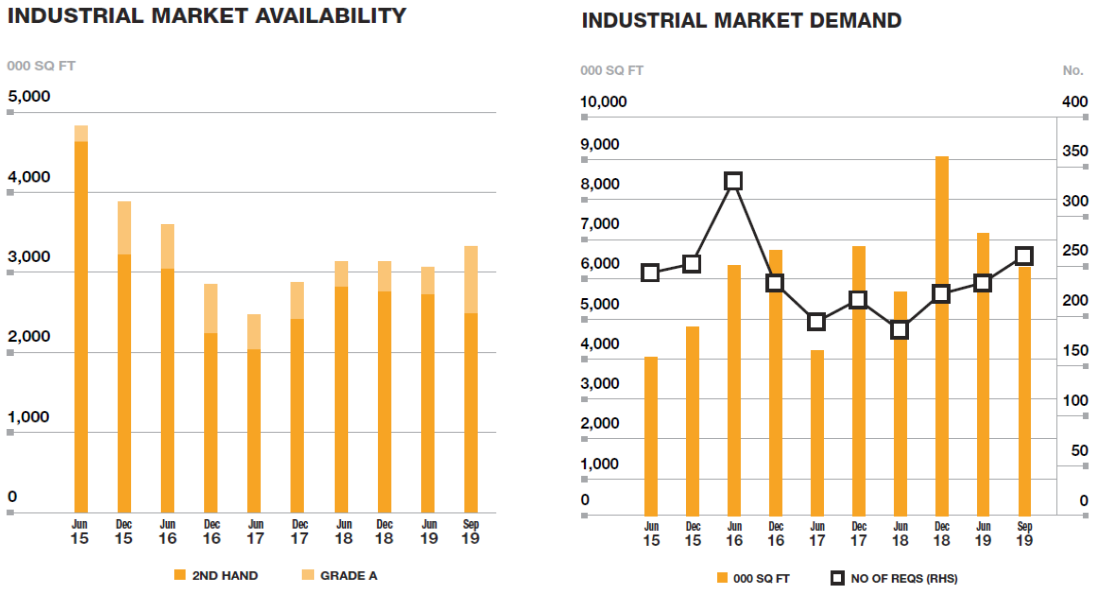
2.16 Before the pandemic and resulting economic crisis, the South East London and Kent market saw very strong and stable activity with take-up in 2019 reaching historic highs. The absence of ready to occupy buildings above 100,000 sq ft (referred to as 'Big Boxes' – i.e. large warehouses) in the market meant that activity was slower in Q2 and Q3 2019, with the two largest

[1] Knight Frank (2020) London and South East Industrial Market Research Q1 2020
[2] Knight Frank (2020) The M25 and South East Office Market Report, Issue 1

transactions being the sale of the 86,660 sq ft Unit 1 Belvedere Wharf for owner occupation (see also paragraph 2.22) and the 80,300 sq ft speculative building at Capacity Dartford taken by CEVA Logistics recorded by Glenny.

2.17 Supply increased to 3.3m sq ft in the six months to the end of Q3 2019, due to a number of new schemes completing across the wider market. The availability rate was recorded at 3.6% in Q3 2019 according to Glenny. The demand at the same time was above 6m sq ft. The charts below summarise these trends across the market.

Figure 2.1 Industrial Market Statistics – Availability and Demand in South East London and Kent



Source: Glenny Databook Q3 2019

2.18 Despite the pandemic and associated downturn, the first three quarters of 2020 recorded relatively healthy levels of activity across the market. Large commercial deals retained good take-up levels, including the consent for a 2.3m sq ft distribution facility at Littlebrook, Dartford[3] by Bericote Properties and Tritax on which Amazon agreed a pre-let during Q2 2020. This scheme will be completed and occupied by summer 2021. Another large transaction related to the sale of 450,300 sq ft at Equinox, Crossways Business Park in Dartford by Pentagon Fresh.

2.19 The intense competition for ready-to-occupy large distribution sites across the market and the wider South East has driven strong rental growth across the area. Average rental values in the Belvedere and Dartford sub-market area are currently recorded at £13 per sq ft for prime premises and at £11 for secondary stock, according to local agents Glenny. The rest of the market is characterised by slightly lower rents with an average of £9 to £10 per sq ft.

Emerging Supply

2.20 There are currently reported to be stock shortages across all size bands, although these are expected to ease somewhat following completion of a number of developments by the end of 2020 and during 2021, with further schemes being advertised for either speculative or build-to-suit opportunities. For example, five new units across 73,000 sq ft will be delivered at Dartford Industrial Estate, while Goodman is bringing forward the Crossways Commercial Park in Dartford on a speculative basis with three units of 101,000 sq ft, 130,000 sq ft and 237,000sq ft, respectively.

[3] Caxtons Chartered Surveyors (2020) Kent Property Market

2.21 In addition, two of the South East's largest new industrial facilities are planned in the area. Namely the Powerhouse Dartford will provide 450,000 sq ft, while 1.9m sq ft will be delivered at Panattoni's Aylesford Newsprint complementing their Belvedere Wharf site in Bexley.

2.22 Furthermore, a built-to-suit opportunity for Belvedere Wharf Unit 2A and 2B in Crabtree Manorway North is also advertised with an option to provide either two buildings of around 55,000 sq ft each or a combined warehouse unit of over 110,000 sq ft. Belvedere Wharf Unit 1 of 110,000 sq ft was sold in 2019 for owner occupation. Although the building is still unoccupied it has been withdrawn from the market and it is expected that the new owner will occupy it soon.

2.23 Finally, Sidcup Logistic Park (which is located within the administrative area of London Borough of Bromley, but shares the same industrial market with Foots Cray) will provide a total of 12 small to medium warehouses from 4,000 sq ft to 20,000 sq ft. The scheme is expected to be completed in late 2021 and the majority of the units are available for freehold.

2.24 Land sales transacted over the last 12 months will provide further opportunities for large distribution occupiers across the area including the sale of a 2.7 ha site at Crittalls Corner Junction in Sidcup to Coca Cola for £5.4m per ha in Autumn 2019, which is expected to be materialised in the next few years. In addition, Littlebrook has seen further land acquisitions with Wrenbridge purchasing Plots 32 (1.1 ha) and 34 (1.4 ha), while Goya/Aberdeen Standard acquired the 1.8 ha site at 181 Hawley Road in Dartford.

2.25 At the time of writing, the Former DB House in Foots Cray (at Rectory Lane, DA14 5HP) is advertised for sale for potential redevelopment. It is understood that as a result of recent planning applications, the Draft Local Plan proposes to change the land use designation of this site from SIL to LSIS, to allow for co-location of uses.

2.26 The multi-let investment market has been active despite the challenging backdrop and during the lockdown period; not only did transactions continue, but also quoting prices were more competitive (than expected) in some instances across the market according to Caxtons.

2.27 Overall, logistics and distribution property investment has been strong in the last year with the advancement of significant schemes across the area reflecting the area's ongoing attractiveness as a business location. Although various schemes are expected to become available within the next few years and boost supply across the market, occupier demand is expected to continue to remain high.

Bexley's Employment Areas and Current Availability

2.28 The Borough's industrial market, which tends to be clustered around River Thames in locations such as Belvedere, Erith and Crayford Ness, together with Thames Road and Crayford at the east of the Borough and Foots Cray, Sidcup at the south of the Borough, has been driven mainly by distribution and warehousing activity in recent years, together with construction and waste businesses. This reflects the overall market activity across the wider South East London and Kent market.

2.29 Belvedere and Foots Cray perform well and attract the majority of new occupier interest across the Borough. The overall stock condition in these areas is good with the majority of the premises being modern. This is reflected in the rental and land values of the sites with Belvedere and Foots Cray commanding the highest values across the Borough of over £13 per sq ft. It is also reflected within the recent commercial development activity which is mainly focused on these two employment locations. In response to these activity levels, the Draft Local Plan has designated additional industrial land at Foots Cray, namely the B&Q and DFS site to the south of Watery Lane.

2.30 Belvedere has been successful in attracting food related companies, either in manufacturing, process packaging and more recently in food distribution facilities with Asda, Ocado, Tesco and Lidl all having distribution centres within the area. Although this employment area benefits from relatively modern stock and high occupancy rates, it is viewed as relatively congested and requires improvements to supporting infrastructure (particularly the road network and public transport accessibility) to continue to thrive and remain attractive.

2.31 In addition, Thames Road in Crayford accommodates a cluster of wholesale, distribution, materials recycling facilities and utilities-based companies. The area is reported to be performing well with limited vacancy rates and overall the stock is in a good condition.

2.32 Manor Road in Erith and Crayford Ness employment areas have a more traditional industrial character, accommodating mainstream industrial uses, manufacturing activity and sui generis waste facilities. The areas suffer from a comparatively poorer perception as low value locations with poor access, reflecting the fragmented land across smaller premises/sites in these areas and the relatively poor and old stock condition. However, Manor Road's stock has been improving recently with more modern premises being built in the employment area.

2.33 Larger industrial and distribution operators tend to locate in Belvedere and Thames Road along the A206 corridor and Foots Cray adjacent to Sidcup By-Pass Junction. Logistics, distribution-based and construction sectors drive the industrial market currently with Bexley perceived as well-located to serve London and its ever-growing population.

2.34 In terms of immediate availability, a total of 25 properties related to various sites from small units of 1,000 sq ft to medium warehouses of 40,000 sq ft are currently advertised as available for rent or sale in Bexley's employment locations[4]. Availability of more modern stock (Grade A) tends to relate to small industrial premises of up to 12,000 sq ft, including:

- Belvedere Point is a recent development (built in 2019) of 19 small industrial / warehouse units with a range of 1,200 sq ft to 3,000 sq ft on a self-contained site. Some of the units are still available to let.
- Belvedere Gateway with access from Anderson Way has been completed recently and Unit 1 of 18,700 sq ft is available for sale or let. Unit 2 was pre-sold to Dean Transport.
- Unit 27 Horizon Business Centre in Belvedere (Alder Close DA18 4AJ) with a total of 2,870sq ft across two storeys (i.e. mezzanine) is currently available to let. This is a modern industrial/workshop building.

2.35 The rest of the immediately available units relate to secondary premises. These include:

- Four units in Belvedere with a total area of 1,400 sq ft, 20,000 sq ft, 35,000 sq ft and 40,000 sq ft, respectively.
- Six units in Erith and Manor Road of mainly small to medium scale (i.e. 1,000sq ft to 6,000sq ft). Albeit there is one unit that can provide a combined area of up to 94,000sq ft, namely Erith Distribution Centre in Turpin Ln, DA8 2AT.
- Four units in Thames Road of 1,000 sq ft to 7,000 sq ft.
- Three units in Crayford Industrial area of 4,000sq ft to 24,000sq ft and one unit in Bourne Industrial Area in Crayford of 2,200 sq ft.
- One unit in Edington Way, Foots Cray of 9,700 sq ft.

2.36 This analysis shows that immediate industrial availability relates mainly to small sized premises, while demand is driven mainly by medium to large scale distribution facilities. The market

[4] These include developed, under construction and design-build opportunities in vacant land advertised in commercial databases in November-December 2020.

reports requirements across the entire size spectrum, however immediately available large-scale units of over 100,000sq ft are reported to be in particular demand currently. Although various schemes of a large scale are expected to be delivered over the coming years, which should help to ease the current demand, market intelligence suggests that occupier appetite is sufficient to justify speculative distribution schemes in the area.

Office

2.37 In contrast to industrial, the office market is reported to be relatively weak in Bexley and the wider market area. There are limited levels of demand driven mainly by indigenous needs of local small to medium enterprises (SMEs). Bexley does not have the necessary critical mass to attract and sustain large office occupiers within the South East/M25 office market, with locations like Bromley, Dartford and Kings Hill tending to accommodate this segment of the office occupier market. As a result, the Borough's office market is relatively localised and demand generally comes from local SMEs operating across a range of business service sectors for good quality, small modern premises.

2.38 Sidcup and Foots Cray accommodate the majority of office activity across the Borough, reflecting the areas' good transport links and good quality town centre environment with a range of services and facilities. Other locations such as Welling and Bexleyheath town centre also contain some office stock but are generally regarded as secondary locations.

2.39 Sidcup and Foots Cray accommodate clusters of office buildings however vacancies are currently reported in some of its key office premises including the ground floor of Planwell House (c. 800 sq ft), the ground floor of 142-148 Main Road office building (c.500 sq ft), the ground floor of Nexus Building of 1,800 sq ft and the office building in 3 Hurts Road with a combined available space of 5,900 sq ft. Finally, the first floor of Marsfield House (c. 3,000 sq ft) is also currently available and advertised for rent.

2.40 Thames Innovation Centre in Veridion Park, Belvedere is a modern office building, which is home to the Engine House, the Council's flexible workspace/office hub (see paragraph 2.44). A total of nine spaces from 200 sq ft to 800 sq ft are currently advertised to let within this office building.

2.41 In addition, the first floor (c. 4,600 sq ft) of the recently refurbished London House space at Texcel Business Park, Thames Road (DA1 4TQ) is also advertised as available.

2.42 Asking office rents average at £15 to £17 per sq ft currently across the Borough, underlining the relatively secondary nature of the local market in comparison with larger, more established office locations such as Bromley and Sevenoaks where office rents average £30 per sq ft. Dartford's equivalent is reported to be over £20 per sq ft currently.

2.43 There has not been any recent office development in Bexley with the majority of stock therefore comprising older, second-hand space for which demand is low. Local commercial agents noted that there is currently insufficient demand to justify speculative development in the Borough and this is unlikely to change over the short to medium term, particularly under the current economic circumstances and with continued uncertainty around the rebound of the office sector.

Small Firms and Start-up Space

2.44 The Borough has a reasonable amount of space specifically designed for small and start-up businesses. The Thames Innovation Centre, known as Engine House, provides 50,000 sq ft of high-quality modern office, meeting and conference space for hire and is located within

Veridion Park in Belvedere. It is entirely owned by London Borough of Bexley and was part-financed by European funding (ERDF) and provides flexible space for small to medium enterprises to grow. Its current occupancy rate is estimated at around 85% with nine spaces currently reported to be available (paragraph 2.40).

2.45 In addition, St Mary's Business Centre on Bourne Road in Bexley, located within a converted school building, provides individual offices of varying sizes for new start-ups and those that have outgrown more informal workspace. Moreover, Texcel Business Park on Thames Road in Crayford comprises mid-range offices from 2,000sq ft to 6,000sq ft with flexible lease terms.

2.46 Local commercial property agents suggest that local SMEs appear to be currently well-served by existing provision, and that the level of latent demand at the present time is insufficient to justify any new enterprise centre/serviced office style accommodation. As such, it is unlikely at least for the short to medium term (next 5 to 10 years) to see any increasing requirement for such workspace.

2.47 In addition, mid-sized industrial workspaces have become recently available in the Borough at Belvedere Point and this could accommodate workspace needs for start-ups and small businesses. Our analysis suggests that there is currently a good spatial distribution of small to medium workspaces and flexible offices across the Borough as a whole to serve this specific segment of the market.

Development Rates

Gross Completions

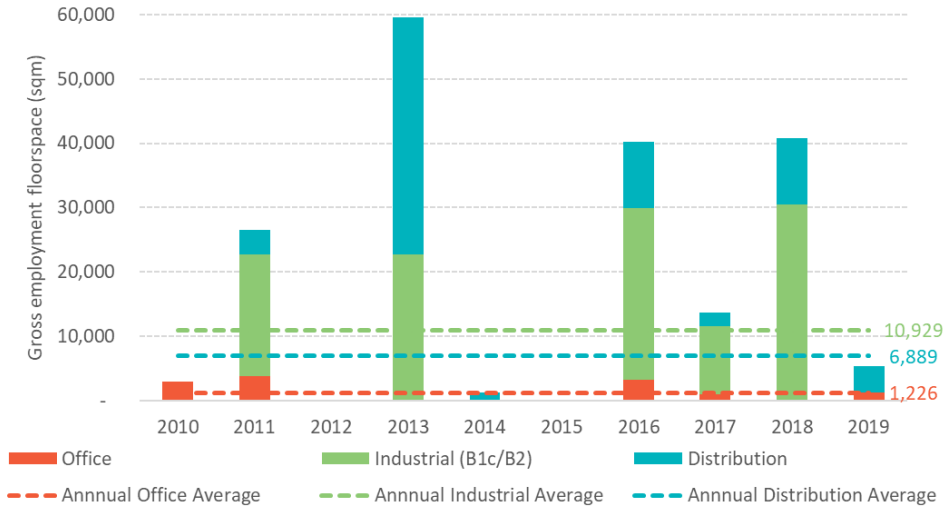
2.48 The gross amount of floorspace developed for employment uses in Bexley during the period 2010 to 2019 is shown in Figure 2.2, based on an analysis of London Development Database (LDD) data for Bexley. This shows that around 190,400 sqm of gross employment class space (within B2, B8 and the former B1 Use Classes) was developed within the Borough over the last 10-year period, equivalent to an average of 19,040 sqm per annum.

2.49 The vast majority of this new employment floorspace within the Borough was developed for industrial and distribution uses which represent 93.5% of the total gross completions. It should be noted that in reality, and based on market intelligence summarised above, distribution floorspace has been the key driver of recent completions, but the majority of the schemes within their planning description included both B1c/B2 and B8, therefore, LDD records an even split across these use classes for the purposes of monitoring development.

2.50 Figure 2.2 shows that the level of new development within the Borough was relatively uneven during this period, with the reporting years of 2013, 2016 and 2018 standing out as recording the most significant levels of employment development, together with 2011 when the construction and operation of a resource recovery electricity plant was completed at Norman Road, Belvedere.

2.51 The relatively high level of gross completions in 2013 was driven by the completion of just one large scheme, namely the 59,650 sqm Pirelli (Former Bicc Cables) industrial and distribution park in Erith.

Figure 2.2 Gross Development Rates in Bexley, 2010 - 2019



Source: LDD / Lichfields analysis

2.52 A total of five schemes were completed in 2016 totalling 40,300 sqm of new employment floorspace. Half of that provision related to the 24,500 sqm industrial and distribution development at land adjacent to Former Pirelli Works (i.e. one scheme).

2.53 Finally, a total of three schemes were completed in 2018, including the 9,900 sqm Coca Cola and Schweppes Beverages warehouse, the 12,500 sqm new industrial and distribution development at land between Crabtree Manorway North And Bronze Age Way known as Criterion Park and the 18,400 sqm scheme at land between Bronze Age Way And Picardy Manorway known as Axion Belvedere. The latter is currently under offer according to CBRE.

2.54 The relatively high rate of industrial and distribution completions is mainly driven by the completion of a small number of large developments. In contrast, office completions have been significantly lower and mainly relate to small schemes of 300 up to 1,000 sqm. Any larger office provision (c. 1,000 sqm) recorded across the period was part of mixed-use schemes such as Lakeside Complex 2 and Norman Park that also both provided other uses mainly for non-employment sectors.

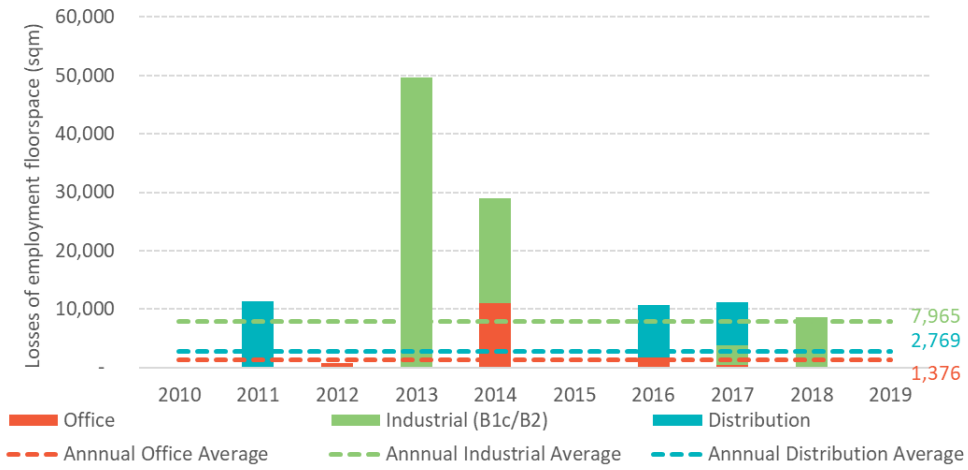
Losses of Employment Space

2.55 A total of 121,100 sqm of employment space has been lost (or replaced) in Bexley since 2010. As shown in Figure 2.3 below, 2013 and 2014 stand out as recording substantial losses of 46,670 sqm and 29,000 sqm respectively.

2.56 In 2013, the Pirelli (Former Bicc Cables) scheme was completed and that involved the demolition of existing industrial property of 49,670 sqm and the erection of the new distribution and industrial park that, as noted above, provided a total of 59,650 sqm of modern employment space. Therefore, losses in 2013 relate mainly to the replacement and recycling of employment land. Although not recorded by the LDD[5], it should be noted that during the same year the 7,300 sqm Forest Laboratories (Weir Road - 11/00406/FUL) in the Old Bexley Employment Area was redeveloped to housing and together with a permission for conversion to housing at the same employment area (i.e. Riverside Works) resulted in the reduction of that employment site from 1.64ha to 0.48ha.

[5] LDD Includes all planning permissions proposing at least 1,000 sqm of non-residential floorspace in at least one use class.

Figure 2.3 Losses of Employment Space in Bexley, 2010 - 2019



Source: LDD / Lichfields analysis

2.57 In 2014, the industrial losses related to two schemes, namely a redevelopment to residential with ancillary community uses and associated facilities (i.e. loss of 16,800 sqm) and a change of use to distribution related to 1,300 sqm (i.e. replacement of employment floorspace). In the same year a loss of 10,900 sqm of office was recorded, although this related to the conversion of Local Authority offices to Sui Generis Use Class, involving no actual loss of office floorspace.

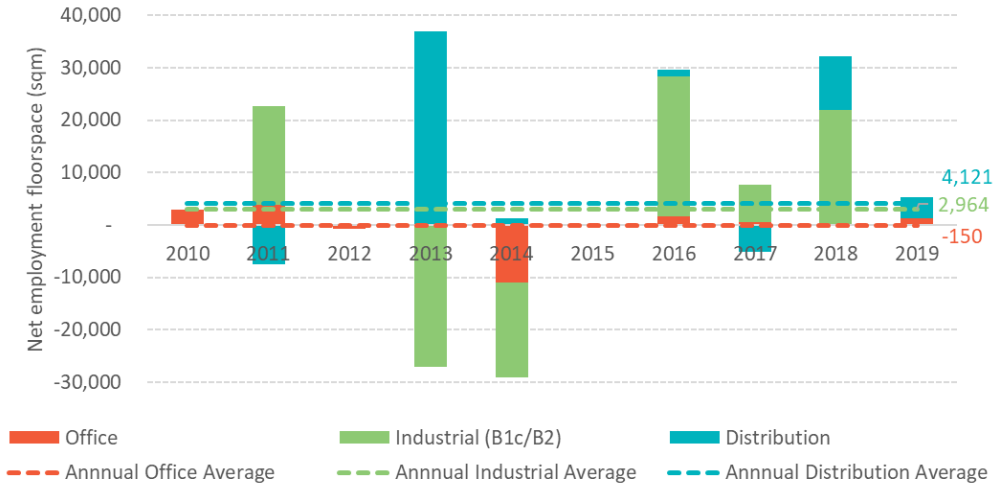
Net Completions

2.58 Combining this analysis of gross completions with losses, across the monitoring period the net development rate in Bexley as recorded by LDD was lower than the gross rate, reflecting ongoing losses of employment space to other uses. Between 2010 and 2019, the Borough recorded total net development of 69,350 sqm or an average of 6,935 sqm per annum (Figure 2.4). This means that the pace of new development exceeded ongoing losses of employment space in the Borough over this time.

2.59 As presented overleaf, net completions in Bexley over the last ten years have been driven by distribution and industrial space, with 4,125 sqm and 2,960 sqm per annum on average, respectively. By contrast, office space recorded an annual average loss of 150 sqm, reflecting comparatively weaker levels of activity across the sector.

2.60 Net completions also reflect the replacement of older industrial sites to modern warehouses and industrial facilities, as there have been significant industrial losses in 2013 and 2014, which partially related to redevelopment of distribution and utilities space as reported above. Therefore, overall, the net employment gain is considered moderate against the gross provision of over 190,000 sqm.

Figure 2.4 Net Development Rates in Bexley, 2010 - 2019



Source: LDD / Lichfields analysis

Permitted Development Rights

2.61 Since the introduction of Permitted Development Rights (PDRs) for change of use from office (former B1a) to residential (C3) in 2013, a total of 23 office premises relating to a total of 5,900 sqm of office space has been lost within the Borough (see also paragraphs 3.31 to 3.34). A further 18 schemes have been permitted and if implemented in full, would result in a total of 13,600 sqm of office space being lost from the Borough's portfolio. It should be noted that six of the extant approvals relate to 81% (11,080 sqm) of the anticipated, future loss of office floorspace.

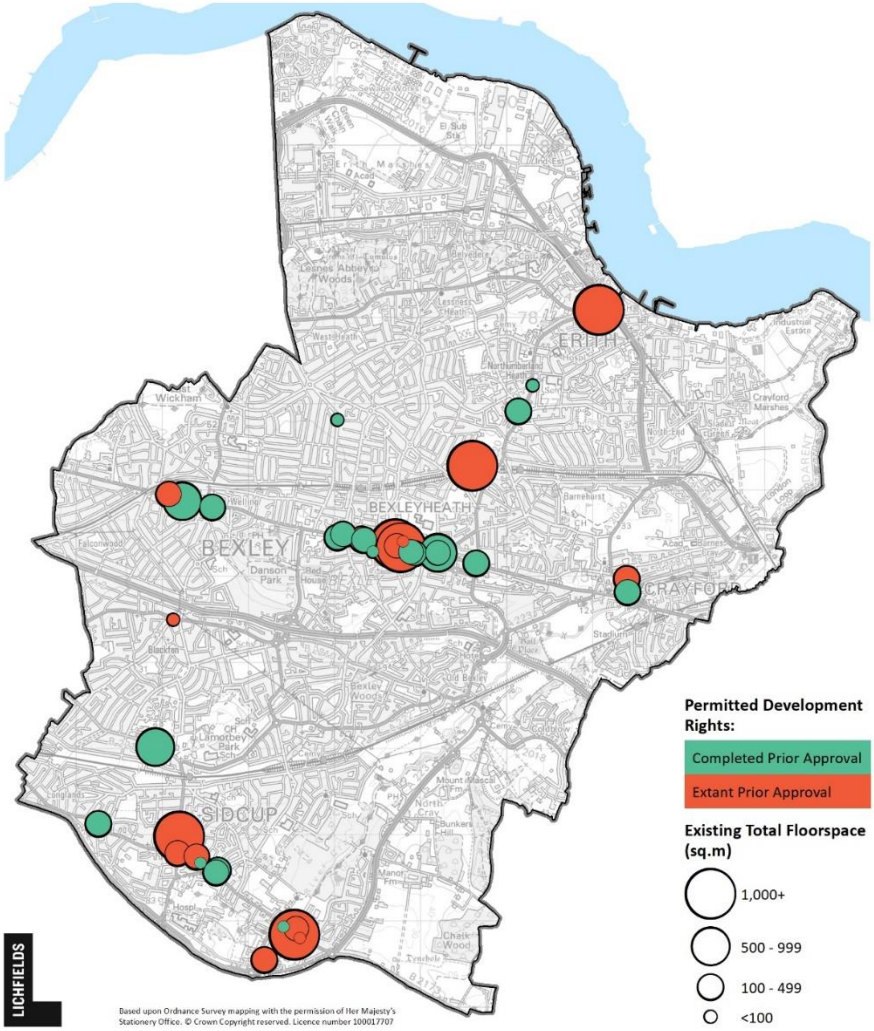
2.62 The impact of these already implemented PDRs is equivalent to a 5% reduction in the Borough's office stock (as at 2013, when the PDR was first introduced). This could increase to 13% if extant prior approvals were to be implemented in full (based on stock levels at March 2020).

2.63 Figure 2.5 below illustrates the distribution of the completed and extant prior approvals. Unsurprisingly, these tend to be concentrated within the Borough's key office clusters, namely Sidcup, Foots Cray and Bexleyheath.

2.64 Overall, prior approvals have generally involved loss of poor quality, redundant space, however, more recent developments including Heather Court[6] have also been permitted to be converted to residential. Bexley's stock of office space was already relatively modest, and the PDRs have had a limited quantitative impact on the existing stock to date.

[6] With planning reference 19/00392/PRIOR

Figure 2.5 Office to Residential PDR: Completed and Extant Prior Approvals in Bexley (March 2020)



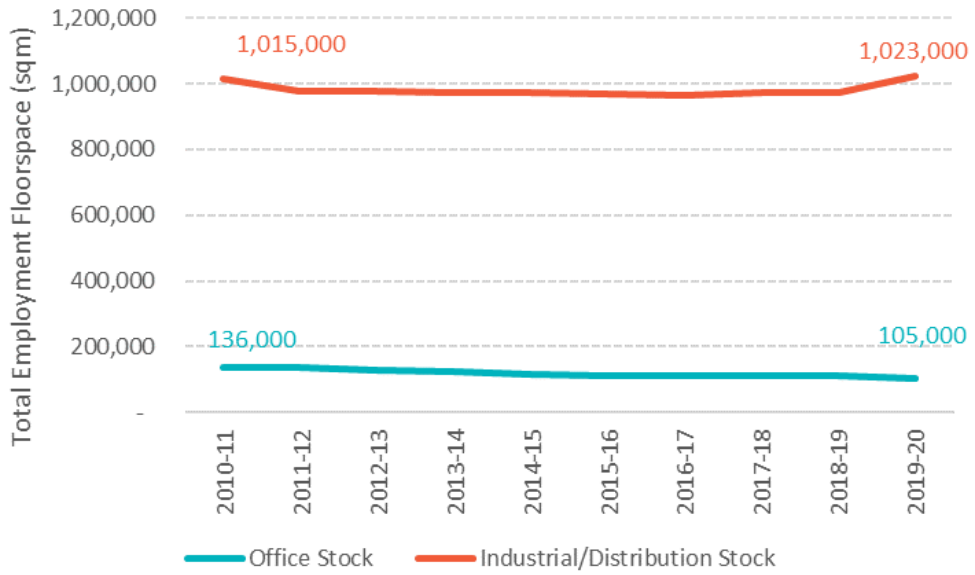
Source: LDD / Lichfields analysis

Employment Stock Change

2.65 A comparative analysis of the Borough's stock of employment space has been undertaken using latest data from the Valuation Office Agency (VOA) and covering the same monitoring period between 2010 and 2019.

2.66 This shows that as at 2020, the Borough's stock of employment space totals 1.1 sqm, with 91% being industrial (and distribution) and 9% relating to office (Figure 2.6).

Figure 2.6 Employment Stock Change in Bexley, 2010 - 2019



Source: VOA 2020 / Lichfields analysis

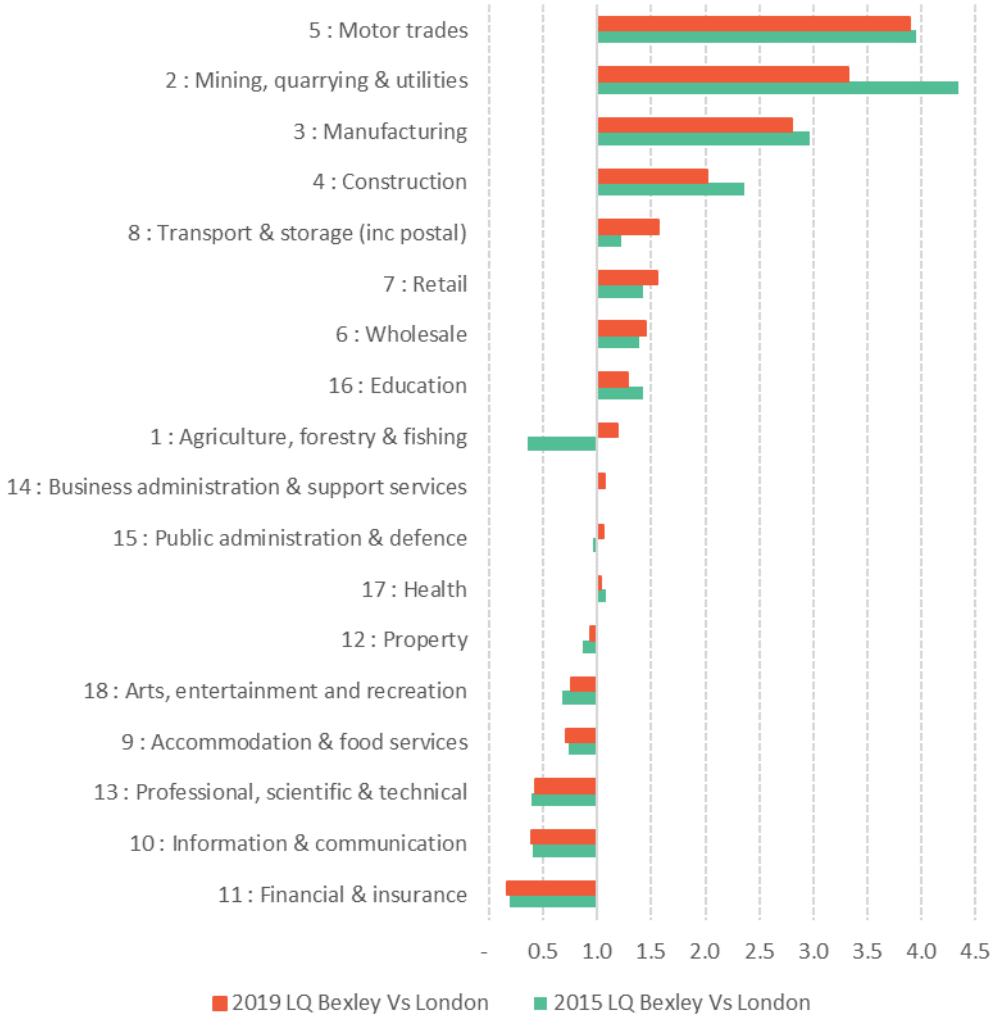
2.67 This suggests that since 2010, a total of 31,000 sqm of office space has been lost in the Borough, equivalent to a reduction of around 20%. Industrial (including distribution) floorspace has increased by 8,000 sqm over this time, equivalent to a marginal increase of 1%.

2.68 Whilst the two data sources (VOA and LDD) imply different scale of absolute change in Bexley's employment floorspace over the last 10 years, the overall pattern of increasing industrial/distribution space and declining office space is consistent across both sources. This underlines the more qualitative market commentary presented above regarding the relative strength of the Borough's industrial sectors and a comparatively more subdued office market.

Economic Drivers

2.69 In employment terms, the largest sectors in Bexley in 2019 were retail (12%), business administration and support (12%), health (10%), education (9%) and transport and storage (8%), according to the latest Business Register and Employment Survey (BRES) 2019 data. When compared with the sector breakdown in London, the Borough is significantly over-represented in employment terms in wholesale, transport and storage, construction, motor trades, manufacturing, retail and education, while being significantly under-represented in higher-value sectors such as professional services and finance and insurance (Figure 2.6), which reflects the Borough's geography and context as an East outer London location.

Figure 2.6 Location Quotient Analysis in 2015 and 2019: Bexley Vs London[7]



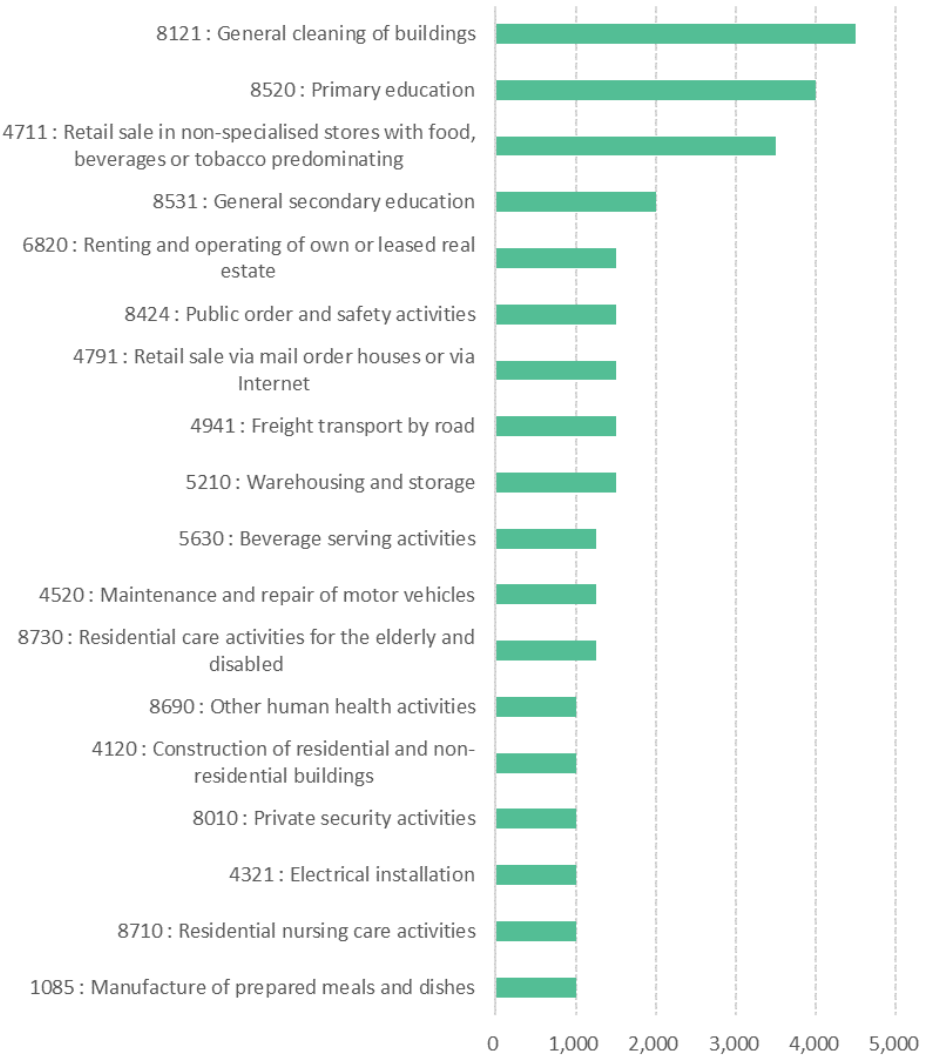
Source: BRES 2019 / Lichfields analysis

2.70 Since 2015, transport and storage (+2,000 jobs), construction (+1,000 jobs) and business administration and support (+1,000 jobs) have seen the highest growth across the broad sectors. These sectors are also over-represented across the Borough compared to London and could be considered as key recent economic drivers.

2.71 A more detailed analysis (at 4-digit SIC code) of the current employment structure shows that the following 18 sub-sectors (Figure 2.7) dominate the current employment structure, representing over 40% of total employment in Bexley. All these sectors are over-represented compared to London's employment structure.

[7] Location Quotient (LQ) is a method of quantifying how concentrated/represented a particular industry/sector is in an area compared to a wider geography, in this case Greater London. A figure above 1 means that this industry is over-represented compared to London, while a figure below 1 means that this industry is under-represented compared to London.

Figure 2.7 Main Employment Sub-sectors in Bexley, 2019 (no of employment jobs)



Source: BRES 2019 / Lichfields analysis

2.72 These include sub-sectors within manufacturing, construction, transport and storage together with retail, education and health broad sectors. Since 2015, wholesale, transport and storage, retail, public administration and business administration all increased their representation in Bexley compared to London's equivalent increase.

2.73 The GLA's latest sectoral employment projections (2017 release) to 2036 anticipate a growth across London mainly within office and service-based sectors, including professional services (24%), information and communication (20%), education (19%), arts (18%), accommodation (15%), administrative and support (13%) and health (12%). In addition, construction is expected to increase by 11% and retail by 2% across London over the period to 2036. By contrast, public administration employment is expected to contract by 6%, transport and storage by 7% and wholesale by 12%, respectively by 2036. These projections precede the Covid-19 outbreak and the short to medium term impacts that this has had upon London's economy.

2.74 In this context, we do not anticipate a significant change in patterns of sectoral growth across the Borough compared with recently recorded trends. Overall, the wholesale and transport and storage sectors are likely to continue to grow, together with construction, education and health. Although business administration and retail could be expected to increase further in

quantitative terms based on the GLA's forecasts, recent economic circumstances associated with Covid-19 could moderate growth rates for these industries at least in short to medium term as we adapt to a 'new normal'. Finally, it should be noted that we have liaised with the Council's Economic Development and Town Centres team to sense-check the findings of this analysis.

Summary

2.75 Bexley operates within the South East London and Kent broad commercial property market area. The Borough serves as a secondary location to nearby Dartford for industrial uses, however the rental gap between the two locations has been narrowing with Belvedere reporting similar rental growth to Dartford, and the two now effectively operate within the same market.

2.76 Bexley is perceived as a good industrial location and both demand for, and take-up of, industrial and distribution space is strong across the area. Logistics and distribution are the key drivers of occupier demand and this is reflected within the recent pattern of development in the Borough. Bexley's stock of industrial space has been increasing over the last 10 years, boosted by a small number of large developments many of which have involved the recycling of older industrial sites and premises.

2.77 These sectors continue to grow, and there is reported to be unsatisfied demand across the entire size spectrum, with demand for immediately available large warehouses (over 100,000 sq ft) particularly strong. Over the next few years, some larger schemes will be completed in the wider market that will help to ease this current pressure, with demand and values sufficient to justify additional speculative development if sufficient capacity and land can be made available.

2.78 By contrast, the Borough's office market is very localised and is driven by limited levels of indigenous demand from SMEs and start-ups. It's stock of office space has gradually declined over the last 10 years, due in part to the introduction of office to residential PDR which have made it easier to convert older office stock. The Borough has a reasonable amount of space specifically designed for small and start-up businesses and this appears to be sufficient to accommodate demand over the short to medium term. There may however be scope in the future for additional small-scale provision of flexible workspace to accommodate both start-ups and expansion of the Borough's growing SMEs business base, particularly in light of strong anticipated growth in the Borough's population.

3.0 Future Requirements for Employment Space

3.1 This section considers future economic growth needs in the Borough drawing on a number of scenarios for the local authority area. These scenarios are used to inform an analysis of the potential economic growth drivers within the Borough and the employment land and planning policy implications that flow from these.

Approach

3.2 The National Planning Policy Framework (February 2019) requires *"planning policies to set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth"* (Paragraph 81a).

3.3 In this context, and in compliance with Planning Practice Guidance on economic development needs assessment, a number of potential future economic scenarios have been developed to provide a framework for considering future economic growth needs and employment use class space requirements for Bexley over the Local Plan period 2021 to 2036. These scenarios draw on:

1 Projections of employment growth in the various employment class sectors **(labour demand)** derived from economic forecasts produced by the Greater London Authority ("GLA") (July 2017 release);

2 Consideration of **past trends in completions of employment space** based on monitoring data supplied by the London Development Database (LDD), and how these might change in the future; and

3 Estimates of future growth of local **labour supply** based on the Borough's housing target from the London Plan of 685 dwellings per annum (dpa).

3.4 All these approaches have some limitations and careful thought needs to be given as to how appropriate each is to circumstances in the Borough. In addition, to be robust, the economic growth potential and likely demand for employment space needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future. There are also a number of qualitative factors that will influence the future employment space requirements that need to be planned for, as discussed in this report.

a) Forecast Job Growth

3.5 Forecasts of job growth for Bexley over the period to 2036 have been obtained from GLA Economics. It is important to note that there are inherent limitations to the use of economic forecasts of this type, particularly in the context of ongoing changes in the economy. Such forecasts tend to be most reliable at the national and regional level, and consequently less so at the local economy level, but they are widely recognised as a valuable input to indicate the broad scale and direction of future economic growth, and in turn, future land requirements for a local area.

3.6 It should also be noted that population forecasts, which represent an input to economic forecasts, are frequently revised as are assumptions around future working-age population, economic activity levels, and national changes to the pension age.

GLA Assumptions and Methodology

3.7 The labour demand scenario draws upon the latest employment projections for London to 2041 produced by the GLA and published in July 2017. The accompanying London labour market projections 2017 report explains the methodology and assumptions underpinning these projections.

3.8 These employment projections are available on a Borough-by-Borough basis, and combine both employees and self-employed, drawing on trend data from the ONS Business Register and Employment Survey (BRES) and workplace capacity projections.

3.9 For London's outer Boroughs, including Bexley, the projections imply that future employment growth will broadly reflect past job growth trends, and not assumed to be constrained by employment site capacity. Part of the rationale for this is that there has been a significant volume of applications to convert employment space to residential use, and so there is flexibility in the use of premises that have gained prior approval for change of use in these Boroughs. This is expected to continue in managing the competing pressures of commercial and residential land use according to the GLA.

Scenario 1: Labour Demand

3.10 The GLA employment projections provide figures for total employment growth at Borough level, although a sector-by-sector breakdown is only available for London as a whole. Therefore, we have used the latest (2019) BRES data to apportion the Borough's employment growth to specific sectors based on the relative share of employment by industry in Bexley in 2019. We have then compared annual growth rates with those projected for London as a whole, to contextualise the analysis.

3.11 In this context, the GLA projections indicate overall employment growth of 10,000 jobs for the Borough over the 2021 to 2036 Local Plan period, which is equivalent to 667 jobs per annum on average, or an annual growth rate of 0.8%. The equivalent for London is slightly lower at 0.7%. The GLA data indicates that 7,000 (70%) of these jobs relate to employees, with the remaining 3,000 (30%) relating to self-employed workers. The equivalents for London are 72% and 28%, respectively.

3.12 Table 3.1 highlights which sectors under this scenario are expected to see the greatest change in absolute employment across the Plan period, with a full breakdown of the baseline job growth by sector (i.e. 38 sectors, including non-employment class sectors) presented in Appendix 2.

Table 3.1 Sector Employment Change in Bexley, 2021-2036 (total employment)

Sector	Use Class	Additional Jobs (2021-2036)
Administrative & Supportive Services		1,189
Retail		1,100
Education		984
Land Transport, Storage & Post		806
Wholesale		769
Residential Care & Social Work		611
Specialised Construction Activities		575

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis
GREEN = Employment use class sector ORANGE = Partial employment use class sector RED = Non-employment use class sector

3.13 To put the above analysis into context, the GLA's employment projections by sector for London as a whole imply that professional services, real estate, scientific and technical activities (24%), followed by information and communications (20%), education (19%) and arts, entertainment and recreation (18%) will see the highest growth across the Plan period. By contrast,

manufacturing (-24%), wholesale (-12%) and transportation and storage (-7%) are expected to decrease, while retail (2%) is expected to increase moderately.

3.14 This suggests that Bexley could see a different pattern of employment growth to London-wide trends in future, reflecting its outer London Borough location and particular strengths within industrial and distribution based sectors.

3.15 As noted above, because the GLA employment projections do not provide a breakdown of job growth for Bexley by individual sector, it has been assumed for the purposes of analysis that each sector of the economy retains its 2019-based share of total employment over the period to 2036.

3.16 Table 3.2 shows expected jobs growth for each of the employment use classes across the Plan period to 2036. Over the 15-year period, an overall growth of 10,000 jobs is forecast in Bexley, of which 4,030 (40.3%) relate to employment use class sectors.

Table 3.2 Forecast Employment Change in Bexley, 2021 - 2036

Use Class	2021	2036	Change
Office E(g)(i)/(ii)	12,717	14,231	1,514
Light Industrial E(g)(iii)	6,554	7,335	780
Industrial B2	5,649	6,321	672
Distribution B8	8,928	9,991	1,063
Total Employment Class Sectors	**33,849**	**37,878**	**4,030**
Total Employment (All Jobs)	**84,000**	**94,000**	**10,000**

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis

3.17 As shown above, jobs in employment class uses are expected to grow by 4,030 in the period to 2036 or by an average of 269 jobs per annum (0.8%). Employment in office-based sectors is expected to record the largest increase, followed by distribution, light industrial and industrial jobs.

3.18 These job forecasts are then converted to future employment space requirements by applying the following GEA job density assumptions:

- **Offices:** 1 job per 11.9 sqm[8];
- **Industry (Light Industrial and Industrial):** 1 job per 43 sqm[9];
- **Warehousing and Distribution:** 1 job per 66 sqm for small scale warehousing[10] (i.e. up to 3,000 sqm in size) which according to VOA 2017 data accounts for 85% of the Borough's stock; 1 job per 80 sqm for medium scale warehousing (i.e. 3,000 sqm to 9,000 sqm) accounting for 10% of the Borough's warehousing space; and 1 job per 105 sqm for large scale warehousing (i.e. 9,000 sqm or above) accounting for 5% of the Borough's warehousing stock.

3.19 An allowance of 8% is also added to all positive floorspace requirements to reflect a normal level of market vacancy in employment space and is consistent with London Plan evidence[11].

[8] This reflects the density ratio used to inform the base case for demand forecasts in the London Office Policy Review 2017 (2017 LOPR) of 11.3 GIA sqm per office worker, which is then translated to 11.9 GEA sqm per worker by adding 5%
[9] This reflects a blended average across the industrial use densities presented on p86 of the London Industrial Land Demand report and is also consistent with the London Employment Site Database 2017 (LESD Technical Report)
[10] This density is broadly consistent with evidence from the LESD Technical Report of 70 GEA sqm per FTE or 63 GIA sqm per employee across B8 uses
[11] London Industrial Land Demand, Vacant Industrial Land, p11

3.20 From this analysis, the net employment floorspace requirements for Bexley up to 2036 based on the baseline job growth scenario are set out in Table 3.3.

Table 3.3 Net Employment Floorspace Requirement based on Labour Demand Scenario, 2021 - 2036

Use Class	Net Floorspace Requirement (sqm)
Office E(g)(i)/(ii)	19,460
Light Industrial E(g)(iii)	36,240
Industrial B2	31,230
Distribution B8	79,610
Total Net Employment Floorspace Requirement	**166,530**

Source: Lichfields analysis (figures rounded)

Sensitivity Test: Applying London's Sectoral Growth Projections

3.21 As noted above, the GLA employment projections only provide figures for total employment growth at Borough level, while sector-by-sector employment projections are only available for London as a whole.

3.22 In order to consider how Bexley's employment base could change over the Local Plan period if London-wide sector growth projections were replicated in the Borough, we have applied London's annual growth rates per sector between 2021 and 2036 to Bexley's sector profile as at 2021 (i.e. the start of the Plan period).

3.23 This would result in an employment increase of 4,229 jobs across all sectors of the economy by 2036. This is equivalent to 5,771 fewer jobs than Scenario 1, and reflects the projected decline of some of Bexley's largest employment sectors including wholesale and transportation and storage. It would also imply a decrease of over 210 employment use class jobs in the Borough over the new Local Plan period to 2036, driven by declining industrial (B2) job losses.

3.24 If we apply the same job density assumptions as Scenario 1, this approach would result in a negative net employment space requirement of -59,420 sqm across the Plan period. This includes a positive requirement for 24,570 sqm of office space, but negative requirements for industrial (incl. light industrial) floorspace (-21,205 sqm) and distribution floorspace (-62,788 sqm) across the Plan period.

3.25 This analysis suggests that the labour demand approach that assumes existing sector shares remain constant over the Plan period is likely to better reflect ongoing economic need and market requirements in Bexley over the period to 2036.

b) Past Development Rates

3.26 Because they reflect market demand and actual development patterns on the ground, in some cases long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs. Completions over such a period as ten years or more should even out demand fluctuations over a business cycle and normally provide a reasonable basis for estimating future need provided land supply has not been unduly constrained. Whereas job projections show growth in net terms, past trend-based assessments take into account the ongoing redevelopment and recycling of employment sites.

Scenario 2: Past Completion Rates

3.27 Monitoring data on past completions by employment class uses covering the 10-year period 2010 to 2019 was provided by the GLA, drawn from the London Development Database (LDD). During this period, average annual net completions for employment class uses in Bexley

amounted to around 6,935 sqm of employment floorspace (Table 3.4). Gross completions were higher at an average of 19,045 sqm each year, although this masks the ongoing loss of employment space that has occurred within the Borough over this period.

Table 3.4 Annual Completions of Employment Space in Bexley, 2010-2019

Use Class	Net Annual Completions (sqm)	Gross Annual Completions (sqm)
Office (former B1a/b)	-150	1,225
Industrial (former B1c) and B2	2,965	10,930
Distribution B8	4,120	6,890
Total	**6,935**	**19,045**

Source: LDD / Lichfields analysis (figures rounded)

3.28 If it were assumed that past net completion rates were to continue over the new 15-year Local Plan period, this would equate to a decrease of 2,250 sqm of office space, an increase of 44,460 sqm of industrial (including light industrial) and 61,810 sqm of distribution space by 2036 (see Table 3.5).

3.29 This total net employment floorspace requirement of 104,020 sqm is lower than that generated by the labour demand approach (Scenario 1).

Table 3.5 Net Floorspace Requirement based on Past Completion Rates, 2021 - 2036

Use Class	Assumed Annual Floorspace Change (sqm)	Net Floorspace Requirement (sqm)
Office E(g)(i)/(ii)	-150	-2,250
Industrial E(g)(iii)/ B2	2,965	44,460
Distribution B8	4,120	61,810
Total Net Employment Floorspace Requirement	**6,935**	**104,020**

Source: LDD / Lichfields analysis (figures rounded)

3.30 Using the same job density ratios noted above, it is possible to estimate that 1,597 employment use class jobs could be accommodated within this additional floorspace in the Borough during the Plan period under this scenario, despite the implied erosion of office space. This is equivalent to a gain of around 106 employment use class jobs each year.

Office to Residential Permitted Development Rights

3.31 Following the introduction of office to residential permitted development rights (PDRs) in 2013, a total of 23 office premises within Bexley have been converted to residential use, resulting in a loss of 5,900 sqm of office space. This equates to an average annual loss of c.985 sqm between 2014 and 2019, as recorded by the LDD. This office floorspace represents 5% of the Borough's office stock recorded by the VOA in 2013 (i.e. before the PDR were introduced).

3.32 An additional 18 extant prior approvals could result in a further 13,600 sqm of office space being lost if implemented, which could remove a further 13% of the Borough's current stock of office space.

3.33 Including the 5,900 sqm PDR office floorspace loss within the analysis of past completions in Bexley would reduce the annual average net take-up rate for office space to -740 sqm[12] and, if applied across the new 15-year Local Plan period, would result in a negative requirement for 11,110 sqm of office space. Consequently, the overall net employment requirement across the Plan period would reduce to 95,150 sqm.

[12] This is the annual net figure for 2010-2019 once we add the additional office losses per annum as recorded in LDD.

3.34 In reality, it is unlikely that the scale of office floorspace losses that have occurred within the Borough over the last few years as a result of PDR will continue at the same pace in future given that these conversions have generally related to redundant and underused office stock that has gradually been removed from the local market. It should be noted, however, that there have been examples of more modern stock (such as Heather Court) that have also been permitted for conversion to residential. In any case, those premises that were initially identified as candidates for PDR conversions have now been converted or permitted. Therefore, it is not expected that past rates of PDR office losses will continue at the same pace through the Plan period and for this reason, no specific adjustments to the past development rates scenario have been made to reflect PDR.

c) Future Labour Supply

3.35 The final approach is to consider how many jobs, and hence how much employment space, could be needed to broadly match forecast growth of the Borough's resident workforce. In contrast to the preceding approaches, this forecasts the supply of labour rather than labour demand. It then indicates the amount of new jobs needed to take-up this future supply of workers and minimise local unemployment, and the scale of employment space that would be needed to accommodate these jobs locally in the Borough.

Scenario 3: Labour Supply (685 dpa)

3.36 The Borough is currently planning for 685 additional dwellings per annum (dpa) based on the 10 year target for net housing completions (2019/20-2028/29) set out in the London Plan.

3.37 This housing figure supersedes the Borough's initial housing target identified in the Intend to Publish London Plan (1,245 dpa) which was derived from the GLA's latest available housing-led population projections (2018-based).

3.38 In this context, we have sought to apply the following approach to estimate future growth in Bexley's labour supply associated with a local housing need figure of 685 dpa:

1 **Population change** over the Local Plan period of 2021 to 2036 drawing on the GLA's 2019-based central lower population projections (the latest release). This has been applied to provide the most up-to-date population projections for London and Bexley.

2 **Economic activity rates for 2019** and anticipated future changes in **economic activity rates** for males and females over the age of 16 years old. These are estimated using the ONS Annual Population Survey, and 2019 Mid-Year Population estimates (MYE), then projected forward using the projection rates published by the OBR in January 2017[13].

3 An **unemployment rate** of 4.3% for 2019, taken from the ONS Annual Population Survey (APS) Model-based Unemployment rate for that year, with an assumption that by 2036 there will be a modest re-adjustment to the longer-term (i.e. 2004-19) average of 5.9%. Whilst it is likely that local unemployment will increase substantially over the coming months and years due to Covid-19 economic disruption and ongoing Brexit uncertainty, we are planning for the longer term so need to take into account a number of economic cycles.

4 **Labour Force Ratio** calculated based on the APS (economically active population), unemployment rates and the GLA employment projections (used for Scenario 1). This generates a Labour Force (LF) Ratio of 1.42 for Bexley (an average covering the period 2004-16) and means that there are more residents in employment living in the Borough than there are jobs based in the Borough, resulting in a net outflow of labour. The LF ratio

[13] OBR Fiscal Sustainability Report, January 2017 – Supplementary data series table

is held constant over the Plan period to 2036. This analysis provides a more up-to-date position compared to Census 2011 commuting data.

3.39 The GLA's 2019-based population projections imply an additional 21,837 persons living in the Borough between 2021 and 2036. Of this, 23,876 additional persons will be over the age of 16 years, with the Borough's population aged 0 to 15 years expected to decrease in absolute terms by 2,039 across the Plan period.

3.40 Applying the adjusted OBR economic activity rates for Bexley and factoring in an unemployment rate of 5.9% results in a projected labour force increase of 13,743 people over the 15-year Plan period to 2036. Applying the LF ratio of 1.42 equates to net jobs growth of 9,681 (Table 3.6) .

Table 3.6 Projected Labour Supply Associated with GLA 2019 Population Projections in Bexley, 2021 – 2036

	2021	2036	Absolute Change
Total population	250,503	272,340	21,837
Over 16 population	201,804	225,680	23,876
Economically active population	132,495	147,060	14,565
Labour supply (less unemployed)	125,014	138,757	13,743
All Jobs	**88,066**	**97,747**	**9,681**

Source: Lichfields analysis, based on GLA 2019 Population Projections and OBR economic activity projections

3.41 The Borough's housing figure of 685 dpa falls below the increase in households implied by the GLA's 2019-based household projections (and related 2019-based population projections presented above). Over the Plan period, the GLA 2019-based household projections indicate that households in Bexley will grow by 15,532 in total, or 1,035 per annum on average. A modest adjustment is applied to the baseline to factor in a suitable allowance for empty/second homes of 0.88% for 2018[14]. This translates the 1,035 hpa to 1,044 dpa.

3.42 Therefore, in order to test the labour supply implications of Bexley's current housing target of 685 dpa, the population change for Bexley has been adjusted in accordance with the extent to which dwelling growth diverges from the 2019-based GLA household projections baseline. This rate of change[15] is then applied to the population growth for 2036. We have applied this level of change equally to each age/gender cohort and have assumed that the change will apply evenly across the plan period, with all other inputs held constant. The estimate of jobs growth associated with the housing need figure of 685 dpa is summarised in Table 3.7.

Table 3.7 Employment Growth in Bexley – Labour Supply (685 dpa), 2021-2036

Demographic Scenario	Jobs in 2021	Jobs in 2036	Jobs required to meet projected population growth
Total employment associated with GLA 2019-based Household Projections	88,066	97,747	9,681
Total employment associated with local housing need target of 685dpa	**88,066**	**92,900**	**4,833**

Source: GLA Economics / Lichfields analysis

3.43 The number of employment use class jobs required is estimated assuming that one additional job would be required for each additional worker forecast, while also taking account of the existing and forecast proportion of employment use class jobs to total jobs within the Borough.

[14] Source: MHCLG (2018): Calculation of Council Tax Base October 2018

[15] This is equivalent to dwellings in 2036 based on GLA household projections (i.e. dwelling stock in 2019 + net additional dwellings based on the GLA household projections adjusted with vacancy rate for 2036) divided by dwellings in 2036 based on the delivery target (i.e. dwelling stock in 2019 + 685 dpa up to 2036). This results in 95.04% change across the period to 2036.

This results in 1,948 employment use class jobs over the period to 2036, representing just over 40% of the total job requirement.

3.44 These can be translated into estimated net floorspace requirements by applying the same assumptions outlined in Scenario 1 above, and summarised in Table 3.8 below.

Table 3.8 Net Employment Floorspace Requirements from Labour Supply Growth, 2021-2036

Use Class	Total Employment	Net Floorspace Requirement (sqm)
Office E(g)(i)/E(g)(ii)	732	9,400
Light Industrial E(g)(iii)	377	17,515
Industrial B2	325	15,095
Distribution B8	514	38,480
Total	**1,948**	**80,490**

Source: GLA Economics / Lichfields analysis (figures rounded)

Summary of Net Employment Floorspace Requirements

3.45 Drawing together the results from each of the future economic scenarios considered above, Table 3.9 summarises the net floorspace requirements for the 2021 to 2036 Plan period.

Table 3.9 Net Employment Floorspace Requirements in Bexley, 2021-2036 (GEA sqm)

Use Class	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Office E(g)(i)/E(g)(ii)	19,460	-2,250	9,400
Light Industrial E(g)(iii)	36,240	44,460	17,515
Industrial B2	31,230		15,095
Distribution B8	79,610	61,810	38,480
Total	**166,530**	**104,020**	**80,490**

Source: Lichfields analysis (figures rounded)

Planning Requirement

3.46 While the net employment space requirements presented above represent the minimum recommended quantum of employment space to plan for in Bexley Borough over the new Local Plan period, the Council will need to take a view on the extent to which additional space should be planned for over and above the net requirements, in order to allow for such factors as delays in development sites coming forward, an allowance for replacement of ongoing losses of employment space during the Local Plan period, and other relevant factors in the local market.

Safety Margin

3.47 To estimate the overall requirement for employment floorspace and to allow for some flexibility within the market, a safety margin is applied. In a location like Bexley with a relatively constrained land supply and development pressure from other higher value uses, there is a need to ensure a reasonable but not over-generous additional allowance that provides for some flexibility but avoids over-provision of land. However, it also needs to reflect that there may be potential delays in some of the Borough's development sites coming forward over the Plan period.

3.48 An allowance equivalent to two years of average net take-up for industrial and distribution uses, and two years of average gross take-up for office uses (as net take-up of office space has been

negative) has been applied (see Table 3.10). Overall, this scale of safety margin appears appropriate relative to the estimated scale of the original (net) requirement.

Table 3.10 Safety Margin Allowance (sqm)

Use Class	Annual Net Completions (2010-2019)	Annual Gross Completions (2010-2019)	Safety Margin Applied
Office Former B1a/b	n/a	1,225	2,450
Light Industrial Former B1c	2,965	n/a	5,930
Industrial B2			
Distribution B8	4,120	n/a	8,240

Source: LDD / Lichfields analysis (figures rounded)

Losses and Churn

3.49 An allowance is also typically made for some replacement of losses of existing employment space that may be developed for other, non-employment class uses over the Plan period to 2036. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost in future and provides some protection against continued erosion of employment space in the Borough. This replacement allowance is often described as 'churn'.

3.50 Through it's Draft Local Plan Regulation 18 consultation, the Council have indicated that managed release of designated employment land will take place through the assessment of sites, the setting of detailed boundaries around designated employment areas, and the setting out of considerations to guide future uses on 'released' sites. The Council's recently prepared Industrial Land Study provides the evidence base to underpin this approach, and identifies three sites within Strategic Industrial Location (SIL)/Locally Significant Industrial Site (LSIS) designated areas that could be appropriate for release. Should these sites be released from their current designation, a total of 19,650 sqm built floorspace would need to be re-provided to ensure that this approach results in no net loss of occupied floorspace within the Borough.

3.51 The Draft Local Plan (Regulation 18 consultation) also states that opportunities will be taken to intensify and co-locate business uses in order to release surplus employment land for much needed housing and supporting infrastructure. Industrial land consolidation will be carried out as part of a strategically coordinated process that is integral to the development of the Local Plan, with a detailed approach to optimising sites including a preferred plot ratio to be set out in the emerging Design SPD. In this context, Council's emerging Industrial Land Study identifies a net total of 197,400 sqm of employment floorspace to be provided through potential intensification of existing employment areas. Therefore, the Borough intends not only to re-provide any released floorspace within existing designations through intensification, but also to further increase and utilise the capacity of existing employment areas.

3.52 In this context, we have assumed a level of churn allowance equivalent to the total quantum of employment space that is considered for release; 19,650 sqm. This floorspace relates wholly to industrial and distribution space, with no allowance made for office uses (Table 3.11).

Table 3.11 Losses/Churn Allowance (sqm)

Use Class	Losses and Churn Allowance
Office Former B1a/b	-
Light Industrial Former B1c	5,210
Industrial B2	4,620
Distribution B8	9,820
Total	**19,650**

Source: LB Bexley / Lichfields analysis (figures rounded)
Note: To estimate an appropriate split between light industrial (former B1c) and industrial uses (B2), we have applied the proportionate split associated with the net floorspace requirement for Scenario 1, which implies a 53:47 ratio

3.53 The resulting 'planning requirements' incorporating these allowances are summarised in Table 3.12 below.

Table 3.12 Gross Employment Floorspace Requirements in Bexley, 2021-2036 (GEA sqm)

Use Class	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Office E(g)(i)/E(g)(ii)	21,910	200	11,855
Light Industrial E(g)(iii)	44,590	60,220	25,865
Industrial B2	38,640		22,505
Distribution B8	97,670	79,870	56,540
Total	**202,800**	**140,290**	**116,760**

Source: Lichfields analysis (figures rounded)

3.54 The gross floorspace requirements for employment uses range between 116,760 sqm under Scenario 3 to 202,800 sqm under Scenario 1 by 2036. Compared with the stock of employment space (office and industrial/distribution) in Bexley recorded by the VOA for 2019/20, this range would be equivalent to an increase in stock of between 10% and 18% to 2036.

Land Requirements

3.55 The final step, for all scenarios, is to translate floorspace into land requirements for both office and industrial uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using a number of assumptions and local adjustment factors to reflect the pattern of development that is anticipated to occur in the Borough.

3.56 Under all scenarios, a plot ratio of 0.3 has been applied to industrial floorspace so that a 1 ha site would be needed to accommodate a footprint of 3,000sq.m of employment floorspace. This reflects typical industrial plot ratio trends within the Borough, based on recent site assessments undertaken by the Council.

3.57 For offices, it is assumed that 70% of new office floorspace would be in higher density town centre locations at a plot ratio of 2.0, with 30% in lower density, business park developments with a plot ratio of 0.3. This split reflects the existing profile of office stock in Bexley and assumes that additional office development over the plan period broadly follows this pattern. The resulting land requirements are set out in Table 3.13.

Table 3.13 Employment Land Requirements in Bexley, 2021-2036 (ha)

Use Class	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Office E(g)(i)/E(g)(ii)	2.96	0.03	1.60
Light Industrial E(g)(iii)	14.86	20.07	8.62
Industrial B2	12.88		7.50
Distribution B8	32.56	26.62	18.85
Total	**63.26**	**46.72**	**36.57**

Source: Lichfields analysis

Summary

3.58 In interpreting the outputs of this section, regard should be had to guidance from the PPG, which states that local authorities should develop an idea of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change.

3.59 It is also important to recognise that there are inevitably uncertainties and limitations related to modelling assumptions under any of the future scenarios of growth considered in this study. For example, there are inherent limitations to the use of local level economic projections, particularly those produced by the GLA back in 2017 which do not reflect the current economic outlook nor indicate how different parts (sectors) of the local economy in Bexley could change over the 15-year Plan period to 2036. Employment forecasts are regularly updated, and the resulting employment outputs will change over the plan period for Bexley.

3.60 This assessment considers three different scenarios of future employment space requirements in Bexley based on approaches that reflect forecast economic growth, past development patterns, and potential housing supply factors. The overall gross employment class floorspace requirements related to these different scenarios range from 116,760 sqm to 202,800 sqm during the 15-year Plan period 2021-2036, which implies in broad terms a need for between 36.57 ha and 63.26 ha of employment land.

3.61 The **labour demand approach (Scenario 1)** presents the highest growth scenario for Bexley based on macro-economic and demographic data associated with GLA Borough employment projections published in 2017. It provides a trend-based view about how the Borough's economy could grow over the new Local Plan period, but as a 'business as usual' scenario, does not specifically consider how Bexley's economic base and sectoral structure could evolve over the coming years to respond to wider macro-economic change and growth opportunities. The vintage of GLA data (released in 2017) upon which this scenario draws also represents a key limitation, as it does not reflect recent economic growth assumptions, for instance associated with the Covid-19 pandemic and ongoing uncertainty regarding the UK's trading relationships with the rest of the world post-Brexit.

3.62 The **labour supply scenario (Scenario 3)** is based on the Council's housing delivery target of 685 dpa, together with the most recent demographic projections published by the GLA. In absence of a clear set of population growth projections associated with the Borough's 685 dpa housing delivery target, we have made a number of assumptions to estimate how many jobs might be needed locally to support a sustainable balance between population and employment growth over the new Local Plan period. When translated into floorspace requirements, this generates the lowest overall employment space requirement and, because it is constrained by planned levels of housing supply, is likely to underestimate the Borough's future economic growth potential.

3.63 The **past trends scenario (Scenario 2)** assumes that past take-up rates of B class space in Bexley continue broadly unchanged in future and generates a floorspace requirement that falls between the labour demand and supply approaches. Because industrial uses have dominated recent employment development in the Borough, this is reflected within the requirement generated under this scenario which does not assume that any new office space would be required over the 15-year Local Plan period. It provides a useful barometer of commercial property market demand in the Borough, and implies that appetite exists amongst local businesses and the development sector to continue to deliver employment space if sites can be made available within the Borough's key areas of market demand.

4.0 Demand/Supply Balance

4.1 This section draws together forecasts of future employment space needs in Section 3.0 with estimates of pipeline employment land supply to identify any need for more provision of employment space, or surpluses of it, in quantitative terms.

Emerging Supply

4.2 The supply of employment space in the development pipeline comprises extant/unimplemented planning permissions for B class development in the Borough, as well as a number of sites that have been identified by the Council (within the Industrial Land Study) has having potential for intensification. Beyond this supply, the Council is not proposing to make any new employment allocations within the Borough.

4.3 Based on the latest LDD monitoring data (as at March 2020), there is a total of 17 extant planning permissions for employment use class development in the Borough, which if implemented in full, could provide 85,720 sqm of employment floorspace in net terms.

4.4 Through its work on the emerging Industrial Land Study, the Council has identified a total of 197,400 sqm of net additional employment floorspace that could be delivered through intensification of a number of existing employment sites in the Borough. Achieving this uplift in floorspace is subject to a number of assumptions, conditions and parameters that fall beyond the scope of this study to assess.

4.5 For this reason, we consider two supply positions to both include and exclude additional employment space supply that could potentially be achieved through this intensification of existing employment areas. These supply positions are summarised in Table 4.1 below.

Table 4.1 Emerging Employment Space Supply in Bexley (sqm)

Source	Office E(g)(i)/E(g)(ii)	Light Industrial Eg(iii)	Industrial B2	Distribution B8	Total
Extant Planning Permissions	5,090	26,930	3,540	50,160	85,720
Supply Position 1	**5,090**	**26,930**	**3,540**	**50,160**	**85,720**
Intensification of Existing Employment Areas*	280	44,910	39,825	112,385	197,400
Supply Position 2	**5,370**	**71,840**	**43,365**	**162,545**	**283,120**

Source: LB Bexley / LDD / Lichfields analysis (figures rounded)
*Based on Scenario 2 use class split of: 0% Office, 23% Light Industrial, 20% Industrial and 57% Distribution

Quantitative Balance

4.6 A broad comparison between estimated demand for employment class space against the currently identified supply is outlined in the Tables below.

4.7 When comparing the gross employment requirements with supply position 1 (i.e. extant planning permissions only), there is an identified shortfall of space across all three scenarios (Table 4.2).

4.8 By comparison, the additional capacity associated with site intensification through supply position 2 would be more than sufficient, in quantitative terms, to accommodate all three scenarios, with a significant surplus of employment space arising under each scenario (Table 4.2).

Table 4.2 Demand/Supply Balance of Employment Floorspace by Scenario, 2021 - 2036 (sqm)

	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Gross Floorspace Requirement	202,800	140,290	116,760
Supply Position 1	85,720		
Supply Position 2	283,120		
Supply Position 1 Surplus (+) / Shortfall (-)	**-117,080**	**-54,570**	**-31,040**
Supply Position 2 Surplus (+) / Shortfall (-)	**+80,320**	**+142,830**	**+166,360**

Source: Lichfields analysis (figures rounded)

4.9 The demand/supply balance position is summarised in the Tables below for office, industrial (including light industrial) and distribution uses respectively.

Table 4.3 Demand/Supply Balance of Office Floorspace by Scenario, 2021 - 2036 (sqm)

	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Office Floorspace Requirement	21,910	200	11,855
Office Supply Position 1	5,090		
Office Supply Position 2	5,370		
Supply Position 1 Office Surplus (+) / Shortfall (-)	**-16,820**	**+4,890**	**-6,765**
Supply Position 2 Office Surplus (+) / Shortfall (-)	**-16,540**	**+5,170**	**-6,485**

Source: Lichfields analysis (figures rounded)

Table 4.4 Demand/Supply Balance of Industrial (including Light Industrial) Floorspace by Scenario, 2021 - 2036 (sqm)

	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Industrial Floorspace Requirement	83,230	60,220	48,370
Industrial Supply Position 1	30,470		
Industrial Supply Position 2	115,205		
Supply Position 1 Industrial Surplus (+) / Shortfall (-)	**-52,760**	**-29,750**	**-17,900**
Supply Position 2 Industrial Surplus (+) / Shortfall (-)	**+31,975**	**+54,985**	**+66,835**

Source: Lichfields analysis (figures rounded)

Table 4.5 Demand/Supply Balance of Distribution Floorspace by Scenario, 2021 - 2036 (sqm)

	Scenario 1: Labour Demand	Scenario 2: Past Completion Rates	Scenario 3: Labour Supply
Distribution Floorspace Requirement	97,670	79,870	56,540
Distribution Supply Position 1	50,160		
Distribution Supply Position 2	162,545		
Supply Position 1 Distribution Surplus (+) / Shortfall (-)	**-47,510**	**-29,710**	**-6,380**
Supply Position 2 Distribution Surplus (+) / Shortfall (-)	**+64,875**	**+82,675**	**+106,005**

Source: Lichfields analysis (figures rounded)

4.10 This analysis indicates that:

- **Office (E(g)(i)/E(g)(ii)) uses:** pipeline office supply is similar under both supply positions; there would be sufficient supply available in quantitative terms to accommodate office space requirements arising under the past take-up scenario. A shortfall would apply under the labour demand and supply comparisons.
- **Industrial (E(g)(iii)/B2) uses:** under the site intensification supply position, there would be more than sufficient industrial supply to accommodate requirements arising under all three scenarios considered. By contrast, the supply associated with extant planning permissions only would be insufficient to accommodate any of the scenarios in full.
- **Distribution (B8) uses:** a shortfall is identified for distribution uses under all scenarios compared with supply position 1, while a considerable surplus is identified for all scenarios against supply position 2.

4.11 The demand/supply balance analysis presented above assumes that all extant planning permissions and identified potential for intensification of employment uses on existing sites in the Borough come forward in full during the plan period. Any deviation from this assumption could potentially have an effect on the balance of space within Bexley over the Plan period to 2036.

Summary

4.12 Based on guidance from the PPG[16], the purpose of analysing the employment space demand/supply position is to allow policy makers to identify whether there could be a mismatch between quantitative and qualitative supply of and demand for employment space at a local level.

4.13 The Council's emerging supply position indicates that 85,720 sqm of employment space could come forward over the coming months and years through extant planning permissions for B class space, and this supply position could increase to 283,120 sqm if intensification of uses can be achieved across a number of existing employment sites in the Borough.

4.14 Based on extant planning permissions alone, the analysis suggests that there would be a shortfall of space to accommodate employment requirements arising across all three scenarios considered, in quantitative terms. The additional capacity associated with site intensification would be more than sufficient however, in quantitative terms, to accommodate all three scenarios, with a significant surplus of employment space arising under each scenario.

4.15 This demand/supply position is therefore highly sensitive to the achievability of employment site intensification across some of the Borough's key employment sites, and their ability to deliver the quantum and type of employment floorspace that has provisionally been identified by the Council through its Industrial Land Study.

[16] Paragraph: 029 Reference ID: 2a-02920190220

5.0 Conclusions and Policy Considerations

5.1 This section draws together overall conclusions and considers potential policy approaches to delivering appropriate levels of employment space to meet the economic needs of Bexley over the new Local Plan period to 2036.

Market Signals

5.2 Bexley operates as part of the South East London and Kent commercial property market. The Borough is perceived as a good industrial location and both demand for, and take-up of, industrial and distribution space is strong across the area. This is mainly due to its proximity to Dartford and to the south east London industrial market which is expected to be characterised by strong demand and levels of activity over the next few years.

5.3 Based on recent economic trends, wholesale and transport and storage sectors are expected to continue driving occupier demand and economic growth over the coming years, together with construction, education and health.

5.4 According to market intelligence, distribution based sectors continue to grow and there is unsatisfied demand across the entire size spectrum, but with demand particularly acute for immediately available large warehouses (over 100,000 sq ft in size). Although the wider market's development pipeline is strong with some large distribution schemes anticipated for completion shortly, occupier demand is considered to be sufficient to justify further speculative developments across all sizes and in particular larger-scale developments.

5.5 In sharp contrast, office based sectors are not expected to see significant growth. Although business administration is a key sector across the local economy that has been forecast by GLA (2016-based projections) to increase further, the projections precede the Covid-19 outbreak which could impact on medium to longer term occupier demand both within Bexley and across the country as a whole. Local commercial property agents report a relatively weak office market in the Borough, and one that is very localised characterised largely by SMEs and start-ups.

5.6 Whilst the Borough has a reasonable amount of space specifically designed for small and start-up businesses, this appears to be sufficient to accommodate demand over the short to medium term. There may, however, be scope in the future for additional small-scale provision of flexible workspace to accommodate both start-ups and expansion of the Borough's growing SME business base, particularly in light of strong anticipated growth in the Borough's population.

Meeting Future Needs

5.7 Three different scenarios of future employment space requirements for Bexley have been considered as part of this study. These draw upon and update previous growth scenario work undertaken to inform the Borough's adopted Growth Strategy, and are based on economic/employment projections, past development trends and potential housing supply and demographic factors.

5.8 The overall gross floorspace requirements related to these different scenarios range from **116,760 sqm and 202,800 sqm** of all types of employment space to 2036, implying in broad terms a need for between **36.57 ha and 63.26 ha** of employment land. Across all scenarios, the majority of this spatial requirement relates to industrial (Eg(iii)/B2) and distribution (B8) use classes, and this reflects the wider economic context and recent market activity locally.

5.9 Within the context of the NPPF requirement to plan positively for growth, it is recommended that the Council consider planning to accommodate the past take-up based requirement

(Scenario 2) as a minimum, to enable historically strong levels of employment development to continue in the Borough over the new plan period. This is equivalent to 140,290 sqm of employment space in gross terms, or 46.72 ha of employment land over the 15-year Local Plan period to 2036.

5.10 The Council's emerging supply position indicates that 85,720 sqm of employment space could come forward over the coming months and years through extant planning permissions for B class space, and this supply position could increase to 283,120 sqm if intensification of uses can be achieved across a number of existing employment sites in the Borough.

5.11 Based on extant planning permissions alone, the analysis suggests that there would be a shortfall of space to accommodate employment requirements arising across all three scenarios considered, in quantitative terms. The additional capacity associated with site intensification would be more than sufficient however, in quantitative terms, to accommodate all three scenarios, with a significant surplus of employment space arising under each scenario.

5.12 This demand/supply position is therefore highly sensitive to the achievability of employment site intensification across some of the Borough's key employment sites, and their ability to deliver the quantum and type of employment floorspace that has provisionally been identified by the Council through its Industrial Land Study.

5.13 It suggests that proactive intensification of some of Bexley's existing employment areas will be an important part of the strategy for accommodating the Borough's economic and market needs over the new Local Plan period, and further work is currently underway by the Council, including through its Industrial Land Study and an emerging Design SPD, to refine specific opportunities to intensify and co-locate business uses across key sites.

Further Policy Considerations

5.14 Following a recent review of the Borough's existing employment land, which totals just under 360 ha, the Council proposes through the Local Plan Regulation 18 Draft to change existing designations to better reflect London Plan policy and related terminology. Therefore, 'Primary Employment Land' will be designated as Strategic Industrial Land (SIL) and 'Secondary Employment Land' will fall within the Locally Significant Industrial Sites (LSIS) designation.

5.15 In addition, the Council have also consulted on the following site-specific designation changes to better reflect site context, based on recent assessment work. These include:

- The designation of EMR Erith (ER014) in Manor Road North West of 3.67 ha which is occupied by a single business changes from Secondary Employment Area to SIL;
- The Upper Wickham Lane Employment Area in Welling (WL001) of 2.1 ha change designation from Secondary Employment Area to Co-location LSIS and Primary Residential Area; and
- The B&Q and DFS retail park (SID 007) of 2.13 ha in Sidcup change to SIL (from "Shopping and Town Centre Proposal" designation) mainly due to its proximity to Foots Cray.

5.16 These changes would not result in new allocations, but are intended to better utilise existing employment land and to better reflect current conditions of the various sites. This would seek to encourage the redevelopment of these key employment areas based on current and emerging requirements.

5.17 Opportunities will also be taken to intensify and co-locate business uses, as emphasised within the emerging "*SP4 Employment growth, innovation and enterprise*" policy, to release surplus employment land for much needed housing and supporting infrastructure. Industrial land consolidation will be carried out as part of the strategically coordinated process that is integral

to the development of the emerging Local Plan. A detailed approach to optimising sites including a preferred plot ratio will be set out in the emerging Design SPD which is expected to complement the Borough's Industrial Land Study.

5.18 The emerging policy also emphasises the need for supporting infrastructure improvements which will have a key role to play in realising the identified intensification of employment land particularly in the already congested areas within the northern part of the Borough.

5.19 The emerging policy *"DP6 Designated industrial locations"* seeks to protect existing employment areas and proposes employment-based use class developments only. In addition, the policy encourages the re-provision of employment-based use class to sites within designated areas that have been converted to non-employment uses in the past. This is important to ensure a healthy industrial market particularly within the main industrial locations (i.e. SILs).

5.20 Robust evidence on the deliverability of some of the identified intensification provision will be important to ensure that future employment growth is not unduly constrained and to ensure that the emerging Local Plan has identified land to accommodate arising employment needs within the Plan period.

5.21 Furthermore, justification paragraph 3.16 with regards to the former Sui Generis uses requires revision to comply with the new Use Class Order which came into force in September 2020. This also applies to references to 'Class B Uses' throughout the emerging Local Plan Draft.

5.22 Finally, it is recommended that the Council continues to monitor on an ongoing, annual basis changes to employment space to identify evolving occupier/developer patterns in the Borough and inform any policy responses that will be required.

Appendix 1 Consultees and Reference Documents

Altus Edwin Hill

Caxtons Commercial

Caxtons (2020) Property Market Insight

Charter Jonas (2020) The London Office Market Q3 2020

Commercial Property Search at https://www.realla.co.uk/

Glenny (2019) Property Market Databook Q3 2019

Knight Frank (2020) M25 and South East Office Report, Issue 1

Knight Frank (2019) M25 Report

Langleys Chartered Surveyors

RICS (2020) UK Economy and Property Market Chart Book

RICS (2020) Q3 2020 Commercial Property Market Survey

Savills (2020) Greater London and South East Offices

Appendix 2 Employment by Sector

Employment growth by sector in Bexley, 2021 to 2036

Sector	Additional Jobs (2021-2036)	Share of Workforce Jobs by Type of Space			
		Office	Industrial/ Light Industrial	Distribution	Non-employment use
Accommodation & Food Services	574	0%	0%	0%	100%
Administrative & Supportive Services	1,189	10%	0%	0%	90%
Agriculture, Forestry & Fishing	3	0%	0%	0%	100%
Air & Water Transport	4	0%	0%	0%	100%
Chemicals (manufacture of)	-				
Civil Engineering	50	0%	0%	0%	100%
Computer & Electronic Products (manufacture of)	38	0%	100%	0%	0%
Computing & Information Services	254	99%	0%	0%	1%
Construction of Buildings	144	0%	0%	0%	100%
Education	984	0%	0%	0%	100%
Extraction & Mining	3	0%	0%	0%	100%
Finance	108	100%	0%	0%	0%
Food, Drink & Tobacco (manufacture of)	295	0%	100%	0%	0%
Fuel Refining	-				
Health	357	0%	0%	0%	100%
Insurance & Pensions	-				
Land Transport, Storage & Post	806	0%	0%	69%	31%
Machinery & Equipment (manufacture of)	26	0%	100%	0%	0%
Media Activities	24	58%	0%	0%	42%
Metal Products (manufacture of)	89	0%	100%	0%	0%
Non-Metallic Products (manufacture of)	53	0%	100%	0%	0%
Other Manufacturing	44	0%	96%	0%	4%
Other Private Services	202	2%	0%	0%	98%
Pharmaceuticals (manufacture of)	-				
Printing and Recorded Media (manufacture of)	34	0%	100%	0%	0%
Professional Services	540	95%	0%	0%	5%
Public Administration & Defence	425	50%	0%	0%	50%
Real Estate	262	100%	0%	0%	0%
Recreation	158	0%	0%	0%	100%
Residential Care & Social Work	611	0%	0%	0%	100%
Retail	1,100	0%	0%	0%	100%
Specialised Construction Activities	575	0%	100%	0%	0%
Telecoms	40	79%	0%	0%	21%
Textiles & Clothing (manufacture of)	23	0%	100%	0%	0%
Transport Equipment (manufacture of)	13	0%	100%	0%	0%
Utilities	181	0%	44%	0%	56%
Wholesale	769	0%	21%	66%	12%
Wood & Paper (manufacture of)	22	0%	100%	0%	0%
Total Employment Change	**10,000**	**15%**	**15%**	**10%**	**60%**

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis

Employment growth by BRES Section, 2021 to 2036

Sector	Additional Jobs (2021-2036)	Share of Workforce Jobs by Type of Space			
		Office	Industrial/ Light Industrial	Distribution	Non-employment use
Agriculture, forestry & fishing	3	0%	0%	0%	100%
Mining & Quarrying	3	0%	0%	0%	100%
Manufacturing	636	0%	100%	0%	0%
Electricity, gas, steam and air	181	0%	44%	0%	56%
Construction	769	0%	75%	0%	25%
Wholesale	769	0%	21%	66%	12%
Retail	1,100	0%	0%	0%	100%
Transport and Storage	810	0%	0%	68%	32%
Accommodation and Food	574	0%	0%	0%	100%
Information and Communication	318	93%	0%	0%	7%
Finance and Insurance	108	100%	0%	0%	0%
Real Estate	262	100%	0%	0%	0%
Professional, scientific and technical	540	95%	0%	0%	5%
Administrative and Support	1,189	10%	0%	0%	90%
Public Administration and Defence	425	50%	0%	0%	50%
Education	984	0%	0%	0%	100%
Human health and social work	968	0%	0%	0%	100%
Arts, entertainment and recreation	158	0%	0%	0%	100%
Other service activities	202	2%	0%	0%	98%
Total Employment Change	**10,000**	**15%**	**15%**	**10%**	**60%**

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis (rounded figures)

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