

LB Islington Employment Land Study



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London Borough of Islington

LB Islington Employment Land Study

A report by Ramidus Consulting Limited

In association with CAG Consultants and TBR

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Ramidus Consulting Limited

Founded in 2003, Ramidus is a specialist, independent built environment research and advisory business. Our focus is on land and property markets: how they are changing; their relationship to the wider economy and their role in economic development. We undertake our work for both private sector clients and public sector policy makers, helping them to understand the impact of economic change on locations and markets. Ramidus is a modern business, comprising a network of skilled and experienced individuals. We assemble teams for specific tasks, ensuring that clients receive first class support.

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Management Summary

The LB Islington Local Plan aims to provide for future employment growth; to afford an appropriate level of protection to existing employment land, and to encourage the redevelopment and expansion of existing employment spaces. The policies aim to meet demand for employment space with a range of types and sizes of new, flexible workspaces. Most designated employment clusters are situated within the Central Activities Zone (CAZ), reflecting the existing concentration of employment uses there, and the significance of this location for meeting future demand for office floorspace, both for Islington and London's global city role.

Economic profile Islington has directly shared in the growth of the central London economy over recent decades. The CAZ area dominates the Borough's economy with 70% of its jobs concentrated in two wards. The Borough's workforce is, in general, well qualified and highly skilled. Islington has witnessed strong population growth in recent years, with growing competition between residential and commercial property development activity.

The loss of employment floorspace has been counter-balanced until now by an increase in job numbers through intensification of land use: employment grew by almost 30,000 between 2005 and 2015. However this process of intensification is unlikely to be sustainable given the impact of Permitted Development Rights (PDR) and London Plan forecasts that, by 2036, employment in Islington will grow by 27.1%, from 196,000 to 249,000 jobs.

Development of employment land The extension of PDR allowing B1(a) office space to be converted to residential through a prior approval process, has resulted in office space being lost outside the CAZ (except in those areas covered by an Article 4 direction). In the eight years prior to 2013, when the PDR were introduced, there was a small net gain in B1 space. Our analysis suggests there is now an on-going annual net loss of 1.3% of B1 space across the Borough. The pipeline shows the continuing impact of conversion via prior approvals. There are nearly six times as many residential units proposed compared with the number completed in the two years since the extension of PDR; and these will involve the loss of five times as much B1(a) space.

In terms of B2 and B8, the story is almost exclusively one of loss. Since 2005 Islington the Borough has lost over 100,000 sq m of stock. This is partly related to economic restructuring as well as to pressure from the residential sector.

Property market The central London commercial property market has recovered strongly from the Financial Crisis and Islington's CAZ area has shared in this with strong take-up and, latterly, growing developer interest. A growing number of corporate in-movers, as well as start-ups and businesses operating in the creative and digital sectors, illustrates the attractiveness of the area. There is an opportunity to benefit from an expanding Tech City and from growth in the creative and digital sectors more widely.

The priorities of occupiers continue to evolve: changing workstyles are driving new approaches to space use, and traditional locational ties are being increasingly challenged. Growing numbers of occupiers appear to be more footloose than previously; and this applies both to the corporate and SME markets. These

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dynamics have encouraged a rapid expansion of the flexible space market (providing serviced offices, 'hybrid' space, light industrial, studio and production space, and co-working spaces). There is an opportunity to consider how to intensify 'industrial' land use in the Borough with a greater provision of hybrid space (which combines features of office, light industrial, studio and production space).

Employment sites Islington's employment sites need to be seen in two distinct categories: those inside the CAZ, and the rest. The CAZ area performs a critical function by absorbing growth from the Central London economy. As hinted above, the greatest threat here is if an A4 Direction is not introduced before the CAZ exemption is lifted. From a wider, London economy perspective, it will be important to ensure that CAZ activities are able to expand into the area north of Pentonville Road and east of King's Cross/Regent Quarter, and that Tech City activity can expand into the Shoreditch-King's Cross corridor.

Beyond the CAZ, much B-use stock has already disappeared to residential development in recent years and, apart from a small number of concentrations, B2 and B8 space is now highly marginalised in the Borough. The marketability of the remaining stock is being compromised as plots are lost to residential, reducing their critical mass, and making them more isolated and less self-sustaining in market terms. Despite evidence of occupier demand, particularly from smaller businesses, while it might be possible as part of the planning process to encourage small scale B-use in mixed use developments, in many cases there is unlikely to be significant developer interest in re-provision of employment space to accommodate future jobs growth.

Future requirements As noted, Islington's workforce is forecast to grow significantly, particularly within Professional and Technical Services, which generate most demand for office space. In order to meet expected demand, and adjusting for a target vacancy rate of 8%, our forecasts suggest a target of 400,000 sq m of office floorspace between 2014 and 2036.

Current permissions coming through the planning system will generate a loss of some 12,000 sq m of office space, and at present there is no identified pipeline of new office proposals that will come close to meeting the forecast target. The biggest threat to growth therefore is restricted supply caused by potential new office developments being outbid, in terms of land value, by residential development.

The opening of Crossrail in 2018 will provide opportunities to significantly increase office development at Farringdon and bring additional development pressures to the Clerkenwell area. In the longer term, the potential of Crossrail 2 provides opportunities for Angel to develop as an integral part of the CAZ.

What remains of Islington's industrial activity is projected to continue to diminish: there is a forecast loss of employment in industrial sectors equivalent to around 90,000 sq m of floorspace over the period 2014-2036. This is in line with the targets set out in the Land for Industry and Transport Supplementary Planning Guidance and Islington's designation as a 'Restrictive loss' borough. But any losses should be permitted to occur naturally over time, rather than be hastened by policy pressures.

Whilst the remaining industrial land should be maintained the nature of activities and occupiers on this land are likely to continue to evolve. The Vale Royal/Brewery

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Road area will have a role in providing for the emerging market of hybrid/flexible space and providing some of the lower threshold enterprise space which is needed for start-up companies.

Recommendations: overall Based on past trends, the loss of B-use space is forecast to continue (and speed up), particularly beyond CAZ, and particularly in industrial property. In light of recent property market trends, we recommend that the Borough reviews the rationale and priorities of its Employment Land designations.

While the Borough's commercial property market is subject to considerable pressure for conversion to residential use, and while this looks set to continue for the foreseeable future, the local economy has a vibrant small business sector which should be nurtured by making appropriate built stock available.

There is a strong growth in firms seeking 'hybrid space' – normally older, industrial-style stock that has been refurbished not as Grade A office stock, but as studio/light production space, or low specification office space (non-air conditioned; revealed ceilings, flexible and collaborative). Of course, such space has been particularly attractive to the creative and digital sectors (as exemplified around Old Street). Opportunities should be sought to encourage this type of space.

The underlying themes of the recommendations are (a) to protect and intensify office activities within the CAZ area and (b) to nurture space appropriate for a diverse base of SMEs in the non-CAZ area. We recommend that the Borough reviews its Employment Land designations with a view to defining what their precise purpose should be in meeting the needs of the Borough's diverse economic base.

Recommendations: within the CAZ There are two specific demand pressures here: the push from an expanding City and pressure from the residential market. At the same time there is potential to benefit from the King's Cross 'halo effect' and from a potential westwards expansion of Tech City. We recommend that policy resists residential development in the CAZ area; instead the focus should be firmly on intensifying office use there.

- Unless there are compelling capacity constraints, intensification of office use in the CAZ should be looked upon sympathetically.
- Site assembly for Grade A office space in the CAZ should be a priority, to maintain and enhance the area's role in supporting London's strategic business role. The arc stretching between Shoreditch and King's Cross, mainly along Pentonville Road/City Road should form the focus of this priority, alongside delivering additional, lower specification office space.
- Competitive tension between "City-looking" and "Tech City-looking" uses can safely be left to the market to resolve. Within this, however, care should be taken to provide for and accommodate SMEs and business services.
- Pressure from residential is likely to remain a problem for the commercial market, and there is a good case for making the whole of the Islington CAZ subject to Article 4 protection in the event that PDR exemptions are ended.

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- Farringdon, with its new Crossrail station, is likely to see pressure for intensification of business, which should be accepted. The same is potentially true of Angel if Crossrail 2 comes closer to reality. These two locations should be nurtured in office market terms.
- However, care should be taken not to overwhelm the character of Clerkenwell – it is an important element in its success, especially with creative businesses.
- In the light of recent commercial property market trends, we recommend a review of the status and priorities of Employment Priority Areas (and the Employment Growth Areas within the CAZ), with a view to securing a more universal supporting offices across the CAZ area.
- This review might also involve a consideration of the CAZ boundary, in the light of growth pressure from the City economy, and its possible extension in a generally northwards direction.

Recommendations: outside the CAZ Beyond the CAZ, the emphasis in policy terms should be focused on encouraging the SME economy and on nurturing space that is appropriate to its diverse needs.

- The Vale Royal/Brewery Road LSIS should be both protected and nurtured. We suggest opportunities should be sought for intensification of business uses on the LSIS, particularly through the provision of hybrid space. Other concentrations of 'industrial' activity, such as at Kelvin Road, should be protected and nurtured.
- Islington has a burgeoning micro and small business economy and it is clear that many of these businesses are clustered in business centres. The locations where these centres are situated should be prioritised for growth and intensification of business uses. Identifying [and protecting] other suitable premises for conversion to this use should also be a priority.
- It is desirable that some flexibility round how specific B-use classes are utilised is permitted – the emerging market for hybrid space is potentially very helpful to the SME sector and should be encouraged.
- Generally, Finsbury Park is the most viable location for encouraging non-CAZ B-use employment generating development, thanks to its excellent transport links. However, it is vulnerable to residential pressure so positive action is needed. We believe that the location should be examined with a view to determining the potential to provide an office location that takes advantage of its strategic transport links.
- Fonthill Road is an important and widely recognised clothing fashion cluster, which is visibly successful, and this cluster should not be put in jeopardy. There is a case for building on its "brand", and giving it a formal identity.
- Other than Finsbury Park, outside of the CAZ, policy should aim to protect town centres as Town Centres with a strong retail and leisure focus alongside providing for a mix of town centre uses.

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- To capitalise on the opportunities that may be enabled by new residential-led schemes to provide the right type of space to meet the Borough's growing employment needs, mixed use development should be encouraged. However, we caveat this with the comment that business uses should be appropriately/flexibly designed and not be included as a token gesture.
- In the light of commercial property market trends, we recommend a review of the status and priorities of Employment Growth Areas, with a view to reflecting the small business economy, and the diverse demand for premises ranging from secondary offices, to studio, to business centres and co-working spaces, across the non-CAZ area.

Acronyms

BRES	Business Register Employment Survey
CAZ	Central Activities Zone
EiP	Examination in Public
ELS	Employment Land Study
GIA	Gross Internal Area
GPDO	General Permitted Development Order
GVA	Gross Value Added
IDBR	Inter Departmental Business Register
LOPR	London Office Policy Review
LPA	Local Planning Authority
NIA	Net Internal Area
NNDR	National Non Domestic Rates
NPPF	National Planning Policy Framework
NVQ	National Vocation Qualification
OAPF	Opportunity Area Planning Framework
PDR	Permitted Development Rights
PPG	Planning Practice Guidance
SIC	Standard Industrial Classification
SME	Small- and Medium-sized Enterprise
SPG	Supplementary Planning Guidance
TCR	Trends Central Resource

1.0 Introduction

1.0.1 London Borough of Islington (the Council) commissioned this Employment Land Study (the Study) to inform relevant elements of its Local Plan review process. The study takes place within the context of the London Plan and the Government's National Planning Policy Framework (NPPF). The Local Plan review will include the Core Strategy (2011), Development Management Policies (2013), Site Allocations (2013) and the Finsbury Local Plan (2013) either part or in full.

1.1 The study

1.1.1 The Project Brief (the Brief) set out in the Council's objectives for the study, and can be summarised as follows.

- An evidence base to support the Local Plan review, in accordance with the NPPF Planning Practice Guidance (PPG) and relevant London guidance.
- Preparation of overall employment projections by sector, and then by B-use (office and industrial), with a particular emphasis on office use.
- A consideration of Permitted Development Rights (PDR) and quantification of their impact in the Borough.
- A fine grained analysis of B-use premises and occupying businesses, to ensure that the Council has a thorough understanding of the full contribution of B-use premises to the economic development of the Borough.
- A distinct study of hotel provision within the Borough.

1.1.2 As well as informing the Local Plan review process, the Brief also states that the output from the work may also inform preparation of Supplementary Planning Guidance, planning briefs, Article 4 Directions and decisions on applications for planning permission or Prior Approval.

1.1.3 The Brief asked for a strong emphasis on office-based operations/premises given that this is the predominant employment use in the Borough. The main tasks outlined in the Brief are set out below.

- **Review of policy context:** including current and emerging policy at Borough, London and national level.
- **Economic profile:** drawing on existing work, supplemented with further data collection to analyse demographics, sector make-up and the labour market.
- **Property market:** property market data and information to describe supply and demand dynamics; with reference to accommodating growth sectors. Including an assessment of recent completions and prior approvals.
- **Employment sites assessment:** a survey and assessment of the Borough's employment sites to assess utility and identify recent changes.

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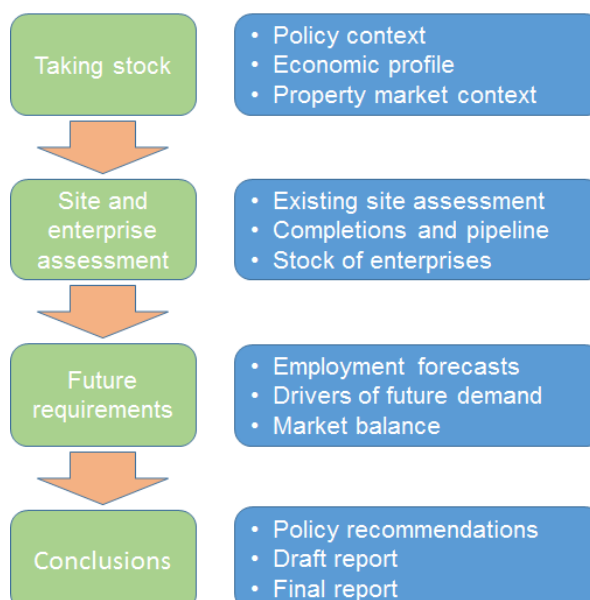
- **Future requirements:** an assessment of employment growth forecasts and the implications for future demand for commercial property. The assessment should have regard to future growth drivers.
- **Contribution of B-uses to the local economy:** involving a finely-grained analysis of B-use premises and the activities of occupying businesses, including their contribution to the economy and their conduciveness to residential conversion. The output from this workstream has been bound separately from this main report.
- **Hotel provision:** an assessment of the policy context and current and planned supply of hotels within the Borough. The output from this workstream has been bound separately from this main report.

1.2 Method statement

1.2.1 Our methodology is based on an established Employment Land Study (ELS) template which is adapted to address specific local circumstances. This template is fully compliant with NPPF guidelines and the methodology set out in Planning Practice Guidance on Housing and Economic Needs Assessment (ID2a). Our method ensures that the key deliverables and outputs in the Brief are transparent and easily understood, particularly by an EiP Inspector and commentators.

1.2.2 We have set out a summary of the full range of steps for an ELS in Figure 1.1 to demonstrate how our approach meets NPPF guidance. Each stage is explained in the following paragraphs.

Figure 1.1 Employment land study methodology



1.2.3 **Taking stock** This involved a review of current and emerging planning policy at borough, London and national level, including the Borough's existing Core Strategy (2011), Development Management Policies (2013), Site Allocations (2013)

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and the Finsbury Local Plan (2013). The review included a survey of planning policy in the Borough's neighbouring authorities.

1.2.4 The next stage of taking stock involved the preparation of an economic profile of Islington. This work drew on existing work, supplemented with further data collection and research to provide a borough profile based on: employment growth to date; enterprise levels and dynamics and the sectoral structure of the economy. The economic profile work included an assessment of data sources to evaluate the importance of small businesses and growth sectors.

1.2.5 The final step here involved a review of the local commercial property market. The Brief asked for a strong emphasis on the office sector, and this is reflected in our approach. We interviewed local property agents and reviewed secondary sources to understand recent take-up, current supply, vacancy rates, rentals and land values. The Central Activities Zone (CAZ) area has a very different profile, in commercial property market terms, to the rest of the Borough, and so we have separated our analysis in this manner.

1.2.6 We analysed LB Islington data on recent completions and outstanding planning permissions and allocations in order to quantify the level of change taking place and, in particular, assess the impact of PDR. We supplemented this more quantitative analysis with a qualitative assessment to explain what occupiers are looking for. In this sense we have sought to provide a description of the real drivers of demand. Central London's 'B-use' market is undergoing fundamental cyclical and structural change at the moment with implications for boroughs such as Islington which straddle the CAZ boundary.

1.2.7 **Employment site and enterprise stock assessment** This workstream involved a survey of existing and planned employment land and floorspace in terms of character, type and quality. The Council's designated Employment Growth Areas, Employment Priority Areas, Locally Significant Industrial Site (LSIS) and Town Centres have provided the basis of the survey. Employment cluster boundaries were reviewed in 2012, and designations were adopted through the Development Management Policies document of 2013 (see Section 2.3). We visited all of the identified employment clusters and reviewed them against the earlier assessments, with the objective of identifying significant changes in their use, condition, occupier mix and so on.

1.2.8 The second aspect to this workstream involved a detailed assessment of the Borough's stock of enterprises. The work involved use of data including the following and further detail is provided below.

- Trends Central Resource (TCR) data on businesses and performance
- SIC/land use class look-up table (TCR)
- BRES for national statistics on the number of employees
- Annual Business Survey
- National Non Domestic Rates (NNDR) for premises sizes and business rates
- Vacancy data
- Planning permissions data on gains and losses to B1/B2/B8 premises, and conversion to C3 through prior approvals in relation to PDR.

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1.2.9 TCR data were matched against NNDR data to generate a dataset that included employment, turnover, gross value added (GVA), rates paid and size of the premises occupied. The SIC/land use look up table was used to provide a land use class field for each record and the CAZ and other locational data to designate that they are part of specified geographies. We then set out to assess the potential impact of loss of commercial premises, particularly conversion to residential use. We applied a scoring system to determine how attractive buildings in employment use are to convert to residential.

1.2.10 We then analysed the total stock of businesses, by land use class, to estimate the potential impact on number of firms, floor space, jobs, turnover, business rates and GVA resulting from converting employment premises to residential. We developed and tested a range of scenarios including: extending the current temporary PDR (as is) to May 2019; the introduction of a new permanent PDR with no exemption areas and no prior approval controls, and the introduction of a new permanent PDR with no exemption areas but with a prior approval control to limit the loss of strategically important office accommodation.

1.2.11 The third and final element of this workstream involved an assessment of the hotel sector. We started with a review of the statutory and strategic policy for visitor accommodation in London and Islington, including background research where appropriate. We assessed hotel performance, including occupancy and profitability measures. We assessed market requirements for additional hotel accommodation, structured around the space needed to accommodate forecast increases in visitor numbers; and we considered how these requirements might be met in Islington.

1.2.12 Using web-based research and consultation we identified current stock, using a variety of different information sources. This work included the future pipeline stock based on known developments within the planning process as well as early stage proposals. We undertook a high level assessment of the competition that hotels bring to sites.

1.2.13 **Future requirements** The final main workstream assessed overall employment forecasts for all economic sectors in Islington. This included a breakdown of projected employment by B-use class. We also reviewed drivers of future demand for space. We generated an employment forecast for Islington, consistent with the GLA forecasts for sectors. We translated employment growth into floorspace requirements by applying plot and job density ratios, drawing from HCA guidance and our own experience. This approach provided us with a central scenario for land and property demand in Islington to 2036. We then developed an alternative policy scenario using an alternative growth rate.

1.2.14 Finally, we compared the forecast demand with land and property supply. This involved two aspects. First, a quantitative analysis to provide the broad framework, comparing total occupier demand with total planned supply for each type of use to see whether current provision is in line with expected demand. Secondly, a qualitative analysis to fill in the necessary detail, considering not only the quality of different sites and areas, but also development constraints, the mix of sizes, the character of sites, particular market segments such as micro-business accommodation, the spatial distribution of supply, sustainability and policy fit against planning and regeneration objectives.

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1.2.15 Other data sources The impact of the extension of PDR allowing office space to be converted to residential was considered in three steps. First, we reviewed changes to office, factory and warehouse (B-use) space generated through the full planning and prior approval processes in or order to understand how quickly space was being added and lost. The second step involved understanding the importance of B-use space to Islington's economy and how this related to the key sectors. The final element sought to look forward and assess the potential impact that the extended PDR might have in the future. This required establishing the likelihood of property across the Borough being converted and developing a range of possible scenarios. An element of the work has subsequently been superseded following announcement by Government regarding making the PDR permanent, allowing schemes to be started up to three years following consent, enabling offices to be demolished and replaced by new-build residential and confirming that planning authorities can retain control over the planning process through the application of an Article 4 direction, subject to caveats.

1.2.16 In undertaking this work we have made use of a range of datasets.

- Official statistics including the Inter Departmental Business Register (IDBR), Business Register and Employment Survey (BRES), Annual Business Survey (ABS), the Annual Population Survey (APS) among others. These are all published by the Office for National Statistics (ONS).
- Specialist data sources held by public organisations, specifically the Valuation Office Agency (VOA) and the National Non-Domestic Rates (NNDR) listing, more commonly referred to as business rates.
- TBR's own TCR database of UK businesses. This is a longitudinal database containing some three million records of trading firms in the UK along with a further 5m which are no longer operational. The database provides company-based information that includes location, employment and turnover, and enables GVA to be calculated. The underlying data are supplied bi-annually by Dun and Bradstreet under a five year rolling contract.

1.2.17 We have adopted this approach as there is no single data source that provides all the information needed to carry out the work. We set out the rationale for our approach below.

1.2.18 Where possible we have used official statistics for all our analysis. As these are the default data used across the public sector, many of the numbers are recognised and accepted. However, there are limitations to the datasets, which limit their usefulness. These include the following.

- A lack of precision or accuracy. There is no official list or census of businesses in the UK. As a result, it is not clear how many businesses are established or in operation. On the one hand, the Business Population Estimates (BPE) published by the Department of Business Innovation and Skills (BIS) identified 5.4 million private sector businesses at the start of 2015, whereas the IDBR had 2.1 million records in 2014. IDBR data are primarily generated from VAT and PAYE returns, so lack coverage of firms that are neither VAT registered or operate a formal payroll.

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- Many official statistics are generated from surveys rather than a census or official register. For example, data on employment is usually derived from BRES, an annual survey with approximately 80,000 respondents. This means that accuracy diminishes as geographies become smaller or sectors more detailed.
- Official statistics are designed to be non-disclosed, i.e. the identity of any respondent cannot be gleaned from the data. This can reduce the value of data if the analysis is intended to identify individual firms and their activity.
- Inconsistency and in-continuity. There are times when survey methods are changed which can lead to data being inconsistent over time.
- Lack of access. IDBR is the official business database used by government. However, access to raw data, i.e. at the level of individual company records, is strictly controlled and only given when working for central government.

1.2.19 Using TCR allows us to overcome many of these drawbacks. Like IDBR, it is a database made up of individual records. Therefore, it does not suffer from the disadvantages of survey based data. Second, as the underlying data are derived from credit checks as well as Companies House, the non-disclosure rules do not apply. Third, TCR has significantly greater coverage of firms operating under the VAT threshold. At present it contains some three million records of live firms, compared to the 2.1 million in IDBR. Fourth, TCR is longitudinally consistent as it tracks individual businesses and can accommodate discontinuities such as changes to SIC coding. Fifth, as TCR holds address data, records can be matched to other datasets which also hold fields such as postcode or telephone, this is useful when seeking to introduce new information, e.g. relating to the nature of premises.

1.2.20 TCR is also subject to limitations in that it has no statutory standing so cannot compel businesses to provide data and is subject to data provided by third parties. In use, challenges can be faced with branch offices not being identified as separate units and the associated employment being aggregated into the head office data, also single SIC codes tend to be given to each business and this is applied to all offices/branches, notwithstanding the activities undertaken locally. For example, a Tesco distribution warehouse and an office housing administrative personnel may carry a retail SIC code.

1.2.21 Nonetheless TCR data is invaluable when considering analysis that requires a degree of detail and precision that is not available from official statistics. Specifically, TCR allows for a much more fine-grained analysis than is possible using official statistics. For this reason, it was used to undertake the analysis of businesses occupying B-use premises.

1.2.22 It should be noted that the results generated by TCR and official statistics may not always be comparable due to the underlying differences in the data, as well as adjustments made by ONS.

1.2.23 **Choice of metrics** The analysis provides insights into a number of key aspects of the local economy. The key metrics used include the following.

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- Firms – a count of the number of businesses. The TCR data include both discrete enterprises and local units, e.g. branches.
- Employment – this includes employees and the self-employed.
- GVA – gross value added is a measure of output and is calculated by summing net profit, employment costs and amortisation and depreciation. It is a firm level equivalent to GDP, less taxes and subsidies.
- Turnover – the sum of the revenues generated by businesses.
- Business rates – the total amount paid by organisations operating as non-domestic entities, this includes private businesses, universities, and hospitals, but may exclude registered charities. Business rates are officially referred to as National Non-Domestic Rates (NNDR) and represent the property taxes paid by businesses and are the equivalent of domestic rates.

1.2.24 Consultation Our consultation for this project comprised two key activities. The first of these was a workshop comprising officers from London Borough of Islington and neighbouring boroughs, the Greater London Authority and business representatives. The second area of consultation involved telephone interviews with local commercial property agents in order to gather detailed intelligence on local market dynamics. Lists of those firms consulted and interviewed are contained within Appendix 1.

1.3 Report outline

1.3.1 The following sets out the structure and main themes of this report.

- **Chapter 2.0** The spatial planning policy context, from the national, London and local perspectives. At the local level this includes the Core Strategy, Development Management Policies and Site Allocations.
- **Chapter 3.0** The economic profile of the Borough, including data on population, employment structure and sectoral composition. Also including firm structure in terms of size and sector.
- **Chapter 4.0** Recent trends in the development of employment land with specific reference to Permitted Development Rights and the conversion of employment space to residential.
- **Chapter 5.0** A review of the Borough's commercial property market. The Chapter reviews changes in stock; and evaluates the performance of the CAZ area and the rest of the Borough separately. Also includes an overview of small occupiers, the flexible space market and the role of Tech City.
- **Chapter 6.0** The assessment of the Borough's stock of employment sites. Examines the market potential of all Employment Growth Areas, Employment Priority Areas, Town Centres and the LSIS.
- **Chapter 7.0** Forecasts of demand for employment land and premises in Islington for the period 2011-2036. Sets out employment forecasts, by sector, drawing on employment projections from GLA Economics. These are translated into forecasts of demand for premises and employment land.
- **Chapter 8.0** The conclusions and recommendations arising from the research project.

2.0 Planning policy context

2.0.1 In this Chapter we review current and emerging spatial planning policy at national, London and borough level. We begin with a summary of relevant Government initiatives, before examining the relevant London-wide policies. This is followed by a review of LB Islington's main policy documents including the Core Strategy (2011), Development Management Policies (2013), Site Allocations (2013) and the Finsbury Local Plan (2013). The Chapter finishes with a review of planning policy in neighbouring boroughs.

2.1 National planning context

2.1.1 There are two pieces of national planning policy of particular relevance to this work – the NPPF and the extension to PDR.

2.1.2 **National Planning Policy Framework** The NPPF requires a pro-active approach to development, as expressed in the general presumption in favour of sustainable development. This presumption requires Local Planning Authorities (LPAs) to:

positively seek opportunities to meet the development needs of their area and meet objectively assessed needs [with] sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF.

2.1.3 This proactive approach also includes a requirement to recognise and seek to address any potential barriers to investment, which might include mitigating the environmental impacts of development. In order to build a strong, competitive economy, paragraph 21 of the NPPF requires LPAs to do the following.

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth.
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period.
- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan, allowing rapid response to changing economic circumstances.
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge-driven, creative or high technology industries.
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement.
- Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

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- Avoid the long-term protection of sites allocated for employment if there is no realistic prospect of these sites being used for that purpose.

2.1.4 Such requirements are to be delivered, at least in part, through LPAs carrying out assessments of economic development needs and of employment land availability (NPPF, paragraphs 160-161). The Government's Planning Practice Guidance (PPG) provides guidance on the approach to these assessments. Needs are to be objectively assessed, through liaising closely with the business community, and taking into account factors such as the following.

- *The recent pattern of employment land supply and loss to other uses (based on extant planning permissions and planning applications). This can be generated through a simple assessment of employment land by sub-areas and market segment, where there are distinct property market areas within authorities.*
- *Market intelligence (from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums).*
- *Market signals, such as levels and changes in rental values, and differentials between land values in different uses.*
- *Public information on employment land and premises required.*
- *Information held by other public sector bodies and utilities in relation to infrastructure constraints.*
- *The existing stock of employment land. This will indicate the demand for and supply of employment land and determine the likely business needs and future market requirements (though it is important to recognise that existing stock may not reflect the future needs of business). Recent statistics on take-up of sites should be consulted at this stage, along with other primary and secondary data sources to gain an understanding of the spatial implications of 'revealed demand' for employment land.*
- *The locational and premises requirements of particular types of business.*
- *Identification of oversupply and evidence of market failure (e.g. physical or ownership constraints that prevent the employment site being used effectively, which could be evidenced by unfulfilled requirements from business, yet developers are not prepared to build premises at the prevailing market rents).*

2.1.5 Through conducting land availability assessments, LPAs are then required to identify sites and broad locations with potential for development; assess their development potential; and assess their suitability for development and the likelihood of development coming forward (the availability and achievability).

2.1.6 In addition to the NPPF and PPG, there are also wider influences in the national planning context. For example, the Government has sought to address the question of economic productivity which, it describes as "*the single most important*

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determinant of average living standards”, but which has “persistently lagged behind other major economies and although it grew in the decades before the financial crisis, it has stalled sharply in the wake of the crisis”.¹ The Government’s framework for raising productivity is built around two pillars:

- encouraging long-term investment in economic capital, including infrastructure, skills and knowledge, and
- promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use.

2.1.7 The relationship of these goals to the NPPF is clear. And they have been supported by measures to encourage property development through relaxing the planning rules surrounding changes of use.

2.1.8 **Extension of Permitted Development Rights** In May 2013, the Government amended the General Permitted Development Order (GPDO) to allow the conversion of B1(a) offices to C3 dwellings subject to ‘prior approval’. The underlying motive was to encourage residential development particularly in those areas suffering from structural vacancy in office stock.

2.1.9 These amendments to the GPDO were time-limited, for three years, up to the end of May 2016. Following a consultation exercise, 33 areas within 17 LPAs were made exempt from PDR. In London this included areas within CAZ, Tech City, North of Isle of Dogs, the Royals Enterprise Zone and the Royal Borough of Kensington and Chelsea. Islington’s CAZ area is shown in Figure 2.1.

2.1.10 In 2013, the Council confirmed a ‘non-immediate’ Article 4 Direction² which would remove office to residential PDR for the whole borough outside the CAZ. The Secretary of State modified Islington’s Article 4 Direction on 17th September 2014. The Direction now covers specific clusters of office uses in various parts of the Borough (Figure 2.1). The Direction came into force on 18th September 2014.

2.1.11 In the CAZ, and the areas covered by the Article 4 Direction, developers will continue to need planning permission for a change of use from office to residential and applications will be assessed against the policies in the Local Plan. However, in all other areas of the Borough, the change of use from offices to dwellings will not require planning permission.

2.1.12 Changes of use allowed by the amendment had originally been required to be completed by 30th May 2016, although following the announcement by Government making the PDR permanent, schemes may be started up to three years following consent, enabling offices to be demolished and replaced by new-build residential and confirming that planning authorities can retain control over the planning process through the application of an Article 4 direction, subject to caveats. Prior to making any change of use, developers must still apply to the local planning

¹ HM Treasury (2015) *Fixing the Foundations: Creating a More Prosperous Nation*

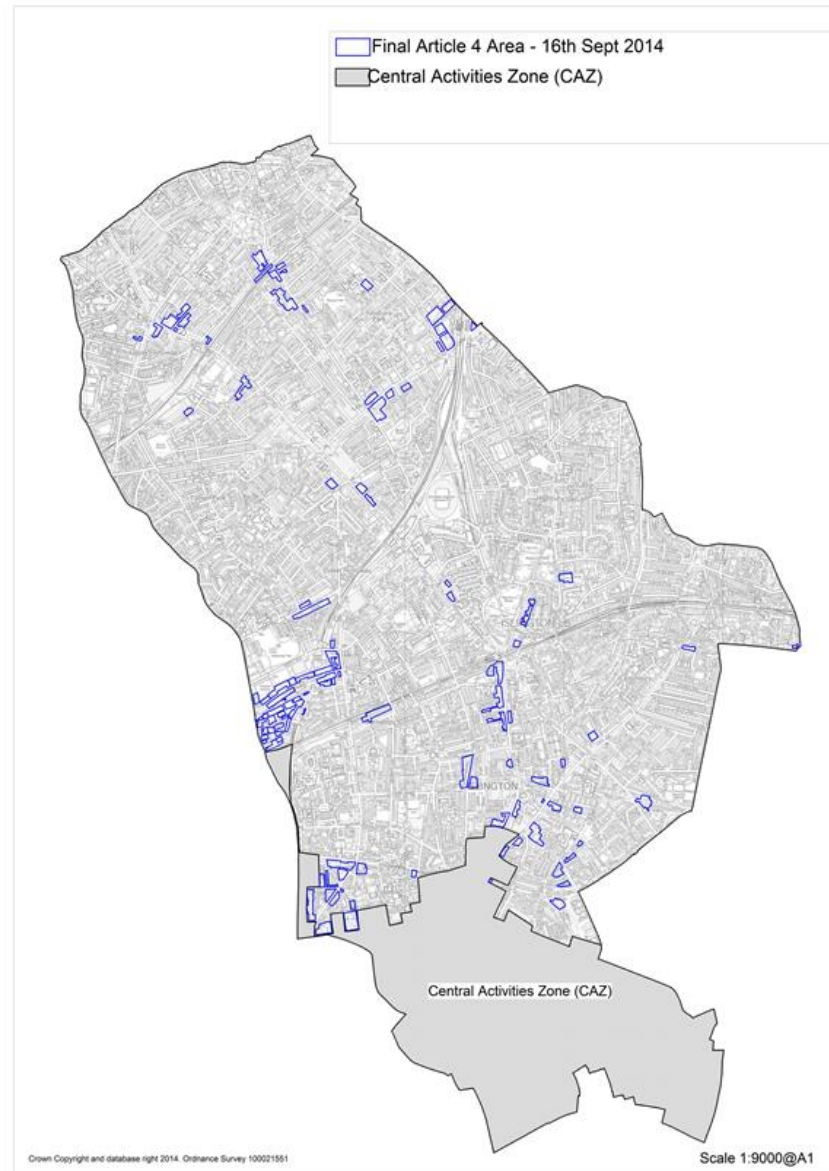
² An Article 4 Direction is an order made by a local planning authority to restrict and remove certain permitted development rights. A non-immediate Direction only withdraws PDR upon confirmation of the Direction by the local planning authority following local consultation of not less than six weeks.

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authority to determine whether the prior approval of the authority will be required with respect to:

- transport and highways impacts of the development;
- contamination risks on the site; and
- flooding risks on the site.

Figure 2.1 LB of Islington's Article 4 Directions and CAZ exemption from PDR



Source: LB Islington

2.1.13 Where prior approval is required, development shall be carried out in accordance with details approved by the local planning authority. Other aspects of development which may be associated with a change of use, such as alterations to facades, extensions etc will continue to require planning permission.

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2.1.14 In April 2015, PDR for change of use to residential (C3) were extended further. A new PDR, for a three year period, was introduced, allowing storage or distribution buildings (B8) to be changed to residential use. Up to 500 sq m of B8 floor space can be changed to residential use following this amendment. The right is also subject to a prior approval process covering transport and highways, air quality impacts on intended occupiers, noise impacts of the development, risks of contamination, flooding, and the impact the change of use would have on existing industrial uses and or storage or distribution uses.

2.1.15 The right only applies to buildings that were last used or were in use as storage or distribution (B8) on or before 19th March 2014. This would include former businesses in an office use (B1) or general industrial (B2) buildings that have changed use to storage or distribution (B8) use under existing PDR, provided that they were in such uses on 19th March 2014. However, there is an additional requirement that the building must have been in B8 use for a period of a least four years before the date development begins.

2.1.16 The PDR amendments have had a major unintended consequence for the office market – particularly in London. As residential land values have risen sharply against a background of a growing population, so many owners have begun to realise the potential uplift in value from an office-to-residential conversion. Moreover, owners have begun to vacate occupied buildings to allow conversion, thereby displacing economic activity.³ According to London Councils Islington is among the hardest hit of the London Borough and that over half of the floorspace lost to residential through prior approval was occupied.

2.1.17 In areas where the relative values of residential and commercial uses strongly favour development for the former, PDR can restrict the ability to plan for a vibrant, mixed and sustainable community. For example, the widespread conversion of office-to-residential use restricts employment growth by reducing business space, including that suitable for micro and small firms.

2.1.18 Even with their exemption from PDR, office uses inside the CAZ remain vulnerable to loss to residential unless strong policies are in place. Westminster, for example, does not have any explicit office protection in place, and has been unable to protect its office stock in the face of rising residential values.

2.1.19 In October 2015, Government announced that the extension of PDR for office to residential use would be made permanent. In addition:

- extant permissions will have three years to complete the change of use;
- laundrettes and light industrial units will also be included; and
- the rights will also allow for office buildings to be demolished and replaced with new-build residential units.

2.1.20 The Government also announced that those areas which are currently exempt from the PDR extension will have until May 2019 to adopt an Article 4 Direction to allow them to continue to determine planning applications for the changes of use. The Mayor of London is currently consulting on a Draft CAZ

³ British Council for Offices (2015) *Office-to-Residential Conversion*

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Supplementary Planning Guidance (SPG).⁴ The Draft (summarised more fully below) states the need for a co-ordinated approach to borough Article 4 Directions.

2.2 London Plan context

2.2.1 **The London Plan** (the Plan) sets the strategic planning context for borough level planning within the capital. The latest iteration of the Plan, taking account of population growth and employment projections that were significantly higher than previously anticipated, was published in March 2015.⁵ The introduction to the Plan concludes that “*the only prudent course is to plan for continued growth*” (Para 1.47).

2.2.2 Islington forms part of Inner London and it also forms part of the central sub-region. Policy 2.9 on Inner London states the following.

The Mayor will, and boroughs and other stakeholders should, work to realise the potential of inner London in ways that sustain and enhance its recent economic and demographic growth while also improving its distinct environment, neighbourhoods and public realm, supporting and sustaining existing and new communities, addressing its unique concentrations of deprivation, ensuring the availability of appropriate workspaces for the area's changing economy and improving quality of life and health for those living, working, studying or visiting there.

2.2.3 The Inner London area is further broken down into the CAZ, in recognition of its specific global economic role and the need to nurture and grow that role. The Plan's Strategic Priorities include the continued development of the CAZ. Policy 2.10 sets out the strategic priorities for the CAZ.

The Mayor will, and boroughs and other relevant strategic partners should ... enhance and promote the unique international, national and London wide roles of the Central Activities Zone (CAZ), supporting the distinct offer of the Zone based on a rich mix of local as well as strategic uses and forming the globally iconic core of one of the world's most attractive and competitive business locations.

2.2.4 Policy 2.10 provides further guidance on the achievement of this, while Policy 2.11 sets out the strategic functions. The latter include ensuring that “*development proposals to increase office floorspace ... include a mix of uses including housing, unless such a mix would demonstrably conflict with other policies in this plan*”.

2.2.5 The Plan also identifies a number of Opportunity Areas which provide the capital's main reservoir of brownfield land with the capacity to accommodate new housing and commercial capacity. Opportunity Areas directly relevant to spatial planning in Islington include:

- King's Cross (Camden and Islington);

⁴ Greater London Authority (2015) *Draft Central Activities Zone: Supplementary Planning Guidance* Sept 2015

⁵ Greater London Authority (2015) *The London Plan: the Spatial Development Strategy for London Consolidated with Alterations Since 2011* March 2015

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- City Fringe/Tech City (parts of Islington, City, Hackney and Tower Hamlets);
- Euston (Camden); and
- Tottenham Court Road (Camden).

2.2.6 As pointed out in the Borough's Core Strategy, Opportunity Areas "*which are further away but can potentially still have major impacts due to their scale and/or transport links with Islington*"⁶ include:

- Upper Lea Valley (Enfield, Haringey, Waltham Forest);
- Stratford (Newham);
- Ilford (Redbridge), and
- Lower Lea Valley (Hackney).

2.2.7 In addition, the Plan designates a number of Areas for Intensification. These are described as '*typically built-up areas with good existing or potential public transport accessibility which can support redevelopment at higher densities. They have significant capacity for new jobs and homes but at a level below that which can be achieved in the opportunity areas*'. Farringdon/Smithfield is designated as an Area for Intensification.

2.2.8 Policy 2.13 of the London Plan commits the Mayor to supporting the development of the Opportunity Areas and Areas for Intensification in order to realise their growth potential, including through working with the relevant boroughs to develop more detailed policies and proposals. In terms of planning decisions in these locations, Policy 2.13 requires development to support the strategic policy directions set for them, to optimise residential and non-residential output and densities, and provide necessary social and other infrastructure to sustain growth and, where appropriate, a mix of uses.

2.2.9 The London Plan expects boroughs to adopt a rigorous approach to industrial land management, including the release of surplus industrial land, where this would be compatible with the requirement to maintain a sufficient stock of industrial land to meet the future needs of different types of industrial and related uses (Policy 4.4A). Islington is classed as a 'restrictive' release borough, i.e. with an undersupply of industrial land and little or no land protected by SIL designations, where a more restrictive approach to the release of industrial land to other uses should be adopted.

2.2.10 **City Fringe Opportunity Area Planning Framework (OAPF)** The Mayor adopted the City Fringe Opportunity Area Planning Framework on 31st December 2015. This document is capable of being a material consideration for applications in the City Fringe Opportunity Area.⁷ The OAPF boundary takes in parts of Islington, Hackney and Tower Hamlets, reflecting Islington's part of the Opportunity Area. Figure 2.2 shows an extract from the OAPF, illustrating how the south west corner of the OAPF boundary overlaps with LB Islington.

2.2.11 The primary aim of the OAPF is to create a positive environment for employment growth the City Fringe. Employment floorspace, for the purposes of the OAPF, generally means Class B uses and activity of an industrial nature that may

⁶ LB Islington (2011) *Islington's Core Strategy* Para 1.1.10

⁷ Greater London Authority (2015) *City Fringe Opportunity Area Planning Framework*

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fall outside of this use class. The OAPF distinguishes between a core growth area and wider hinterland (largely residential). The former consists of inner core areas denoting highest expected demand for employment floorspace, within which Islington's part of the opportunity area lies, and outer core areas. These are likely to experience lesser, but still significant demand for floorspace.

Figure 2.2 Extract from City Fringe OAPF, showing overlap with LB Islington



2.2.12 Defined priority employment areas from the Boroughs' local plans, including those covering most of Islington's City Fringe area defined in the Finsbury Local Plan, are also carried over into the OAPF. Within the inner core, and therefore Islington, development proposals for employment floorspace are encouraged and supported in order to support existing supply and expansion of the core. Within employment priority areas, development proposals which result in a net loss of floorspace should be refused, and there should be maximum viable provision of employment floorspace.

2.2.13 While the OAPF also sets out guidance for other uses, including housing, retail, culture and leisure uses, which Local Plan policy and development should support, it clearly prioritises employment uses, particularly within the core area. The OAPF recognises the role of the City Fringe as home to new and emerging sectors of the economy "*with particular clustering and accommodation requirements*". It examines the "*characteristics of this business ecosystem and what it is about the*

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City Fringe that has enabled the growth of this digital cluster within it (Para 1.13). It notes that the “*particular accommodation requirements are the subject of supporting work*”, which have informed the strategies set out in the OAPF.

2.2.14 Draft CAZ Supplementary Planning Guidance (SPG) While this report was being prepared, the GLA published Draft SPG for the CAZ.⁸ The Guidance suggests that, in order to nurture London’s globally competitive position,

London Plan policy should be implemented in ways that promote and incentivise office and other commercial development. Regard should also be had to significant changes in the way business space is being used, including new technologies, employment densities and working practices.
(Para 1.1.6)

2.2.15 The SPG highlights the significance of PDR and their possible extension beyond the current arrangements. It states, for example, that if current exemptions are repealed, the Mayor will “*provide strategic support for a co-ordinated approach to the introduction of Article 4 Directions*” (Para 1.2.3) in order to safeguard strategic business locations. Further, the SPG states that Local Plans will play a key role in “*setting out detailed office policies for the CAZ and the appropriate balance between CAZ strategic functions ... and residential in mixed use areas*” (Para 1.3.5). It also states that offices and other strategic functions should be given greater weight relative to new residential.

2.2.16 In recognition of the competition between commercial and residential development, the SPG calls for “*a sensitive approach to application of mixed use development*” within the CAZ to ensure that “*the mix of uses support the CAZ strategic functions, incentivise redevelopment and renewal of the office stock, maintain an appropriate balance between offices and residential use and support a mix of uses that contributes to the unique character of the CAZ*” (Para 1.4.5). With regard to setting thresholds for triggering provision of housing, the SPG refers to Policy 4.3Aa of the London Plan in order to “*ensure that there is an incentive to develop new or refurbished office space, whilst securing a proportionate contribution to the delivery of housing*” (Para 1.4.8).

2.2.17 The SPG suggests that, in the absence of a local mixed use policy threshold which boroughs may set based on an absolute level and/or percentage of existing floorspace, the default threshold for triggering a requirement for mixed use development in the CAZ should be an increase of 200 sq m (GIA) or 30% of existing office floorspace – whichever is the greater. This, it suggests will “*ensure that there is a strong incentive for new office development and renewal, particularly where the marginal change in office floorspace is modest*” (Para 1.4.9).

2.2.18 A key part of the SPG is its treatment of small offices. The SPG recognises the importance of small office units in providing for SMEs and, therefore the importance of ensuring future provision, and duly gives boroughs discretion to provide protection for offices under 500 sq m. The SPG proposes a series of three benchmarks, revolving around stock, availability and pricing, for monitoring their provision (Para 1.5.7).

⁸ Greater London Authority (2015) *Draft Central Activities Zone: Supplementary Planning Guidance* Sept 2015

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2.2.19 The SPG refers to the increasingly limited amount of industrial land within the CAZ, with significant transfers of such land to other uses having taken place in recent years. Boroughs are encouraged to take into account the supply and demand for industrial and related uses providing essential services to the CAZ, in particular sustainable distribution/logistics; 'just-in-time' servicing (such as food service activities, printing, administrative and support services, office supplies, repair/ maintenance); waste management and recycling; and land to support transport functions.

2.2.20 The SPG suggests that employment land reviews will play an important role in providing this evidence and should investigate:

- *the range, scale and quality of industrial and related activities and the extent to which these directly or indirectly support the functions of the CAZ and where these are located;*
- *evidence of vacancy, availability, take-up and development pipeline for industrial uses;*
- *rental/land value trends for industrial uses serving the CAZ, compared to a range of non- industrial uses including offices, retail and residential;*
- *future demand for industrial and related activities to support the functions of the CAZ;*
- *whether the industrial and related activities serving the CAZ could potentially take place in the context of higher intensity redevelopment providing functional efficiency, employment growth and new housing; and*
- *the extent to which activities that directly or indirectly support CAZ functions could operate effectively from alternative more remote sites and the potential impacts this might have (for example on the overall function of the CAZ, transport infrastructure and congestion).*

2.2.21 Having regard to London Plan (policy 4.4 and paragraphs 4.18- 4.24), the Mayor's Land for Industry and Transport SPG and the criteria above, boroughs are encouraged to consider whether industrial sites would merit policy designation in Local Plans as 'Locally Significant Industrial Sites' to ensure that capacity is sustained to support the efficient functioning of the CAZ.

2.2.22 One final point from the SPG relates to the CAZ boundary. We refer elsewhere in this report to the expansion of London's central economic area and the fact that previously fringe areas are being absorbed into core markets. The SPG recognises this process, and that "*the need to facilitate growth may lead to modifications to the London Plan CAZ boundary in the future*" (Para 6.2.3). This is an important point in the context of Islington's CAZ area.

2.2.23 **London Office Policy Review (LOPR)** The *London Office Policy Review 2012* referred to a 'two-speed property market', distinguishing between the performance of central London which was doing very well, and the 'rest', which was

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not.⁹ The “fringe boroughs of Camden, Southwark and Islington all increased stock by around 200,000 sq m over the 12 year period” (2000-12). The report noted that the rise of mega schemes around central London, including King’s Cross, were changing the geography of the central area office market.

These mega schemes established the pattern of “off-centre” developments which have come to re-define the London office market as a polycentric one. When Broadgate was mooted in 1983, half a mile from the Bank of England, it was revolutionary. Now, building in Waterloo, King’s Cross or Paddington is considered mainstream. It is accepted that it is possible to re-engineer the geography of Central London as long as access to the heart of the City and West End by public transport is good, and also that the scheme is large enough to create its own public realm and sense of place.

2.2.24 In terms of the overall guideline forecast for office demand in London, the *London Office Policy Review 2012* (LOPR 12) had a forecast for Islington of 442,000 sq m gross internal area (GIA) through to 2031. This was made up of a forecast growth in office jobs of 33,200 and an employment density ratio of 13.8 sq m GIA per worker. In addition a further 8% was added to allow for vacancy in line with a practice endorsed at the 2009 London Plan Examination in Public (EiP).

2.2.25 The *London Office Policy Review Update* report¹⁰ produced a forecast of 377,000 sq m of net additional office floorspace for Islington for the period 2011-2036. This report was produced to inform the proposed Further Alterations to the London Plan (FALP). It was agreed however at the FALP EiP that this would form a sensitivity test and the original guidance from LOPR 12 should stand.

2.2.26 **London Industrial and Warehousing Demand Benchmarks** This report identifies a wide variety of uses that occupy industrial land in London. These include: manufacturing (light and general industry) logistics and warehousing; storage; utilities such as energy and water; waste and recycling; transport functions, such as land for rail, buses and airport related land; and wholesale markets.

2.2.27 Informed by the 2010 *London Industrial Land Baseline Study*, the GLA’s 2011 *Industrial Land Demand and Release Benchmarks* report assessed future demand for industrial land across London and compared it with current and planned supply to inform London-wide and local planning policy. It suggested that, between 2011 and 2031, Islington would experience a net fall in demand for industrial space of 21.8 ha (compared to a net fall in demand of 21.9 ha in Camden, 37.7 ha in Southwark and 9.5 ha in Lambeth). This fall in demand is accounted for by the Borough’s indicative industrial land release benchmark of 5 ha over the period 2011-2031 set in Annex 1 of the Mayor’s 2012 Land for Industry and Transport SPG; Table 3.2 of the SPG classifies Islington as a restrictive release borough.

2.2.28 The *Industrial Land Demand and Release Benchmarks* report suggested that, between 2011 and 2031, Islington would experience a net fall in demand for

⁹ Ramidus Consulting with Roger Tym & Partners (2012) *The London Office Policy Review 2012* GLA

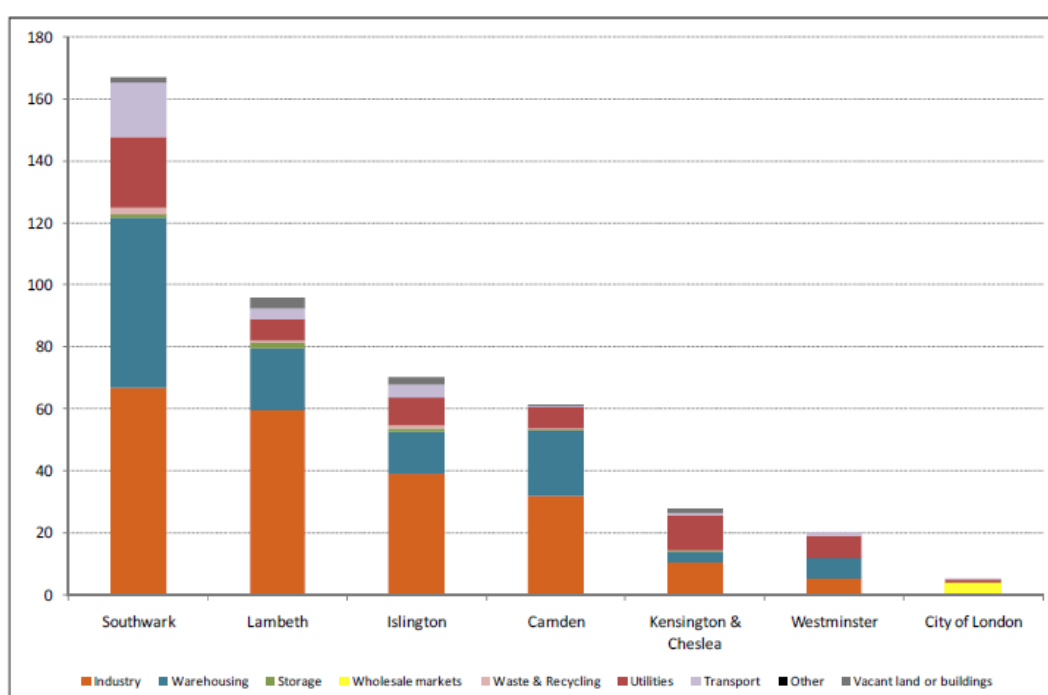
¹⁰ Peter Brett Associates (2014) *London Office Floorspace Projections* July 2014 GLA

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industrial space of 21.8 ha (compared 21.9 ha in Camden, 37.7 ha in Southwark and 9.5 ha in Lambeth).¹¹

2.2.29 The Benchmarks report classified Islington as a 'restrictive' release borough, i.e. with an undersupply of industrial land and little or no land protected by SIL designations, where a more restrictive approach to the release of industrial land to other uses should be adopted. As can be seen in Figure 2.3, in 2010 there was almost no vacant industrial land left in Central London.

Figure 2.3 Stock of industrial land in the Central Sub-region, 2010



Source: London's Industrial Baseline 2010, cited in Roger Tym & Partners (2011)

2.2.30 **Land for Industry and Transport** The GLA's SPG on land for industry and transport¹² notes the structural shift in the London economy: over the past three decades, with almost 87% of manufacturing jobs disappearing. It also observes that London's 'industrial' stock of premises actually accommodates a wide range of activities, "*not just manufacturing*", and that there is a growing

demand for industrial land from a range of other important industrial type functions. These include an efficient and sustainable land supply for logistics, waste management, recycling, environmental industries including renewable energy generation, transport functions, utilities, wholesale markets and some creative industries.

¹¹ Roger Tym & Partners (2011) *Industrial Land Demand and Release Benchmarks in London* GLA

¹² Greater London Authority (2012) *Land for Industry and Transport Supplementary Planning Guidance*

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2.2.31 The SPG guides local authorities “to provide for sufficient land and premises in industrial and related uses, including waste management, logistics, utilities and transport functions to meet future demand in London in good quality, flexible and affordable space”. This is to be achieved within the context of the borough level groupings for transfer of industrial land as set out in Table 3.2 of the SPG, with Islington within the restricted transfer group.

2.2.32 Under the SPG boroughs may designate Locally Significant Industrial Sites if they “warrant protection because of their particular importance for local industrial type functions”. It goes on to suggest that “inner London sites providing sustainable distribution services for the Central Activities Zone and Canary Wharf may be particularly appropriate for this designation”. Such designation has to be backed by robust demand assessment and it must also align with the criteria set out in paragraphs 4.14 to 4.16 of the SPG. These provide detailed economic, land use and demand-based criteria for use when considering site specific allocations for industrial land in DPDs (as SIL or LSIS) and when developing criteria based policies to manage other smaller non-designated sites.

2.3 Local planning policy context

2.3.1 Islington sits within the central area of London and is, as such, an integral part of London’s global city role. This evolving role has been accompanied by a major economic shift towards service-based economic activity and a relative decline in production activities. At the same time, London’s population is experiencing an historically rapid rate of growth: it is expected to exceed ten million over the next two decades. These twin pressures of office growth and population growth are placing enormous pressure on land markets, leading not only to steeply rising values but also to intense competition between residential and commercial land uses.

2.3.2 The Borough is a relatively narrow one in spatial terms, and slopes in a south-east to north-west direction. The main concentration of office and other types of employment space – particularly that related to the CAZ and London’s global role – is in the southern part, below Pentonville Road and City Road, which includes the Islington section of the CAZ. The area includes Bunhill and Clerkenwell wards, part of Angel town centre and part of King’s Cross. The area has seen significant ‘overspill’ in recent times from traditional core markets in the City and West End as they have expanded outwards.

2.3.3 The Borough has major town centres at the aforementioned Angel (partly within the CAZ) and Nag’s Head, while Archway and Finsbury Park are district town centres, and there are a number of established street markets in Chapel Street, Exmouth Market and Whitecross Street. The Angel and Upper Street area, Clerkenwell and Farringdon all provide for the evening and night time economy. The City University and London Metropolitan University are located within the Borough, as is Arsenal Football Club.

2.3.4 Islington has an up-to-date Local Plan comprising the following Development Plan documents.

- Core Strategy (February 2011)
- Development Management Policies (June 2013)
- Site Allocations (June 2013)

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- Finsbury Local Plan (June 2013)

2.3.5 Islington's Core Strategy¹³ This document sets out the Council's strategic vision for the Borough up to 2025. It seeks to provide the spatial framework for promoting job creation and a diverse and sustainable economic base in the Borough. There is specific encouragement for businesses in creative and knowledge-based sectors such as professional services, information and communications technology, research & development, cultural and media industries. The Core Strategy identifies areas in which the majority of employment growth is expected to occur; and allows for a limited amount of hotel development.

2.3.6 The Core Strategy identifies loosely defined Key Areas of growth at Archway (CS1); Finsbury Park (CS2); Nag's Head and Upper Holloway (CS3); Highbury Corner and Holloway Road (CS4); Angel and Upper Street (CS5); King's Cross (CS6) and Bunhill & Clerkenwell (CS7). These are shown in Figure 2.4.

2.3.7 The Core Strategy forecasts employment in Islington to increase by around 35,000 to 45,000 jobs between 2012 and 2027, to around 230,000 at the end of the plan period. The 2008 Islington Employment Study projected that just over 50% of jobs will be provided by B-use floorspace.¹⁴

2.3.8 The Core Strategy suggests that the CAZ will accommodate the majority (around 75%) of growth in B-use space, largely in Bunhill and Clerkenwell Key Area (70%). The King's Cross Key Area, covering a small portion of the CAZ within its wider boundary will account for 15%, largely focused in identified commercial-led corridors and primary employment locations. The remaining Key Areas will accommodate over 5% of growth, with less than 5% expected outside of Key Areas.

2.3.9 The Core Strategy also makes the following provisions.

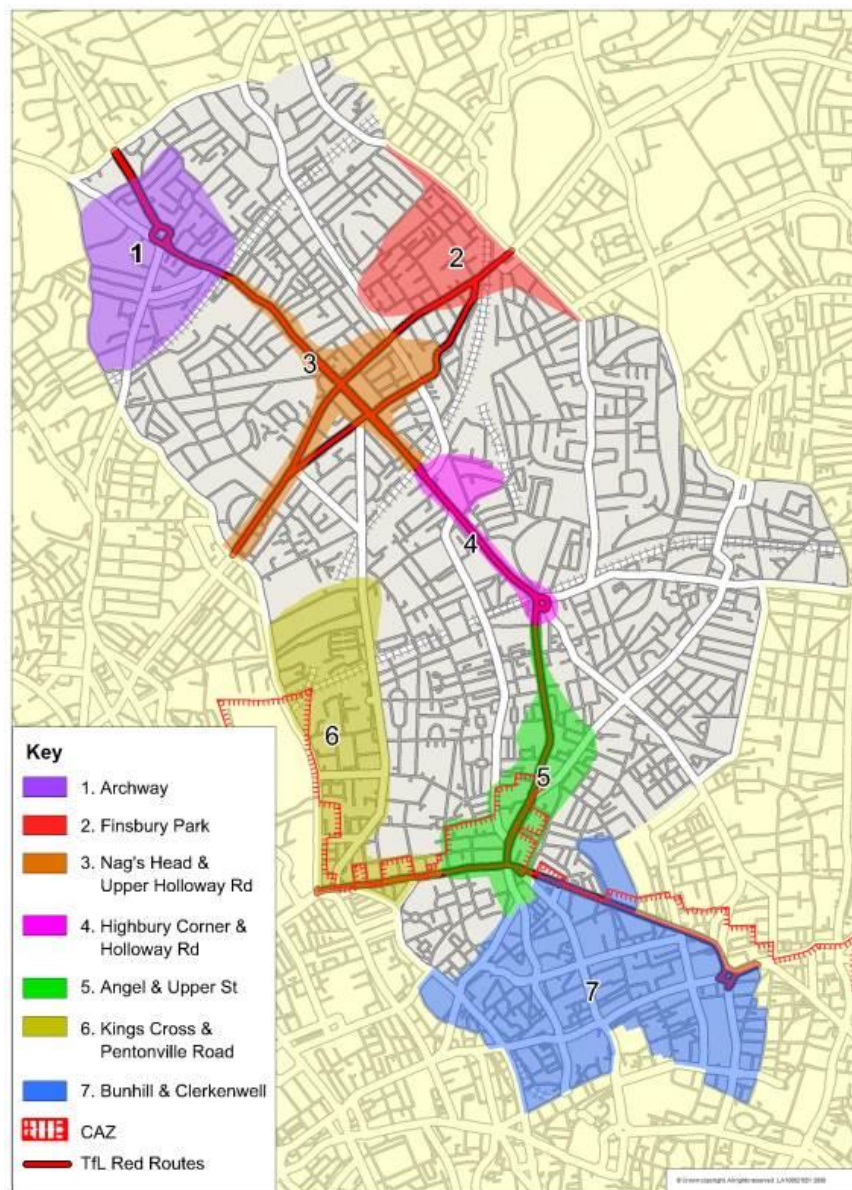
- Requirement in CS13 for new B-use space to be flexible and provide a range of unit types and sizes, including those suitable for small and medium sized enterprises (SMEs).
- Protection of existing B-use employment land from change of use, with exceptions to be identified in Development Management Policies (CS13).
- Protection of premises suitable for SMEs and seeking provision of a range of types and sizes of new workspaces, of flexible design to meet local demand.
- Retention of the Vale Royal/Brewery Road reservoir of employment land as the Borough's only Locally Significant Industrial Site.
- Hotel development directed to Town Centres and in CAZ locations where access to public transport is greatest.

¹³ LB Islington (2011) *Islington's Core Strategy*

¹⁴ Atkins (2008) *Islington Employment Study – 2008 Update*

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Figure 2.4 Islington's Core Strategy: Key Areas



Source: LB Islington (2011)

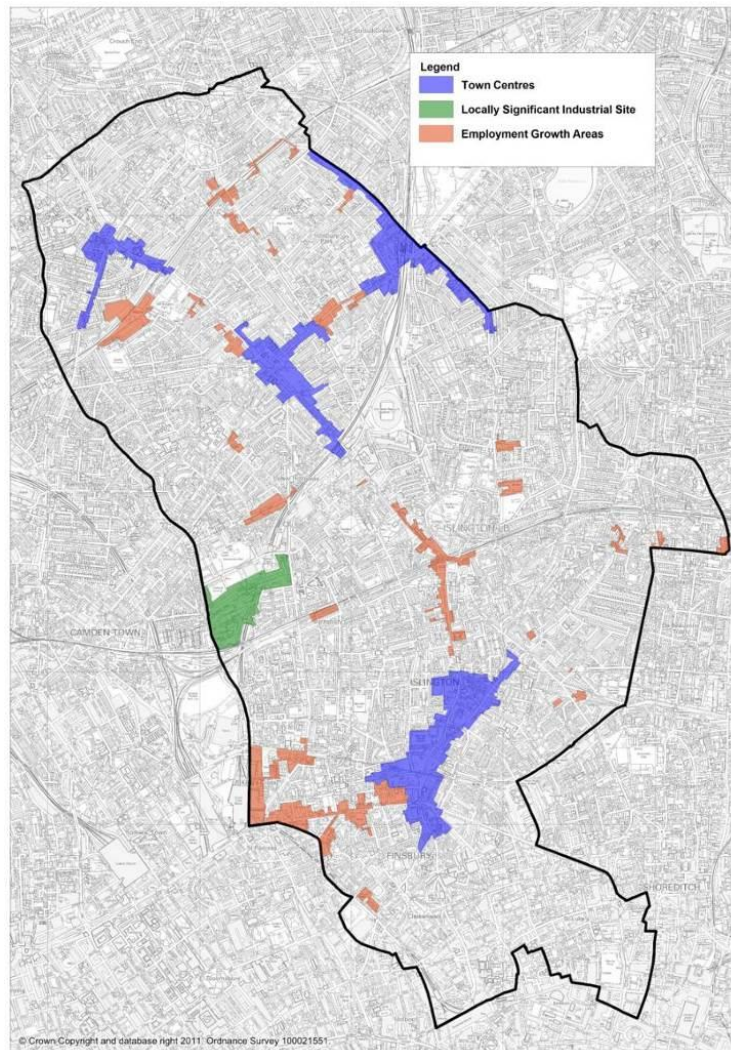
2.3.10 Development Management Policies¹⁵ The Core Strategy is supported by Development Management (DM) Policies document which includes the protection of employment clusters identified therein, namely Employment Growth Areas, Town Centres and a Locally Significant Industrial Site (Figure 2.5). DM Policies does not identify clusters in the Bunhill and Clerkenwell key area identified in the Core Strategy and thus, most of the CAZ. This occurs in the Finsbury Local Plan which identifies Employment Priority Areas in 'General' and 'Office' categories. In these locations, new uses must support and complement the role and function of the local cluster. Further, uplifts in business floorspace will be achieved primarily within the

¹⁵ LB Islington (2013) *Islington's Local Plan: Development Management Policies*

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designated clusters through maximisation of B-use floorspace in development proposals (DM5.1 and BC8 in the Finsbury Local Plan).

Figure 2.5 Employment Growth Areas, Town Centres and the Locally Significant Industrial Site



Source: LB Islington (2013)

2.3.11 The maximisation of business floorspace in Town Centres and Employment Growth Areas through Policy DM5.1. Within these areas, proposals for Change of Use or redevelopment of existing business floorspace are required to incorporate the maximum amount of business floorspace reasonably possible on the site.

2.3.12 Policy DM5.2 states that proposals that would result in a loss or reduction of business floorspace will be refused *“unless the applicant can demonstrate exceptional circumstances, including through the submission of clear and robust evidence which shows there is no demand for the floorspace”*. Further, that within Employment Growth Areas and Town Centres, in addition to the above, the loss or reduction of business floorspace will be resisted *“where the proposal would have a detrimental individual or cumulative impact on the area’s primary economic function”*.

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(including by constraining future growth of the primary economic function)". These policy measures are reiterated in Policy BC8 of the Finsbury Local Plan in respect of Employment Priority Areas (General and Offices), which includes an additional requirement for demonstration that the site is no longer suitable for provision of similar uses.

2.3.13 At the Vale Royal/Brewery Road Locally Significant Industrial Site (LSIS), the DM policies support the retention and intensification of uses appropriate to the role of the LSIS (B1(c), B2 and B8 Use Classes). Any proposals leading to a loss or reduction of such floorspace will be refused unless the applicant can demonstrate exceptional circumstances applying the same requirement as set out above for marketing and vacancy evidence and provision to assess impact on the economic function of the LSIS. Inclusion of residential use is categorically prohibited (DM5.3).

2.3.14 Affordable workspace and workspace suitable for micro and small enterprises within Employment Growth Areas and Town Centres (DM5.4) and General Employment Priority Areas (BC8) is encouraged. For example, within Employment Growth Areas and Town Centres, major employment floorspace development proposals "*must incorporate an appropriate amount of affordable workspace and/or workspace suitable for occupation by micro and small enterprises*". Further, within Employment Growth Areas and Town Centres, proposals for the "*redevelopment of existing low value workspace must incorporate an equivalent amount of affordable workspace and/or workspace suitable for occupation by micro and small enterprises*", unless the Council can be satisfied that the site is no longer suitable for the provision of similar uses.

2.3.15 **Site Allocations**¹⁶ The Site Allocations document sets out site-specific policy for the main sites where development or other change is expected. The focus is on the key areas defined in the Core Strategy (except the Bunhill and Clerkenwell key area covered by the Finsbury Local Plan as set out below), with important sites from other areas of the Borough grouped together in one section. The policies include indicative site capacities for homes and employment, as shown in Figure 2.6, and estimated timescales for delivery of the sites that contributes to these numbers.

Figure 2.6 Indicative site capacities for key areas (excluding Bunhill & Clerkenwell – Finsbury Local Plan)

Key area	Site allocations homes	Site allocations employment
Archway	600-800	–
Finsbury Park	400-550	1,150
Nag's Head and Upper Holloway Rd	600-700	1,950
Highbury Corner and Holloway Rd	750-1,000	1,550
Angel and Upper Street	400-550	1,750
King's Cross and Pentonville Rd	200-300	1,150
Non-key	300-350	1,450

Source: LB Islington Site Allocations DPD (2013)

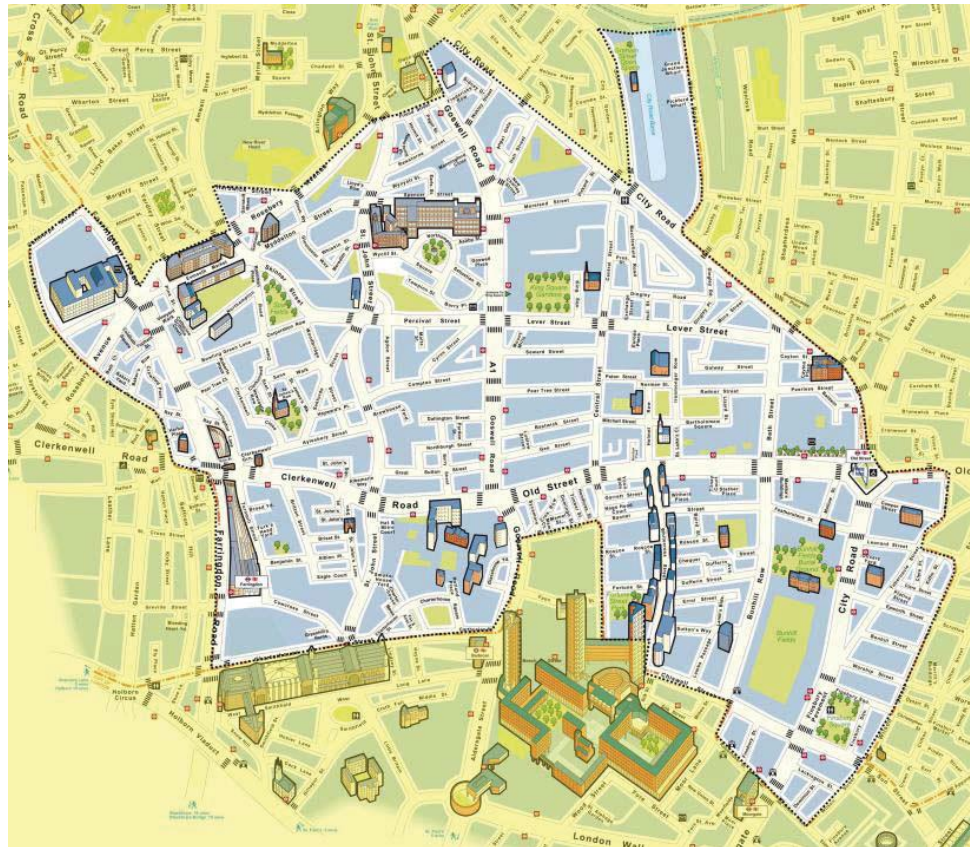
¹⁶ LB Islington (2013) *Islington's Local Plan: Site Allocations*

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2.3.16 The document lists 52 individual sites, and outlines appropriate land uses design considerations and other key planning constraints to guide development proposals in respect of the sites.

2.3.17 **Finsbury Local Plan** This Area Action Plan for Bunhill & Clerkenwell has been produced by Islington Council in partnership with EC1 New Deal for Communities¹⁷. A map showing the Finsbury Plan area is shown in Figure 2.7.

Figure 2.7 The Finsbury Local Plan Area



Source: Finsbury Local Plan Area Action Plan for Bunhill & Clerkenwell 2013

2.3.18 The Plan responds to the expected scale of change likely to occur in the area, including the on-going, significant increases in the resident population. An important principle of the plan is to ensure that future investment extends improvements and opportunities to all parts of the area, some of which are characterised by deprivation, and to all of its residents.

2.3.19 The 48 site allocations contained within the plan cover over 53 hectares in total, providing for the development of over 2,300 homes, office development creating over 8,500 jobs, around 1.8 hectares of new or improved open space, and over 7,800 sq m of additional floorspace for community uses. This development will be phased over a 15 year period between 2012 and 2027. Around 95% of new

¹⁷ LB Islington (2013) *Finsbury Local Plan*

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homes and 85% of business floorspace is anticipated to be accommodated within key areas of change. Each of these areas is covered by a specific policy in the plan.

2.3.20 The area is a significant employment location, with an estimated 85,000 employees. The Islington Employment Study (2005 and 2008 update) suggested that over 27,000 additional people could be working in the area by 2026. The report describes the area as having a fine grain, diverse local economy which plays an important role in complementing and supporting central London's World City economic role, and creates a range of job types within the area. To sustain this economy, the Plan seeks to secure a ready supply of small and affordable premises suitable for the needs of small businesses. In addition, because of the area's role in the central London economy (as a *de facto* extension of the City of London office market), the plan provides for larger floorplate offices near to the City of London boundary.

2.3.21 The Plan includes two detailed policies which set out how the Council intends to address London Plan policies relating to the CAZ, in particular:

- the need to support the City of London's financial and business services sectors, which extend across the Islington borough boundary;
- the need to support the development of the complementary 'City Fringe' economy, which is characterised by its diversity of uses and its large number of small enterprises, and
- the need to provide policy guidance relating to the development of tall buildings.

2.3.22 Policy BC8 seeks to achieve a balanced mix of uses in the area. This includes stipulations that, within designated Employment Priority Areas:

- there will be no net loss in business floorspace;
- developments should incorporate the maximum amount of business floorspace reasonably possible on the site, and
- a range of employment uses should be incorporated including micro, small and/or affordable workspace in the case of General EPAs.

2.3.23 Figures 2.8 and 2.9 illustrate the Borough's Employment Priority Areas.

2.3.24 The policy also states that throughout the area, major development proposals that would result in a net increase in office floorspace should also incorporate housing, consistent with London Plan policy on the CAZ.

2.3.25 Policy BC9 provides detailed policy on tall buildings, including the identification of three areas where buildings of 30 metres in height or more may be appropriate. These areas include sites at City Road Basin, Old Street and an area adjacent to the City of London boundary at Moorgate.

2.3.26 **London Stansted Cambridge Corridor (LSCC)** Whilst not a statutory initiative, it is also worth noting at this point that the LSCC passes through the Borough with a stop at Finsbury Park. The principal objective of the consortium is to drive economic development and enhance quality of life along this strategic corridor.

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Figure 2.8 Employment Priority Areas - General

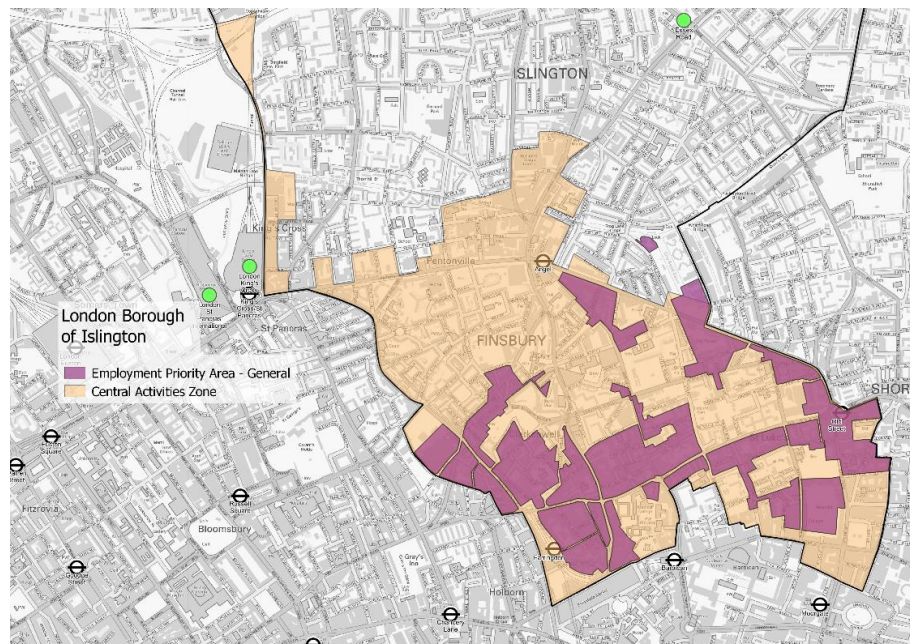
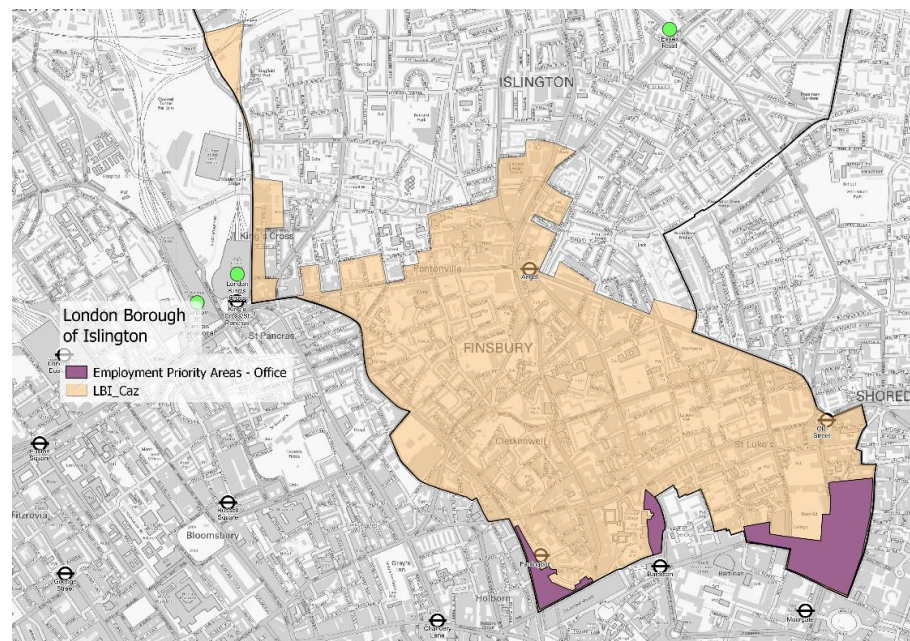


Figure 2.9 Employment Priority Areas - Office



2.4 Planning policy in neighbouring boroughs

2.4.1 Islington is neighboured by the City of London and the London Boroughs of Camden, Hackney and Haringey.

2.4.2 **Camden** Camden's *Core Strategy* was adopted in 2010. King's Cross, Euston, Tottenham Court Road, Holborn and West Hampstead Interchange are designated as the locations for the largest amount of Camden's future growth.

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King's Cross, lying on the border with Islington, is envisaged as being the focus of the most growth in Camden up to 2025, with large-scale redevelopment transforming the area and creating a new quarter for Camden and London. The area is expected to provide 25,000 new jobs.

2.4.3 The Core Strategy asserts that provision of new office space, particularly at King's Cross, means that the future supply of offices in the Borough can meet projected demand. Consequently, the strategy suggests that the Council will consider proposals for other uses of older office premises if they involve the provision of permanent housing (in particular, affordable housing) and community uses. Nevertheless, the Council has introduced Article 4 Directions which will remove PDR for office to residential for large parts of the Borough. The 'non-immediate' Directions will come into force on 19th October 2015. Industrial and warehousing floorspace is in short supply so the Core Strategy seeks to protect industrial and warehousing sites and premises that are suitable and viable for continued use.

2.4.4 In the emerging Local Plan, which will replace the Core Strategy and Development Management Policies, Camden is also considering the de-designation of its Kentish Town Regis Road Locally Significant Industrial Site, and its comprehensive redevelopment to provide "*a mix of uses, including housing, employment, community facilities and open space*". The redevelopment is expected to include a significant number of new homes; a significant increase in the number of jobs provided in the area; provision of appropriate employment space for identified growth sectors and small to medium enterprises and start-ups; and retention of existing industrial and warehouse uses that support the CAZ and the Borough.¹⁸ The proposals suggest an intensification of employment uses on the site while releasing land for homes.

2.4.5 **City of London** The *Local Plan for the City of London* was adopted in January 2015 and sets out planning policy to achieve the Corporation of London's vision of supporting the City "*as a leading international financial and business centre in a way that meets the needs of its diverse communities and neighbours*". The Plan anticipates major growth in office land use, of 1,150,000 sq m between 2011 and 2026, with more than half of this in the Eastern Cluster area to the south of Liverpool Street station. In the north of the City area, which borders Islington, the construction of Crossrail is anticipated to bring significant change and increased pedestrian flows. The area will experience significant growth in office space, as well as being the focus for most new housing development in the City.

2.4.6 **Hackney** Hackney's 2010 Core Strategy includes as a strategic objective:

Make the borough one of London's most competitive and affordable business destinations by supporting the main growth areas to attract a distinctive mix of enterprises through providing a quality environment around industrial locations and ensuring all employment areas offer high quality, affordable units.

2.4.7 Hackney's main growth area is Dalston, which lies on the border with Islington, and the strategy envisages this area accommodating significant

¹⁸ LB Camden (2015) *Draft Camden Local Plan* paras 2.32 and 2.33

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development of a mix of uses, including employment uses. The strategy identifies the loss of employment floorspace as a significant threat to the Borough, which will have been exacerbated by the PDR extensions outside of the exemption areas. The Council is currently consulting on an Article 4 Direction which would remove PDR for office to residential for a series of locations across the Borough, including the priority employment areas and a number of town centre locations. If passed, the 'non-immediate' Article 4 Direction would come in to force on 20th July 2016.

2.4.8 Hackney's Development Management Local Plan, adopted in July 2015, provides more detailed, criteria-based policy to support planning decisions. It contains policies which seek to protect employment land and floorspace in the main employment areas, whilst avoiding the long term protection of sites where there is no reasonable prospect of a site being used for that purpose. Policy DM14 sets out the criteria for proposals for the redevelopment of sites containing employment land and floorspace, and where the loss of employment land and floorspace may be considered acceptable.

2.4.9 **Haringey** Haringey's *Local Plan: Strategic Policies* was adopted in 2013. The spatial strategy involves focusing growth on places that can support higher density development. Haringey Heartlands and Tottenham Hale are identified as the key locations for the largest amount of Haringey's future growth. A policy seeks to protect B-use premises including light industry, logistics, warehousing and storage facilities to meet a forecast demand for 137,000 sq m of floorspace up to 2026. Haringey does not appear to have pursued any Article 4 Directions in order to maintain this policy following the extension of PDR.

2.5 Summary

2.5.1 In summary, the Local Plan aims to provide the spatial framework for future employment growth in Islington, in line with national and London-level guidance. It seeks to increase the amount of employment space available in Islington to meet projected employment growth by affording an appropriate level of protection to existing employment land, and encouraging the redevelopment and expansion of existing employment spaces.

2.5.2 The policies identify locations within which new uses must support and complement the role and function of the local 'cluster'. These locations are Town Centres, Employment Growth Areas (in most of the Borough), Employment Priority Areas (in the Finsbury Local Plan area) and the Vale Royal/Brewery Road Locally Significant Industrial Site.

2.5.3 The majority of designated employment clusters are situated in the CAZ, reflecting the existing concentration of employment uses contributing to the economic function of the area, and the significance of this location for meeting future demand for employment floorspace.

2.5.4 The policies aim to secure a range of types and sizes of new workspace and to encourage flexibility in their design in order to ensure that supply meets the profile of local occupier demand.

3.0 Economic profile

3.0.1 In this Chapter we review the economic profile of Islington in order that we can place the Borough's requirements for commercial property into a demand context. The Chapter examines population, economic and occupational structure, the labour market and sources of growth. We also introduce a sub-area analysis, based on the main economic functional areas of the Borough.

3.1 Overview

3.1.1 Islington sits within the Central sub-region of London, alongside Camden, City of London, Kensington and Chelsea, Lambeth, Southwark and Westminster. As such it forms an integral part of London's global city role. This role continues to evolve, and part of this evolution has been a major structural shift from manufacturing activity to service-based activity. As manufacturing has shrunk dramatically, office-based businesses including financial and business services and, more recently, technology and creative industries, have all grown rapidly.

3.1.2 Alongside economic expansion, London has experienced a significant growth in population over the past decade. Having recently passed eight million, projections indicate that the capital's population will exceed ten million by 2036.

3.1.3 London's economic transformation and growth, and its sharp rise in population, have combined to place particular stress on land markets. Sitting on the edge of the central business district, and overlapping with it, Islington typifies the stresses that are occurring. Land values have risen rapidly, leading to growing competition for space between the residential and commercial property markets.

3.1.4 Employment space is not evenly distributed through the Borough, with office stock largely concentrated south of the Pentonville Road/City Road arterial route. This area includes most of the Islington portion of the CAZ, which covers Bunhill and Clerkenwell wards, part of the Angel town centre and part of King's Cross. As well as the business activity there is a significant resident population in the CAZ, underlining the growing tension between residential and commercial land uses.

3.1.5 The Borough's main retail centres are at Angel and Nag's Head (both identified as major Town Centres in the London Plan), with secondary (District) centres at Archway and Finsbury Park. In addition there are several local shopping areas designated in the Local Plan, such as Caledonian Road. The Angel and Upper Street area, Clerkenwell and Farringdon all cater for the Borough's evening and night-time economy. Adjacent to the northern boundary of the CAZ in King's Cross lies the Borough's only locally significant concentration of industrial/warehousing/employment land, Vale Royal/Brewery Road.

3.1.6 The latest employment projections¹⁹ suggest that Islington's employment will rise from 217,000 in 2015 to 273,000 by 2036, a growth of 25.8%. The strength of Islington's economy is shown in recent data, published by GLA Economics²⁰ on

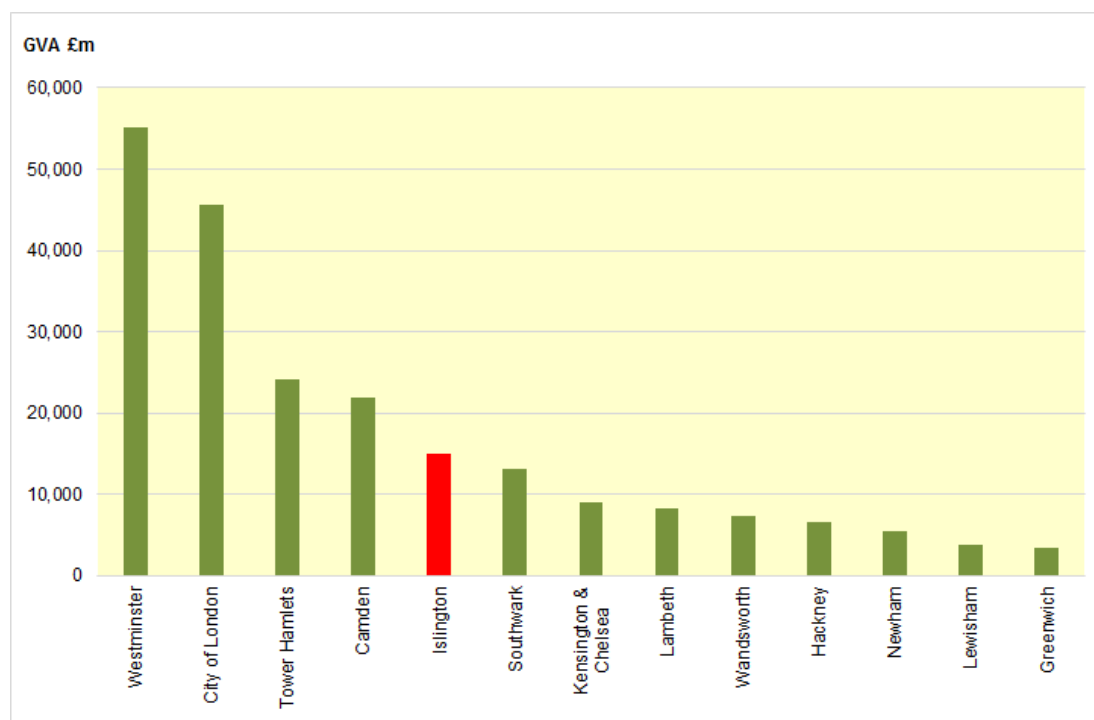
¹⁹ GLA Economics (2015) *Updated Employment Projections for London by Sector and Trend-based Projections by Borough* Working Paper 67

²⁰ Douglass (2015) *Work and Life in the Central Activities Zone, Northern Part of the Isle of Dogs and their Fringes* GLA

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estimates of the 2012 GVA of boroughs lying within the CAZ, North of Isle of Dogs (NIoD) or a one kilometre fringe of either area (Figure 3.1). It can be seen that Islington performs well. Behind Westminster, City and Tower Hamlets (Canary Wharf), Islington is second only to Camden.

Figure 3.1 Gross Value Added (GVA), central London boroughs, 2012



Source: Douglass (2015)

3.1.7 The population growth and pressure for residential development is evident in the fact that the Borough has experienced a major loss of employment land to housing over the past decade.²¹ However the loss of employment floorspace has been counter-balanced by an increase in job numbers which has been made possible through the intensification of existing employment land (converting low density activities such as manufacturing, to more intensive uses, such as offices. But intensification of employment land cannot by itself sustain employment growth in the long-term, and a significant decline in vacancy levels suggests increasing pressure on existing supply.²²

3.1.8 The area of Islington that sits within the CAZ is the focus of commercial activity within the Borough. Outside of this area, new development has been very limited in recent years, in common with similar areas in most central London boroughs. A report from DVS in 2011 confirmed that the number of new properties listed outside the EC1, EC2 and N1 post codes is “fairly limited”.²³ Data that we present in Chapter 5.0 suggest that this position remains materially unchanged.

²¹ LB Islington (2012) *Employment Clusters in Islington*

²² LB Islington (2012) *Employment Clusters in Islington*

²³ DVS (2011) *An Assessment of Commercial and Retail Development Viability in Islington*

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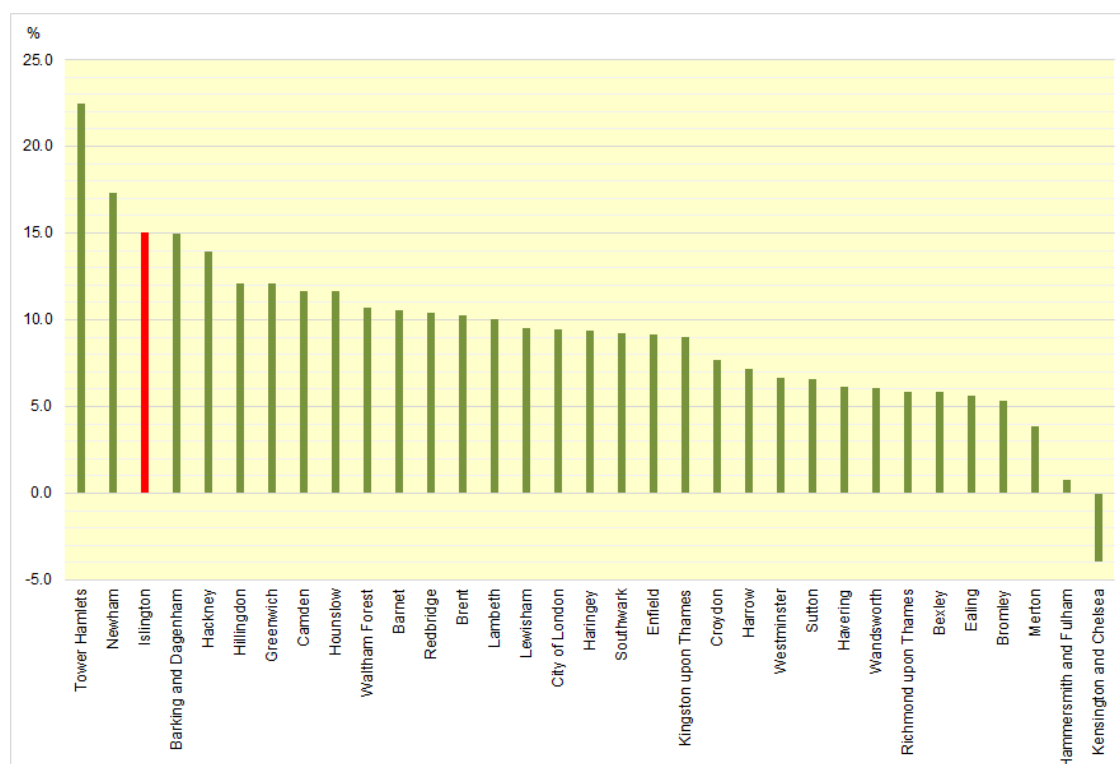
3.1.9 Vacancy rates are low with the estimated vacancy rate in the Islington's CAZ area was almost 4% in 2014.²⁴

3.1.10 The DVS report also highlights the significant potential impact of both the 2019 opening of Crossrail (which will see Farringdon become a crucial transport hub) and the Thameslink line upgrade. Crossrail will have a transforming impact on the area around Farringdon Station and Clerkenwell, increasing development viability and the general attractiveness of the area to developers. The Thameslink Line upgrade will also see new train services between Cambridge and Peterborough and areas south of London. The line will provide direct travel between Farringdon, King's Cross and Finsbury Park, thereby making the outer parts of Islington more accessible from other parts of London.

3.2 Population and labour supply

3.2.1 The population of Islington was estimated at 221,000 in 2014²⁵, representing just over 3.0% of London's residents. The Borough's population grew by 15% between 2008 and 2014, against a London average of 9%. In fact, Islington had the third-fastest rate of growth over the 2008-2014 period (Figure 3.2). Only Tower Hamlets and Newham outpaced Islington's growth over this period.

Figure 3.2 Population change, London boroughs, 2008 to 2014



Source: ONS (2014)

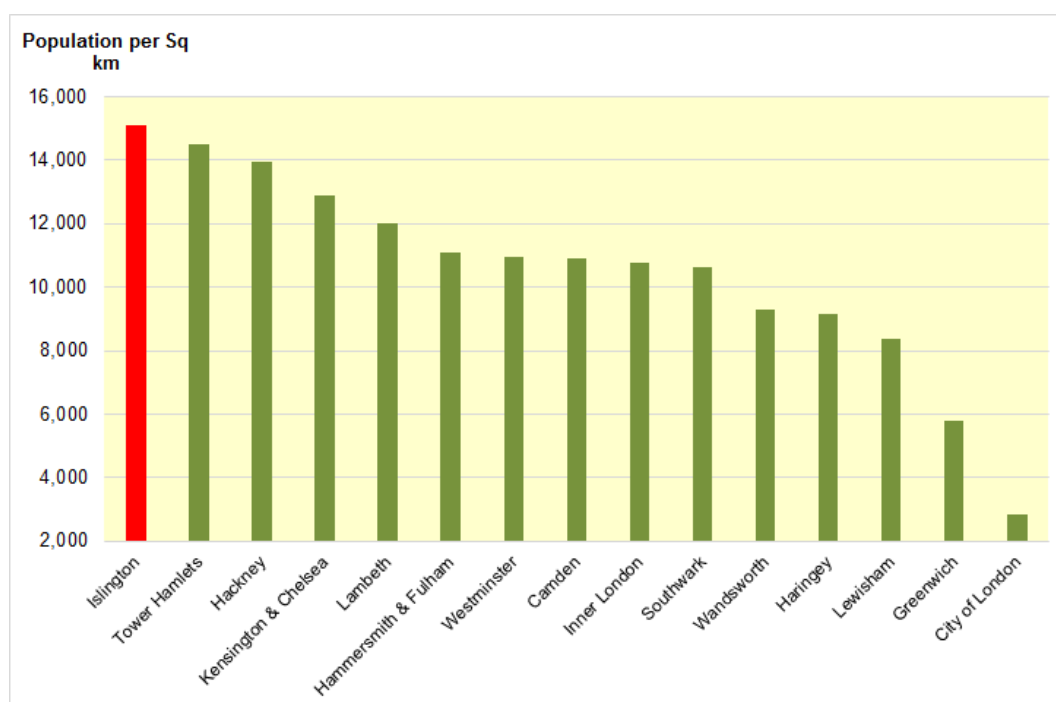
²⁴ BNP Paribas Real Estate *Central London Office and Retail Market Q2 2015*

²⁵ ONS (2014) *Mid-year Population Estimates 2014*

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3.2.2 Islington's population growth is reflected in its population *density*, which is high by London standards (Figure 3.3). In fact, Islington is London's most densely populated borough; and it has 50% more people per square kilometre than the Inner London average.²⁶ The Borough is also the most densely populated borough in the country according to the latest Census.

Figure 3.3 Population density, Inner London, 2015



Source: GLA (2015)

3.2.3 While Islington has grown above trend in recent years, its population growth rate is projected to slow, comparatively, in the years ahead (Figure 3.4). The Inner London boroughs are, collectively, projected to grow by 22.6% between 2011 and 2036; Islington is projected to grow by 18.1%.

3.2.4 Despite the projected slow down, the recent growth in Islington's population underlines the growing pressure on Islington's land markets from the residential sector. This is a recurring theme in our report, and one with very significant implications for the Borough's stock of commercial space.

3.2.5 A recent report from LB Islington noted that despite the recent recession, the Borough's economy remained relatively stable and prospects appear good.²⁷ The report observed that, in 2010, there were 197,000 jobs in Islington – 1.34 per working age resident (compared to 0.88 in London, and 0.77 nationally), indicating "a good supply of local jobs".

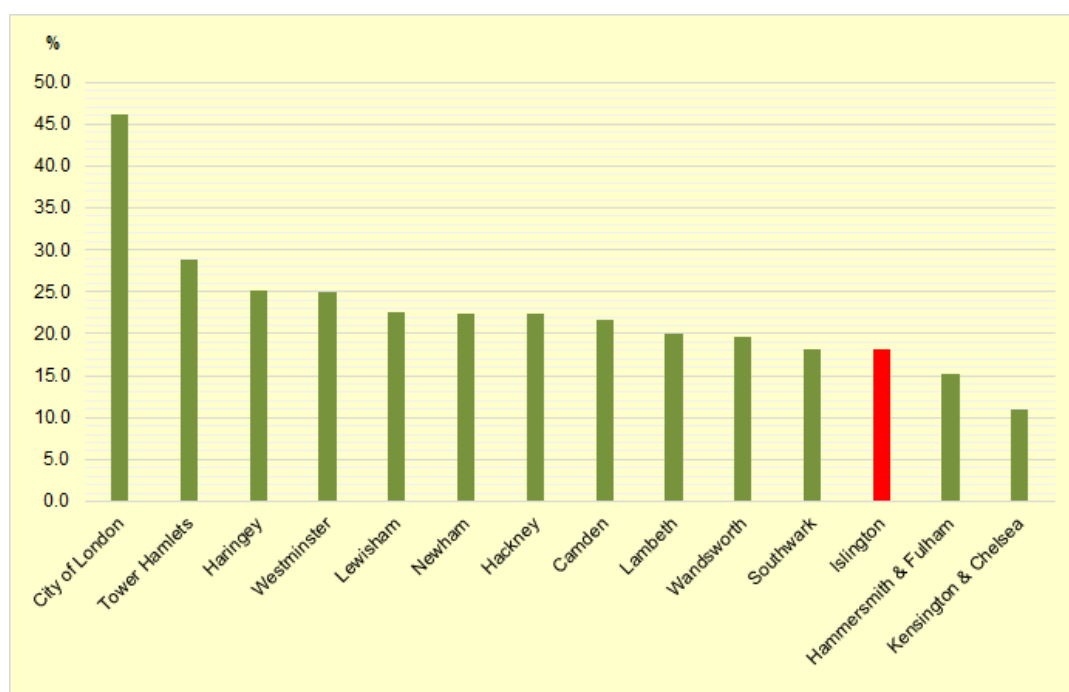
²⁶ Greater London Authority (2015) *London Datastore* See: www.data.lond.gov.uk/dataset/

²⁷ LB Islington (2013) *Labour Market Analysis: Islington & London*

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3.2.6 Economic activity rates (the employed and unemployed combined) in Islington stand at 74.9%, which compares to a London average of 77.0%.²⁸ This is slightly higher than boroughs such as Camden (70.2%), Hackney (74.0%) and Newham (70.4%); but significantly lagging the economic activity rates in Lambeth (84.3%) and more affluent West London boroughs, such as Richmond (81.2%) and Wandsworth (83.3%).

Figure 3.4 Population projections, Inner London boroughs, 2011 to 2036²⁹



Source: GLA (2015)

3.2.7 Islington's Job Seeker Allowance (JSA) rate stood at around 3.5% just prior to the recession, peaked at 5.4% in 2009, and has fallen steadily since. JSA claimants measured 2.3% in July 2015, compared to a London average of 1.9%. Again, the Borough compares favourably with Hackney (2.7%) and Lambeth (2.6%); is on a par with Newham (2.2%) and Tower Hamlets (2.2%); and lags Camden (1.6%), Richmond (1.0%) and Wandsworth (1.4%).

3.2.8 Official data show that Islington has 15.9% of its workers in Manager, Director and Senior Official occupations, which is comparatively high (Figure 3.5). The other Inner London boroughs compared here range between 10.0% (Lambeth) and 12.1% (Hackney).

3.2.9 When the Manager category is combined with Professional occupations, Islington also ranks highest in the sample: 46.6% of its workforce falls into this combined group. The comparators range between Lambeth at 40.4%, and Camden at 45.0%. Islington does therefore appear to have a relatively highly skilled/qualified workforce, with a greater proportion of its residents working in higher value

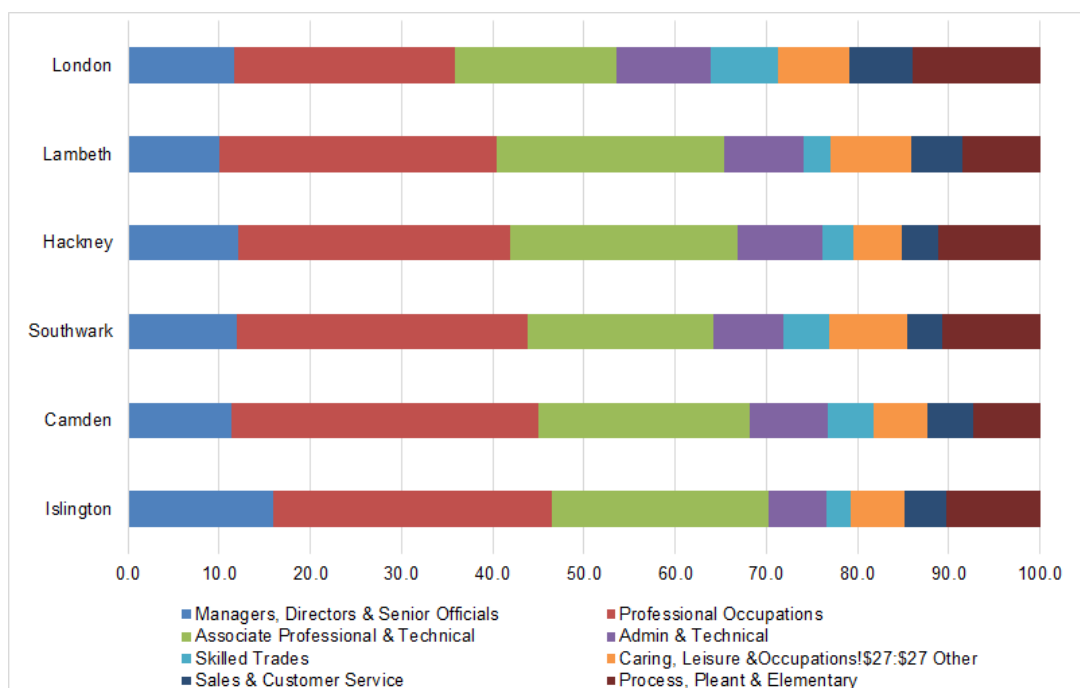
²⁸ ONS (2015) *Annual Population Survey 2015*

²⁹ Greater London Authority (2015) *2014 Round of Trend-based Population Projections*

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occupations (albeit within the context of a lower than London average economic activity rate).

Figure 3.5 Occupational structure of Islington residents



Source: ONS (2015)

3.2.10 Self-employment rates in Islington equal the London average (at 12.8%). The proportion of working-age population in self-employment in the year to March 2015 was lower in Southwark (11.3%), but higher in Camden (15.0%), Hackney (13.4%) and Lambeth (13.3%).³⁰

3.2.11 Islington residents are fairly well-qualified compared to the London average: 73.0% have National Vocation Qualification (NVQ) Level 4 or above, compared to 57.6% for London as a whole (Figure 3.6). Rates of NVQ Level 4+ are higher in Islington than in Hackney, Lambeth and Southwark, but lower than in Camden.

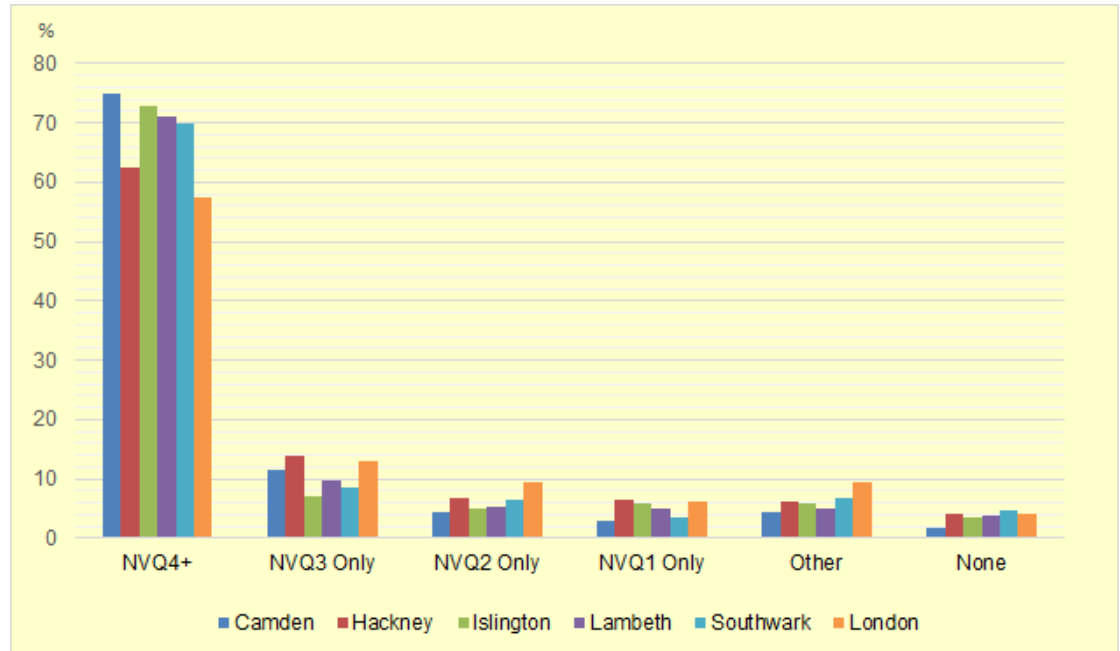
3.2.12 Employment in Islington has grown strongly since 2006 (Figure 3.7). It has grown less than Hackney and Lambeth; but more strongly than Camden and Southwark. While Islington's job base grew by almost 30,000 between 2005 and 2015, Hackney and Lambeth created 47,600 and 57,800 additional jobs, respectively.

3.2.13 The level of growth in employment should be seen alongside the population data presented above, and further underscores the point made there about growing pressure on the Borough's land markets. With both more residents and more jobs, there is an inevitable competition for space which planning policy has to address.

³⁰ ONS (2015) *Annual Population Survey 2015*

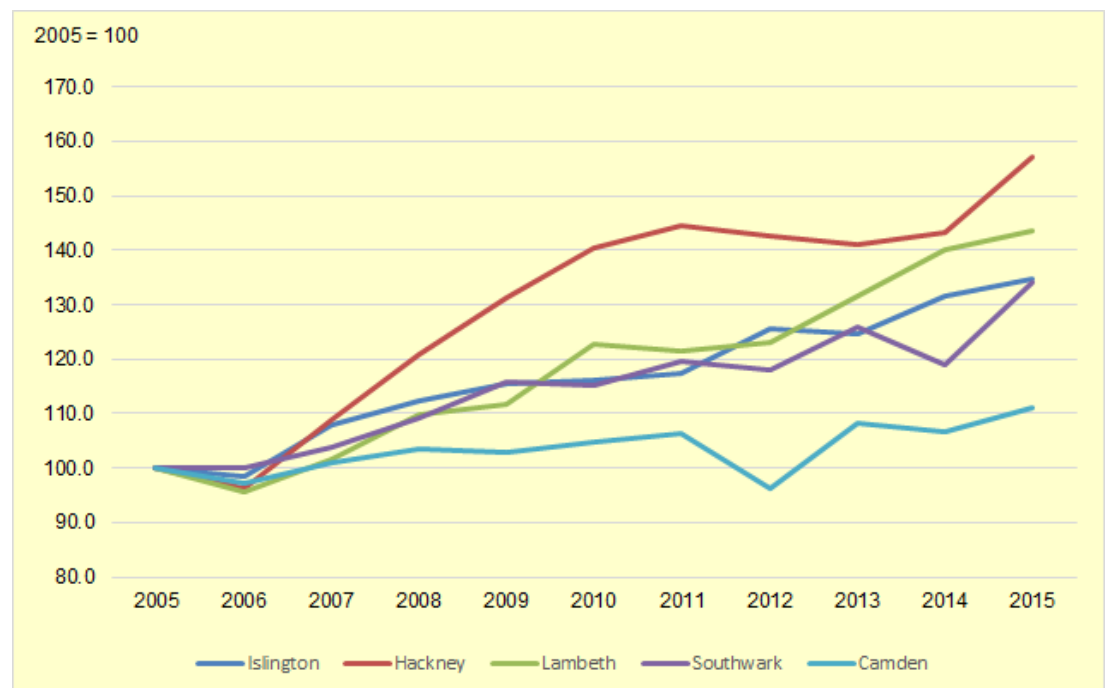
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Figure 3.6 Percentage of working age population qualified at each NVQ level



Source: ONS/London Data Store

Figure 3.7 Index of employment growth for selected boroughs, 2005-15



Source: ONS (2015) *Annual Population Survey*

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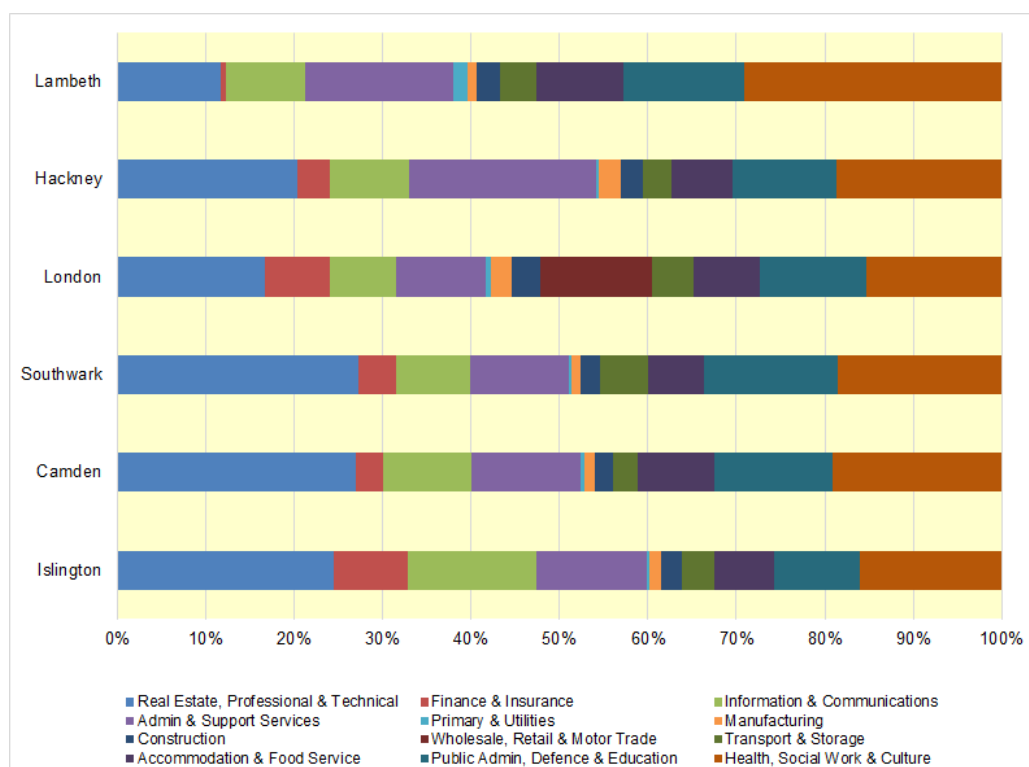
3.2.14 The ratio of the number of jobs in the Borough to the working-age population is relatively high in Islington. In 2013, the 'job density' ratio for Islington was 1.36. This is on a par with Hackney and compares to Camden's 2.15. By contrast, Lambeth (0.72) and Southwark (1.17) are both lower, as is the London average (0.93).³¹ The Islington figure is consistent with net in-migration of workers from outside Islington since the Borough is, on balance, more a destination for employment than a pool of labour for London as a whole (see Section 3.4).

3.3 Economic structure

3.3.1 The industry sectors employing Islington's residents are fairly similar to those in the other comparator boroughs (Figure 3.8). The greatest difference is that Islington has a much higher concentration of jobs in Information & Communications, reflecting its role in supporting the digital and creative clusters in the area. The Borough is comparatively under-represented in Public Administration, Defence and Education. A breakdown of the more relevant sectors is given in Appendix 1.

3.3.2 Islington has concentrations of employment in the Information & Communications and Real Estate, Professional & Technical Services sectors, with location quotients of 1.8 and 1.4, respectively (compared to all London). In the Admin & Support Services and Finance & Insurance sectors, it has location quotients of 1.2 and 1.1, respectively. While the Borough is under-represented in other sectors, its over-representation is in those sectors that are experiencing strongest growth, with implications particularly for the Borough's CAZ office market.

Figure 3.8 Sector breakdown of employment for Islington residents



³¹ NOMIS Job Density 2013

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Source: BRES (2014) *Employment by Sector, London, 2013*

3.3.3 Islington has concentrations of employment in the Information & Communications, and Real Estate, Professional & Technical Services sectors, with location quotients of 1.8 and 1.4, respectively (compared to all London).³² In the Admin & Support Services and Finance & Insurance sectors, it has location quotients of 1.2 and 1.1, respectively. While the Borough is under-represented in other sectors, its over-representation is in those sectors that are experiencing strongest growth, with implications particularly for the Borough's CAZ office market.

3.3.4 LB Islington identify a number of characteristics of the sector make-up of the local economy.³³

- **Real Estate, Renting and Business Activities** Represents 2,868 (28%) businesses in Islington and 52,018 (30%) employee jobs. It is ranked 1st for number of employee jobs.
- **Financial Intermediation** Represents 260 (3%) businesses in Islington and 21,280 (12%) Islington's jobs. It is ranked 2nd for number of jobs in Islington. This sector is characterised by a small number of companies that employ large numbers of people.
- **Health and Social Work** Represents 897 (9%) businesses in Islington and has 19,735 (11%) of Islington's jobs. It is ranked 3rd for number of employee jobs in Islington. Between 1999 and 2010 employment grew by 104%.
- **Manufacturing** Represents 854 (8%) of businesses in Islington and has 16,566 (9%) of Islington's jobs. It is ranked 4th for number of employee jobs.
- **Wholesale and Retail Trade; Repair of Motor Vehicles** Represents 1,531 businesses (15%) in Islington and 14,813 (8%) jobs. It is ranked 5th for number of jobs in Islington.

3.3.5 The sector breakdown is helpful to understanding the economic structure of Islington, but it does not explain the nature of work taking place. We have included in Appendix 2 a table that sets out those activities in Islington in which more than 1,000 employees are engaged, and also in which Islington is relatively over-represented compared to London average. The table shows, for example, that Islington has high representation in banking, employment agencies, management consultancy, social work and telecommunications.

3.3.6 A review of large private sector and charity employers (defined here as those with more than 100 staff) identified a number within Islington as a whole. However, beyond the CAZ there are just nine firms (Figure 3.9), a number of which are in the CAZ fringe. For comparison, a similar analysis for just a sample firms with more than 100 staff *within* the CAZ is provided in Figure 3.10.

³² BRES (2014) *Employment by Sector, London, 2013*

³³ LB Islington (2013) *Labour Market Analysis: Islington & London*

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Figure 3.9 Large employers (>100 staff), Islington non-CAZ, 2015

Company	Address	Jobs	Broad Sector
Scope	Market Road	250	Admin & Support Services
Pan Macmillan Ltd	20 New Wharf Road	250	Information & Communication
Gratte Brothers Ltd	2 Regents Wharf	196	Construction
Wolff Olins Ltd	10 Regents Wharf	170	Professional, Scientific & Technical
Nathaniel Lichfield & Partners Ltd	Regents Wharf	168	Professional, Scientific & Technical
Phaidon Press Ltd	18 Regents Wharf	131	Information & Communication
Delta Galil Europe Ltd	4-10 North Road	126	Wholesale & Retail
Corelogic Ltd	18-26 Essex Road	115	Information & Communication
Kier Building Maintenance	33-37 Brewery Road	108	Construction

Source: TBR

Figure 3.10 Large employers (>100 staff), Islington CAZ, 2015

Company	Address	Jobs	Broad Sector
Slaughter & May	1 Bunhill Row	1,000	Legal
Emrise Services Plc	186 City Road	762	Security Services
RM (International) Ltd	148 Old Street	750	Secretarial Services
Trowers & Hamlins LLP	3 Bunhill Row	628	Legal
EC Harris (Arcadis)	34 York Way	621	Engineering
IMS Health Group Ltd	210 Pentonville Road	600	Professional, Scientific & Technical
Deloitte LLP	49 Clerkenwell Green	200	Accountancy
Amec Group Ltd	207 Old Street	350	Construction
Universal McCann	42-48 St John's Square	350	Advertising
Customs & Excise	Angel Square	350	Public Sector

Source: TBR

3.4 Labour market and travel-to-work

3.4.1 Over 28% of Islington workers live in the Borough, just under a tenth travel in from Hackney, and 7% from Barnet (Figure 3.10). A number of other boroughs each account for less than 5% of Islington's workers. Over 25% of Islington's residents work within the Borough, while another fifth work in the City of London, and 12% work in Westminster. In all, 70% work in Islington, City, Westminster and Camden.

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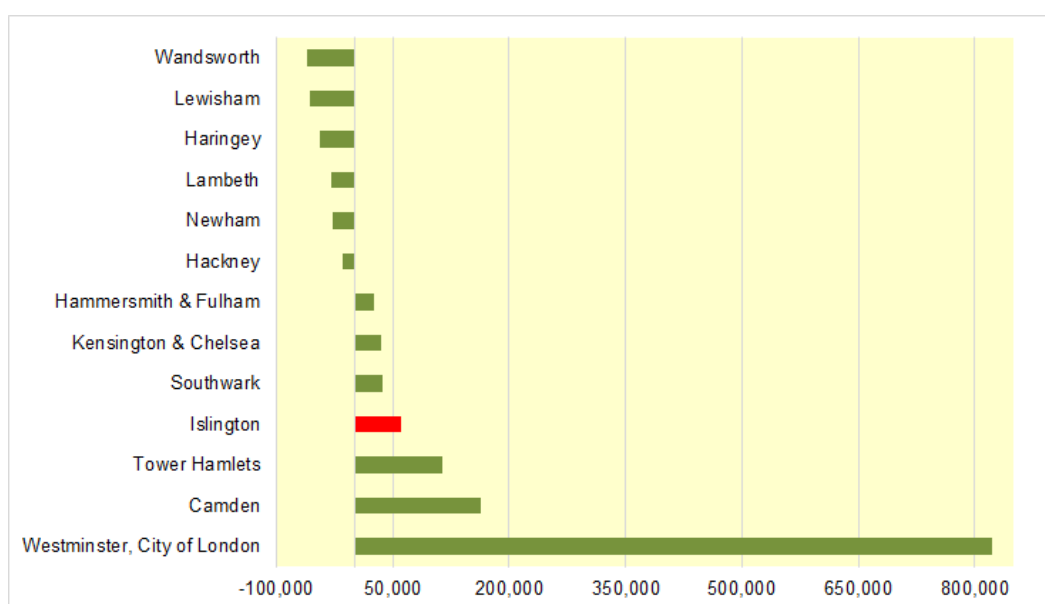
Figure 3.10 Travel-to-work analysis for Islington

Where Islington workers live	%	Where Islington residents work	%
Islington	28.2	Islington	28.4
Hackney	9.8	City of London	21.4
Barnet	7.4	Westminster	12.5
Camden	4.9	Camden	9.9
Haringey	4.6	Southwark	5.5
Enfield	4.2	Hackney	3.3
Southwark	3.5	Barnet	1.7
Waltham Forest	3.0	Tower Hamlets	1.7
Lambeth	2.4	Kensington & Chelsea	1.5
Other	32.0	Other	14.1

Source: Census 2011

3.4.2 In 2011, the average daily number of people travelling into Islington for work was 132,137; while the number travelling elsewhere was 71,375; yielding a net inflow of 60,653 (Figure 3.11).³⁴

Figure 3.11 Net inflow of employees to London boroughs



Source: ONS (2014)

3.4.3 This was the fourth largest inflow figure for Inner London, behind Camden, City, Tower Hamlets and Westminster. Nearby boroughs, including Hackney and Haringey, experienced daily net outflows of workers.

³⁴ ONS (2014) *Location of Usual Residence and Place of Work*

3.5 Firm structure

3.5.1 The project Brief called for analysis of the importance of start-up and micro/SME and similar businesses within the growing digital, creative media and any other relevant sectors, as a distinct component of Islington's economy.

3.5.2 At the start of 2012 London had 805,085 SMEs (Figure 3.12), a figure that had changed only marginally since 2002.³⁵ Within this overall number, there has been significant growth in the 0-4 person size group.³⁶ SMEs make up 99.8% of all London's private sector businesses; and employment in SMEs represents 49.8% of all London employment (including employee jobs and self-employment). SMEs account for 47.7% of business turnover (excluding the financial and insurance industry), equal to £430bn.

3.5.3 Within the overall SME picture, there has been a significant growth in the number of self-employed people. Self-employed people are defined as those who run their own businesses and take responsibility for success or failure; have several customers at the same time; can decide how, when and where they do their work, and are free to hire people to do the work for them.

Figure 3.12 Firm size breakdown, London, 2012

Firm size band	Business		All employment	
	Number	% of total	000s	% of total
No employees	615,995	76.4	660	14.6
Micro (1-4)	120,320	14.9	331	7.4
Micro (5-9)	36,645	4.5	247	5.5
Small (10-49)	27,185	3.3	520	11.5
Medium (50-249)	4,940	0.7	497	11.0
Large (250+)	1,345	0.2	2,277	50.0
Total	806,430	100.0	4,532	100.0

Source: Department for Business Innovation & Skills (2012)

3.5.4 There has thus been a major growth in self-employment in London over recent years. One of the outcomes of this process has been rising demand for space (and flexibility) that cannot be satisfied in the conventional leasing market. The rise of the flexible space market, largely a response to this growth dynamic, is explored more fully in Section 5.5.

3.5.5 A recent report from the Centre for Cities³⁷ examined the role that small firms play "in the city with the highest start-up rate in the UK and the most high growth firms – London". The report outlined a number of specific findings.

- Business density in London is highest in the city's core because of the benefits firms derive from being located close together.

³⁵ Department for Business Innovation & Skills (2012) *Business Population Estimates 2012*

³⁶ ONS (2014) *UK Business: Activity, Size and Location*

³⁷ Centre for Cities (2012) *Size Matters: the Importance of Small Firms in London's Economy*

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- Small firms that need to be near local consumers (small business-to-consumer firms) are spread across London matching the geography of their customer base. These firms account for 82% of London's small firm base.
- Small firms trading with other firms in London, nationally and internationally (small business to business firms), are concentrated in two areas: London's core and to the west, near Heathrow and national motorway links. These firms account for just 18% of all London's small firms but have the greatest potential to make a significant contribution to future jobs growth (because they are comparatively productive and they have access to large national and international markets).
- The popularity of the central core of the city has grown, leading to the city centre expanding into former 'fringe' areas. There is also pressure to convert commercial space into high value residential space in these areas.

3.5.6 Among its many recommendations, the Centre for Cities report suggested the following.

- Public sector bodies with property assets in central and western local authorities should work with business accommodation and service providers to review their property assets and ensure appropriate spare buildings and space are made available to small firms.
- Local authorities in London's core and to the west should seek to safeguard business accommodation occupied by small firms.

3.5.7 Figure 3.13 shows Islington's enterprises, broken down by sector and size band. It is clear from the chart that micro businesses (0-4 persons) predominate (which is true in most locations), but also that micro firms in Information & Communications and Professional, Scientific & Technical firms are by far the most dominant sub-sector of this group. The data underline the importance of start-up and micro businesses in the key growth sectors to Islington's economic prospects.

3.5.8 Islington has a smaller proportion of micro businesses (0-4) than comparator Inner London boroughs (Figure 3.14). Only Camden, City of London, Kensington & Chelsea and Southwark have fewer. Conversely, Islington has a higher proportion for firms in both the 20-49 and 50-99 size bands.³⁸ This suggests that while Islington has marginally fewer micro-businesses, it is comparatively successful in accommodating small firms with more than ten employees.

³⁸ ONS (2015) *UK Business Counts – Enterprises* August 2015

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Figure 3.13 Number of enterprises, Islington, by sector and size, 2015

Sector	0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
Agriculture, forestry & fishing	20	0	0	0	0	0	0	0	0
Mining, quarrying & utilities	20	0	0	0	0	0	0	0	0
Manufacturing	315	55	35	25	10	0	0	0	0
Construction	590	50	25	10	0	0	0	0	0
Motor trades	55	15	5	0	0	0	0	0	0
Wholesale	365	70	55	20	10	0	0	0	0
Retail	820	170	45	25	10	0	0	0	0
Transport & storage	115	20	10	0	0	0	0	0	0
Accommodation & food services	425	185	95	70	20	10	0	0	0
Information & communication	2,080	190	115	85	20	15	0	0	0
Financial & insurance	260	40	20	15	0	10	0	0	0
Property	420	80	40	5	0	0	0	0	0
Professional, scientific & technical	3,410	380	215	140	45	20	5	0	5
Business admin & support services	850	130	95	45	20	15	5	5	0
Public administration & defence	0	0	0	0	0	0	0	0	0
Education	145	30	20	20	5	5	0	0	0
Health	305	100	95	55	15	10	0	5	10
Arts, entertainment & other services	1,065	150	80	40	10	0	0	0	0
Total	11,260	1,665	950	555	165	85	10	10	15

Source: ONS (2015)

Figure 3.14 Size structure of enterprises, 2015

Size band	Camden	Hackney	Islington	Lambeth	Southwark
0-4	75.4	83.4	76.1	86.3	75.0
5-9	11.3	9.6	11.3	6.7	11.0
10-19	6.4	4.4	6.4	3.9	6.9
20-49	3.9	1.7	3.7	1.9	3.9
50-99	1.4	0.5	1.2	0.7	1.6
100-249	0.9	0.3	0.7	0.3	0.9
>250	0.6	0.1	0.6	0.3	0.7

Source: ONS (2015)

3.6 Competitiveness and functional economic area

3.6.1 The UK Competitiveness Index³⁹ benchmarks the competitiveness of UK localities. The benchmark uses a bundle of indicators including the following.

- **Input** Proportion of knowledge-based businesses; working age qualified to NVQ4; business registrations per 10,000 inhabitants; businesses per 1,000 inhabitants and economic activity rate.
- **Output** Working age employment rate; GVA per capita and productivity.
- **Outcome** Full-time weekly median pay and unemployment claimant rate.

3.6.2 The latest edition ranks Islington as the 7th most productive locality in the UK, above several other Inner London boroughs (Figure 3.15). As can be seen, the nine most competitive locations in the UK are all Inner London boroughs. Within this

³⁹ Huggins R & Thompson P (2013) *UK Competitiveness Index 2013* Centre for International Competitiveness

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group, Islington lost competitiveness between 2010 and 2013, slipping from fifth to seventh position.

Figure 3.15 UK Competitiveness Index, Inner London, 2010 and 2013

Inner London Borough	2010 Score	2010 Rank	2013 Score	2013 Rank	2010-2013 change
City of London	688.4	1	773.6	1	85.2
Westminster	202.5	2	203.4	2	0.9
Camden	160.9	3	160.0	3	-0.9
Southwark	125.1	10	145.1	4	20.0
Kensington & Chelsea	133.6	7	141.1	5	7.5
Hammersmith & Fulham	141.0	4	140.0	6	-1.0
Islington	137.5	5	131.6	7	-5.9
Tower Hamlets	137.1	6	131.2	8	-5.9
Wandsworth	129.1	8	126.5	9	-2.6
Lambeth	119.5	17	119.1	17	-0.4
Hackney	119.1	18	115.0	29	-4.1
Haringey	105.2	81	107.8	59	2.6
Lewisham	104.5	89	104.4	81	-0.1
Newham	95.7	196	101.5	105	5.8

Source: Huggins & Thompson (2013)

3.6.3 There are a number of different dimensions that can be considered when trying to assess the functional economic market area. These include product markets, supplier markets, labour markets, public service catchment areas and connectivity. For practical purposes the two indicators that probably best reflect the functional economic market area for Islington are the travel to work patterns and the property market that it operates within.

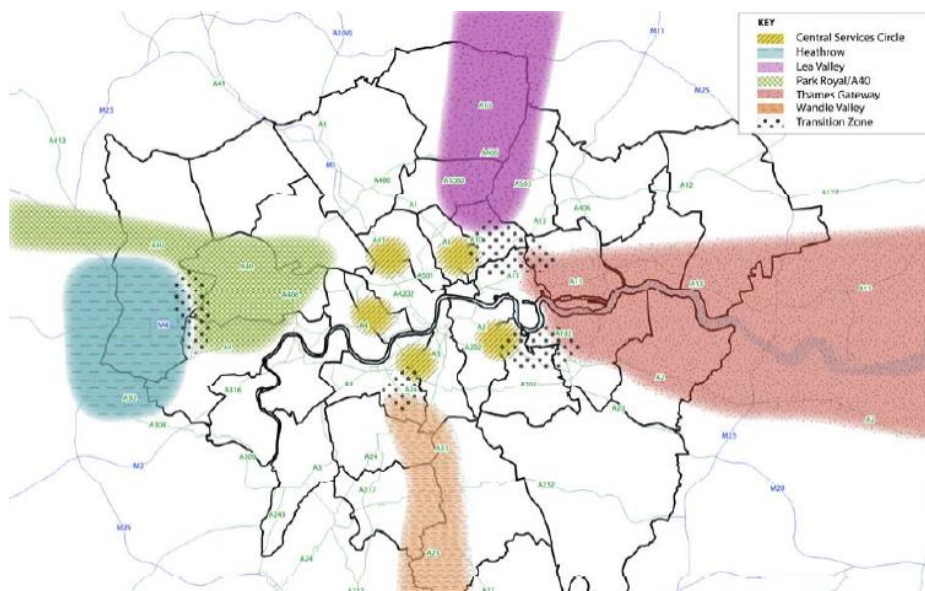
3.6.4 In policy terms, the Islington functional economic market area is readily addressed as Islington is part of the wider London economy and is functioning within the economic context of the London Plan. The *Industrial Land SPG* and *London Office Policy Review 2012* both help to provide guidance to ensure that the supply of industrial land and offices in London are considered in the context of neighbouring boroughs.

3.6.5 The sub-regions of London provide further parameters for this. Islington is part of the Central London sub-region and is also part of Inner London. We have taken this into account in benchmarking and assessing Islington's performance.

3.6.6 Perhaps most significantly in terms of planning for employment land, Islington's southern area forms part of London's CAZ. As set out in Chapter 2.0, the CAZ contains economic activity underpinning the capital's global city role and it is within this that LB Islington should seek to ensure it provides for these unique functions that are so important to the London and national economy.

Figure 3.16 provides another perspective on functional economic areas, illustrating principal property market areas for industry and warehousing. Note that functional economic areas for office and industrial uses are different, but properly defined by GLA designations.

Figure 3.16
London's principal property market areas for industry and warehousing



Source: GLA (2012) Land for Industry and Transport SPG

3.7 Summary

3.7.1 Islington sits within the Central sub-region of London, and its southern area forms part of the CAZ. The Borough therefore forms an integral part of London's global city role, and has directly shared in its economic transformation over recent decades. As a result, employment space is not evenly distributed throughout the Borough, with office stock largely concentrated south of the Pentonville Road/City Road arterial route.

3.7.2 Growth of employment in the CAZ in recent years, together with a sharp rise in London's population, have combined to place particular stress on the land market in Islington. Land values have risen rapidly, and this has led to growing competition for space between residential and commercial property markets, both within CAZ and throughout the Borough. Over recent years, the pressure for residential development has been such that it has, generally, outbid commercial development (Islington experienced the third highest population growth among London boroughs between 2008 and 2014). Consequently, Islington has experienced a major loss of employment land to housing over the past decade. This has particularly affected 'industrial' property and the job profiles associated with such accommodation.

3.7.3 The loss of employment floorspace has been counter-balanced by an increase in job numbers (see below) which has been made possible through the intensification of existing employment land. It is, however, recognised that this cannot by itself sustain employment growth in the long-term.

3.7.4 Employment has grown strongly in Islington: the job base grew by almost 30,000 between 2005 and 2015. The Borough's workforce is comparatively well

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qualified, and comparatively well represented in more skilled occupations. The ratio of the number of jobs in the Borough to the working-age population is relatively high. Islington has a higher concentration of jobs in Information & Communications than other boroughs, reflecting its role in supporting the digital and creative clusters in the area. It is also well represented in Real Estate, Professional & Technical Services.

3.7.5 Latest GLA forecasts suggest that employment in Islington will grow from 217,000 in 2015 to 273,000 in 2036, a growth of 25.8%. Islington also has a strong net inflow of employees.

3.7.6 Since 2005 London's SME population had not grown greatly, although the sub-group of micro businesses (0-4 persons) has done so. Within Islington also, it is clear that micro businesses predominate. Moreover micro firms in growth sectors including Information and Communications and Professional, Scientific and Technical firms are by far the most dominant sub-sector of this group. This underlines the importance of start-up and micro businesses in the key growth sectors to Islington's economic prospects.

3.7.7 The UK Competitiveness Index benchmarks the competitiveness of UK localities. The latest edition ranks Islington as the 7th most productive locality in the UK, above several other Inner London boroughs.

4.0 Development of employment land

4.0.1 This Chapter presents an overview of B-use premises within Islington. The discussion highlights the changes to stock arising from developments consented through the full planning process, and via the current mechanism of prior approval.

4.0.2 In May 2013, the Government introduced an extension to PDR to allow B1(a) office space to be converted to residential without the need for planning permission, subject to prior approval to consider the impact of the proposed development in relation to highways and transport, flooding and contamination. At the time that the study was undertaken, the prior approval was only temporary and due to expire in 2016. In late 2015, The Government announced that the right would be made permanent as well extending it to allow up to 500 sq m of B8 space to be converted to residential on the basis of prior approval.

4.0.3 It should be noted that 33 schemes with prior approval were completed in the period 2013-2015⁴⁰, this compares to 148 under the full planning process over the same period.

4.1 Overview

4.1.1 In common with most London boroughs – and Inner London particularly – the London Borough of Islington has seen its employment land come under intense and continuous pressure for conversion to other uses, in particular to residential.

4.1.2 The analysis considers changes to B-use space via the following regimes:

- Additions and removals of space through the full planning regime – completed schemes.
- Additions and removals of space through the full planning regime – pipeline schemes, i.e. those that have been consented but not yet completed.
- Removals of space through the prior approvals route – completed schemes. Note this only allows for employment space to be removed.
- Removals of space through the prior approvals route – pipeline schemes, i.e. not yet completed.

4.1.3 Across the borough we can see that employment space is being lost, even if this is not apparent from current completions (Figure 4.1). We can see that completions through the full planning process have resulted in a net gain in B1 space, whereas B2 and B8 premises have been lost. A similar pattern holds for those projects still in the pipeline. However, the situation arising from the prior approval process is solely negative in terms of B1 space. The limited gains already achieved via the full planning process have all but been eradicated, whereas twice as much space will be lost as gained, once the pipeline is completed.

4.1.4 It should also be noted that the prior approvals process was only introduced in May 2013, so it had been in effect for a maximum of two years, when the analysis was undertaken. This compares to 10 years for the full planning process. The implication is clear; the prior approval process is depleting the current B1 space at

⁴⁰ 'All data in this section has been compiled from the LBI Development Monitoring System (CdpSmart), covering the period between April 2005 and June 2015'

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pace. From this analysis alone, it would appear that the application of PDR has gone beyond the conversion of supposedly redundant employment and is now impacting space housing active businesses generating valuable jobs and output.

Figure 4.1 Overview of change in B-use space, 2005-2015

Process	Net B1 change (sq m)	Net B2 change (sq m)	Net B8 change (sq m)	Total residential units
Full planning process - completions	10,910	-29,081	-76,594	7,418
Full planning process - pipeline	28,208	-3,061	-17,026	3,803
Prior approval – completions	-9,931			119
Prior approval - pipeline	-45,531			619
Total	-16,344	-32,142	-93,620	11,959

4.1.5 To help investigate the scale of change of use from employment premises ("B-use"), the Borough provided data detailing schemes with existing or proposed B-uses, both complete and in the pipeline (whether started or not started). The Borough highlighted some issues with the data, especially incomplete older records. Having inspected the data, we are satisfied that any minor errors have no significant impact on the results.

4.2 Schemes consented through the full planning process

4.2.1 In this section we review changes to B-use space effected through the full planning process over the period 2005 to 2015. The analysis is in two parts.

- A review of completed projects.
- A consideration of projects that have been consented but not yet completed, referred to as the pipeline.

Completed projects

4.2.2 Looking at geographical distribution first, other than the widespread loss of B-use space generally, the most notable feature is the gain of B1 in the south of the Borough (Figure 4.2). Arguably this is not surprising, since the two southern wards – Bunhill and Clerkenwell – are both within the CAZ, adjacent to the City of London and its concentration of financial and professional services, while Bunhill is part of the emerging technology sector commonly known as Tech City.

4.2.3 A closer look at the data reveals some concerns even here: Bunhill ward's net gain of 29,236 sq m between 2005 and 2015 should be seen in the context of the completion of a single development, Ropemaker Place, which added a net 47,000 sq m on its own. Aggregate figures should not mask that even where there is clear demand for business space, an element of "two steps forward, one step back" is evident. Further, the net gain in Caledonian ward is largely accounted for by the completion of the Guardian headquarters (King's Place) on York Way.

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4.2.4 The central wards of Finsbury Park, Holloway and Highbury West have been significant losers of B1 space, adding to an impression that office space is "migrating" to the south of the Borough.

Figure 4.2 Schemes consented through the full planning process, 2005-2015, by ward

Ward	Number of schemes	Net B1 change (sq m)	Net B2 change (sq m)	Net B8 change (sq m)	Total residential units
Barnsbury	52	5,965	-2,035	-4,773	331
Bunhill	208	29,236	2,252	-15,343	1,513
Caledonian	60	44,460	-2,070	-9,349	358
Canonbury	25	-1,375	-1,300	-35	143
Clerkenwell	92	13,489	-1,075	-1,941	190
Finsbury Park	67	-12,838	-429	-586	494
Highbury East	35	-5,312	-4,543	-1,245	369
Highbury West	43	-17,702	-11,131	-20,152	1,251
Hillrise	6	-64	-540	405	81
Holloway	38	-7,318	-5,325	-7,668	1,385
Junction	22	-2,848	-1,256	-2,883	70
Mildmay	20	-2,991	-661	-602	204
St George's	9	-785	-723	-852	70
St Mary's	76	-9,832	-690	-369	282
St Peter's	62	-15,004	0	-10,658	567
Tollington	33	-6,171	445	-543	110
Grand Total	848	10,910	-29,081	-76,594	7,418

4.2.5 When it comes to B2 and B8 stock, the story is almost exclusively one of loss. According to ONS data, Islington's stock of warehouses and factories was 810,000 sq m in 2000; 531,000 sq m in 2005 and 374,000 sq m in 2012: a loss of 436,000 sq m over a twelve year period (Figure 5.9 shows this trend graphically, compared to other London boroughs).

4.2.6 Not all of the loss of B-use space has been to residential use. For example, in Highbury West, the development of the new Arsenal Stadium accounted for a significant loss and it can reasonably be argued that a global brand like Arsenal Football Club adds considerably more to the area than it takes away. Against this must be weighed the fact that many of the displaced business were local SMEs.

4.2.7 Similarly, Bunhill ward has also been a heavy loser of B8 space (although a modest gainer of B2 space), and completion data demonstrate that much of this has been lost to office development.

4.2.8 If media reports were a reliable guide then we could be forgiven for thinking that the erosion of employment land is a new phenomenon. But looking at time series data shows that this is simply not the case (Figure 4.3). In no year since 2005 has there been any net addition to B8 stock and only trivial net additions to B2 stock, while close to 7,500 new residential units were built – with no particular bias towards recent years.

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4.2.9 But what is more notable still is that, if Ropemaker Place were removed from the 2009 completions, and King's Place from 2008, then the apparently positive picture shown for the south of the Borough almost completely evaporates: just two buildings have buoyed the entire completions data, and these are now more than five years complete. In almost every location, Islington has seen large-scale and continual attrition of not just its B2 and B8 space, but also its office base.

Figure 4.3 Schemes consented through the full planning process, Islington, 2005-2015

Year	Number of schemes	Net change B1, Sq M	Net change B2, Sq M	Net change B8, Sq M	Total residential units
2005	91	9,856	-1,813	-1,466	386
2006	99	-9,780	-6,100	-24,334	948
2007	85	-22,372	-12,560	-7,749	1,084
2008	103	4,714	-3,589	-8,811	1,562
2009	89	43,306	-304	-5,097	402
2010	74	8,153	-2,090	-1,141	656
2011	76	-13,231	-2,028	-9,950	375
2012	83	-4,293	49	-7,607	1,107
2013	80	-7,792	-313	-7,407	699
2014	50	166	0	-2,784	183
2015	18	2,183	-333	-248	16
Total	848	10,910	-29,081	-76,594	7,418

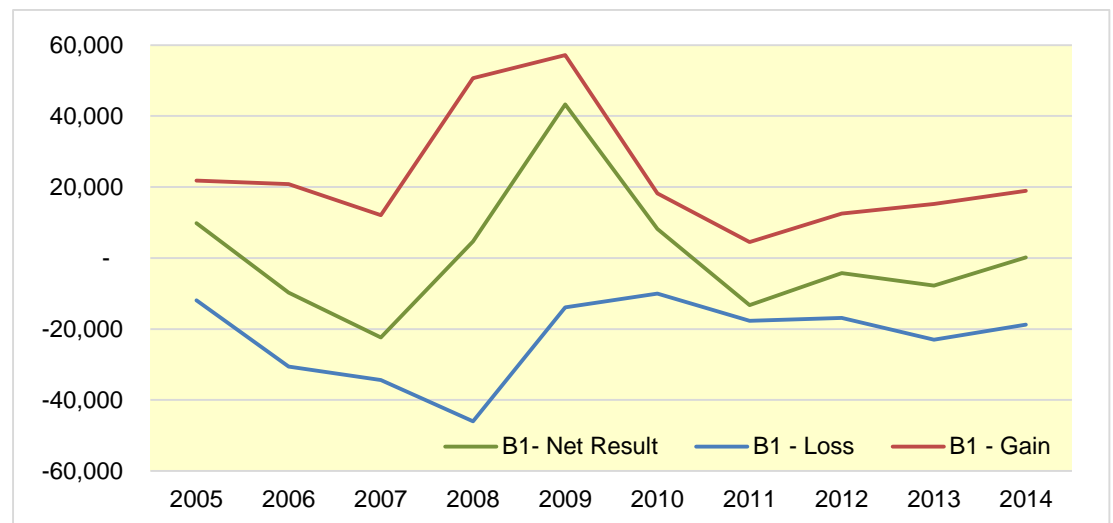
4.2.10 This overall picture of lost stock is demonstrated in Figure 4.4. This shows that while development has added to the overall stock of B1 space, it is countered by losses: in the absence of new development, there will be a net loss of B1 space.

4.2.11 It should be stated that, given the length of time over which B2 and B8 space in particular have been lost, and taking into account similar patterns in other Inner London boroughs, a reasonable case can be made that what we are seeing is industrial restructuring. Modern logistics firms, for example, have a preference for "big sheds", which are very difficult to accommodate in inner urban areas, both in terms of making land available and of the capacity of the local road network to cope.

4.2.12 It is worth emphasising at this point that the industrial restructuring referred to above has been underway for many years and reflects changes in the wider UK economy, and its shift towards a largely serviced based one. Particularly in inner city areas such as Islington, this has taken the form of widespread closure of firms, leaving a legacy of buildings and land. Much of the stock has long since been converted to other uses; although the overall process continues to this day, and is being exacerbated by pressure to release industrial land for residential development. In some areas (see Chapter 6.0), it is evident that some obsolete industrial space has been successfully converted to employment space in the form of business centres and hybrid space.

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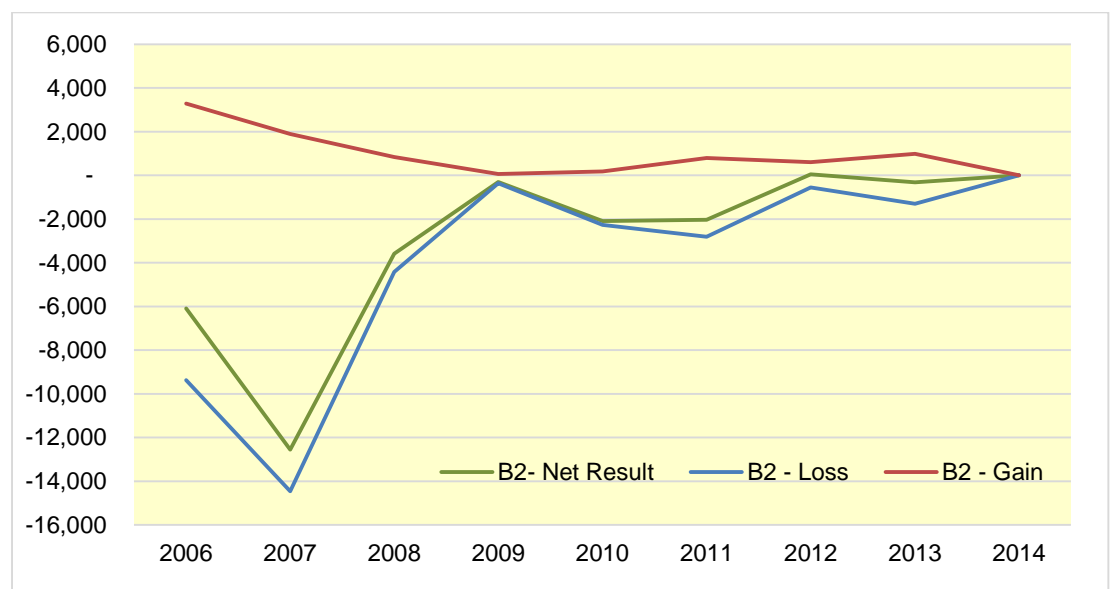
Figure 4.4 Changes to B1 space, year-by-year, 2005-2014⁴¹



Source: TBR (WTS7 S1 2.2)

4.2.13 While the development of more than 7,000 residential units shows one source of competition, there are other factors in play not readily captured in planning data. The dynamics of the changes in B2 and B8 space are shown in Figures 4.5 and 4.6.

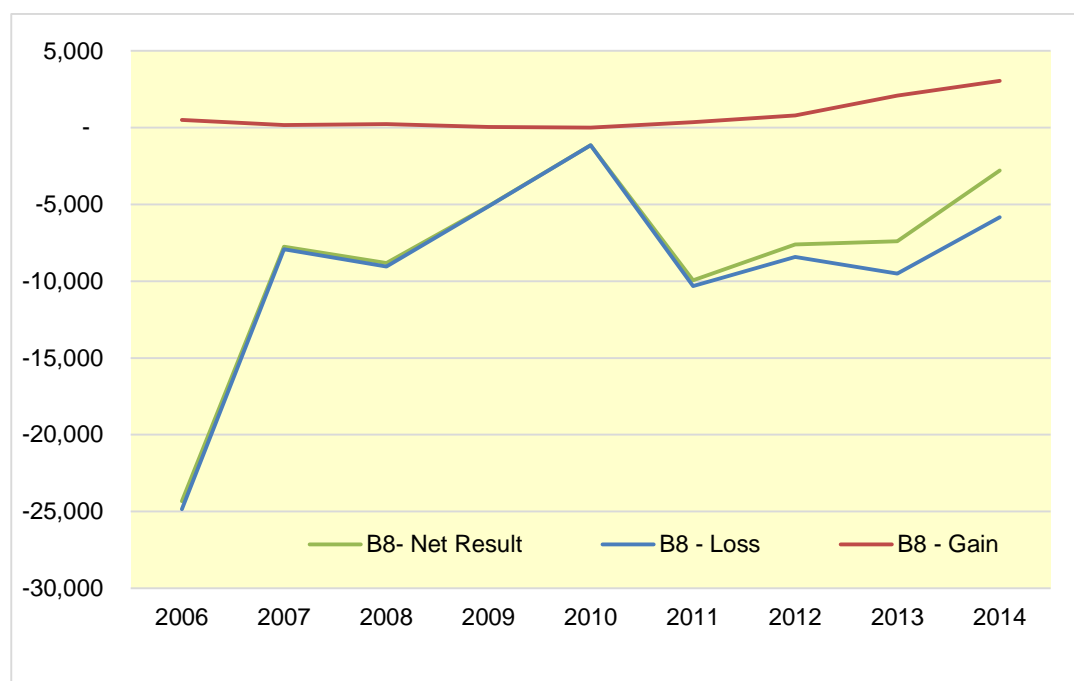
Figure 4.5 Changes to B2 space, year-by-year, 2005-2014



Source: TBR (WTS7 S1 2.3)

⁴¹ Note, the analysis of changes in space have been undertaken for the full years 2005 to 2014 as data for only part of 2015 was available at the time.

Figure 4.6 Changes to B8 space, year-by-year, 2005-2014



Source: TBR (WTS7 S1 2.4)

4.2.14 Figure 4.6 shows a not dissimilar situation to B2, although there is some sign that a limited amount of new space has been added over the past few years.

Pipeline projects

4.2.15 Looking forward (Figure 4.7), the pipeline shows that only Bunhill and Clerkenwell are set to see net additions on any significant scale, although it is notable that Bunhill ward's net addition of B1 (including B1 a, b and c) is inflated by a single 36,000 sq m development at 70-100 City Road (White Collar Factory), while two schemes on Farringdon Road constitute the bulk of Clerkenwell's prospective net addition of B1 space.

4.2.16 It is difficult to resist the conclusion that the relatively modest loss of B2 space in the pipeline is a consequence of most of it having already been lost to other uses. The loss of B8 space in Finsbury Park is also a cause for concern because this locale has a very well established and visibly successful rag trade cluster near the London Fashion Centre and anything that threatens this – such as loss of supply of cheap space – should be closely monitored.

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Figure 4.7 Schemes consented through the full planning process, pipeline

Ward	Number of schemes	Net B1 change (sq m)	Net B2 change (sq m)	Net B8 change (sq m)	Total residential units
Barnsbury	11	2,147	0	-465	158
Bunhill	32	12,036	0	-2,244	1,015
Caledonian	14	-623	212	-569	60
Canonbury	0	0	0	0	0
Clerkenwell	38	36,005	-1,144	-7,064	378
Finsbury Park	14	-552	0	-2,740	381
Highbury East	6	1,035	0	-140	21
Highbury West	3	28	0	-137	735
Hillrise	3	-1,507	-1,200	0	54
Holloway	5	574	-597	317	13
Junction	7	-8,497	0	-122	11
Mildmay	5	-1,044	0	-725	21
St George's	3	-1,049	0	-138	41
St Mary's	9	-4,816	-332	-329	288
St Peter's	14	-5,127	0	-2,627	618
Tollington	4	-402	0	-43	9
Grand Total	168	28,208	-3,061	-17,026	3,803

4.3 Schemes consented through prior approval

4.3.1 In this section we review the impact of the prior approval process brought into use through the extension of the PDR in 2013. This section refers to B1(a) only.

Completed projects

4.3.2 During the period 2005-2013, 33 schemes with prior approval were completed. These involved the loss of just under 10,000 sq m of B1a space. It can also be seen that the 'grain' of losses varies widely. For example, one loss in St George's saw 1,380 sq m disappear; while in St Mary's 14 scheme losses averaged just 247 sq m; and three scheme losses in Junction averaged 778 sq m.

Pipeline projects

4.3.3 The pipeline shows the continuing impact of prior approvals. There are nearly six times as many residential units proposed compared to the historic data; and these will involve the loss of five times as much B1(a) space as in the previous decade (again, no other B uses were impacted), as seen in Figure 4.9.

4.3.4 The number of schemes remains relatively modest, and it is worth noting that a single ward accounts for 266 new residential units of 619 across the Borough, and these are in just two schemes: Archway Tower and Hill House on Highgate Hill.

4.3.5 PDR has had a relatively limited impact in Islington thanks in part to the fact that its most intensively occupied business area, the part of the Borough in CAZ, has been exempt. Even so, the uptick in the number of schemes, together with their

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increased typical size, is indicative of the pressure on employment land from the housing market.

Figure 4.8 Completed schemes consented through prior approval, 2013-2015

Ward	Net change B1a (sq m)	Number of schemes	Residential units built
Canonbury	-161	1	2
Finsbury Park	-872	7	10
Holloway	-303	2	4
Junction	-2,333	3	44
St George's	-1,380	1	8
St Mary's	-3,453	14	34
St Peter's	-1,356	4	16
Tollington	-73	1	1
Total	-9,931	33	119

Figure 4.9 Schemes through prior approval, pipeline

Ward	Net change B1a (sq m)	Number of schemes	Residential units proposed
Barnsbury	-3,393	4	29
Caledonian	-4,288	5	36
Canonbury	-2,306	3	64
Finsbury Park	-3,276	5	38
Highbury East	-2,995	2	42
Highbury West	-2,680	6	42
Holloway	-386	2	7
Junction	-16,987	2	266
Mildmay	-212	2	5
St George's	-3,061	3	45
St Mary's	-4,515	10	34
St Peter's	-1,319	2	10
Tollington	-113	1	1
Total	-45,531	47	619

4.3.6 But this pressure is far from new and far from limited to schemes eligible for prior approval. Looking at consented through the full planning process is to look at the bulk of development activity.

4.4 Overall changes in B-use space

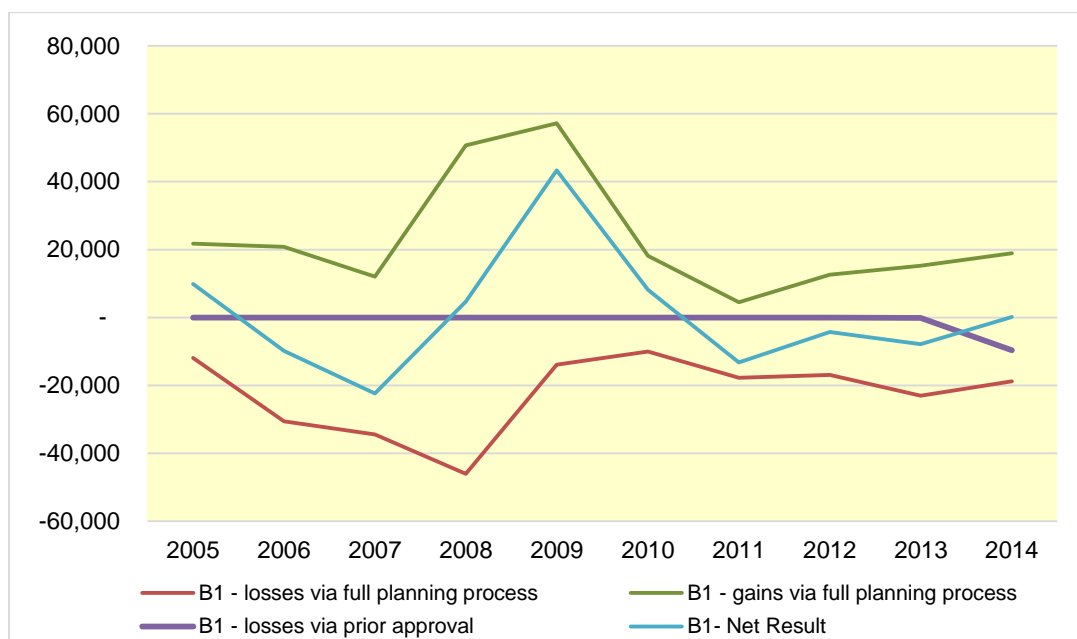
Completed projects

4.4.1 Once the data for schemes processed through the full planning process and via prior approval are combined, a fuller view of the change can be seen (Figure 4.10). This would seem to demonstrate net losses of B1 space in most years with net additions in some years. The chart suggests the additional space achieved through the planning system in 2014 was offset by the combined losses, resulting in

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no overall change. In other words, without the effects of prior approval, there would have been a small net gain in office space.

Figure 4.10 Change in B1 space from completed schemes, 2005-2014



Source: TBR (WTS7 SA1)

Pipeline projects

4.4.2 When we turn to the future, and data for the pipeline schemes consented through the planning process and prior approval are brought together, a more extreme situation is encountered, as demonstrated in Figure 4.11. This chart seeks to set out the extent of net gains and losses to B1 space associated with schemes that have been consented, either through the full planning process or via prior approval, but which have yet to be completed. Some explanation of the chart is provided below.

4.4.3 There is little activity on the chart prior to 2012, as there were few historical schemes consented but still awaiting completion. In 2012, just over 32,000 sq m of new B1 space was approved, though 5,300 sq m of existing space was lost (red and blue lines respectively), showing a net position of 26,700 sq m (green line). PDR had yet to come into force so remained at zero (black line).

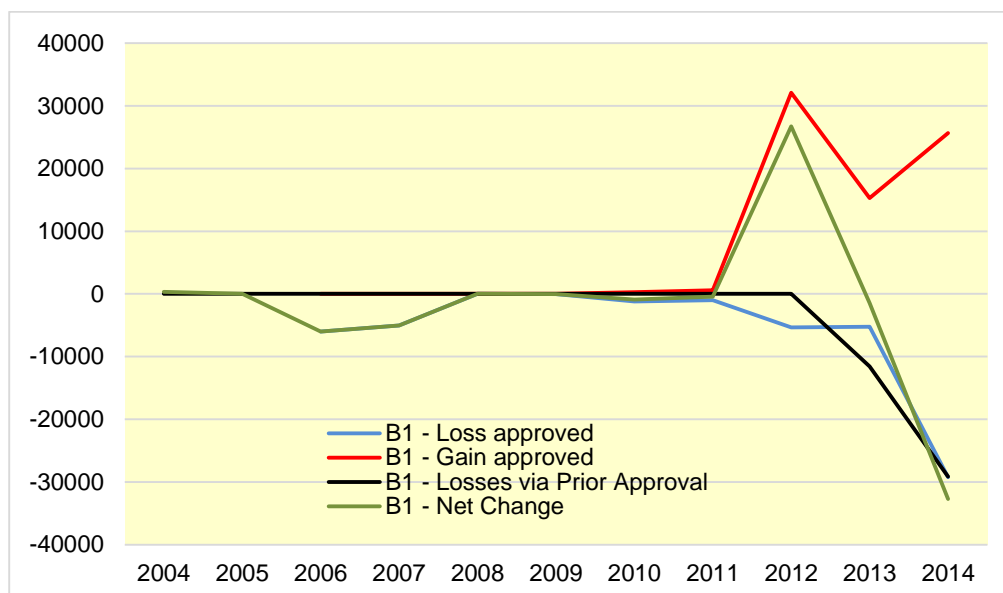
4.4.4 The following year, 2013, 15,300 sq m of new B1 space was consented and a further 5,200 sq m of existing space lost, giving a net gain of 10,100 sq m. However, 11,500 sq m were lost through prior approval following the extension of PDR in May, effectively wiping out all the new gains.

4.4.5 Despite an increase in approvals of new space in 2014 (25,600 sq m), losses of 29,200 sq m through the full planning system and 29,100 sq m via prior approval, there was an overall loss of 32,700 sq m of B1 space.

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4.4.6 The chart demonstrates the trajectory of net B1 space in the pipeline (green line). It is broadly at zero until 2012, when it rises reflecting a mix of new consents and some losses, thereafter the trend is heavily negative driven down by losses incurred through prior approval.

Figure 4.11 Net changes in B1 space through pipeline schemes, 2005-2014



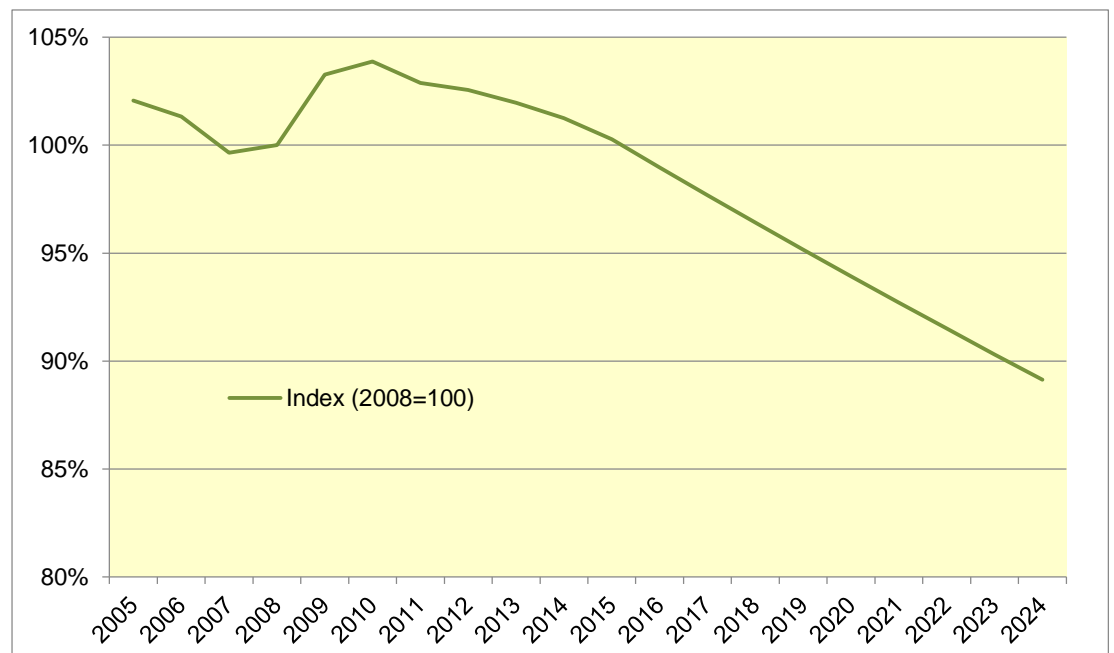
Source: TBR (WTS8 S6)

4.4.7 When the historical (completed schemes) data are combined with that of the pipeline and projected forward, the result suggests a major loss in B1 space, equivalent to 15% of current stock by 2024 (see Figure 4.12).

4.4.8 The analysis underlying the chart suggests an annual net loss rate of 1.3% of B1 space. Bearing in mind the multiple forces affecting development activities, it would seem to be realistic to suggest that B1 space would be lost within a range of between 1% and 1.5% per annum.

4.4.9 For B2 and B8 space there is no historical evidence to indicate the possible effects of extending PDR. All that can be said is that space has been consistently lost over the past ten years, and that this trend is likely to continue, with only the rate of loss being at question.

Figure 4.12 Projected net change in B1 space, 2005-2024



Source: TBR (WTS8 S3)

4.5 Summary

4.5.1 The analysis of changes in B space consented through the full planning process and prior approval show how office premises are being gained and lost, while factory and warehouse space is being lost with little or no replacement. The data show a very familiar pattern for Inner London and it seems very likely that, without the protection of the CAZ exemption, Islington would have lost considerably more of its employment space. Looking at the pipeline of projects, the rate of loss appears to be increasing. While in part this is a consequence of differential values between business space and housing, the idea that industrial restructuring is also a driver cannot be discounted.

4.5.2 We conclude this section with a series of maps (Figures 4.13 to 4.18) which give a visual sense of the scale and distribution of change in employment uses (combining schemes with and without prior approvals).

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Figure 4.13 Net change, B1, by ward, 2005-2014

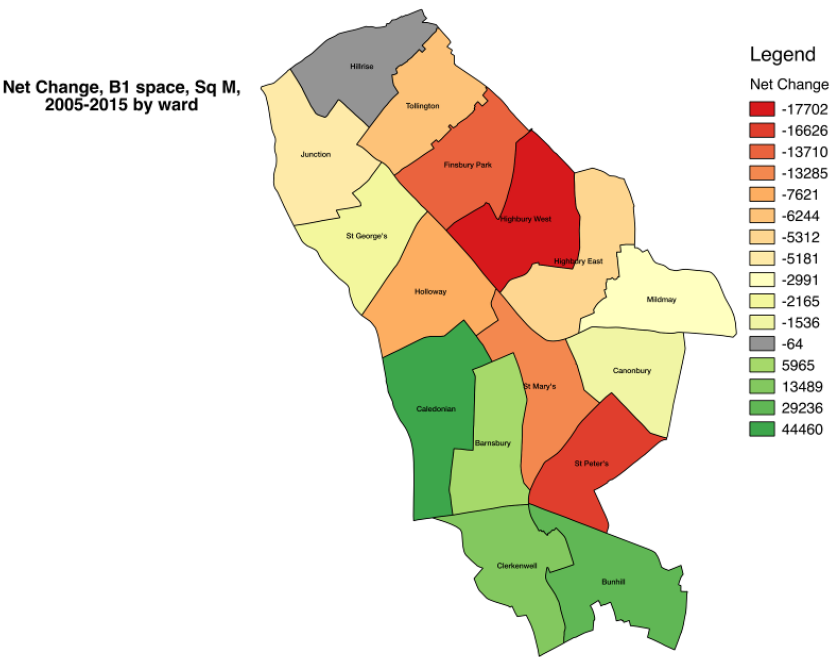


Figure 4.14 Net change, B2, by ward, 2005-2014

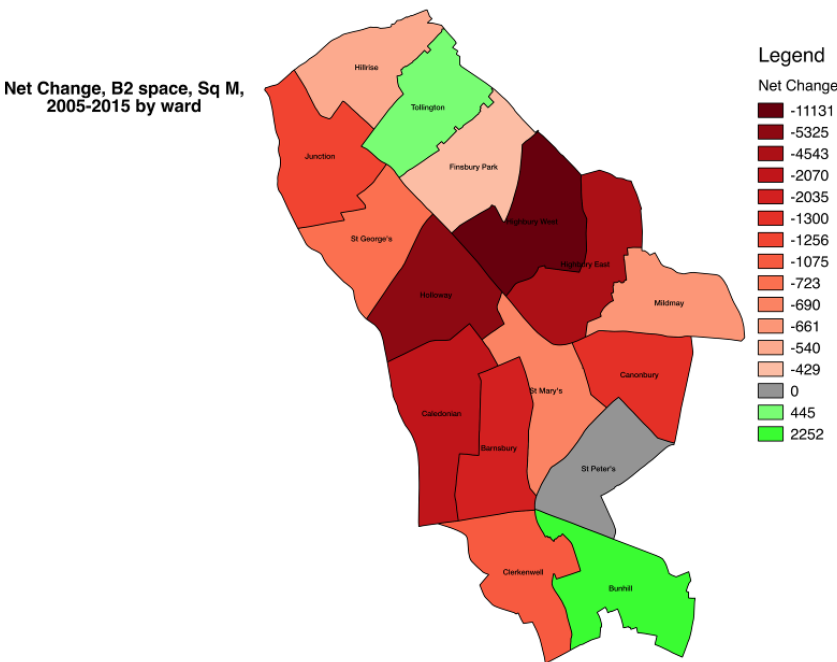


Figure 4.15 Net change, B8, by ward, 2005-2014

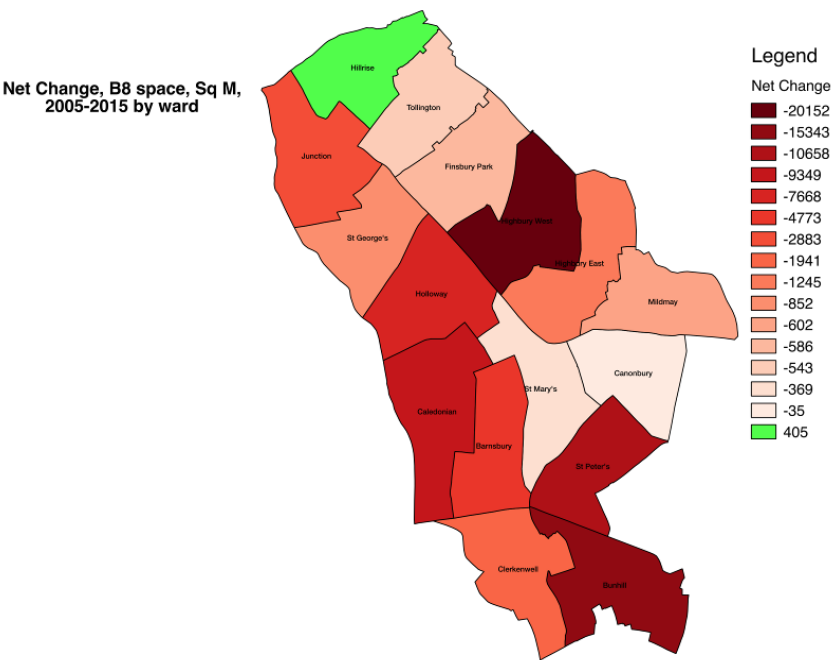
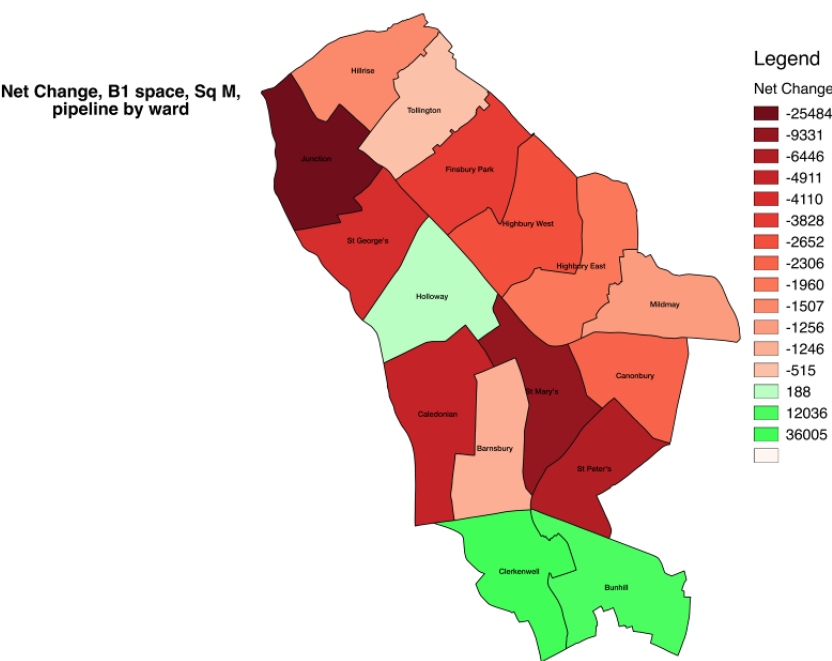


Figure 4.16 Net change – on completion, B1, pipeline, by ward



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Figure 4.17 Net change – on completion, B2, pipeline, by ward

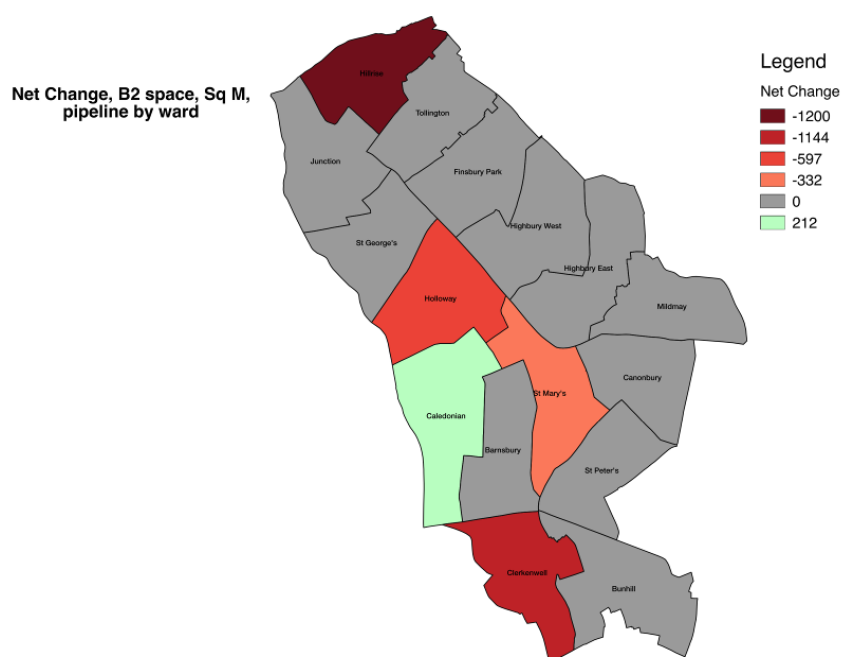
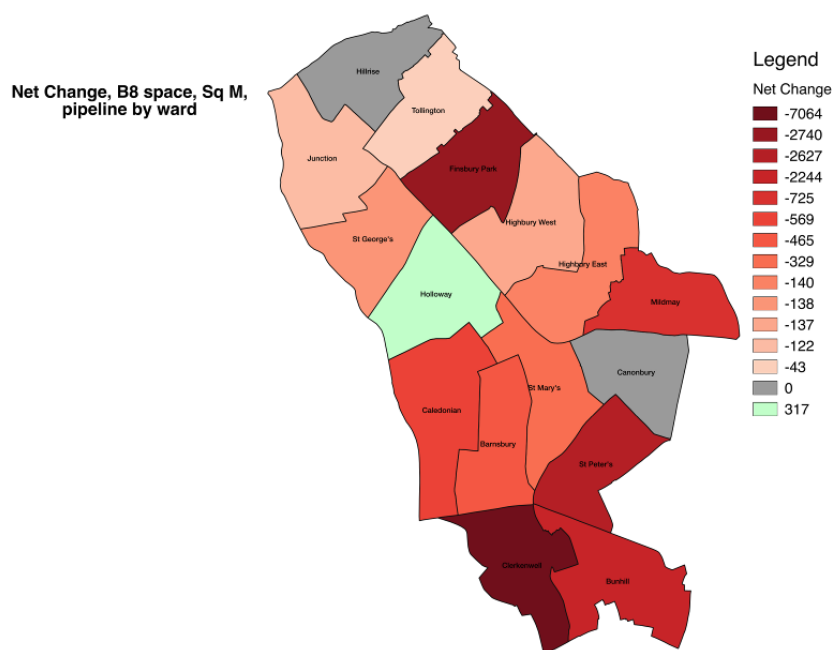


Figure 4.18 Net change – on completion, B8, pipeline, by ward



5.0 Commercial property market

5.0.1 In this Chapter we assess the dynamics of Islington's commercial property markets. We begin by providing some context in the form of a summary of the key central London office market trends. We then analyse the Borough's CAZ area and the rest of the Borough separately: the former is part of the central London office market which displays different dynamics compared to the area immediately beyond. We complete the Chapter with an overview of the flexible space market and an assessment of the importance of the Tech City phenomenon.

5.0.2 The part of Islington which lies within the CAZ has good rental and vacancy evidence, and a wide array of market reports paint a consistent picture which no agent we spoke to dissented from. We consulted various research bulletins, including those by Cushman & Wakefield; DTZ, JLL and Savills.

5.0.3 Non-CAZ areas are more problematic, not least due to the low level of transaction activity. For this area, we relied on input from agents active in the local market, and the evidence from our own survey work. Our practice is to consult agents on "Chatham House" principles, where no comment is attributable to a specific agent, because our experience is that they feel more able to speak freely. We have included a list of the firms consulted as Appendix 1. It is worth noting that the agents we consulted were sanguine about the low levels of leasing activity, principally because there was little shortage of investment transaction work – largely comprising of packaging up sites to sell to residential developers.

5.0.4 The level of vacancy outside of the CAZ is particularly difficult to verify. As well as discussions with the local agents, who were able to provide 'a market view' on the level of vacancy, we also used our Employment Site Assessment fieldwork to gather an understanding of the level of vacancy. A detailed survey of the LSIS produced an accurate impression of vacancy there.

5.1 Central London commercial property market context

5.1.1 London's commercial property market is undergoing a period of rapid change and evolution. The central area and its fringes are experiencing growth pressure, not least from the residential market. There is also a detectable change in business geography with some fringe areas attracting growth sectors and larger occupiers.

5.1.2 The level of choice, in terms of supply, is increasing, with large development magnets being created in locations such as Canary Wharf, King's Cross, Stratford and Vauxhall-Nine Elms. These will have a growing impact on the pattern of demand (take-up) across Inner London. The pressures on the B2 and B8 markets are also increasing, threatening the important role performed by off-centre markets in supporting central London's diverse economy.

5.1.3 **The nature of demand** Apart from the evolving geography of demand, there are also distinctive trends emerging in the way in which occupiers use built stock, with implications for markets across Inner London, including Islington. For offices in particular, there is a distinct change in the ways that firms occupy their buildings.

5.1.4 The corporate landscape is changing dramatically, and workplaces are increasingly being designed and managed so that they can react quickly to new

business priorities. The role of the workplace in supporting business agility and connectivity cannot be overstated with workplaces themselves becoming more team-based and collaborative. These trends are explored more fully in our recent work for the Corporation of London, *Future Workstyles*, *Future Workplaces*.⁴²

5.1.5 Workplace design and management is increasingly allowing occupiers to continuously adapt to changing economic and market circumstances. The workplace should also deliver experience and amenities, while embracing the opportunities of agile working, allowing organisations to both attract the right talent and manage their real estate with increased flexibility and adaptability. Emerging office needs focus consistently on addressing the following issues.

- Space being a medium for expressing corporate culture and values.
- Design for continuous adaptability and diverse usage patterns.
- Activity-based workspaces providing for collaboration, concentration, communication, creativity, confidentiality and contemplation.
- Use of shared spaces as a means to facilitate collaboration.
- Provision of amenities and services (food, wellbeing, events etc.).
- Creating and managing memorable experiences to attract talent.

5.1.6 It is also clear that the role of the office is evolving rapidly. As noted earlier, there has been an increase in agile working, whereby companies and workers adopt technology-enabled workstyles which involve greater mobility and a lessening dependence on a fixed workstation. Despite this, there appears to be a general recognition that offices provide a place to bring people together and so, despite higher mobility, or agility, demand for central city corporate offices remains strong.

5.1.7 Meeting face-to-face, and tacit knowledge sharing via co-location of colleagues, are still key aspects for businesses, to encourage innovation and mentoring. The workplace is also recognised as a social hub for colleagues, particularly new joiners who need to become connected to the organisation. There is a growing importance attached to the 'spaces between buildings' – the public realm. Many occupiers now expect locations with environmental attraction, local services, retail and leisure.

5.1.8 Co-working and other forms of on-demand space are increasingly available and sought by new small firms in particular reflecting, in part, a rise in self-employed or freelance workers. Self-employed workers currently account for around 15% of the workforce and the proportion has been rising. Growing numbers of micro and small firms are underpinning the growth of the flexible space market. For example, the serviced office market in central London has grown from 150 centres and 243,500 sq m in 1995, to 280 centres and 550,000 sq m in 2015. This growth represents a fundamental shift in patterns of work and demand for space.

5.1.9 **Demand-supply dynamics** The CAZ office market has been robust since the depths of the Financial Crisis. Following a steep fall in take-up following 2007, demand rose briefly in 2010-11 before falling again in 2011, although not to post-crash levels. Since 2012, take-up has been strong. Annual take-up across central

⁴² Ramidus Consulting (2015) *Future Workstyles*, *Future Workplaces* City of London Corporation

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London fluctuated around 200,000-300,000 sq m from 2011 to 2013⁴³, and between 300,000-350,000 sq m from 2013 to 2015.⁴⁴

5.1.10 At the same time, new development has been relatively constrained, leading to falling availability. According to DTZ, availability of newly-built space fell to around 400,000 sq m, or 1.75% of stock in Q1 2015. This has fallen from c3.0% of stock as recently as 2012. These demand-supply dynamics are leading to relative shortages in some sub-markets, particularly of new space, as reflected in high levels of pre-letting. New development in 2015 will be lower than in 2013 to 2014, but is expected to rise again in 2016 and 2017.

5.1.11 Strong take-up and relatively constrained new supply have caused average rents to rise significantly in recent times. According to DTZ, prime central London rents fell from a pre-Crisis peak of around £110 per sq ft, to around £82 per sq ft, and have since bounced back, exceeding pre-Crisis levels, to reach around £120 per sq ft today.⁴⁵ DTZ are forecasting continuing growth in 2016.

5.1.12 Rental evidence in the part of Islington within CAZ is reasonably strong – it has been functionally a part of the central London (and especially the City of London) market for many years and is generally included in market research. The designation of Tech City has also displaced the earlier designation of City Fringe, with rents reflecting this 'elevated status'. Rents in this area are comparable with prevailing City rents, typically in the high £50s per sq ft, with exceptional space commanding rents in the lower £60s per sq ft. It is worth noting that this is a significant uplift for Islington, where rents had been stuck around the mid- to-high £40s per sq ft mark for several years. The downside of this is that cost-conscious tech companies are having to widen their searches for space.

5.1.13 Reliable data for non-CAZ parts of the Borough is non-existent. Discussions with agents suggested that the 'tone of the market' for office rents in Holloway is around £30 per sq ft, although one reported an exceptional quoting rent of £39 per sq ft, while another reported an offer of £45 per sq ft for a small unit. For industrial and warehouse space evidence is no more plentiful. Agents say that if a "sensible sized unit" (meaning of around 5,000 sq ft) were to become available it would probably command around £12-15 per sq ft, which is consistent with the wider London market. Small units however, could easily command £20 per sq ft. However, the fundamental problem is lack of stock and we would be cautious of giving too much weight to data that is, inherently, anecdotal and estimated. Our site visits suggested that some of the long-established occupiers may well be owner-occupiers, although this cannot be confirmed with any confidence.

5.1.14 **The CAZ Fringe**⁴⁶ Since the economy began to recover following the Financial Crisis, there has been a great deal of commentary about the CAZ Fringe, in terms of supporting the growth of creative, digital and technology-based businesses. This is best exemplified by the extensive coverage of Shoreditch, or

⁴³ DTZ (2013) *Property Times Central London Q1 2013*

⁴⁴ DTZ (2015) *Property Times Central London Q1 2015*

⁴⁵ Prime rents reflect the quality of a building rather than simply its location. Thus, King's Cross has recently exceeded prime rents in the core of the City.

⁴⁶ The CAZ Fringe here refers to the general area immediately beyond the CAZ boundary (distinct from the specific City Fringe OAPF).

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Old Street ('Silicon') Roundabout, but attention has also been focused on areas such as Farringdon and Clerkenwell in Islington.

5.1.15 These areas have become 'mainstream' commercial property markets in recent times. As noted by CBRE⁴⁷, they were previously associated more with business and professional services, but rental discounts have "*acted as a strong incentive to cost-conscious creative companies*".

5.1.16 It is clear, however, that the area's popularity is leading to rent rises. Although development activity is picking up, supply remains tight as strong take-up has encouraged pre-letting of buildings under construction. A good example of such is the former carpet factory, now the 'C Space' building, on City Road, developed by Helical Bar. The building was pre-let in June 2015 to advertising agency DLKW which, in evidence of the growing attractiveness of the area to creative firms, is relocating from South Kensington.

5.1.17 Furthermore, the 2017 business rates revaluation, based on 2015 rent levels, will further increase total occupancy costs, with a likely dampening effect on office demand. Two further issues will serve to increase property costs in the area.

5.1.18 First, as the King's Cross scheme continues to mature, it is likely to anchor a substantial sub-market popular with office occupiers due to the central location and its direct access to the City and West End, proving popular with office occupiers. With over 300,000 sq m of planned development, King's Cross will encourage office demand and rents to rise in the area.

5.1.19 Secondly, 2018 is due to see the opening of Crossrail, with a station at Farringdon. The intersection with Thameslink makes this a strategic piece of infrastructure which will encourage further regeneration and confirm the area's status as a key central London office sub-market.

5.1.20 The route will run over 100km from Reading and Heathrow in the west, through new tunnels under central London to Shenfield and Abbey Wood in the east. It will bring an extra 1.5 million people to within 45 minutes of central London and will link London's key employment, leisure and business districts – Heathrow, West End, the City, Docklands. The central London locations around Crossrail stations will have a heightened demand for economic development, and Farringdon will be a key focus for new office development.

5.1.21 Crossrail 2 is the proposed new high-frequency, high-capacity rail line for the South East, running through London and into Surrey and Hertfordshire. According to a recent research report, Crossrail 2 would help support 200,000 new homes and 200,000 new jobs.⁴⁸ The route runs south west to north east across London and one of the stations on the safeguarded route is Angel. The increased connectivity boost given by such a project would dramatically enhance the attractiveness of Angel as an office location in the same way that Crossrail is having an impact on locations such as Farringdon.

⁴⁷ CBRE (2014) *Creative London*

⁴⁸ KPMG (2015) *Crossrail 2: Regional and National Benefits* September 2015, Mayor of London/Network Rail/TfL

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5.1.22 Crossrail and Crossrail 2 are explained more fully in Chapter 7.0 as drivers of economic growth.

5.2 Commercial stock

5.2.1 Research by Atkins in 2008 suggested a total commercial stock of 1,810,000 sq m of space in the Borough (Figure 5.1).⁴⁹ While the data will have changed since 2008 (more recent data are shown below in Figures 5.3 and 5.4), the high level messages provide useful insights into the structure of stock within the Borough.

- Almost three-quarters of the Borough's commercial stock is office space.
- The remainder is split equally between 'industrial' and 'warehouse' premises.
- Over four-fifths of office stock (or 61% of all stock) sits within the CAZ.
- The 'Rest of Borough' contains just over 200,000 sq m of offices.

Figure 5.1 Commercial floorspace stock (sq m), Islington, 2008

Sub-area	Office	Industrial	Warehouse	Total
CAZ	1,107,000	88,000	113,000	1,308,000
Rest of Borough	218,000	141,000	143,000	502,000
Total	1,325,000	229,000	256,000	1,810,000

Source: Atkins (2008)

5.2.2 The on-going development of King's Cross Central, as well as peripheral developments, have further denuded industrial and warehouse space significantly since 2008, further heightening the significance of Vale Royal/Brewery Road to the Borough's stock.

5.2.3 Islington's industrial stock is put into context in Figure 5.2 by comparison to other boroughs (this time in hectares of land rather than square metres of property). The data, from the URS/DTZ Industrial Land Baseline report⁵⁰, show that Islington has less than half the industrial land stock of Haringey, Southwark and Tower Hamlets; more or less the same as Camden, and somewhat less than Hackney. The overriding point is that Islington's industrial stock is now comparatively limited.

5.2.4 Islington's stock has continued to shrink rapidly since the URS & DTZ study. The most recent Industrial Land Supply baseline data available from the GLA illustrate how the Borough's stock of industrial land has fallen from 81 ha on 2001, to 66 ha in 2006, to 60 ha in 2010 and finally to 35 ha in 2015.

⁴⁹ Atkins (2008) *Islington Employment Study* Final Report June 2008

⁵⁰ URS & DTZ (2010) *London's Industrial Land Baseline* LDA & GLA Note that the 2015 Baseline will include a review of new borough-level data provided regarding the status of sites that were included in the 2010 Baseline as contributing to the stock of non-designated employment land to ensure accuracy of the land use change recorded over the intervening period.

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Figure 5.2 Industrial land stock (ha), central London boroughs, 2010

Industrial use	Camden	Hackney	Haringey	Islington	Southwark	Tower Hamlets
Light industrial	1.1	2.0	1.0	0.3	5.2	0.2
General industrial	30.9	48.7	45.0	39.0	61.7	94.6
Warehouse	21.0	10.2	73.4	13.4	54.7	31.2
Self-storage	0.2	1.0	6.7	0.1	0.0	0.0
Open storage	0.0	0.0	0.7	0.9	1.2	7.9
Total	53.2	61.9	126.7	53.8	122.8	133.9

Source: URS & DTZ (2010)

5.2.5 When considered against the indicative industrial land release benchmark for 2011-2013, set by the Mayor for the Borough at 5 ha, Islington has lost in less than five years almost five times the 20-year release benchmark. Put another way, against an annualised loss benchmark of 0.3 ha, Islington has lost industrial land at an annual rate of 6.1 ha. The rapid contraction of Islington's industrial stock is borne out by the Employment Site Assessments (Chapter 6.0). Apart from the concentration on the Vale Royal/Brewery Road LSIS, the survey found only small pockets of industrial use. As with B1 activity, once local clusters begin to get denuded, they soon lose critical mass and head towards a point where they lose any remaining attractiveness to investors or developers.

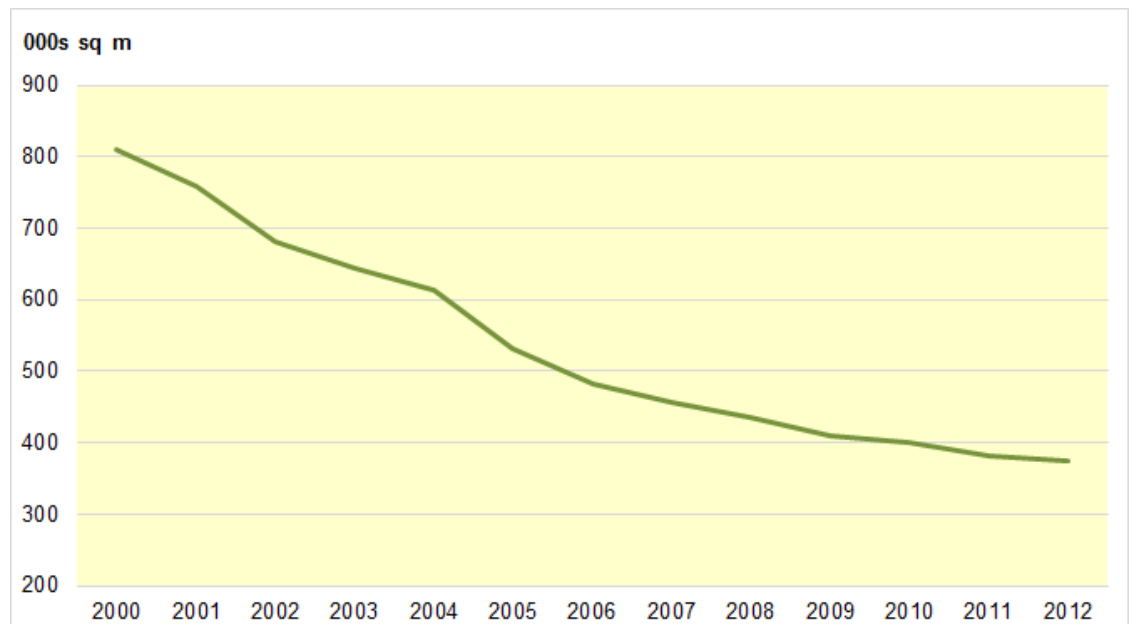
5.2.6 The most recent floorspace stock data from the VOA relate to 2012, and illustrate how the Borough's stock of commercial space has changed since 2000. Figure 5.3 reinforces the foregoing discussion, showing a consistent decline in industrial stock over the period, falling from 810,000 sq m in 2000 to just 374,000 sq m in 2012 – a fall of 54%. VOA data has been used here for purposes of consistency and comparison with other boroughs. See for example comparison with other boroughs in Figure 5.8.

5.2.7 Figure 5.4 shows corresponding data for office stock, and the picture is a little more complex. Overall stock has risen from 1,271,000 sq m to 1,455,000 sq m (up by 14%) over the period.⁵¹ But this was despite a significant loss of stock following a 2005 peak, subsequent to which, and in line with the wider central London office market, new development picked up in 2010. One explanation might lie in stalled development at demolition sites during the Financial Crisis prior to re-build.

⁵¹ Valuation Office Agency (2012) *Business Floorspace Statistics*

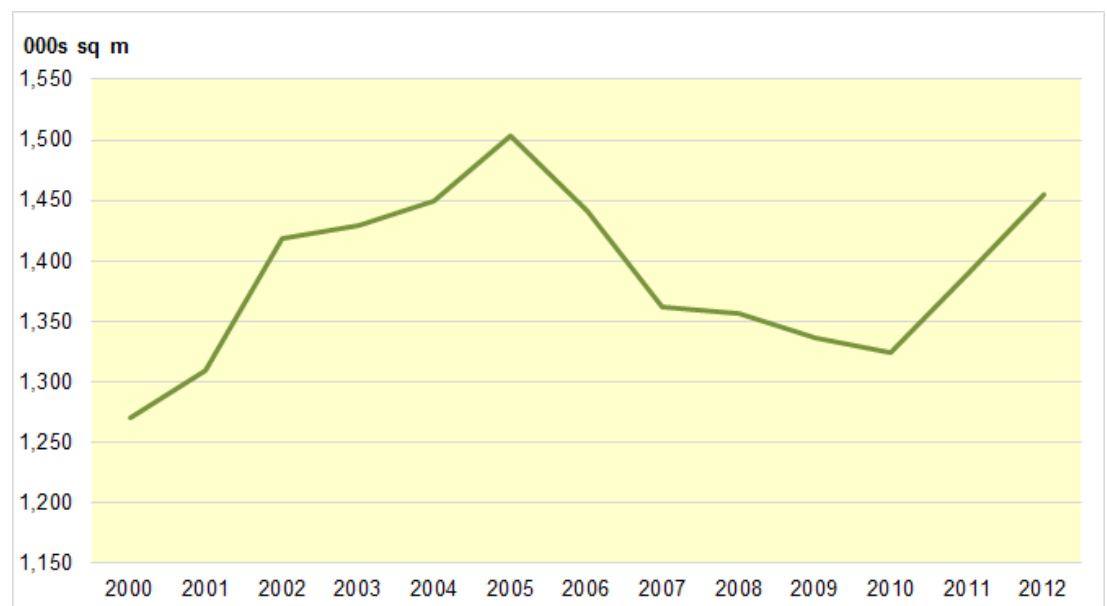
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Figure 5.3 Industrial property stock (sq m), Islington, 2000-2012



Source: Valuation Office Agency (2012)

Figure 5.4 Office property stock (sq m), Islington, 2000-2012



Source: Valuation Office Agency (2012)

5.2.8 The Borough's *Annual Monitoring Report 2014* (AMR) summarises the net change to commercial (B-use) stock on an annual basis. The report shows that between 2013 and 2014 there was a loss of 7,705 sq m (Net) of B1(a), and additions of B1(b) and B1(c) totalling 5,612 sq m (Net). The B2 and B8 Use Classes continued to suffer a net loss (total 9,711 sq m). The report makes the point that the "overall net loss of B-use floorspace over the past year contrasts with the annual

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demand forecast in the 2008 Employment Study of 6,600 sq m per annum net increase; however the scale of loss is less than the previous reporting year”.

5.2.9 The AMR data show a five year trend – 2009-2010 to 2013-2014. Overall there has been a net loss of 2,893 sq m of B1 space; and that of the 49 permissions involving a net gain/loss of B1(a), only four involved a net loss of more than 500 sq m office floorspace (all permitted prior to the adoption of the Core Strategy). However the report states while the five year trend indicates an overall net increase in B1 floorspace, *“the net loss of B1 floorspace in three consecutive years is a concern, particularly in light of changes to the permitted development rights”.*

5.2.10 The analysis of changes to B-use space undertaken in Chapter 4.0 showed that the introduction of the prior approval process has dramatically increased the rate at which B1(a) space is being lost. Furthermore, at the time of undertaking the review, the new PDR had only been in force for a maximum of two years. The announcement that the prior approval process is to be made permanent is likely to mean that the pace at which B1(a) space is being converted to residential is likely to continue.

5.3 The Central Activities Zone

5.3.1 Islington's CAZ area, particularly the area bounded by Pentonville Road, Farringdon Road and City Road, lies at the epicentre of the rapid and profound changes taking place within the central London office market as outlined in Section 5.1 above. In particular, the area is proving highly attractive to creative and digital businesses – both start-up and established.

5.3.2 In 2014, URS and JLL published research on the Tech City and City Fringe OAPF property market.⁵² The work broke the market down into two sub-areas – Eastern Fringe and Northern Fringe. The latter corresponds very closely to Islington's CAZ, with two minor exceptions: it includes some elements of Barbican and it excludes the area north of Pentonville Road in the Angel Town Centre. Given the close match and relatively recent nature of the data, the research is cited here to convey the key characteristics of Islington's CAZ office market.

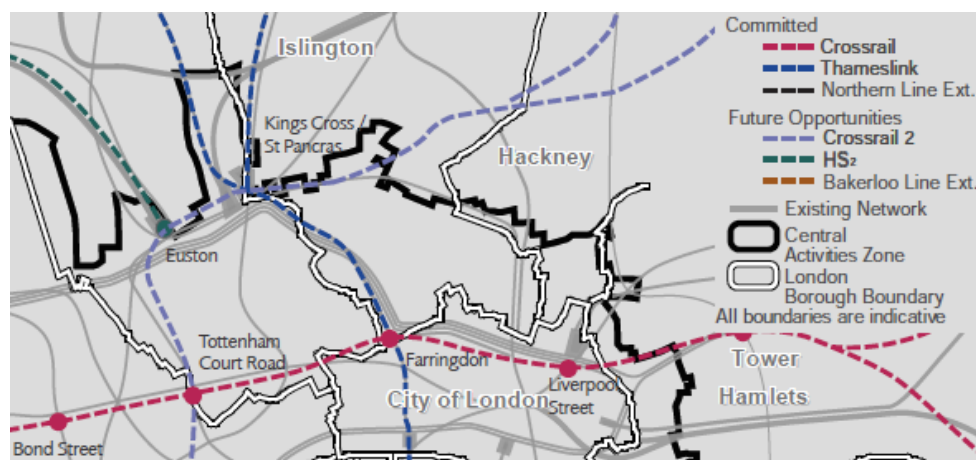
5.3.3 Figure 5.5 shows the CAZ boundary in the Islington area, and illustrates the significance of major transport infrastructure including King's Cross and Euston, as well as Crossrail and Thameslink, and the proposed Crossrail 2 (for more detail, see Section 7.4)

5.3.4 **Stock** The study estimates that the area contains 1.14 million sq m of office stock (it should be noted that the JLL stock data include only units in excess of 500 sq m, which excludes a significant proportion of the market). It states that the quantum of stock has changed only marginally over the past decade, despite changes in the demand profile. This has resulted in sharply falling availability in the JLL/URS study area.

⁵² URS & JLL (2014) *Tech City/City Fringe OAPF Property Market Appraisal* GLA

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Figure 5.5 Section of the CAZ showing Islington in context



Source: GLA (2015) Draft CAZ SPG

5.3.5 The inference of this statement is that whilst there has been some new development, it has not kept pace with the profile of occupier demand. Since the URS/JLL research was undertaken the planned supply of new space has picked up with several new planning consents and construction starts. Whether the current pipeline will be sufficient to meet continuing demand for good quality office space in the area is a picture that will be further complicated by the impact of recent announcements on PDR which will see the removal the CAZ exemption in May 2019, whereupon protection of the CAZ will be subject to the Article 4 process. As we saw in Chapter 4.0, PDR has had a significant negative impact on the availability of older stock for recycling as new office space in other areas of the Borough which, unlike the CAZ, have not benefitted from exemption.

5.3.6 Since mid-2008 some 29,900 sq m of offices have been added to the Northern Fringe stock, but it should be noted that this represents an increase of just 2.7%. Figure 5.6 illustrates that stock in the Northern Fringe comprises greater proportions of smaller units than the central London average. For example, just over two-thirds of the stock is less than 5,000 sq m in the Northern Fringe, compared to around one-third across central London.

Figure 5.6 Office stock in the Northern Fringe, by size band

Sq m size band	Northern Fringe	Central London
500-1,000	16.4%	6.7%
1,000-2,500	29.4%	13.7%
2,500-5,000	21.8%	14.1%
5,000-10,000	16.1%	16.3%
10,000-20,000	14.3%	18.4%
>20,000	2.1%	30.8%

Source: URS & JLL (2014)

5.3.7 **Availability** The lack of new supply set against rising take-up has led to falling levels of available space. URS/JLL estimate availability at 3% (<40,000 sq m), which is a historically low figure for the wider central London market. An

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availability ratio of 6%-8% is generally considered the point below which upward pressure is placed on rents.

5.3.8 Although the pipeline is limited, new development has picked up in recent years reflecting investor and developer interest spurred by the growing attraction of the booming creative and digital sectors. The research also noted a significant shift in unit sizes available: the proportion of small units available (500-1,000 sq m), had fallen relative to large units (>5,000 sq m).

5.3.9 **Supply of new space** A good example of the new interest in the area is the activity of Derwent London. This mainstream London developer already owns a number of buildings in the area. It is currently developing 'The White Collar Factory' adjacent to Old Street roundabout and Oliver's Yard, just off City Road (due for completion in late-2016). The company has recently submitted plans for the redevelopment of Monmouth House at 58-64 City Road and buildings in Featherstone Street.

5.3.10 The GLA's City Fringe OAPF⁵³ also notes the lack of new supply (albeit for a wider area than being considered here). It notes that new supply will be constrained in the short-term (to around 2016), but that *"there are some large office buildings scheduled for completion over the medium term"*. It argues that new development activity will recover strongly, and that there will be *"a step-change in demand from past trends. The total amount of floorspace (all uses) scheduled for completion in the City Fringe between 2013 and 2018 is almost ten times higher than the five-year historical average"*.

5.3.11 However, this outlook of the OAPF must be caveated by the conclusions of the URS/JLL study (above) which were clear that, at the time of the research, the scale of the development pipeline was such that it was insufficient to meet medium- and long-term needs.

5.3.12 Figure 5.7 provides a comprehensive list of office developments over 2,000 sq m GIA constructed since 2005 (derived from the GLA's London Development Database.⁵⁴) The data cover the whole of Islington, with the non-CAZ developments identified. There are two very large buildings shown, each over 30,000 sq m: 25 Ropemaker Street, which is let to occupiers including: Bank of Tokyo-Mitsubishi, Liberum Capital, Macquarie Group and Markit; and 82-89 York Way, also known as King's Place, which is let to occupiers including Guardian Newspapers and Macmillan Publishing. There are then three buildings of between 10,000 and 20,000 sq m, including two on Finsbury Square, and one next to King's Cross. Beyond these, there are 22 new buildings within CAZ, totalling almost 92,000 sq m GIA.

5.3.13 The GLA monitors new development (above 500 sq m) through its London Development Database, and clearly there are many more schemes than shown in Figure 5.7 if those of less than 2,000 sq m are included. There are, for example a further 26 schemes of 1,000-1,999 sq m and 30 schemes of 500-999 sq m (Section 5.5 contains an analysis of schemes of less than 500 sq m). The purpose of the selection shown here is to illustrate the larger schemes and to highlight the spatial distribution of new development activity.

⁵³ Greater London Authority (2015) *City Fringe Opportunity Area Planning Framework*

⁵⁴ Greater London Authority (2015) *London Development Database*

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Figure 5.7 Office completions over 2,000 sq m, Islington, 2005-2015

Address	Postcode	Location	Completed date	Total completed (sq m GIA)
Ropemaker Place, 25 Ropemaker Street	EC2Y 9LY	CAZ	Aug 09	81,299
82-96 York Way	N1 9AG	CAZ	Apr 08	35,444
3-10 Finsbury Square	EC2A 1AD	CAZ	May 14	17,022
Angel Centre, 403 St John Street	EC1V 4PL	CAZ	July 10	12,648
Finwell House, 26 Finsbury Square	EC2A 1DS	CAZ	Oct 12	11,055
Bravington's & Albion Yard Railway Block	N1	CAZ	Nov 05	8,815
Aberdeen Lodge, 22-24 Highbury Grove	N5 2EA	Non-CAZ	June 14	7,552
8-13 Chiswell Street	EC1	CAZ	Oct 07	7,499
The Turnmill, 63 Clerkenwell Road	EC1M 5NP	CAZ	Jan 15	6,834
1-2 Finsbury Square	EC2A 1AA	CAZ	Nov 05	6,011
53, 61 and 85 Central Street & Seward Street	EC1V 8AD	CAZ	Feb 12	5,728
15 Penton Street	N1 9PT	CAZ	Oct 13	5,487
9 Railway Street, 45 and 55 Balfe Street	N1 9EE	CAZ	Mar 13	5,439
49-51 Featherstone Street	EC1Y 8RT	CAZ	Feb 07	5,300
2-10 and 14 Morris Place, Finsbury Park	N4 3JG	Non-CAZ		5,280
London Studio Centre, 42-50 York Way	N1 9AB	CAZ	Sep 14	4,832
3-7 Herbal Hill	N1 9HP	CAZ	Aug 05	4,321
1-3 Lough Road East	N7 1XX	Non-CAZ	Jun 06	3,625
1-8 Garand Court	N7 8EG	Non-CAZ	Mar 09	3,182
Block D, 54-60 York Way	N1	CAZ	Jun 06	3,075
Thomas Paine House, 2 Angel Square	EC1V 1NY	CAZ	Mar 09	3,033
10 Caledonia Street	N1 1XX	CAZ	Jun 06	2,946
251-279 Goswell Road	EC1V 7JQ	CAZ	Jan 13	2,915
189-219 Isledon Road	N7 7JR	Non-CAZ	July 12	2,855
Webb House, 210-234 Pentonville Road	N1 9JT	CAZ	Nov 09	2,848
Formerly 77 Drayton, Northern Bridge Building	N5	Non-CAZ	Mar 08	2,699
29a & 30a Great Sutton Street	EC1V 0DX	CAZ	Sep 08	2,665
Car park, 1-45 Paterson Court, Peerless Street	EC1V 9EX	CAZ	Apr 14	2,530
13-17 Worship Street	EC2A 2DT	CAZ	May 09	2,409
34 Wilson Street, Worship Street	EC2M 2BB	CAZ	Nov 12	2,338
156-176 (Former Allied Brewery), St John Street	EC1V 4JY	CAZ	Jun 11	2,300
43-57 Gee Street	EC1V 3RS	CAZ	Mar 12	2,240
National Car Parks, 18-30 Leonard Street	EC2A 4AQ	CAZ	Sep 13	2,238

Source: GLA (2015)

5.3.14 Occupier demand Local agents report that demand and rent levels in Islington's CAZ area are behaving in a similar fashion to the wider CAZ property market. Occupier demand within the CAZ is predominantly from financial, professional and creative services, and rental levels reflect those in the wider City of London market. Relatively constrained supply, combined with consistent take-up in recent years has placed upward pressure on rents, and good quality space within the CAZ fringe area is now on a par with that in core areas. Prime, institutional grade space is now letting for in excess of £50 per sq ft and, largely because of demand pressures, rents on lower specification space designed for creative businesses, are reaching the same level.

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5.3.15 The URS/JLL research suggested that take-up in the Northern Fringe fluctuates widely. The research indicates that, over the three years to Q1 2013, take-up in the three sub-markets of the Northern Fringe were as follows: Angel (c285,000 sq m); Clerkenwell (c1,100,000 sq m) and St Luke's (750,000 sq m). These numbers yield average annual take-up figures of c80,000 sq m in Angel; c370,000 sq m in Clerkenwell and c250,000 sq m in St Luke's.

5.3.16 According to JLL, prime rents in Shoreditch stood at £40 per sq ft in 2006. They fell sharply in response to the Financial Crisis to £27.50 per sq ft in 2009. Since then they have risen sharply, with Q2 2015 prime rents standing at around £57.50 per sq ft. It should be noted that average rents across all size bands are substantially less.

5.3.17 Carter Jonas cite rents on the northern fringe of the City of London (including Farringdon, Clerkenwell, Finsbury Square and Shoreditch) in Q2 2015 as reaching £50-£65 per sq ft for new or refitted Grade A space; £40-£50 per sq ft for refurbished Grade A space, and £27.50-£37.50 for refurbished Grade B space.⁵⁵ Carter Jonas note that smaller office suites of less than 5,000 sq ft tend to command higher *pro rata* rents – usually £1.50-£3.00 per sq ft higher than those quoted above.

5.3.18 URS/JLL analysed 997 property deals since 2011 in order to ascertain the sectoral make-up of demand. The research demonstrates the importance of the Advertising, Marketing, Communications & Branding; Game, App, Web or Software Development; Financial Services; Computer & Data Services and Production, and TV & Music sectors.

5.3.19 Details of take-up during the past three to four years illustrate how the area is becoming popular with larger corporate organisations that would not traditionally have been expected to locate here. Their more traditional property search areas would have been limited to the core markets to the immediate south; and they are being attracted to the area due to the halo effect of Tech City and the wider cluster of creative and digital businesses. Notable recent examples of such lettings, stretching from Holborn in the south and into the northern City fringe are given in Figure 5.8.

5.3.20 There are many other similar deals demonstrating the growing attractiveness of the northern CAZ fringe to digital and creative businesses, but this small selection demonstrates the growing appeal of Islington's City fringe locations to major corporate businesses seeking to capitalise on the area's role in the digital and creative industries. The demand drivers behind these moves are explored further in both Chapter 3.0 and Chapter 7.0.

⁵⁵ Carter Jonas (2015) *Office Market Update Central London Q2 2015*

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Figure 5.8
High profile corporate relocations into the northern CAZ fringe since 2011

Company	Address	Comments
Amazon	Holborn Viaduct	Leased around 19,500 sq m for 1,600 staff, and is thought to be expanding further.
CapCo	Great Eastern Street	Established a 900 sq m UK HQ and is providing office space for FinTech start-ups.
Deloitte	Buckley Building, Clerkenwell Green	Moved 170 staff from its digital division into 1,550 sq m, sharing building with Hill & Knowlton, Pitch and MyLotto24.
Expedia	Angel Building	Relocated from Victoria/Covent Garden, and has since announced expansion plans.
Lastminute.com	Hatton Garden	Moved into around 2,300 sq m in the Johnson Building in Hatton Garden.
McDonald's	Curtain Road	Recently leased king 1,100 sq m over three floors at a reported £50 per sq ft.
Mind Candy	Bonhill Street	Taken 2,750 sq m in Bonhill Street, just off Finsbury Square.
Publicis Group	Turnmill Street	Leased 5,400 sq m at Derwent London's new development on Turnmill Street.
Skype	Waterhouse Square, Holborn	Leased around 6,000 sq m for a UK HQ.
Tesco	Kirby Street and Clerkenwell Road	Set up a 2,150 sq m satellite office to house on-line business. Since leased 2,850 sq m at the Lever Building, 85 Clerkenwell Road.
Ticketmaster	Pentonville Road	On-line ticket sales business leased 4,430 sq m.
Unilever	Buckley Building, Clerkenwell Green	Space taken to house a showroom for new concept in 2,050 sq m.
William Hill	Scrutton Street	Leased 600 sq m to house a 'centre of excellence' for its growing on-line business.

Source: Ramidus Consulting

5.4 Rest of the Borough

5.4.1 The commercial property market beyond the CAZ is a limited one, as shown in the stock data presented in Section 5.2. Here we summarise the main characteristics of the office and industrial markets outside of the CAZ. Further details on the main concentrations of both office and industrial property are provided as part of the site assessment exercise presented in Chapter 6.0.

5.4.2 **Office property** As noted above, over four-fifths of the Borough's office space sits within the CAZ. The remainder is spread thinly and there are few significant concentrations of office activity. Beyond the CAZ, there is no evidence of any new, Grade A office development having taken place since the 2008 Atkins study. Furthermore, our analysis of large employers (as shown in Figure 3.9) revealed just nine firms employing more than 100 people outside of the CAZ.

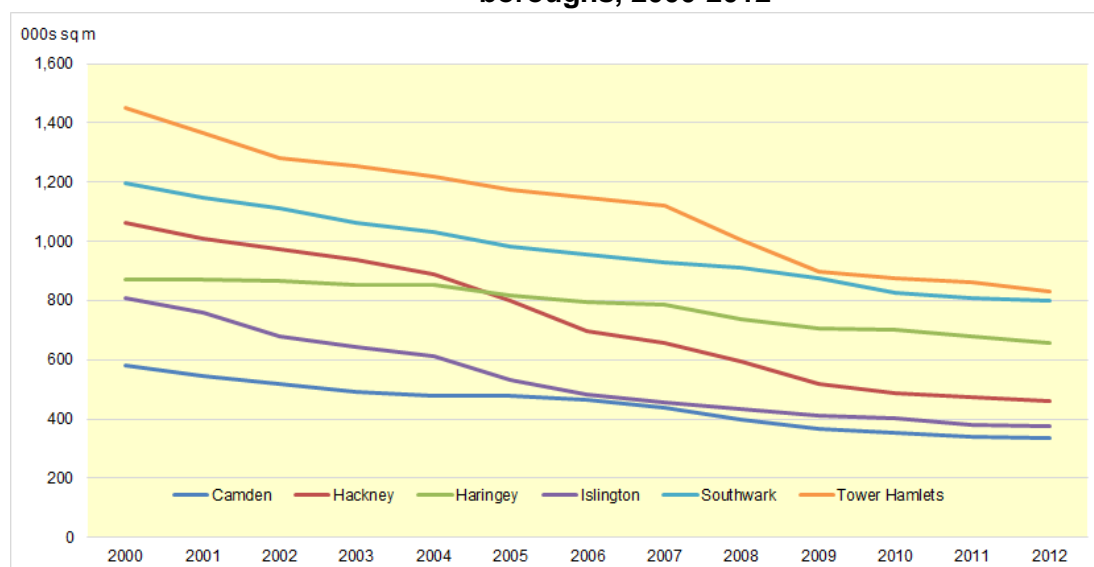
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5.4.3 Figure 5.6 above showed new office completions of more than 2,000 sq m GIA over the period 2005-2015. The data show that over this period there were just six buildings completed outside of the CAZ – less than one per year – and that these buildings totalled just 25,193 sq m GIA – less than the size of King's Place on York Way.

5.4.4 Beyond the CAZ, there is no comprehensive source of rental data across the Borough. However, discussions with local property agents suggest a benchmark rent for new office property of £25-30 per sq ft, with a premium being paid for smaller units and those in more fashionable flexible space units. The greatest demand is from service-based professional and creative businesses. The discussions also suggest that non-CAZ rents are trending upwards, pushed by increasing competition for land and relatively short supply.

5.4.5 **Industrial property** Section 4.2 referred to the industrial restructuring process on which the wider UK economy has seen a dramatic decline in industrial premises. This process has been particularly acute in high land value areas in central London, where most boroughs seem to have lost such space at a similar rate. This process has been underway for many years. As noted in Section 4.2, Islington lost 436,000 sq m between 2000 and 2012. Figure 5.9 illustrates the trend in a number of London boroughs. It can be seen that the rate of decline has been fairly similar.

Figure 5.9 Loss of industrial floorspace⁵⁶ in selected London boroughs, 2000-2012



Source: VOA (2012) Business Floorspace Statistics

5.4.6 We saw in Figures 5.1 and 5.2, industrial activity in the Borough is comparatively low, and shrinking rapidly, and the following text described how recent GLA Industrial Land baseline data demonstrate that the Borough's stock of industrial land fell 60 ha in 2010 to just 35 ha in 2015. Within this dramatic fall, the data show a more moderate reduction in the amount of land in industrial use within

⁵⁶ Industrial includes factory and warehousing

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the Vale Royal LSIS. This fell from 10.9 ha to 10.1 ha over the same period, largely accounted for by a net increase in office use and the conversion of some offices to residential via PDR. However, outside of the designated industrial area, a total of 24.5 ha of industrial land has been lost; 21.9 ha of this loss was comprised of loss of land in core industrial uses (B1c/B2/B8).

5.4.7 By far the largest concentration of industrial activity sits within the Vale Royal/Brewery Road industrial estate. This is a large site comprising multiple ownerships and discrete estates within its boundaries: it was estimated to contain over 100,000 sq m of stock in the 2005 Employment Study by Atkins, accounting for around a quarter of the Borough's entire industrial stock at the time.⁵⁷

5.4.8 Severely constrained supply and sustained take-up are combining to maintain rents at a relatively high level. Indeed local agents report, importantly, that there is a lack of comparable rental evidence on Brewery Road/Vale Royal, due to a lack of transactions (vacancy here is estimated at no more than 3-5%). Agents suggest that if space were to come to the market on the LSIS then it should command rent of between £12 per sq ft and £15 per sq ft depending on the quality of the space (small units of less than 5,000 sq ft might command closer to £20 per square foot). It should be noted that some agents are reporting a fall in enquiries in Islington because occupiers are beginning to assume that no space is available.

5.4.9 The estimated current vacancy at Brewery Road/Vale Royal of 3-5% can be compared to the benchmark for 'frictional vacancy'⁵⁸ in the GLA's SPG for industrial and transport land.⁵⁹ The SPG states that "*a reasonable average rate of frictional vacancy for London at any given time approximates to around 5 per cent of the industrial land stock and 8 per cent for floorspace*". It states that this varies between boroughs, anything from zero to eight per cent "*depending upon local supply and demand conditions and the relationship with wider industrial and warehousing property markets*".

5.4.10 The profile of occupier demand illustrates a broad profile of business types, with the bulk of demand emanating from warehousing and storage for a wide range of functions, including: building and motor trades, engineering, courier and distribution, food supplies and so on.

5.4.11 Beyond Vale Royal/Brewery Road, industrial activity is scattered into small pockets of activity, many of which appear to lack critical mass, making them vulnerable to redevelopment (See Chapter 6.0).

5.5 Small occupiers and the flexible space market

5.5.1 The project Brief asked for an assessment of the degree to which growth of micro and small businesses are being hindered by lack of available start-up and move-on premises in terms of location, suitability, price and affordability. There is no direct or published data on this issue. However, local agents agreed that there is

⁵⁷ Atkins (2005) *Islington Employment Study*

⁵⁸ Frictional vacancy recognises that the smooth operation of property markets must allow for some vacant land/property at any given time.

⁵⁹ GLA (2012) *Land for Industry and Transport Supplementary Planning Guidance*

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an emerging need for further intensification of older industrial stock to meet growing demand for flexible space, because signs of shortage of space are emerging.

5.5.2 The agents emphasised that this is not a problem unique to Islington: it is an issue that is seen all around the fringes of central London's core area, and the signs are most easily evidenced in rising rents (as described above in the context of Tech City). The agents suggest that pricing is not yet a problem, despite rising rents; they suggest that there is no reason to believe that the cost of flexible space in the Borough is pricing out particular types of firms, yet.

5.5.3 However there is a perception that pricing could emerge as a problem if the supply situation is not eased with the delivery of new space. Such observations, albeit anecdotal, underscore the need to protect older space for possible conversion to modern uses, including hybrid space.

5.5.4 The remainder of this section addresses the question of space for micro and small businesses from the perspective of the flexible space market in Islington.

5.5.5 One of the more interesting aspects of change in central London's office market in recent times has been the rise of the flexible space market, providing serviced offices, 'hybrid' space which combines features of office, light industrial, studio and production space, and co-working spaces. These sub-markets appeal both to micro and small companies, and to larger corporate organisations looking for temporary space to house, for example, project teams. Demand is being driven by a growth in SMEs (see Section 3.5) and the impact of digital economy which is transforming business structures. An important element of this market is the serviced office sector.

5.5.6 The importance of the serviced office market within CAZ was shown in recent research by Ramidus for the City of London Corporation.⁶⁰ This work revealed that there are a total of 85 serviced offices within the City of London (compared to 25 in 1995), with a combined area of almost 200,000 sq m (compared to 50,000 sq m in 1995) and an average size of 2,150 sq m. As such, serviced offices represent almost 3% of the City's total stock of office space.

5.5.7 The research suggested a typical occupier requirement of between five and nine workers, with an average of eight. Within the wider definition of 'the City', including fringe areas (some of which fall within Islington), the research estimated 100 serviced offices housing around 22,000 workers. Other research estimates that there are 365 centres across central London⁶¹, which represents a growth of over 25% since 2012.

5.5.8 Further analysis of data for the whole of central London reveals a more general sharp rise in serviced office centres since 1995. Thus while serviced office operators occupied 243,500 sq m in 1995 in 150 centres, by 2010 they were in 504,600 sq m; and by 2015, this had risen to around 550,000 sq m and 280 individual centres. As a proportion of all office stock that represents a shift from just under 2% to 3%.

⁶⁰ Ramidus Consulting (2014) *Serviced Offices and Agile Occupiers in the City of London Corporation of London*

⁶¹ Instant Group (2015) *Serviced Office Review UK 2015*

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5.5.9 Serviced offices provide a particular type of space which typically mirrors more traditional space in terms of design and layout. The growth of 'hybrid' space has reflected growing demand from more traditional firms looking for 'less industrial' premises, to reflect their 'clean' processes, as well as from digital and creative firms looking for space with a 'less corporate' feel. Often such spaces are provided within refurbished industrial buildings which have plentiful natural light and high ceilings. They provide basic, 'no frills' working environments. Those that cater more for the digital and creative sectors place a strong emphasis on collaboration and social space, as well as good building management.

5.5.10 As indicated, the occupiers of such premises are very broad. They are typically SMEs, with an emphasis on the 'S', and many are micro-sized (less than four workers). Some centres cater for 'light industrial' uses where equipment is required and catered for. These often require good parking and circulation space, extended hours delivery patterns and good power and other utilities supply (for example gas). Such businesses can be involved in a wide range of activities including arts and crafts, catering supplies, engineering and building activities, office supplies, printing, production and repair and wholesaling. The common thread is that the accommodation reflects 'service-based' activities rather than traditional industrial uses. And service-based activities often serve the 24-hour economy, so need to operate outside normal working hours.

5.5.11 As well as these light industrial uses, hybrid space is also popular with occupier businesses working in the digital economy of software and graphics, through creative businesses operating in media, advertising and music, to more traditional businesses, offering professional services, including management consulting, recruitment and built environment. These occupiers are service-based organisations, including start-up and stable businesses that in the main are providing services for larger firms in the central London economy and beyond.

5.5.12 One of the greatest opportunities for LB Islington with regard to the flexible space market is at the Vale Royal/Brewery Road LSIS. As this site faces further pressure from other land uses, and as the pressure to intensify land uses closer to the CAZ intensifies, so there is an opportunity to re-use some of the stock on the site for hybrid uses. There is also the potential to develop relationships between hybrid occupiers and institutions in the area such as University of the Arts (Central St Martins) and London Metropolitan University.

5.5.13 Alongside serviced offices and the managed space market, there has recently been the emergence of co-working spaces. These provide a 'less corporate' style of space than serviced offices, and respond to "*technology enablement, the growth of the tech, online and creative industries ... and an increase in micro businesses and independent workers*".⁶² And they provide "*clubs where members can work alone or interact with like-minded people*".⁶³

5.5.14 The serviced office, hybrid and co-working business models are providing an important supplement to the traditional corporate office market. They are providing choice and flexibility for growing numbers of small businesses seeking to have a presence in the central London property market, on terms that suit their business

⁶² DTZ (2014) *The Co-working Revolution* DTZ, London

⁶³ Aecom (2014) *See Further: the Next Generation* Aecom, London

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models. At the same time they are providing further agility and flexibility for larger corporate organisations. The key to their sustainability will be their resilience to property markets cycles. Clearly, the sector has grown rapidly in recent times, and Figure 5.10 shows a list of flexible workspace within the Borough and on its fringes.

5.5.15 In one of the most recent deals, it has been announced that New York-based co-working officer operator WeWork has taken almost 5,000 sq m at the Space Shoreditch Building on Corsham Street, N1 (just over the border in Hackney).

Figure 5.10 The flexible space market in Islington and its fringes

Name	Address	Post code	Type	Operator
Angel Square	Angel Square	EC1V 1NY	Serviced	The Office Group
Belgravia Workshops	159-163 Marlborough Road	N19 4NF	Serviced	Workspace Group
Business Cube	2-7 Clerkenwell Green	EC1R 0DE	Serviced	Business Cube
Business Design Centre	52 Upper Street	N1 0QH	Serviced	
Canonbury Business Centre	New North Road	N1 7BJ	Managed	
City Road	197-207 City Road	EC1V 1JN	Serviced	Workspace Group
Clerkenwell Workshops	27-31 Clerkenwell Close	EC1R 0AT	Serviced	Workspace Group
Co-Work Angel	9 White Lion Street	N1 9PD	Co-working	
East Side	East Side	N1C 4AX	Serviced	The Office Group
Exmouth House	3-11 Pine Street	EC1R 0JH	Serviced	Workspace Group
Exmouth House	Pine Street	EC1R 0JH	Serviced	Workspace Group
Finsbury Business Centre	Bowling Green Lane	EC1R 0NE	Serviced	
Greville Street	12-13 Greville Street	EC1N 8SB	Serviced	Workspace Group
Greville Street Business Centre	14 Greville Street	EC1N 8SB	Serviced	Workspace Group
Hatton Square Business Centre	16 Baldwin Gardens	EC1N 7RJ	Serviced	Workspace Group
Hoxton Mix	345 Old Street	EC1V	IAC	
Impact Hub	34b York Way	N1 9AB	IAC	Impact Hub
Impact Hub	5 Torrens Street	EC1V 1NQ	Co-working	Impact Hub
Innovation Warehouse	1 East Poultry Avenue	EC1A 9PT	IAC	
Lenta Business Centre	Rosebery House	EC1R 4RR	Serviced	Lenta
Leroy House	436 Essex Road	N1 3QP	Serviced	Workspace Group
Net.Works	11 Ronalds Road	N5 1XL	Co-working	
Rivington Street	74 Rivington Street	EC2A 3AY	Serviced	The Office Group
Screenworks	22 Highbury Grove	N5 2EF	Serviced	Workspace Group
Sekforde Street	1 Sekforde Street	EC1R 0BE	Serviced	MWB (Regus)
Shoreditch Works	32-38 Scrutton Street	EC2A 4RQ	Co-working	
Singer Street	1-4 Singer Street	EC2A 4BQ	Serviced	The Office Group
St Mark's Studios	14 Chillingworth Road	N7 8QJ	Managed	
St Martin's Le Grand	St Martin's House	EC1A 4EN	Serviced	Regus
Stag Stations	77 East Road	N1 6AH	Co-working	
Stanley Building	7 Pancras Square	N1C 4AG	Serviced	The Office Group
TechHub	207 Old Street	EC1V 9NR	IAC	
Techspace	1&5 Bath Street	EC1V 9LB	Co-working	
Techspace	16-24 Underwood Street	N1 7JQ	Co-working	
The Bakery	25 City Road	EC1Y 1AA	IAC	The Bakery
The Hangout	25 City Road	EC1Y 1AA	IAC	City University
The Ivories	6-18 Northampton Street	N1 2HY	Serviced	Workspace Group
The Office Farringdon	24 Greville Street	EC1N 8SS	Serviced	The Office Group
The Office Farringdon	31-35 Kirby Street	EC1N 8TE	Serviced	The Office Group
The Wenlock	50-52 Wharf Road	N1 7EU	Serviced	Workspace Group
Trampery	13-19 Beviden Street	N1 6AA	Co-working	
Vestry Street Studios	10-22 Vestry Street	N1 7RE	Serviced	Workspace Group
Warner Yard	8 Warner Yard	EC1R 5EY	IAC	
Space Shoreditch Building	Corsham Street	N1 6DR	Co-working	WeWork
White Bear Yard	144 Clerkenwell Road	EC1R 5DF	Co-working	
White Space	34-35 Great Sutton Street	EC1V 0DX	Co-working	

Source: LB Islington

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5.5.16 The critical point here is that there is a strong demand within CAZ (and elsewhere) from a relatively new market sector that caters specifically for small occupiers, and often for those businesses in the key growth sectors of digital and creative businesses. The offers range from relatively cost effective packages to 'five star' arrangements, but the common denominator is a steady supply of space that can be heavily sub-divided for small occupiers.

5.5.17 Figure 5.11 shows a list of all schemes completed between 2005 and 2015, of between 200 and 500 sq m (compare with large scheme chart in Figure 5.6). While it is not possible to compare this chart with similar supply in other areas (and thereby gauge the suitability of level of supply) the data suggest that there is a healthy supply of new small stock in the Borough.

Figure 5.11 The supply of small office space, Islington, 2005-2015

Address	Postcode	Completed data	Total completed (sq m GIA)
Ground Floor, Finsbury Tower, 103-105, Bunhill Row	EC1Y 8L	Apr 08	497
Clover House, 147-149, 155-157 Farringdon Road	EC1R 3HN	Mar 09	485
33-39, Bowling Green Lane	EC1R 0BJ	Jan 10	483
St Luke's Rectory, 12, Helmet Row, Islington	EC1V 3QJ	Aug 13	480
101-105, Goswell Road	EC1V 7DE	Oct 11	460
1, Pear Tree Street	EC1V 3SB	Oct 14	446
85, Arlington Avenue	N1 7BA	Feb 11	440
33, Finsbury Square	EC2A 1PL	Sept 14	430
NH1-4, part of the Lough Road East	N7	Jun 07	424
Regents Wharf, 8, All Saints Street	N1 9RL	Jul 12	421
347-351, Goswell Road, Islington	N1 1XX	Mar 08	384
103, St John Street, EC1M 4AS	EC1M 4AS	Jun 10	370
1 (public car park), Pear Tree Street	EC1V 3SB	Jan 14	354
Wells Workshops, 7-15, Rosebery Avenue	EC1R 4SP	Dec 09	353
10-11, Eagle Court	EC1M 5QD	Apr 07	347
Kamen House, 62-66, Farringdon Road	EC1R 3GB	Feb 09	340
22-25, Bartholomew Square	EC1V 3QH	Aug 08	318
122-128, Pentonville Road	N1 9TT	Oct 09	311
66, Turnmill Street	EC1M 5RR	May 12	310
Basement and Ground Floor, 152-154, City Road	EC1V 2NP	Mar 13	301
14-22, Coleman Fields	N1 1XX	Jan 07	301
Canonbury Business Centre, Shepperton Road	N1 3DF	Jul 08	300
26-36, Wharfdale Road	N1 9RY	May 08	300
Willen House, 8-26, Bath Street	EC1V 9EL	Sept 07	294
18-20, Penton Street	N1 9PS	Apr 11	285
36-52, Drayton Park	N5 1PB	Nov 07	285
Packington Square; Rector Street	N1 7UG	Nov 12	286
Orion Hotel, 7-21, Goswell Road	EC1M 7AH	June 08	266
196-200, York Way	N7 9AX	May 08	262
Ropemaker Place, 25, Ropemaker Street	EC2Y 9AR	Apr 12	259
Hill House, 17, Highgate Hill	N19 5NA	Mar 10	251
Part 3rd floor, Finsbury Tower, 103-105, Bunhill Row	EC1Y 8LZ	Jul 13	250
2, Chapel Market	N1 9EZ	Mar 09	245
4 and 6, Clifton Terrace	N4 3JP	Aug 12	244
3-7, Islington High Street	N1 9LQ	Jun 08	240
3-4, Hardwick Street	EC1R 4RB	Jun 13	235
Durrant House, 8, Herbal Hill	EC1R 5EJ	Feb 12	229
Ringcross Estate, St Georges Road	N7 8EU	Mar 08	223
102 - 108, Clerkenwell Road	EC1M 5SA	Feb 15	214
Clerkenwell Chambers, 82-84, Clerkenwell Road	EC1M 5RJ	Oct 09	211
1A, Leeds Place	N4 3RF	Mar 09	211
Finsbury Park Station, 10-11, Station Place	N4 2DH	May 11	210
Woodbridge House, 30, Aylesbury Street	EC1R 0EP	Apr 13	208
1A-1D, Orlestone Road	N7 8LH	Aug 12	208
433, Holloway Road	N7 6LJ	Sept 09	208
77-79, Southgate Road	N1 3JS	Mar 12	207
The Copperworks Bar, 17, Railway Street	N1 9HE	Jun 08	200

5.6 Tech city: myth or reality?

5.6.1 The phenomenon that is known as 'Tech City' has received enormous media attention over recent years. The area has been portrayed as the cradle of the UK's tech sector and, therefore, a critical component of the national, post Financial Crisis growth strategy. Indeed, it might also be inferred from some of the coverage that Tech City is a unique phenomenon. Given that it sits partially within Islington the dynamics of Tech City are a material consideration here.

5.6.2 Recent research by Ramidus⁶⁴ has demonstrated that the growth of the tech sector in the area to the north east of the City was already prominent in 1995, and particularly around 2000, long before it acquired its Tech City brand. Perhaps more surprising, the research demonstrated the diversity of sectors represented in the Tech City area. While Tech companies have a significant presence, accounting for 20% of the total, Professional and Financial Services are equally dominant. The market is therefore older and more diverse than is generally portrayed.

5.6.3 The same research went on to show that the number of digital content firms in Tech City grew at a slower rate between 1997 and 2014 than in London as a whole, supporting *"the view that the geographic ties of the sector to this location are weaker than is sometimes supposed, and that demand is more footloose than generally assumed"*. The research concludes that demand from the digital economy can be satisfied in a wide range of locations adjoining the CAZ, and elsewhere in London, and that its locational clustering is not confined specifically to Tech City.

5.6.4 Research from Cushman & Wakefield pointed out that Tech City is merely *"a part of [an] enormous business ecosystem that, even within Central London, ranges from advertising agencies to publishing businesses, software developers and IT consultants"*.⁶⁵ Setting aside the definitional minefield of what exactly constitutes a 'tech firm', it is also clear that there are multiple clusters.

5.6.5 The same Cushman & Wakefield report observed that the tech sector is *"spread across Central London from Paddington to Canary Wharf, London Bridge to King's Cross"* within which there are *"several clusters, most notably Soho and Covent Garden; Southbank and Clerkenwell"*.

5.6.6 On balance, and certainly in terms of planning policy formulation, the evidence suggests that the 'brand' that is Tech City is perhaps responsible for too much focus on a very specific area. Islington's Clerkenwell and Farringdon, on the evidence presented in Chapters 6.0 and 7.0, demonstrate the potential for many areas around the central London fringe. And as far as spatial planning is concerned, Islington's whole CAZ – and potentially expanded CAZ – area (see recommendations) should be seen as a location suitable for the 'tech sector'.

5.7 Summary

5.7.1 The central London commercial B1 property market has undergone a significant, post-Financial Crisis revival. Demand in the form of take-up has been

⁶⁴ Ramidus Consulting (2015) *Small Offices and Mixed Use in CAZ GLA*

⁶⁵ Cushman & Wakefield (2013) *From Goldman to Google: Finding Space for London's New Urban Elite*

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strong, and it has also been broadly-based across a range of sectors. Rising rents demonstrate that supply has yet to recover fully from the recession, although the pipeline suggests an expansion of supply in 2016 and 2017.

5.7.2 Discussions with local agents highlight a number of important factors. Take-up and rent levels in Islington's CAZ area are behaving in tune with the wider CAZ property market. Occupier demand within the CAZ is predominantly from financial, professional and creative services, and rental levels reflect those in the wider City of London market. Relatively constrained supply, combined with consistent occupier demand in recent years has placed upward pressure on rents, and good quality space within the CAZ fringe area is now on a par with that in the City core. Prime, institutional grade space in the CAZ fringe is now letting for in excess of £50 per sq ft and, largely because of occupier demand pressures, rents on lower specification space designed for creative businesses, are reaching the same level.

5.7.3 Beyond the CAZ area, local agents report similar dynamics, both for office and industrial premises. In terms of office space, new space across the Borough now commands around £25-£30 per sq ft, with a premium being paid for smaller units and those in more fashionable flexible space units. The greatest demand is from service-based professional and creative businesses.

5.7.4 In the industrial sector, again, constrained supply and sustained demand are combining to maintain rents at a relatively high level. Indeed local agents report, importantly, that there is a lack of comparable rental evidence on Brewery Road/Vale Royal, due to a lack of transactions (vacancy here is estimated at just 3-5%). Agents suggest that if space were to come to the market on the LSIS then it should command rent of between £12 per sq ft and £15 per sq ft depending on the quality of the space (small units of less than 5,000 sq ft might command closer to £20 per square foot). The profile of demand is dominated by warehousing and storage for a wide range of functions, building and motor trades, engineering, courier and distribution, food supplies and so on. As noted earlier, some agents are reporting a fall in enquiries in Islington because occupiers are beginning to assume that no space is available.

5.7.5 It is clear that the priorities of occupiers are changing in a number of important ways. Changing workstyles are driving new approaches to space use, and traditional locational ties are being increasingly challenged. Growing numbers of occupiers appear to be more footloose than previously; and this applies both to the corporate and SME markets. The important implication of this for Islington is that areas in the CAZ fringe, once considered marginal, have begun to find favour.

5.7.6 Thus, Islington's southern parts, both CAZ and just beyond, have become mainstream in location preference terms. The list of corporate in-movers illustrates the growing attractiveness of the area for large occupiers. There are two further relevant and related dimensions to this evolution of the local office market. First, the area is accommodating growing numbers of start-up businesses and businesses operating in the creative and digital sectors. Clerkenwell is already attractive to these businesses, but there might also be potential for a westwards drift from Shoreditch into the area as prices in Shoreditch continue to rise.

5.7.7 Secondly, the flexible space market, as outlined in Section 6.5, has recognised the area's potential to accommodate small and/or growing businesses,

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and there has been a strong growth in the number of business centres. These buildings often provide 'hybrid' space which combines features of office, light industrial, studio and production space (and indeed many of them occur either in relatively modern but redundant B1 office buildings, or in much older B2 and B8 industrial and warehouse stock). This market appeals to both micro and small companies, and larger corporate organisations looking for temporary space to house, for example, project teams. Such buildings are attracting and retaining the kinds of businesses capable of underpinning wider economic growth.

5.7.8 Despite these positive messages, pointing to robust occupier interest, the Borough as a whole has continued to lose B-use space. As we saw earlier, the Borough's stock of industrial land shrunk from 60 ha in 2010 to just 35 ha in 2015. Beyond the CAZ area there has been very little new supply of employment space over several years – either industrial or office. Both forms of property are being 'out bid' by residential land prices, and relative viability for industrial development in particular is an acute problem, which points to the role of planning policy in protecting and/or securing business floorspace.

5.7.9 Two forms of demand merit further consideration in the context of Islington's changing commercial property market. First, there is an opportunity for Islington to benefit from 'overspill' from Tech City and from the creative and digital sectors more widely. Secondly, there is an opportunity to consider how to intensify industrial land use in the Borough with a greater provision of hybrid space for modern users.

6.0 Employment site assessment

6.0.1 In this Chapter we outline the main findings from the employment site assessment. The sites include Employment Growth Areas (in most of the Borough identified in Development Management Policies), Employment Priority Areas (in the Finsbury Local Plan area), Town Centres (Angel, Archway, Finsbury Park and Nag's Head) and the Locally Significant Industrial Site, as identified on the Islington Proposals Map.

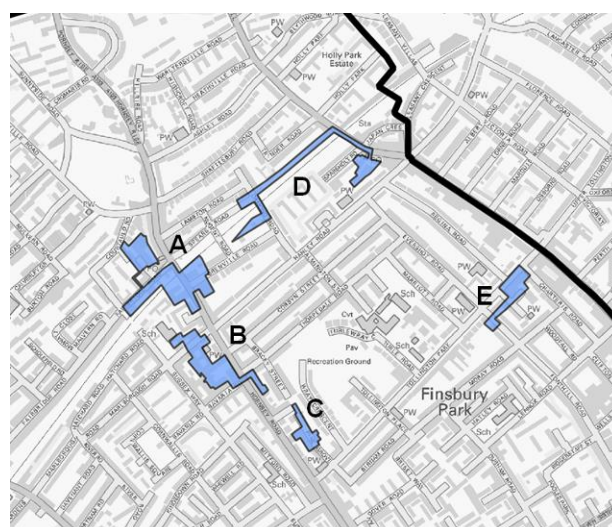
6.0.1 The site assessment involved a review of each site with the objective of identifying significant changes in their use, condition, occupier mix and so on since earlier assessments. The assessment of each site is based on market criteria: in other words the sites are looked at from a commercial perspective in order to provide a view on their qualities in ownership, operational and development terms.

6.1 Employment Growth Areas

6.1.1 For ease of presentation, we have addressed the Employment Growth Areas (EGAs) on an area basis, with clusters of sites. The EGAs are clustered under the following headings:

Hornsey Road	Canonbury Road/Essex Road
Upper Holloway	Highbury & Islington North
Lower Holloway	Highbury & Islington South
Highbury Grove	King's Cross/Battlebridge
St Paul's Road/Balls Pond Road	King's Cross/Regent's Quarter
Offord Street	Pentonville Road

6.1.2 **Hornsey Road** The northernmost group of the EGAs are clustered around Hornsey Road. Most of the firms in the area seem to be providing for local demand although in Belgravia Workshops and Websters Business Centre there might be businesses serving central London occupier demand. The site focused on Fairbridge Road (**A**) has clearly undergone recent residential development on the north side, with the loss of B-space despite the allocation which covers the site (OIS4 174-178 Courtauld Road) stating that retention of an element of employment would be desirable. On the south side there remains some B-use, including a garage and a LB Islington depot. On Hornsey Road there are a few B1(c) use buildings (for example, fabric workshops) but little else. While there appears to be limited potential for growth, these sites should be protected.



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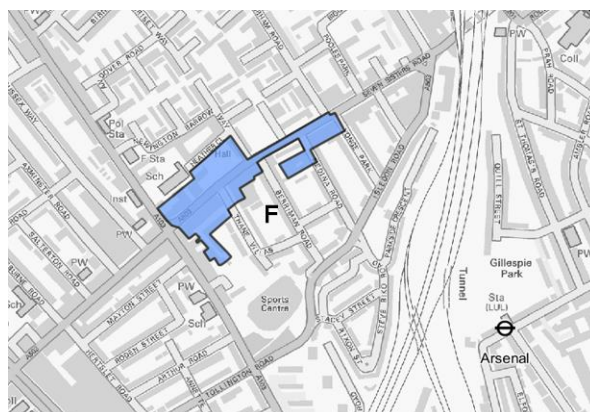
6.1.3 South of this site there is a cluster of B-use around Marlborough Road **(B)**. The most intense employment site here is Belgravia Workshops, a flexible space building operated by Workspace Group in a converted industrial building. The Site Allocations Plan protects the site for B-use space, including potential intensification (Site OIS6). Within the same EGA there is Websters Business Centre, which includes a Royal Mail sorting office/depot, and a multi-let, light industrial building, dating from the 1950s. This is occupied in part by a fitness and dance centre. The main B-uses in the building are varied, including marketing, fabrics and technology. The site appears to be in good repair, is well maintained and serving a useful purpose.

6.1.4 Further south again is Pine Grove, in the middle of a dense residential area **(C)**. The main B-use premises is a large BT telephone exchange building. The only other B-use on the site is a marginal auto repair business at the end of the narrow cul-de-sac.

6.1.5 At the top of Spears Road, there is a residential cul-de-sac barring access to any site along the rail line as shown on the Policies Map **(D)**. The site includes three existing businesses: Lightfoot Windows abutting the railway (accessed from Crouch Hill), Holloway Service Station and the General Supplies Ltd trade counter (accessed from Ormond Road). Otherwise there is little evidence of B-use. The Crouch Hill road frontage comprises tertiary retail (much of it boarded up) and a disused garage. A little further along there is an old dairy building, which is now used as a gastro pub. There is limited capacity for additional; growth in this area.

6.1.6 At the northern end of Tollington Park there is a small site **(E)**. It is primarily occupied by an Indian Cash and Carry, with additional retail along the frontage. There is a small, anonymous light industrial unit on the other side of Everleigh Street, at the end of a residential row, which appears to be vacant. There is no B-use employment on this site.

6.1.7 The final site in the Hornsey Road cluster is at the junction with Seven Sisters Road **(F)**, to the north west of Arsenal tube station. To the south of Seven Sisters Road there are a few vestiges of light industrial activity (Thane Works which is occupied as B1(c) studio space), but remaining buildings are generally in a poor and deteriorating condition. On the opposite side of the street (Thane Villas) there is an accountants' office and Regent Studios, which offers flexible business space. The occupiers include a solicitor, an architect and businesses involved the arts, media and design. Some of these firms might be serving central London needs. It seems likely that the availability and price of the premises might be a particular attractor.



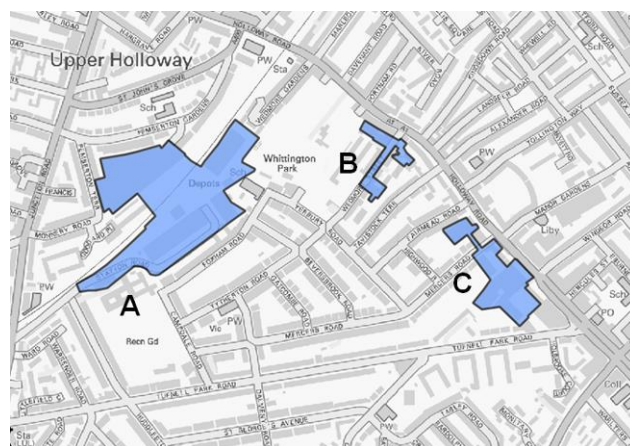
6.1.8 Opposite Thane Villas, the site identified on the Proposals Map (site allocation FP7) is in the process of being redeveloped as a very large electricity sub-station as part of a mixed-use, residential-led development. This seems to preclude

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further B-use growth on the site. Further along Seven Sisters Road, the B-site on Medina Road is a Job Centre, but no other evidence of B-use between Medina Road and Younge Road.

6.1.9 Upper Holloway At the west of this cluster is the Station Road EGA **(A)**, straddling the railway line. The northern section, off Pemberton Gardens, is taken up by Holloway Bus Garage and there are additional exits to the garage in Pemberton Terrace. The southern part of the site, the Bush Industrial Estate, is accessed via Station Road. The site is allocated for intensification of existing uses (OIS9 Bush Industrial Estate). It also clearly has a function beyond the local economy.

The mainly 1980s stock on this site are used for commercial, storage and light industrial use, and the Hornsey Royal Mail sorting office is at the far end of the site. There currently appear to be at least two occupiers of the site: a Land Rover/Jaguar Service Centre and London Underground. The site has good access and is in reasonable repair. The site performs a valuable function in employment terms.



6.1.10 The 'Holloway Road North' EGA, centred on Wedmore Street, comprises a small number of businesses **(B)**. Wedmore Mews includes B2 activity, including a scaffolding business and motor repair businesses, meeting mainly local needs. Access is poor and the Mews and Wedmore Street easily become congested. Opposite the Mews there is a small business premises accommodating a personal training business. Further along Wedmore Street is Archway Business Centre, which appears to be a 1970s/early 1980s brick-built building that is suffering disrepair, but the centre appears to be well-occupied. Between these two premises there is some modern housing, completed in 2007, resulting from the demolition of warehousing at Corporation Yard.

6.1.11 The final site in this cluster fronts onto Holloway Road, around the junction with Mercer's Road **(C)**. The upper part of the site, to the north of Mercer's Road comprises light industrial units occupied by a costumier to film, television and theatre; a function that reaches for custom well beyond the Borough. Collingwood Business Centre on Mercers Road is being converted from office to residential use at upper floors through PDR. Further along, south of Mercer's Road and at 457-463 Holloway Road a residential block of four town houses turned offices now has prior approval for residential. Then there is older residential, followed by a self-storage business at 451-453 Holloway Road.

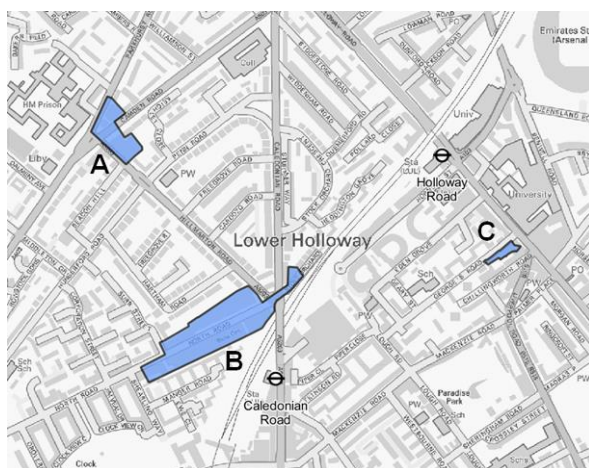
6.1.12 Next to this, there is a courtyard property (447-449 on the Holloway Road frontage), which was most recently used as office, and workshop and warehouse buildings at the rear. All are part of a wider extant permission involving the refurbishment of the adjacent National Youth Theatre rehearsal space (443-445

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Holloway Road), which also includes linked buildings at the rear providing for a range of office/light industrial/storage uses. Although the building fronting Holloway Road appears recently refurbished, the permission for refurbishment/redevelopment of the warehouse buildings to the rear (as set out in site allocation NH4 for residential and NYT space) has yet to be implemented. It will provide replacement D1 space for the National Youth Theatre, 80 residential units, around 400 sq m of flexible A1/A3/B1 commercial floorspace and around 370 sq m of storage space.

6.1.13 Lower Holloway This cluster comprises three small EGAs. The site on the junction of Parkhurst Road, Camden Road and Hillmarton Road **(A)** accommodates a garage business undertaking repairs and sales spread over an island site and a site to the south of Camden Road, covered by site allocation NH9. The only evidence of a B-use on the site is a building adjacent to the garage which appears to be a disused food packing centre. The Site Allocation plan seeks to ensure that the 392A and 394 Camden Road site is allocated for comprehensive redevelopment to provide residential and B-use.

6.1.14 The island site is currently subject to an application which would see it redeveloped, involving the conversion of the church to residential, and the construction of a new building to house the Arts Factory, 200 sq m of B1 and affordable units. This would involve the relocation of the overspill parking/repair area used by the car repair business at 392A Camden Road.



6.1.15 The site at 392A Camden Road received permission at appeal for part demolition and redevelopment to upgrade the car repair business and introduce nine residential units, although as of yet no details have been approved. Part of 394 Camden Road was refused permission at appeal for redevelopment to provide B1 space at basement level and five mews houses. The Council's preference, as expressed in site allocation NH9 is for comprehensive redevelopment

of the combined sites to provide residential and B-use. Various redevelopment proposals indicate market interest in upgrading business space in the area.

6.1.16 The largest of the three sites is focused on North Road **(B)**, lying just north of Caledonian tube station. This is a very good example of an EGA. There are a few low density B2 industrial occupiers (including Royal Mail and an assortment of light industrial units, with low vacancy).

6.1.17 The main employment source on the site is a business centre called Busworks (a converted bus garage). The scheme comprises three buildings offering a mix of office studio and light industrial space, including co-working. The buildings are well-maintained and the centre appears to be practically full. It is difficult to judge the market reach of the resident firms with any accuracy, but it can be inferred that for many their markets stretch beyond the local economy.

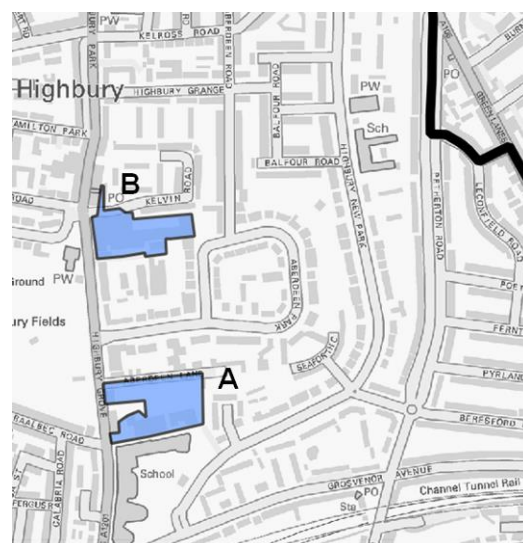
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6.1.18 The small EGA that sits on the south side of George's Road is an isolated site which appears to be in decline **(C)**. A large proportion of the site comprises a motor repair business. Behind this there are three single storey buildings, in a poor condition, two of which appear to be used as studio space, while the third appears vacant. This site has limited scope for additional employment, although an application is currently under consideration for 5-11 George's Road that would provide 198 sq m of B1 and six homes.

6.1.19 However, outside the EGA, to the south in the parallel street to George's Road, Chillingworth Road has a new business centre which appears to be well-occupied. This is a good example of older stock being viably brought into use to meet demand for modern workspace, providing 1,500 sq m of managed space for occupiers including a charity, travel agency, training company and student advisory business.

6.1.20 **Highbury Grove** There are two sites on Highbury Grove, the southernmost of which is the refurbishment of No.24 Highbury Grove (site allocation OIS1), completed in early-2015 by Workspace Group, and known as Screenworks **(A)**. The Site Allocation plan OIS1 identifies 24 Highbury Grove for B1 use and some residential. It comprises a large office and studio building and is available on flexible terms. The development has very little space remaining. It is a high quality scheme and has on-site management. A small pre-war building is still awaiting development at the front of the site. The occupiers of the business centre are likely to be trading with businesses across London and beyond.

6.1.21 The second of the Highbury Grove sites, slightly to the north of the first, is located at the junction with Kelvin Road **(B)**. The frontage to Highbury Grove has been occupied by the London Metropolitan University, but at the time of the survey was in the process of being vacated. The large 1930s building is subject to a planning application for redevelopment as a residential scheme for at least 90 units, and a small amount of office space.



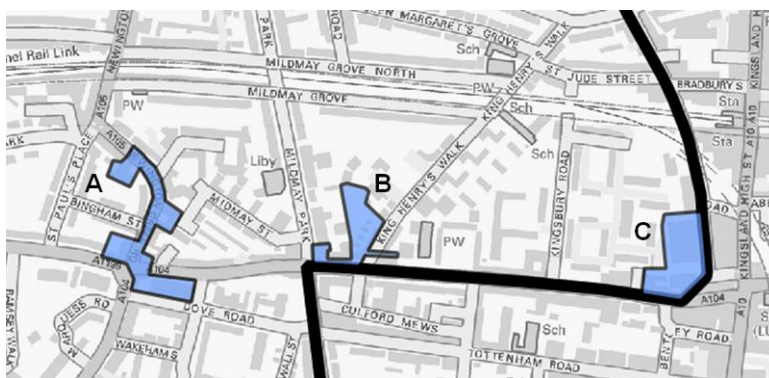
6.1.22 The remainder of the site comprises Frogmore Industrial Estate, behind Kelvin Road. The B2 buildings date from the 1970s and have light industrial occupation, by occupiers including CEF (electrical wholesalers); Howdens (Joinery); La Fromagerie (food suppliers) and Wolseley (car parts). The site is constrained behind the college building and a residential area. Should the college be transformed into residential, as sought by a refused application and a revised one under consideration, then this will be the only employment space in the locality. It appears to be subject to development pressure, but is a valuable site in terms of its employment provision.

6.1.23 **St Paul's Road/Balls Pond Road** There are three sites in this area near the Hackney border. The employment premises appear to provide accommodation for

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businesses serving local needs. The first of these straddles St Paul's Road and Newington Green Road **(A)**. The only remaining employment stock on this site of any significance is Leroy House. This building is identified in site allocations as OIS3, which provides for refurbishment/intensification of business space. The building is owned by Workspace Group and is operated as a business centre for flexible space. Workspace has recently applied for permission to extend the building to provide additional B1 space. In Newington Green Road there is one cleared site, following the demolition of B8 space, undergoing redevelopment as houses and apartments. There is also a garage tyre business. Otherwise there is no evidence of B-use surviving in the area.

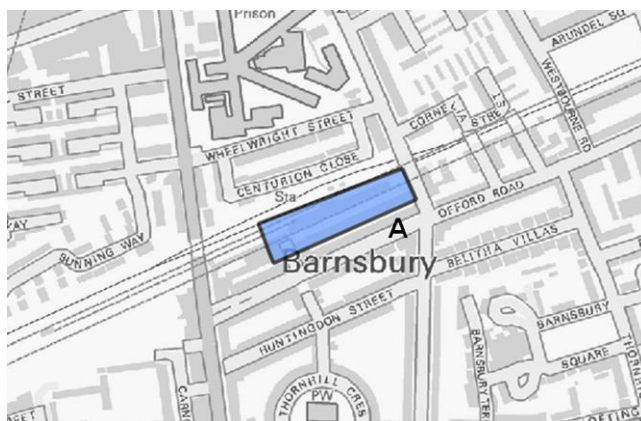
6.1.24 Further along on Balls Pond Road, on the junction of King Henry's Walk, there is an employment site which is in fact a major electricity sub-station, plus a plumbing business **(B)**. There is no other B-use stock evident.



6.1.25 Finally, just before Kingsland High Street, there is a site which comprises a terrace of secondary shops (plus some A2 use) fronting Kingsland Road, with two storeys of residential apartments above, and an office building and BT

Telephone Exchange on Kingsland Passage **(C)**. No 1 Kingsland Passage and the telephone exchange are covered by site allocation OIS7.

6.1.26 Leroy House is very significant in terms of its size and use profile, but other B-use in the area is limited. Existing uses on the other sites restrict opportunities for new commercial development which, in any case, would be difficult in the context of inevitable pressure for residential development.



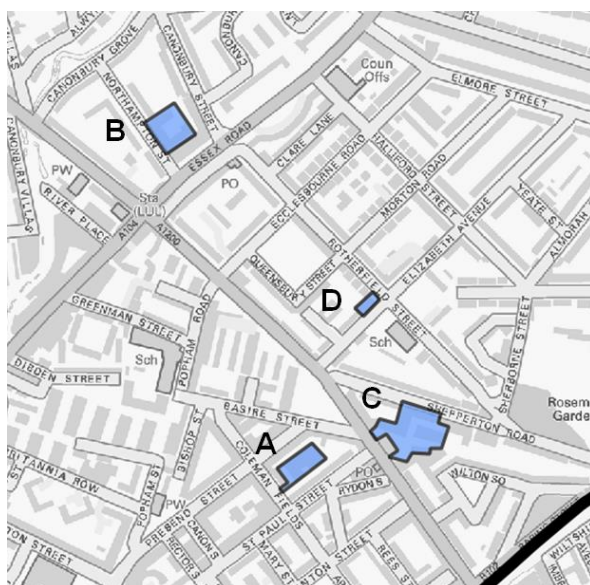
6.1.27 **Offord Street in Barnsbury** This is a small B2 industrial site adjacent to the rail line, west of Highbury & Islington station. The site is hemmed in by residential, the nearest of which is very new. Access is not good, being via a residential cul-de-sac. The properties look in good repair, but the site appears marginal in terms of its size and constrained location. However, it currently provides valuable,

lower cost commercial space and should be protected.

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6.1.28 **Canonbury Road and Essex Road** There are four EGAs in this cluster. The first, on Coleman Fields, has already been lost to residential development and is therefore no longer an employment site at all **(A)**.

6.1.29 The second site is on Northampton Street, and is in fact a single property, accommodating 6-8 Northampton Street, known as The Ivories business centre, operated by Workspace Group **(B)**. The site is identified in site allocations for refurbishment/intensification as business space. The centre houses a number of voluntary organisations, as well as: City Dance Academy (arts), Nova Farm (pharmacy products), Quixel (business software), Real Russia (travel) and Tien Wah Press (printers). The building appears to be fully-let and well-managed.



6.1.30 The third site is Canonbury Business Centre on Canonbury Road, comprising three separate buildings **(C)**. This is an intensive employment site: the business centre measures some 8,000 sq m. The buildings are in good condition and well-maintained. The centre appears to be full and the occupiers are wide ranging in their activities.

6.1.31 A flavour of the firms on site is given by the following list: Asyouneed.com (IT consultancy), Barry Wallace (photography), Graham's Hi-Fi (music products), Node London (digital advertising) and Rees Bolter (architects). Many

are likely to be serving central London, national and international markets. The centre is seeking planning consent for on-site expansion.

6.1.32 .The fourth site, on the corner of Elizabeth Avenue and Rotherfield Street has just been redeveloped **(D)**. Previously a light industrial site (housing FG Halliday & Sons), the former industrial unit has been converted to residential. The rear of the site has been developed as three town houses, while the front of the site includes four new flats.

6.1.33 **Highbury & Islington** This is a large EGA (Highbury Corner), covering the local shopping area of Highbury and Islington, and centred on Highbury and Islington station. Employment uses in the area appear to be largely serving local market needs.

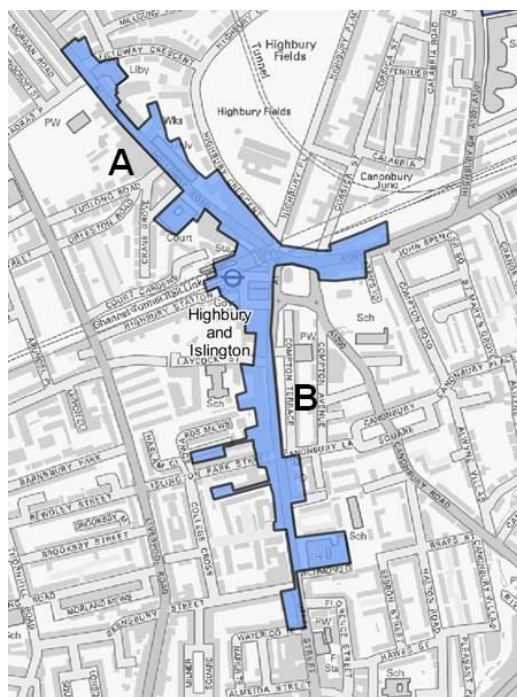
6.1.34 Entering the site from the north **(A)**, along Holloway Road, the main uses comprise ground floor retail with residential above, to a height of 3 or 4 storeys. No.80 Holloway Road is an ex-industrial building which is now a religious site for the Richmond Fellowship. Next door there is a Buddhist Centre.

6.1.35 No.52 Holloway Road is an old industrial site which has been converted to residential, and is now named Highbury Gardens. There is still work going on at the rear (marked on the map as "works").

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6.1.36 Adjacent to this is a site awaiting imminent redevelopment as ground floor retail and 1,105 sq m of B1 space. There follows a refurbished ex university building, 6-44 Holloway Road, which has been let to Kaplan Financial. This financial training organisation has taken over 5,000 sq m of space.

6.1.37 Highbury Crescent, previously office space, is also in the process of being converted to residential via PDR, and will therefore not likely come forward for redevelopment as envisaged by site allocation HC2 which supported comprehensive redevelopment on this side of Highbury Corner. Approaching the Highbury and Islington Underground Station, there is further new residential space above the Tesco Metro outlet. The trend throughout the site, with the exception of the educational letting to Kaplan, is for conversion of former office and industrial sites to residential.



6.1.38 Corsica Street was identified by Network Rail as an employment site, and it was identified in site allocations as HC6. However, substantial redevelopment is now unlikely due to engineering constraints identified as part of bridge improvements currently underway.

6.1.39 The southern part of the EGA, the stretch of Upper Street to the south of Highbury Corner (**B**) is largely a retail street with residential over ground floor uses. However, there are a small number of purpose built office buildings. For example, Club Union House at 253-254 Upper Street is the headquarters of the Working Men's Club & Institute Union as well as being a base for various organisations aiding asylum seekers. Further along, 222 Upper Street is the Islington Municipal Office, where much of the administration for the Council is based. The Town Hall itself is further down, on the opposite side of the road. There is also a well-known tailor, Charlie Allen, at Cooper's Yard, 181 Upper Street.

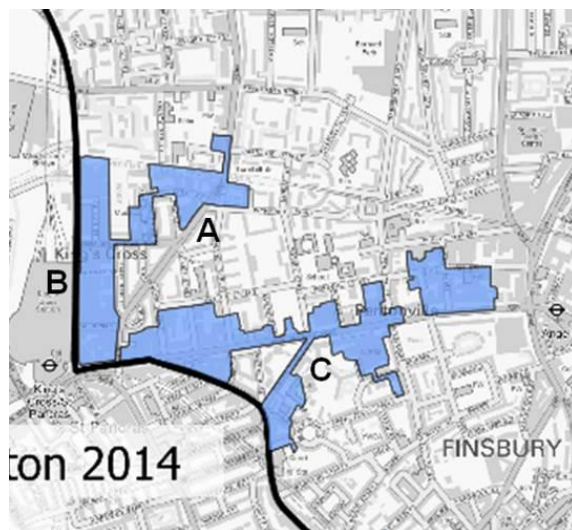
6.1.40 Other than these examples, together with a small number of professional firms in offices above shops, the area is what would be expected in a markedly gentrified part of London: a mix of practical and independent shops and restaurants, with a strong residential feel. In commercial property terms this is not significant business area.

6.1.41 **King's Cross** Regent's Wharf, the warehouses and workshops around Battlebridge Basin and the area north of Wharfedale Road (**A**), were the first in the area to be converted to office uses and have been attractive to the publishing industry and related creative industries. This is evident with the presence of firms like Pan MacMillan, Springer Nature and Wolff Olins in the area, which extends around All Saints Road. But it is the development of the ultra-modern King's Place

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and its occupation by the Guardian Newspaper Group that gives the area both a sense of growth and scale.

6.1.42 Units here are typically larger than further south and, despite a variety of different styles of building, and with Goods Way linking directly into the King's Cross redevelopment, it would be easy to forget that most of these refurbished units pre-date the active development of King's Cross Central, having come about as part of the long-term regeneration of the area. This is strongly suggestive that their viability will only increase as the main King's Cross development – mostly in LB Camden – matures. Site allocations identify 62-68 York Way, KC3, for redevelopment as hotel use. Redevelopment for a 408-bed hotel is now underway.



6.1.43 The area along York Way (**B**), directly opposite King's Cross Station and bounded by Caledonian Road and Wharfedale Road, includes Regent's Quarter, which had been a development site for many years before the network of workshops was finally developed in the late-1990s.

6.1.44 More recently similar conversion has been taking place at Albion Yard, further north, with these schemes sandwiching a hotel. Both schemes appear well let to a combination of creative businesses and transport related companies. On the Caledonian Road side, Focus Point 21 is a modern office building providing space for Arriva, Creative Skillset and Uber.

6.1.45 This area seems to be benefiting from a 'halo effect' from the regeneration of the King's Cross railway lands – it is busy, and apparently fully occupied.

6.1.46 Immediately to the north is a series of reasonably modern, purpose-built offices, mainly in good order, but with some older buildings in need of refurbishment. There are also the first overt signs of office vacancy in the area in the form of agent's letting boards. On the other hand, the presence of a Pret A Manger sandwich bar and the Lincoln Lounge bar suggest enough custom to support such facilities.

6.1.47 Given the adjacency of this area to King's Cross Central and the catalytic effect this is having in terms of the wider regeneration of the area, and given the growth of business space in the area over recent years, there is clearly scope to intensify business use in this area.

6.1.48 The Pentonville Road area (**C**) is a major central London thoroughfare, running from King's Cross to Angel and its character changes significantly moving away from the railway terminus. At the station end, and around the gyratory system, signs of the 'Halo effect' are emerging, most notably the redevelopment of the

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Lighthouse Building, but also in the presence of B1 uses above the retail space. This style rather peters out heading up the hill towards Angel. There are, however, purpose-built offices of up to five storeys, such as Caledonia House, which has space available on three year terms, or the adjacent York House – an older property, possibly former public sector – is available for short-term lets.

6.1.49 It is notable, however, that the biggest building on this part of Pentonville Road, the former NatWest complex, has been converted to student accommodation, as have properties along Penton Rise. It should be noted that this is established student accommodation that pre-dates the development of King's Cross Central and that restrictive policy was put in place in DM Policies (2013) limiting student accommodation to two areas of the Borough around City University and London Metropolitan University.

6.1.50 Further along the road there is the Pivotal scheme, offering c2,500 sq m of offices, and the boarded-up Enterprise car rental scheme (site allocation KC1) offering car hire, 118 residential units and 873 sq m of offices under construction. There is also a fairly large self-storage centre: such comparatively low density use is increasingly unusual in such close proximity to central London.

6.1.51 Pentonville Road's potential as an Employment Growth Area is finely balanced in pure market terms: while there is some B1 development, the apparent success of student housing (which was part of the first wave of King's Cross regeneration), combined with pressure from the wider housing market, indicates strong competition for uses.

6.1.52 It could be said that the area is entering a new phase in the wake of development of the international transport hub at St Pancras in LB Camden, and the most obvious change is the impending building out of the King's Cross Central scheme. The western end of Pentonville Road will feel the benefit and will, most likely, draw in new occupiers. There is a good case for protecting this area for employment growth given the impact of the King's Cross Central development.

6.2 Locally Significant Industrial Site

6.2.1 The Locally Significant Industrial Site known as Brewery Road/Vale Royal is by some margin Islington's largest concentration of employment land. It is situated a little north of the King's Cross Central redevelopment area; a short walk from Caledonian Road tube station, and road access to central London is good. It is generally well positioned to service both central and inner London markets.

6.2.2 Although the roads are typical inner London roads – that is, not especially well adapted for modern traffic levels – there is no obvious sign of problems moving around within the site, nor of the site creating traffic congestion nearby.

6.2.3 The site comprises several frontages, as described below.

- The east of the site fronts **Caledonian Road**, with a small ingress into **Market Road** and, to the rear, **Balmoral Grove**.
- The spine of the site runs along **Brewery Road** from Caledonian Road to **York Way**.

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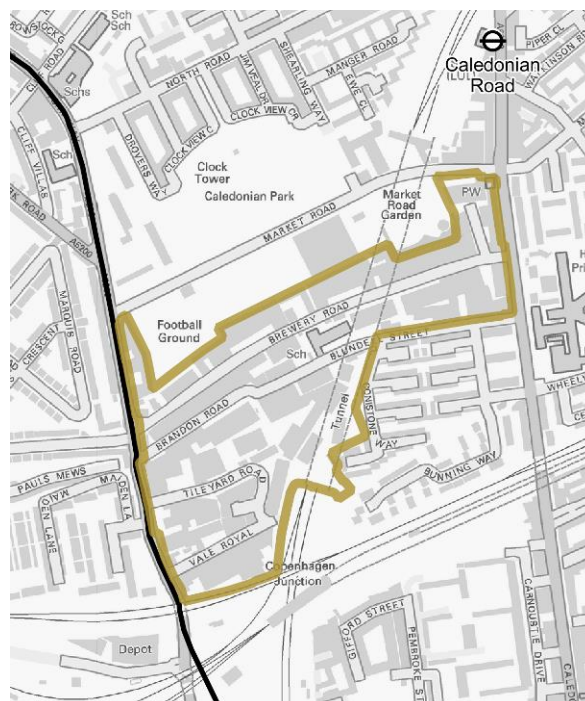
- Parallel to Brewery Road is **Brandon Road** which, after a slight dogleg, becomes **Blundell Street**, which is partially fronted by the densely-built Nailour Estate.
- To the south, running from York Way is **Tileyard Road**, which loops round to **Vale Royal** before coming back onto York Way.
- **York Way** itself has employment space on its frontage, which at the Vale Royal end of the site is directly opposite a new residential scheme.

Figure 6.1 The Vale Royal/Brewery Road industrial estate



6.2.4 Incongruously, more or less in the centre of the site, is the long-established Robert Blair Primary School and Child Care Centre. A notable feature of the school is that its playground is on the roof, not at ground level.

6.2.5 **Caledonian Road/Market Road/Balmoral Grove** This comprises a small group of properties, including 423-425 Caledonian Road, a substantial, but tired office building south of Brewery Road, which, from the ASH brick used in construction, probably dates from the late-1960s or early-1970s. This property is occupied by British Transport Police (with rear access in Brewery Road).



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6.2.6 Buildings north of Brewery Road are occupied by Femaura (a social enterprise for the deaf) and Hiho (an office/studio rental company); with a Europcar facility on Market Road. Around the back, on Balmoral Grove, is a series of businesses associated with car hire and maintenance.

6.2.7 Our understanding is that these are short-term occupancies due to expire at the end of 2015. Although

there is an agents' letting board (pictured left), these are "hung over" from a couple of years ago and the agents informed us that the site is due to be vacated and redeveloped as a 200,000 sq ft residential-led scheme that will provide a similar quantum of business floorspace in the form of flexible B1 space.

6.2.8 Balmoral Grove is full of what might be termed "scruffy" space which, although hardly in contention for any urban design awards, is very well used by a mixture of car rental and car repair businesses. One small property appeared to be vacant, bearing a "considerate contractor" sign, although no work was obvious.

6.2.9 **Brewery Road** is the major thoroughfare in this area. It contains a mixture of property types and ages, although little appears to be new-build. Most of the buildings are "wide and shallow" – the street frontage is disproportionate to the actual size of the build, but even allowing for this there are some large units by inner London standards.



6.2.10 As noted, the roads are narrow but there are no signs of major congestion, although the site was not observed during the morning or evening peaks.

6.2.11 Moving down Brewery Road, the most striking initial sites are those of Berkmann wine distributor – for whom this is the London base of a national company and Sixt car rentals. The Berkmann unit is busy with both pedestrian and vehicular traffic in and around it. Rather tucked in among these is BSS, a pipe and heating trade counter unit.

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6.2.12 Next, on the south side of the road, is a warehouse-style building (pictured above) occupied by two well-known equipment and service providers to the live event business – Matt Snowball and John Henry.

6.2.13 This is noteworthy because the Vale Royal/Brewery Road industrial site is home to two distinctive business clusters, in this case services to the music and entertainment industries around London, especially live events. John Henry also occupies space on the north side of Brewery Road.



6.2.14 Next, in the north side, is a large multi-tenanted warehouse occupied by Allnet (a technology company); Backgrounds (a props hire company); Euphonium Bakery, Islington Council; Janitorial Express (a trade counter for the cleaning industry) and Screwfix. Opposite is a large office building, 33-27 Brewery Road, with signage indicating that it is occupied by Islington Council.

6.2.15 Also on the south side, immediately past the school, is 29-31 Brewery Road, a large and tired looking office building which, despite this characterisation, seemed to be fully occupied at the time of survey, but with no signage indicating by whom. Further enquiries with local agents and other sources suggested that the building is occupied by Big Sky Studio which describes itself on its website as "*London's largest and most accessible full-service photographic studio.*" There are seven studios in the 3,400 sq m building.

6.2.16 Back on the north side, Blenheim Court is the most modern looking property on Brewery Road, its style suggestive of 1980s construction. As well as an office for Euphonium Bakery, Islington Services for Ageing and Mental Health and Electro Tech Court (graphics firm) are also in occupation.

6.2.17 Further east is more warehousing, occupied by London Ambulance Service for Islington Ambulance Station. Adjacent to this is a small office building occupied by Sensible Productions, a music production company, and a substantial office/light industrial unit occupied by Halo Lighting.



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6.2.18 Opposite this, directly after the Islington council occupied office building, is a very large facility operated by The London Taxi Company (pictured). Next to this is a substantial self-storage centre, A&A self-storage.

6.2.19 A small unit has signage indicating occupation by Pentonville Rubber, a supplier to foam rubber to various industries. However, not only does it appear to be vacant, but further enquiries suggest the company has moved to Pentonville Road.

6.2.20 The last building on the south side is York Way Mosque.

6.2.21 **York Way** North of Brewery Road, there is a substantial warehouse/factory occupied by CBB building supplies. Further up and on the corner with Market Road, the building formerly occupied by charitable operation GWB Product Fulfilment, is now vacant and being marketed (although the 2,500 sq m mixed office/industrial property was occupied by squatters at the time of the survey).

6.2.22 Between Brewery Road and Tileyard Road is a large plumbing supplies and bathroom showroom, while a nightclub, 'EGG:LDN', occupies the area between Tileyard Road and Vale Royal.

6.2.23 **Tileyard Road/Vale Royal**

Tileyard Road has two distinct sectors. On the one hand, there are a lot of occupiers typical of inner London industrial areas. There is a small printers' office (although it was difficult to tell if it was occupied), a caterer called Sands Catering and a supplier of gear for racing cyclists, Rapha Racing.



6.2.24 But by far the most significant activity here is The Tileyard (right), which comprises around 10,000 sq m of studio, writing room and office space dedicated to the music industry. It has 70 modern studios and 100 offices as well as event space and co-working space. There is very little evidence of vacancy and the onsite café was well frequented.

6.2.25 Established in 2011 it is close to the other music and event oriented businesses already noted on Brewery Road. Such agglomerations develop for sound economic reasons and care should be taken not to disrupt this.

6.2.26 On Vale Royal itself film and TV related firms are also present– TKOne and Press Tech although the most visible presence is a large facility for Henson Catering at 40 Vale Royal.

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6.2.27 It is probably worth noting the potential synergies between event systems suppliers and catering. We would be wary of drawing too strong a causal link, but it is worth noting that these apparently diverse business may well have, at least in part, a shared client base.

6.2.28 **Brandon Road/Blundell Street**

Brandon Road is mainly the rear of Brewery Road and Tileyard Road, although VDC House is a fairly large office building for VDC which styles itself "Pure Cable Technology".



6.2.29 Next door is a row of fairly modern looking, low-rise warehouses used by Majestic Wine and Planners Services & Sundries (wholesale flooring).

6.2.30 Blundell Street is more densely occupied, with the C. Carnevale (catering, left) by far the most visible presence. Also on the site is the Acorn Production Centre, providing a home to a variety of business from car repairers to photographic studios.

6.2.31 Past this is a very large timber yard run by Lawson's, apparently a local company.

6.2.32 Other than a tool hire business in a small industrial unit, the only other building of note is 8-50 Blundell Street, one of several office buildings in the area occupied by British Transport Police for its North Area HQ.

6.2.33 **Summary** Brewery Road/Vale Royal is by far the largest non-CAZ accumulation of employment land in Islington, and indeed, there is nothing of equivalent scale nearby. One local agent said "*You have to go very far north or very far east*" to find anything similar, adding that this essentially meant you have to go outside the North Circular Road.

6.2.34 The situation has reached the stage that another agent said that, in contrast to just a couple of years ago "*Those who want industrial probably don't look at Islington.*"

6.2.35 The impact on rents is hard to judge given the paucity of evidence. One agent said that – should it become available – a large unit would probably command rents in the £12-£15 per sq ft range, but small units could easily command £20 per sq ft.

6.2.36 On offices the impact is just as hard to judge because, according to one agent "*There's literally a handful of offices*" around nearby Holloway. He said that the 'tone of the market' was around £30 per sq ft, but that one exceptional unit was expected to fetch £39 per sq ft. Another reported an offer of £45 per sq ft in

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Holloway. It is, therefore, not surprising that the offices and studios at Tileyard or very well let: nearby choice is very restricted.

6.2.37 Although unprepossessing in appearance, the Brewery Road/Vale Royal area provides space that is crucial to accommodate businesses servicing both the wider borough and central London. This is particularly evidenced by the cluster of live event and music oriented businesses, and also of the number of catering operations.

6.2.38 The very fact of the existence these clusters provides a prima facie case to protect the land for employment use. Once lost, such clusters tend to take with them a range of supporting jobs, often nearby, ranging from maintenance staff to janitorial services to sandwich vendors.

6.2.39 At the very least, there should be no net loss of employment space: this should be the minimum position. Ideally we would prefer to see efforts to intensify uses and being flexible about what user classes are permitted in what space.

6.2.40 Clusters such as that at Brewery Road are increasingly rare in London, especially inner London. They may lack the cachet of property in the CAZ or larger outer urban locales, but they provide an important function, and there is already evidence that rents are being pushed up across London for this type of space.

6.2.41 Referring specifically to Brewery Road, one agent said: "Things tend to get snapped up because of the lack of supply", but went on to describe the problem as referring to the whole of Greater London: "*Demand is still there but not the stock and rents are going up.*" In some parts of London, industrial rents are reaching £16 per sq ft, which is unprecedented.

6.2.42 Not protecting sites such as Brewery Road/Vale Royal will only make this situation worse, making the prospect of non-CAZ Islington becoming a combination of dormitory and expensive business niche credible.

6.3 Town Centres

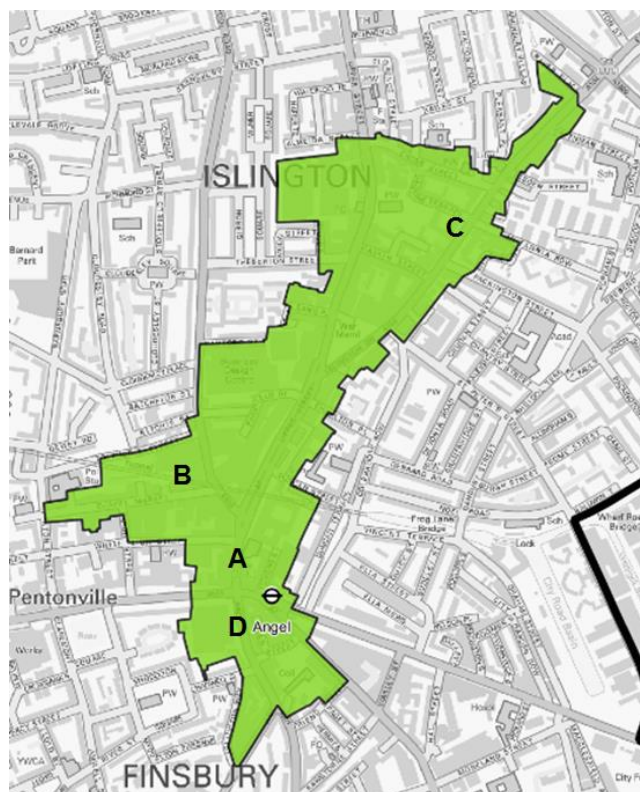
6.3.1 In this section we summarise the main themes arising from the assessments of the Borough's four town centres.

6.3.2 **Angel Town Centre** is a major town centre, in terms of the London Plan hierarchy of centres, which lies partly within the CAZ and includes Angel underground station. Previously clustered around the Islington High Street, Pentonville Road and Upper Street intersection (**A in map below**) and taking in Chapel Market (which hosts a long established daily street market), and part of White Lion and Tolpuddle streets (**B**), it was extended north along Upper Street and East along Essex Road (**C**) beyond the CAZ in Islington Development Management Policies (2013). It provides a destination for specialist shopping, including the Camden Passage antiques market, and evening and night-time activities. The main roadway is a red route to ease flow of traffic, but there is parking on the side roads, and the area is well served by buses and the Angel Underground station, on the Northern Line lies within the CAZ and is clustered around the Pentonville Road and Upper Street intersection.

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6.3.3 The first area described here is the area to the south of Angel Underground, including Islington High Street, City Road, Goswell Road, St John's Street and Rosebery Avenue (**D**). Islington High Street has a mix of high quality shops and banks; and the RBS building at 42 Islington High Street is identified in site allocations (AUS2) for intensification of B1 use.

6.3.4 This area is palpably part of the CAZ. Looking further south into the area, there is a significant amount of B1 use: the refurbished 1980s Angel Building, delivered in 2010, whose occupiers include Expedia, the Design Council and Cancer Research; and the regenerated Angle Square which is being advertised as 80% occupied. The National Autistic Society occupies a building at the top of City Road and Sadler's Wells Theatre is dominant at the top of Rosebery Avenue.



6.3.5 However much of the other property surrounding it is residential. There is the anomaly of the Torrens Street Scrap Merchant (with adjacent tank), with Candid Arts Trust/studios and a night club also located on the eastern side of the cul-de-sac (subject of site allocation AUS6 seeking refurbishment/intensification for town centre uses including offices and retention of arts spaces). Aside from this business and retail use, most of the area is residential use.

6.3.6 Moving onto the Chapel Market, Liverpool Road, Upper Street area (**B**), Chapel Market is a busy, traditional market which is open six days per week, but with no evidence of B-use. Liverpool Road consists of high quality retail stores including a Sainsbury's supermarket and Marks & Spencer store on the western side and Angel Central (formerly N1) shopping centre on the western side providing a connection through to Upper Street. The Sainsbury's site in Liverpool is allocated, AUS5, for intensification for town centre uses, including retention of the supermarket.

6.3.7 Running parallel to Chapel Market is White Lion Street (**B**). The street's character is defined by two distinct areas. Towards the western end, beyond the Baron Street junction, the street is largely residential in character. There is also a relatively new hotel. By contrast, the eastern half of White Lion Yard is more commercial in character. The buildings are mainly 1950s to 1970s in character. The occupiers are quite varied, including a language school, and employment agency and an advertising agency.

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6.3.8 High quality refurbishment has taken place in the vicinity of Angel in Upper Street, over a number of years, including the Business Design Centre (1986, originally the 1862 Royal Agricultural Hall) and the RBS headquarters building. There are two hotel chains represented in Angel Town Centre near to the Business Design Centre: the economy Premier Inn chain, and the high end Hilton group.

6.3.9 Progression along Upper Street reveals an area with retail and restaurants aimed at higher margin businesses (Farrow and Ball, Hobbs and Jigsaw), with low vacancy. In the midst of this, at 23-23 St Alban's Place is the Angel Business Suite, serviced offices offering short- and long-term lettings. The former North London Mail Centre, at 116 Upper Street/Studd Street/Almeida Street is in the process of being refurbished as c50,000 sq m of mixed use commercial and residential space, including around 3,500 sq m of B1 space, and is to be renamed Islington Square.

6.3.10 Essex Road, to the east of Upper Street **(C)**, is predominantly ground floor retail with residential above; with virtually no evidence of B1 use. It is typically lower margin businesses than that in Upper Street, (laundrette, pawnbroker, kebab restaurant etc.) and above the retail is either in residential use or empty. The extent of upper floor vacancy is difficult to determine, not least because most of it is not being visibly marketed. However, there is very little retail vacancy. There are also some signs of new investment within the retail element, such as Mobalpa Kitchens.

6.3.11 The majority of the Angel Town Centre Area is residential, with retail fanning out from the Angel Underground. There is B1 activity within the area around the Underground station, but it does not extend far. There are signs of new investment in residential and retail properties in the area, and the latest development appears to be residential with a retail element.

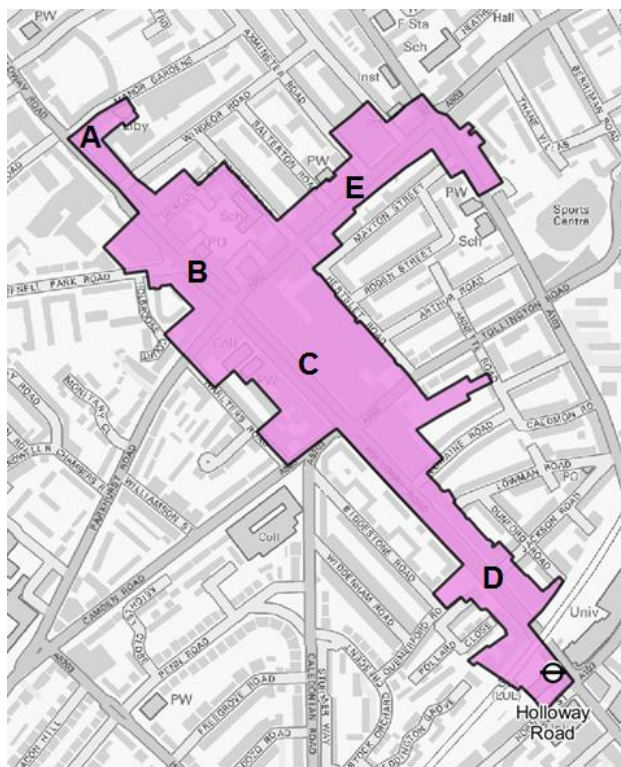
6.3.12 **Nag's Head Town Centre** is the Borough's second Major Town Centre, identified in the London Plan as part of the network of centres providing the range of goods, services and work needed to keep the city running.

6.3.13 Nag's Head Town Centre lies in a north-west direction from Holloway Road Underground station in close proximity to Emirates Stadium – the home of Arsenal Football Club. Approaching the location from the north, the area can be divided into two: the area each side of Holloway Road, from Manor Gardens to Hornsey Street; and secondly the area along Seven Sisters Road, in an east-west axis between Holloway Road and Hornsey Road, and down Hornsey Road to Kinloch Street.

6.3.14 Following the route along the length of Holloway Road from the north, along Manor Gardens with the corner of Holloway Road **(A)**, a large four-storey block of student accommodation has recently been completed at the corner of Manor Gardens and Holloway Road. Continuing along Holloway Road is an elegant mix of ornate older buildings, primarily retail below, with some empty B1 above and residential above that **(B)**.

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6.3.15 Between the junction with Seven Sisters Road and the junction with Lorraine Road, the quality of the retail offer is good and there has evidently been significant new investment **(C)**. Major brands in this area now include Argos, Costa, Marks & Spencer, New Look and Waitrose. The City and Islington College Marlborough Building lies on Holloway Road, just after the junction with Seven Sisters Road, with student accommodation behind. The retail offer continues down to Holloway Road tube station and there is evidence of further investment in terms of new construction **(D)**. Towards Holloway Road station, the major use is ground floor retail and residential above on the north side, with higher density residential on the south side.



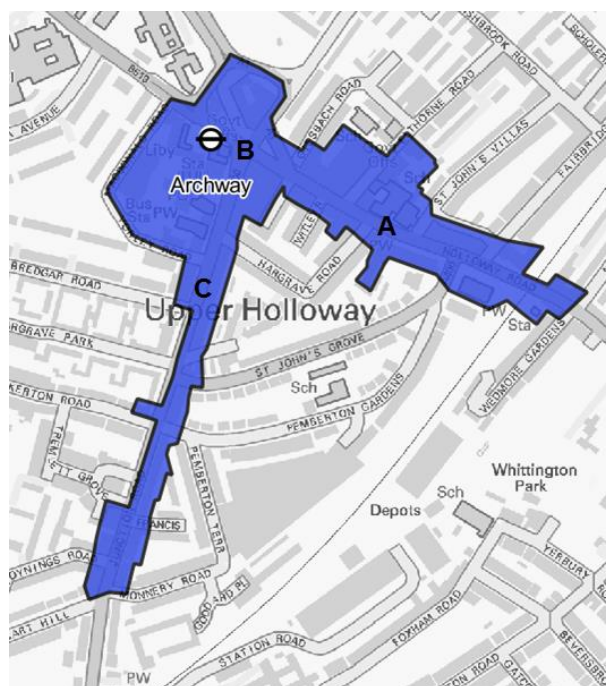
6.3.16 The second area, along Seven Sisters Road and into Hornsey Road **(E)**, is essentially a linear retail strip on the south side, with residential on upper floors. On the north side, single floors of retail with residential are set well back from the road front. A short distance from Holloway Road is the entrance to Nag's Head Market. There is no obvious B-use space and the largest building appears to be a former department store now occupied by, among others, a branch of 99p Stores. Together with the Morrison's supermarket and adjacent carpark, these form the main development site identified in Islington Site Allocations plan (NH1) for retail-led mixed use development with other employment uses.

6.3.17 There is however very little B-use within the area with the need for student accommodation vying for employment land. There is evidence of redevelopment in the area, and new investment in retail units.

6.3.18 **Archway Town Centre** is a District Town Centre in terms of the London Plan Hierarchy, serving principally local need. While business floorspace has been prominent in the town centre, much of it has been, or will be, lost to residential conversion via PDR. The town centre can be divided into three sections: first, the section along Holloway Road; secondly, the central area around Archway Underground Station, and the third area is the area along Junction Road.

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6.3.19 The core area around Archway underground station (**B**), part of ARCH1 site allocation, is undergoing significant losses of employment space across three main buildings, the dominant one being the 16 storey, 1960s Archway Tower. This was previously occupied as offices by various government departments, but was vacated in 2012 and is now in the process of being converted to apartments by Essential Living. Hill House also has prior approval for conversion to 147 residential units; while Hamlyn House has planning permission for a 157-bed hotel.



6.3.20 Flower Mews and the island in the middle of Archway gyratory (also covered by ARCH 1 site allocation) appear to be owned by the Methodist Church and the offices above still appear to be occupied. In this central area, Wilson Barca solicitors occupy two offices and JLK Accountants also occupy office space. Other occupiers appear to be retail, and the area appears to be attracting new investment in terms of refurbishment activity. Apart from the examples cited, there is no evidence of B1 use in this area – perhaps surprising given its prominent location.

6.3.21 Walking from the gyratory down Holloway Road, on either side there are secondary and tertiary retail units on ground, with residential above (**A**). Walking further from Archway Underground station, retail gives way to other uses, often in ex-industrial buildings: 2 Elthorne Road is newly refurbished as a University of the Arts building, and the Kogan Academy of Dramatic Arts is at 9-15 Elthorne Road. Whittington House, 764–768 Holloway Road, was an occupied office building that received prior approval for conversion to housing in 2013, and is now being marketed as a range of residential apartments.

6.3.22 Further down Holloway Road, opposite the junction with St John's Grove, Paul Anthony House, a partly-occupied B1 property at 724 Holloway Road was refused a prior approval for residential use in 2014, but now sits within a residential area. The property is for sale as a freehold and tenants have been served notice to quit by December 2015; the agent suggests that the owner STPP could apply for change of use, although the building is covered by the Council's Article 4 Direction removing the PD right for office to residential, and there is strong policy in place to prevent loss of employment floorspace/land in town centres and designated clusters. The only B2 business located off the Holloway Road, nestled in a primarily residential area, is Woodstock Joinery, which appears to be a well maintained thriving business at 9A Windermere Road.

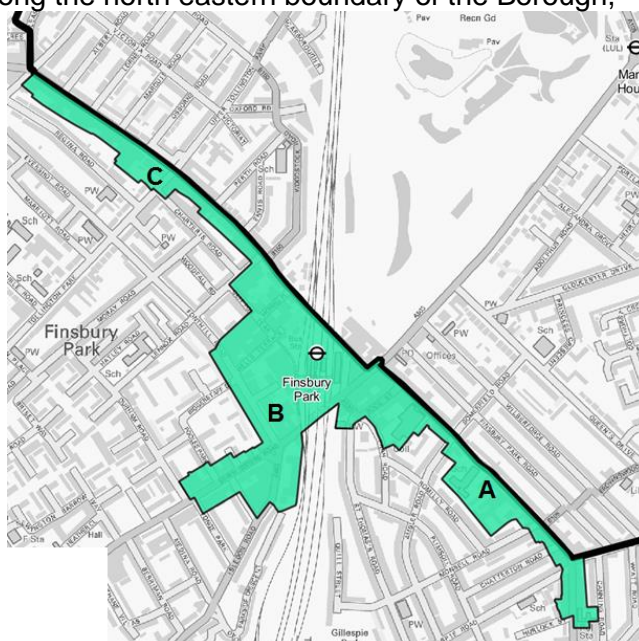
6.3.23 Progressing away from the centre of Archway Town Centre, along Junction Road, the majority of the buildings are three storeys high and consist of retail below with primarily residential above, although there is some other use, such as a dental

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surgery **(C)**. There are some lettings boards, but most units seem to be let. There is no evidence of current B1 use.

6.3.24 Given the recent changes that have taken place in Archway, particularly with respect to the loss of B1 space through PDR, the area has limited potential now to act as a draw for B-use development.

6.3.25 **Finsbury Park Town Centre** is a District Town Centre within the London Plan hierarchy with main retail frontages along Fonthill Road, Stroud Green Road, Blackstock Road and Seven Sisters Road. The town centre straddles Islington, Hackney and Haringey, running along the north eastern boundary of the Borough, where it adjoins the boroughs of Hackney and Haringey. The area is well served by buses and the Finsbury Park Underground station on the Victoria and Piccadilly lines, and Finsbury Park main line station. The Town Centre breaks up into three sub-areas.



6.3.26 Looking first to the area to the south of the Underground station (included in the boundary of site allocation FP1), towards Blackstock Road: immediately around the underground station, Seven Sisters Road, is busy and congested – with secondary and convenience shops **(A)**. Much of the upper floors are either empty or residential. There is no evidence of B1-use.

6.3.27 The Seven Sisters end of Blackstock Road continues with many small local convenience-style shops. The properties are old and not in a good state of repair, however there are tentative signs of new investment further along Blackstock Road: houses are being refurbished and there are some relatively new cafes. Rae Carpentry appears to be a very small business squeezed in amongst the residential dwellings in Vivian Comma Close. Blackstock Mews is a small, recent mixed use conversion for residential and B1 use, in a primarily residential area: the B1 use comprises 14 units of which six are empty. The others include an accountant, two architectural practices and an intellectual design companies. The site appears to be exposed to development pressure. One of three sites for the City and Islington College is also located on Blackstock Road. There appears to be little additional B-use potential in this area.

6.3.28 The second, central area from Isledon Road area, leading back towards Finsbury Park, is also secondary and tertiary retail on ground with residential use above **(B)**. The City North Development Scheme under construction in Fonthill Road will include 335 new homes, 2,000 sq m of B1 space and flexible space potentially including office (up to 2,000 sq m), restaurants, a cinema and a new ticket hall for Finsbury Park station.

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6.3.29 The area is also seen as a focus for the Arts, with the John Jones Arts building in Morris Place including in excess of 5,000 sq m of modern light industrial premises replacing outdated floorspace for John Jones framers, having been completed in 2014, and with accommodation being built for University of the Arts London students, alongside an element of self-contained housing under the same permission. The Park Theatre is also located near to the station in a converted office block.

6.3.30 The third, northern part of the Town Centre, along Stroud Green Road, is a mix of secondary and tertiary retail with empty and residential above **(C)**. The World's End pub on the corner of Lennox road is being refurbished with new residential above. This mix of residential and retail continues for much of the length of the Town Centre area along Stroud Green Road. A picture mounting workshop is located in Athelstane Mews, but there is little other evidence of B- use in this area.

6.3.31 To the west of Stroud Green Road, and part of the Town Centre area, it is worth noting Fonthill Road, which is a successful clothing and dressmaking cluster, with space continuing to be let to traders in this market.

6.3.32 Overall, the Finsbury Park Town Centre is a relatively small B-use employment space market. However, it is perhaps the area within the Borough (outside of CAZ) that has the greatest potential for growth. The area is earmarked for significant growth through new investment: the City North project could transform the area, with over three hundred new homes and over 10,000 sq m of commercial space, including up to 4,000 sq m of B1 space. The area's connectivity is also excellent, and we refer to the potential of the area – in employment space terms – in our conclusions to this report.

6.4 Employment Priority Areas

6.4.1 The EPAs fall within the Finsbury Local Area Action Plan and there are two types General and Office (Figure 6.2). The Finsbury Local Plan Area lies at the heart of the growth of Tech City around Old Street and the wider growth of creative and digital firms in the wider area encompassing Clerkenwell. The area is also set to be transformed with the opening of the Crossrail station at Farringdon (see Chapter 7.0).

6.4.2 Figure 6.3 shows the numbering system and individual names of each cluster. This system of numbering is adopted from the Borough's employment Cluster report.⁶⁶ At the start of each of the EPA General and EPA Office sections we show a map replicating this system for ease of cross referencing.

6.4.3 Here, we first discuss EPAs – General, followed by EPAs – Office.

⁶⁶ LB Islington (2012) *Employment Clusters in Islington*

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Figure 6.2 Map showing Employment Priority areas, General and Office

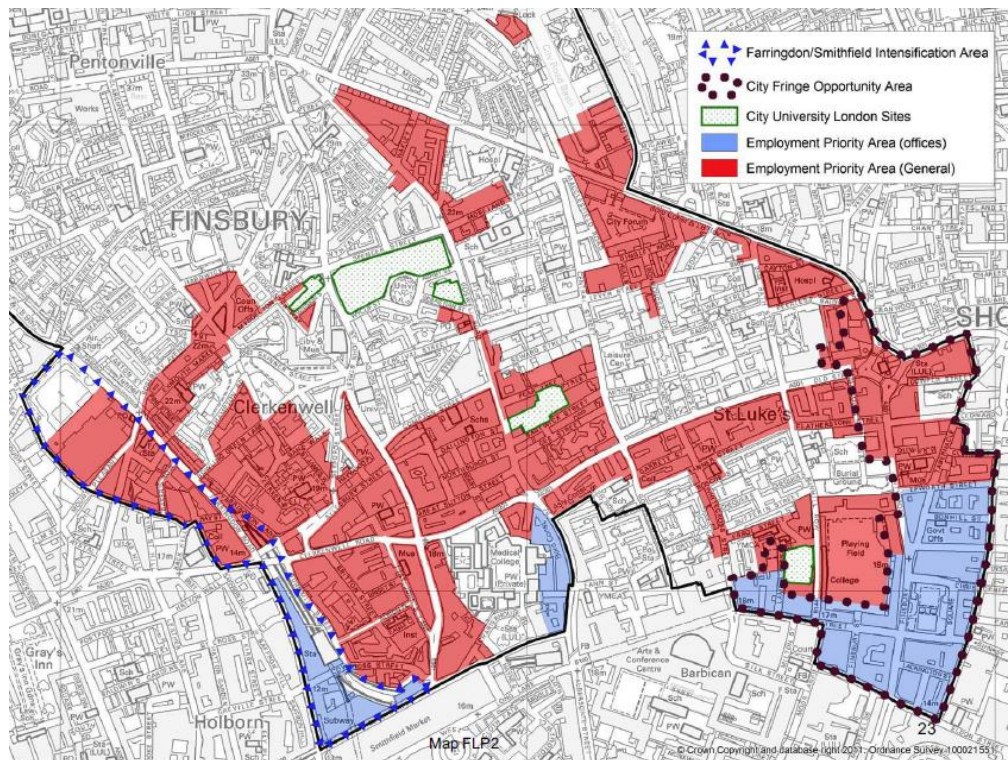


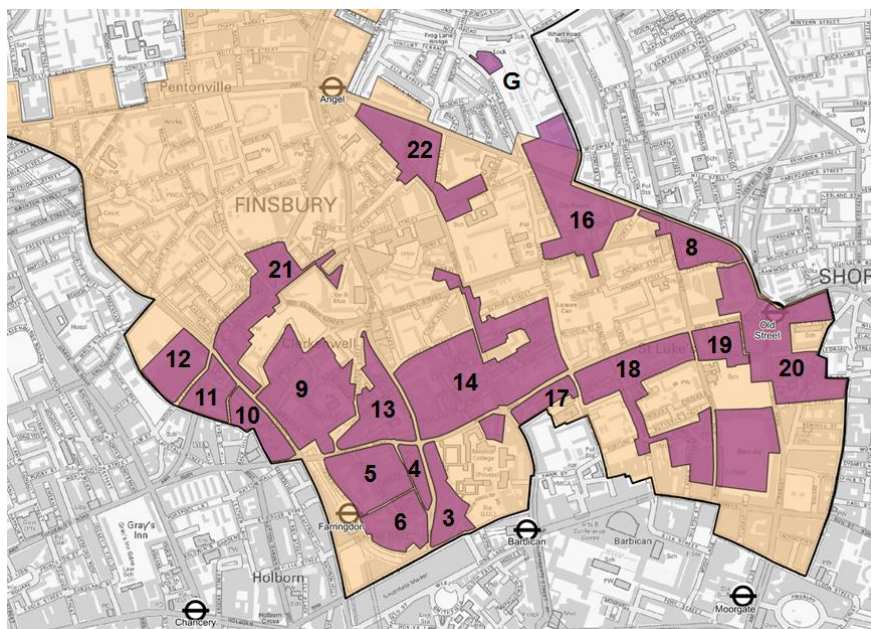
Figure 6.3 Designations of EPAs

3	EPA General	St John's Street South
4	EPA General	St John's Lane
5	EPA General	Britton Street
6	EPA General	Eagle Court
8	EPA General	Peerless Street
9	EPA General	Clerkenwell Close
10	EPA General	Farringdon Road
11	EPA General	Rosebery Avenue
12	EPA General	Mount Pleasant
13	EPA General	St John's Street
14	EPA General	Great Sutton Street
16	EPA General	Dingley Road
17	EPA General	Baltic Street
18	EPA General	
19	EPA General	Featherstone Street
20	EPA General	Epworth Street/Old Street
21	EPA General	Exmouth Market
22	EPA General	Wakely Street
30	EPA General	
1	EPA Offices	Carthusian Street/Clerkenwell
7	EPA Offices	Charterhouse Street/Farringdon
68	EPA Offices	Finsbury Square

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Employment Priority Areas - General

Figure 6.4 Employment Priority Areas – General



6.4.4 St John Street South/St John Lane/Britton Street/Eagle Court (3, 4, 5 and 6) St John Street, although nominally part of Clerkenwell, is dealt with separately here because the stock around the area is more varied in scale and is crossed by several smaller streets creating a varied stock that caters for a wide range of occupiers, from the creative sectors that are emblematic of the area, through an array of professional services firms to third sector organisations, including ASLEF. Derwent London's newly completed Turnmill Building (site allocation BC40) was pre-let at a reported rent of £55 per sq ft.

6.4.5 St John Street has seen almost constant churn over the years. Perhaps because of its varied stock – from substantial purpose-built B1 blocks to converted workshops and offices above shops – it offers solutions to an equally varied range of businesses. The street scene is vibrant, with many cafés and restaurants. There are visible signs of vacancy in the form of letting boards, but it does not appear to be anything inconsistent with a successful street. By and large, the boards were for smaller units above shops and cafes.

6.4.6 Farringdon Road/Rosebery Avenue/Mount Pleasant (10, 11 and 12) This area includes the very large Royal Mail facility at Mount Pleasant and, on Farringdon Road itself, the former Guardian building and several smaller buildings of varying ages between Farringdon Road and the Camden boundary.

6.4.7 For the most part the stock in this area is well maintained. Perhaps the most significant note about this cluster is the proposal to redevelop the former Guardian building as offices. This proposal envisages 7,400 sq m of office space with a further 2,000 sq m of commercial space on ground and lower floors. That a developer is willing to propose a substantial office building in what is a reasonably untested market area provides an indication of market confidence in the area and its ability to support jobs. The Mount Pleasant sorting office has also recently received

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permission to develop the surface level car park as a mixed use neighbourhood straddling Islington and Camden Borough boundaries, providing 681 residential units, 4,260 sq m of office space and 2,250 sq m of retail space.

6.4.8 The local occupiers vary widely, but with a notable presence from creative industries, including film and TV companies (such as Maverick Television); e-commerce companies (such as Ve Interactive) and the Dyson industrial design company.

6.4.9 **Clerkenwell centre (9,13,14)** Clerkenwell was one of the first areas to experience commercial buildings being converted to residential use in the 1990s, perhaps most famously The Red House on the corner of Clerkenwell Road and Britton Street. This significantly changed the character of the area (and indeed a much wider area in the so-called Midtown market) making busy-all-week areas, rather than the working week and day.

6.4.10 **Clerkenwell Close (9)** is arguably the most 'quintessential Clerkenwell' area. It is very characterful and with a mix of residential and business space, the latter largely in the former of warehouse and workshop conversion to create modern office space. There is little sign of vacancy, although a small unit at Challoner House is on the market at a quoting rent of around £44 per sq ft.

6.4.11 Residential is a noticeable feature of Clerkenwell, but there remains substantial B1 use, including such users as architects Grimshaw and the Royal Philharmonic Orchestra. Clerkenwell Road boasts a large proportion of buildings of historic character, typically converted workshops from the many metal works once present in the area.

6.4.12 This is less the case along Clerkenwell Green-Aylesbury Street (known as St John's Street, site 13) where the buildings, while still high-ceilinged, have less historic character and some more modern buildings enter the streetscape. One scheme of note here is the Buckley Building, 49 Clerkenwell Green. This was refurbished and extended in 2013 and is now let to a mix of blue chip tenants, including Unilever, Deloitte, Hill & Knowlton and online lottery company Zeal. This suggests that the area has appeal significantly beyond stereotypical 'creative' businesses.

6.4.13 It is worth noting that east of St John Street, agent letting boards on offices become more noticeable than around Clerkenwell Green, although it is hard to judge the extent to which this is simply stock effectively waiting to be converted to residential (and so not being aggressively marketed), or because the area is less popular than Clerkenwell itself. Although not modern (one board even described the building as 'character offices'), St John Street itself – especially south of Clerkenwell Road - in particular has a track record of providing reasonably priced space to smaller or more cost-conscious organisations, and as such is likely continue to fill a niche as long as rents remain reasonable.

6.4.14 Behind Great Sutton Street and Berry Street (**14**), to the north of Clerkenwell Road, lies the Brewhouse Yard, a 10,000 sq m workshop-to-office conversion scheme that contains a large concentration of creative businesses. The area is in excellent repair and occupiers include BDP (architects), Davison Highly (furniture design), Peter Brett Associates (planners), Sudler & Hennessey (healthcare

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marketing) and Wagstaff (workplace consultancy). This scheme seems very successful in market terms.

6.4.15 The eastern part of area 14 is dealt with below because in character it has more in common with the linear Old Street area than with core Clerkenwell. We suggest that this area could usefully be divided along the line of Goswell Road.

6.4.16 **Old Street (14, 17, 18, 19 and 20)** Old Street, running from Goswell Road to The Old Street Roundabout is a street of three distinct sections. First, close to Clerkenwell, **(14 north of Old Street, and 17 south)** the stock is of broadly similar character to Clerkenwell – up to five storeys, often with high ceilings, and buildings with ‘character’. However, at the time of survey, there were noticeably more letting boards than further west (although not nearing the degree of suggesting dysfunction). Without more detailed investigation it is not possible to determine whether the premises were vacant or occupied.

6.4.17 Further, residential incursion is evidenced by 26-34 Old Street, under construction at the time of survey, which promises eight ‘industrial chic’ apartments above flexible A1/A2/B1/Showroom (sui generis) on basement and ground floors. Business services – in particular printing and design – are a strong feature of this part of Old Street. Local occupiers include the materials research service and library, the SCIN Gallery. There is a cluster of print and graphic design firms on Gee Street, immediately to the north of Old Street but its proximity adjacent to the high density Stafford Cripps estate limits expansion potential. In summary, although this part of Old Street lacks the cachet of Clerkenwell proper, it fills an important role in providing space for what might be considered the more prosaic (but no less important) services that typify Clerkenwell and, of course, central London generally both require.

6.4.18 Secondly, continuing along Old Street, the typical building height falls (indeed on the north side there is little business space at all), and it would be fair to say that ‘offices over shops’ becomes the norm, although evidence from agent boards strongly suggests that much of this is, in fact, residential. There is also student accommodation linked to City University here. Moving past St Luke's Church and towards Bunhill Row **(18)**, there are several aging 1960s or 1970s office buildings, one of which (FLP allocation BC19) is undergoing substantial refurbishment to provide two additional floors of office use within an upgraded building envelope. An older workshop-style building called City Cloisters **(19)** was also being refurbished at the time of survey, and had space available to let.

6.4.19 But it is in the third section of this area, around Old Street Roundabout **(20)**, that activity visibly and dramatically picks up. Already home to a cluster of technology firms (most visibly Inmarsat), two current large schemes – The White Collar Factory (FLP allocation BC22) and The Bower (FLP allocation BC23) – are between them in the process of delivering nearly 50,000 sq m of business space. In terms of potential there is also Monmouth House in Featherstone Street; and Maple House, on the corner of City Road and Epworth Street (site allocation BC25).

6.4.20 If any sub-market can claim to have captured the spirit of the technological impact on property it is Tech City, and it is this location, with these two schemes providing evidence of this. Clearly, they have the potential critical mass to create their own halo effect and facilitate greater regeneration along Old Street.

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6.4.21 Running north west from the Old Street roundabout, City Road is initially dominated by two large 19th Century buildings, the Grade II Listed, former Leysian Mission, which is now the Imperial Hall residential scheme, and Moorfields Eye Hospital (**Peerless Street (8)**). These are both dominating presences and contrast somewhat with the large-scale residential development happening on the Hackney side of City Road.

6.4.22 The specialist eye hospital is understood to moving in the medium-term, and the site has the potential to add capacity to Tech City, consolidating it and expanding it. Given the location of the site immediately adjacent to Old Street roundabout, the notional centre of Tech City, and given the limited number of development sites in the area, this represents a unique opportunity to deliver significant additional B-use employment floorspace to expand this internationally important concentration of tech businesses.

6.4.23 Further north from the City Road cluster lies the **Dingley Road cluster (16)**. Here the street becomes dominated by more conventional employment uses in the form of B1 offices. For example:

- 186 City Road is multi-tenanted to users such as Emprise Services, ORC, Pitney Bowes and Wipro;
- 230 City Road is occupied by Advanced Computer Software Group and 'content creation' company Hangar Seven;
- 238 City Road, a 1960s or 1970s block that is home to The Stroke Association, and
- 250 City Road (FLP allocation BC6) is a development being undertaken by Berkeley Group, a predominantly residential scheme approved by the Mayor of London, which includes just over 1,000 sq m of commercial space, styled 'Grade A Studios', 900 residential units and a large hotel.

6.4.24 City Road is a significant employment location, but it is obvious that it is under intense pressure from residential development. The practical effect of this is that firm policy protection will be required to ensure employment space is not eroded.

6.4.25 **Rosebery Avenue (21)** Running north-east from Farringdon Road near Mount Pleasant, Rosebery Avenue is mixed in character with quite high density residential and long-established student accommodation sitting alongside some substantial office buildings. Occupiers range from serviced office provider Lenta at Rosebery House, 70 Rosebery Avenue, to global advertising firm R/GA. The buildings appear well maintained and some are either new or recently refurbished. Premises are clearly well-occupied, with little sign of vacancy, adding further to the case for protecting employment uses in this area.

6.4.26 **Goswell Road North (22)** This area is south of Angel Underground Station, close to the ring road. For this reason it is partially red-routed. The area is, in effect, anchored by the City & Islington College, which is easily the most prominent.

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6.4.27 At 245 Goswell Road – a large, c1950s refurbished building – several print and design firms are in occupation, but next door is now student accommodation. Nearby is an architectural practice and at least two charities, including The Dog's Trust (which appears to operate its van fleet from here) and the National Autism Society. There is also a business centre, Angel House, run by Workspace Group.

6.4.28 Generally this area would have once been considered a typical City Fringe area, albeit at the outer reaches of the fringe. The challenge here is that as businesses move to the area in search of more economic premises so, today, they find themselves competing with residential land values, and commercial premises being converted to residential use. Although there is unlikely to be demand pressure from businesses to intensify the employment space here, it already provides a useful home to several organisations that either need or want to be close to central London.

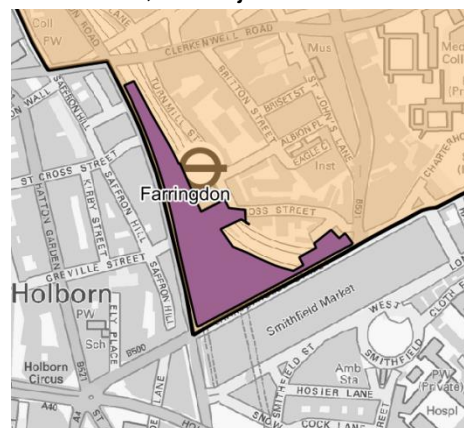
6.4.29 The presence of the College is something of a double-edged sword here: on the one hand, education institutions are often keen to promote local business links, but on the other they also have the practical need to accommodate their students. However, given the Borough's high past delivery levels of student accommodation, restrictive policy was introduced in Development Management Policies (2013) in order to respond to the development pressure. Further loss of commercial space should be resisted and provision of new space actively sought in this location.

Employment Priority Areas – Offices

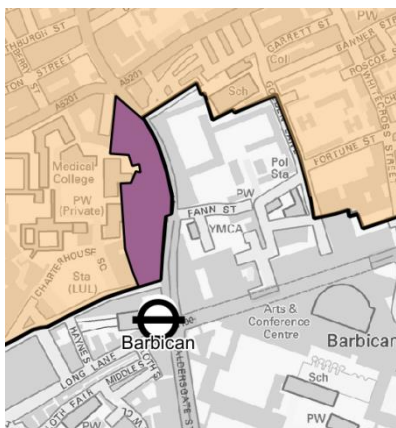
6.4.30 **Farringdon Station** Set within the Farringdon/Smithfield Intensification Area, this small area, tightly clustered around Farringdon station, is subject to extensive works related to Crossrail. The major building nearby is 20 Farringdon Road, originally built in the 1980s for a large bank, when it included 50 Farringdon Road (which was home to an accounting firm which has since relocated). The latter is now occupied by Trainline, the ticket agency.

6.4.31 20 Farringdon Road was recently sold to developer Derwent London who have expressed confidence that they can increase the rent roll. Given the huge upgrade that Crossrail will deliver to the local infrastructure it is difficult to fault this confidence (also given the market evidence in Chapter 5.0). Site allocations also identify Caxton House (BC36) for further B-use development.

6.4.32 The entire area south of Farringdon Station is occupied by Crossrail building works and is likely to remain so until 2018. The building previously on the site, Cardinal Tower, has been demolished (see allocation BC37), and consent was granted in December 2012 for the construction of a seven storey building to provide c17,500 sq m of office space and c1,000 sq m of ground floor retail uses (Use Class A1 and/or A2 and/or A3).



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6.4.33 Goswell Road/Barbican This concentration of offices, running north along Goswell Road from the junction with Carthusian Street, has seen a number of changes to other uses, notably a Citadines Apart-hotel and student accommodation (which is now being limited to two areas around City University and LMU in 2013 DM Policies). There are also serviced apartments, and some older properties have flats above.

The Italia Conti drama school is also here, (occupying office space, but possibly classified as educational use) but more traditional office users are present such as travel agency Kuoni. There is

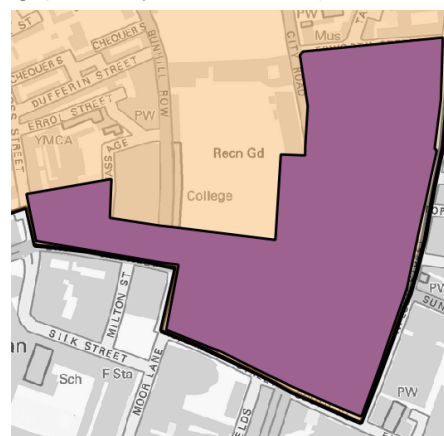
on-street parking (supplied by Islington on the west side and the City Corporation on the east).

6.4.34 Ropemaker Street and Finsbury Square This area is by far the major office location in Islington, being directly contiguous with the City of London's market and functionally part of it. The redevelopment of 25 Ropemaker Street – once HQ to Merrill Lynch – has created the largest office building in Islington, now occupied by Bank of Tokyo, Liberum Capital and Macquarie Group, among others.

6.4.35 The adjacent 20 Ropemaker Street was vacated by Arbutnot Banking Group (which moved to Wilson Street in 2014), and part of the building remains on the market. To the east is the head office of lawyer Slaughter & May.

6.4.36 Around the corner on Finsbury Pavement and South Place is the distinctive 1 South Place, known as The Helicon, partly occupied by software firm Oracle and notable for having a Marks & Spencer store on the ground floor. An adjacent office building was redeveloped as a hotel in 2013.

6.4.37 Continuing into Finsbury Square, there are several large office buildings including, on the north side, the Alphabeta Building (formerly Triton Court) which has been converted from a fit out heavily geared towards finance occupiers, to one aimed at the occupier profile of Tech City in response to market changes. Tenants include: Maxus Global (subsidiary of ad agency WPP); Open Table (on-line restaurant reservation specialist), and We Are Social (marketing agency). Financial firms Silicon Valley Bank and wealth manager SEI have also agreed terms to move in. The building was sold in 2015 at a 4% yield, suggesting a very high degree of confidence in the locale.



6.4.38 10 Finsbury Square is a new office building nearing completion and tenants already signed up include Cisco Systems (technology), Fox Williams (law firm), London Metal Exchange and OTC Europe (inter-dealer broker). Montcalm is in the process of redeveloping Royal London House at 22-25 Finsbury Square (FLP allocation BC28) into a five-star hotel.

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6.4.39 This area is hugely valuable to Islington both in fiscal terms (it is the most valuable real estate in the Borough, which will be reflected in rateable values) and also in terms of providing an area of indisputable economic vitality. Some of the office stock stands comparison with any in the City of London in terms of quality.

6.5 Summary

6.5.1 As stated at the outset of this Chapter, we have undertaken the site assessment exercise with a view to establishing the quality of the sites in terms of their 'marketability' – their attractiveness in terms of operational effectiveness, ownership and intensification/redevelopment potential.

6.5.2 Outside of the CAZ, much B-use stock has disappeared to residential development in recent years and, apart from a small number of concentrations, B2 and B8 space is now highly marginalised in the Borough. The marketability of a number of EGAs is being denuded as plots are lost to residential and through the impact of PDR. Nevertheless, although shrunken, the majority appear to be serving a useful employment purpose and as such need to be protected.

6.5.3 The Borough has some important reservoirs of industrial space, notably at Kelvin Road (Frogmore Industrial Estate), Station Road/Pembroke Gardens (Bush Industrial Estate), Offord Road (Roman Way Industrial Estate) and Vale Royal/Brewery Road (Locally Significant Industrial Site). The challenge here will be how to encourage re-provision (modernisation) on these sites while preserving the essence of their function. Intensification of use and the introduction of contemporary, hybrid space will be important considerations.

6.5.4 It is clear that these clusters have the potential and are in fact the only locations left to provide this, especially the Vale Royal /Brewery Road. In the latter case, Brewery Road is very close to the major redevelopment of King's Cross and, just as there is a very strong chance of a "halo effect" at the south of this area, there is no reason to doubt that similar will happen to the north. While the immediate reason to protect Brewery Road/ Vale Royal is to protect a business cluster, the strategic reason is that it is likely to become more attractive to business users, rather than less.

6.5.5 There are a number of good examples of hybrid space provision in the Borough. Busworks (North Road), Canonbury Business Centre (Canonbury Road), Leroy House (St Paul's Road) and Screenworks (Highbury Grove) are all exemplary. These buildings are critical to meeting growing demand from smaller occupiers and addressing the emerging importance of creative and digital firms. Almost all flexible space is within older industrial buildings that have been converted. This is an important point in terms of decisions on releasing employment land, because it should not be assumed that space that appears "old" or "tired" that it has lost all economic value. The creation of hybrid space, to a significant degree, relies on a supply of reasonably priced "base" property.

6.5.6 There is relatively little B-use space remaining in the Town Centres. The conversion of Archway Tower using PDR and other prior approvals secured before the Article 4 Direction removing the rights in some locations came into force will result in further denuding of business activity here, to the point where B-use will become marginal in policy terms.

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6.5.7 Further significant losses would be detrimental to the ability to maintain the current level of jobs and achieve growth, which point to the need for policy intervention including Article 4 Directions.

6.5.8 Within the CAZ there is a mixture of EPAs (within the Finsbury Local Plan area) and a small number of EGAs. Functionally these are a part of the central London economy and are subject to expansion pressure not only from residential development but also commercial. Of course, the impending impact of revisions to PDR could have a dramatic impact on the CAZ area in terms of commercial space, depending on the coverage of any Article 4 Direction put in place for when the exemption expires in May 2019.

6.5.9 From a wider, London economy perspective, it will be important to ensure that CAZ activities have the potential to expand into the area north of Pentonville Road and east of King's Cross/Regents Quarter. There is also merit in considering expansion of the CAZ to the north east to cover the Vale Royal/Brewery Road LSIS and further north on York Way.

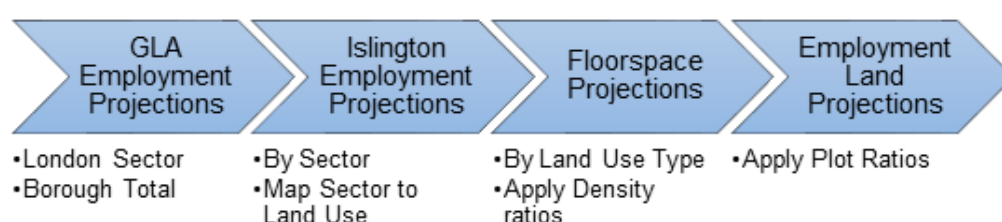
6.5.10 It is also critical to recognise that Old Street lies at the heart of Tech City, and that it will also be important to allow the Tech City activity to expand into the Shoreditch-King's Cross corridor.

7.0 Future requirements

7.0.1 This Chapter presents forecasts of the demand for employment land and premises in Islington for the period 2011-2036. It first sets out employment forecasts for Islington, by sector, drawing on employment projections prepared by GLA Economics, and used to inform the London Plan.

7.0.2 These employment forecasts are then translated into forecasts of demand for premises by application of employment density ratios, and then into a forecast of the demand for employment land by application of plot ratios. The approach is summarised in Figure 7.1.

Figure 7.1 Land and floorspace forecast method



7.0.3 But forecasts of this nature are surrounded by a degree of uncertainty and so we undertake sensitivity tests to provide a better understanding of the range of potential outcomes and how LB Islington might seek to shape its policy response.

7.1 Employment forecasts

7.1.1 **GLA employment projections** GLA Economics produced employment forecasts in 2013 to help inform the Further Alterations to the London Plan.⁶⁷ They were prepared at sector level for London as a whole, and borough level projections of total employment were also published, using the GLA's Triangulation methodology. There were no sectoral breakdowns of the borough projections.

7.1.2 As noted in Chapter 3.0 of this report, London's economy has shown great resilience in response to the recession following 2008, and employment since the recession has grown far more rapidly than anticipated at the time of the 2013 projections. In response to these changed circumstances, GLA Economics has published an updated set of employment projections.⁶⁸ The projections have been prepared for the same 16 sectors as before.

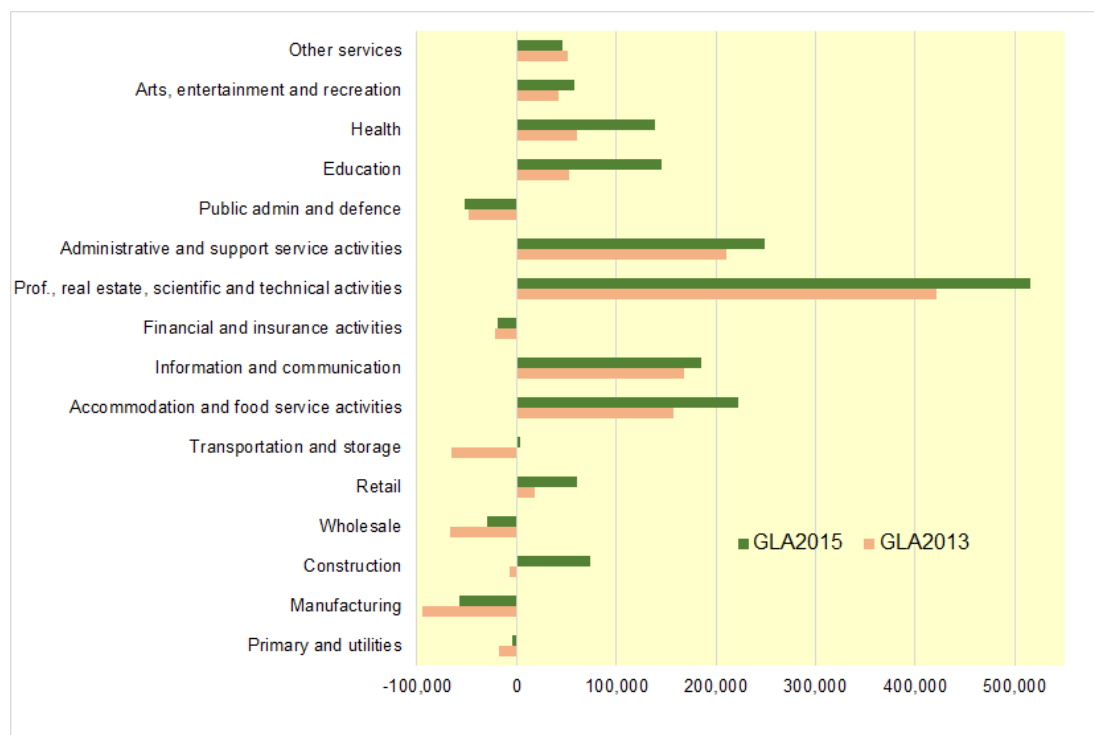
7.1.3 A comparison of the two projections is set out in Figure 7.2. For London as a whole, the projected growth over the period 2011-2036 is now 1.54 million, compared with 860,000 in the previous projections, an additional 680,000 jobs. By sector, the largest projected growth is, as before, in the Professional, Scientific and Technical Services sector. This is projected to grow by 516,000 compared to 422,000 under the 2013 projections. Administrative Support and Information & Communications are the two other largest, office-based, growth sectors.

⁶⁷ GLA Economics (2013) *London Labour Market Projections* GLA Economics, April 2013

⁶⁸ GLA Economics (2015) *Updated Employment Projections for London by Sector and Trend-based projections by Borough* GLA Economics, July 2015

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Figure 7.2 London employment projected change, by sector, 2011-2036



Source: GLA Economics (2013, 2015)

7.1.4 The Education and Health sectors are also projected to grow much more rapidly than previously forecast. This will, in part, result from the export value of the sectors (for example, Higher Education for overseas students), but will be primarily driven by the continued growth in London's population.

7.1.5 GLA Economics has also produced an updated version of its borough 'trend' projections; but this should not be read as an updated borough forecast. The 'trend' projection provides only one leg of the Triangulated methodology. It does however provide an indication of the spatial distribution of trend growth, showing where we might expect growth if it is not constrained by site capacity or accessibility factors.

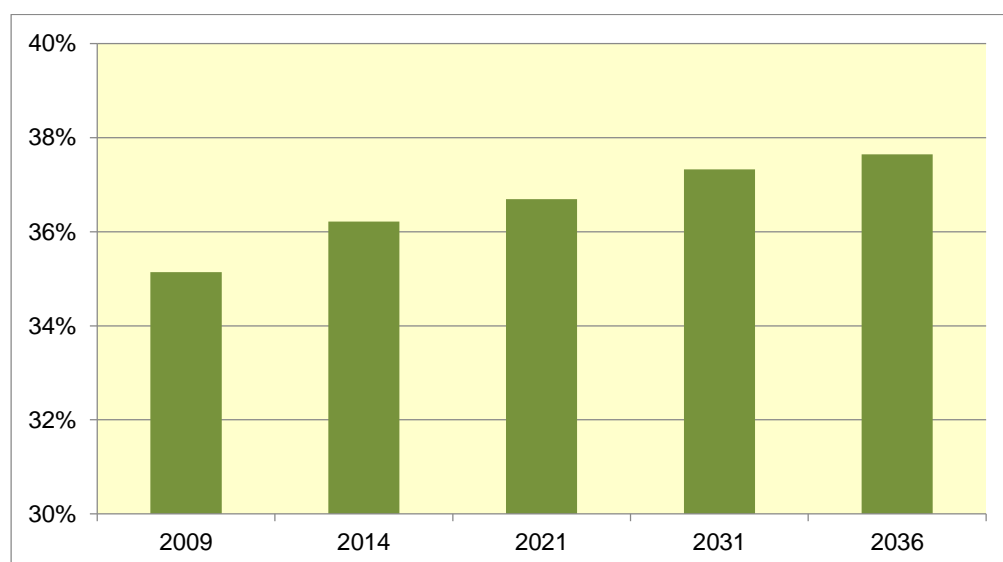
7.1.6 As can be seen from Figure 7.3, this trend forecast shows a continued concentration of growth in the area covered by the Central Activities Zone (CAZ) and North of Isle of Dogs (NloD - effectively Canary Wharf). From just over 35% of total employment in 2009 this area is projected to account for nearly 38% of London's total employment by 2036.

7.1.7 **Islington employment projections** The GLA does not publish borough-specific sector forecasts. Borough projections for total employment are published based on the triangulation method. Briefly, the triangulation method consists of weighted forecasts of three key variables:

- the trend forecasts of a borough;
- the development capacity of a borough (based on the pipeline of new employment land and floorspace), and

- the accessibility of a borough.

Figure 7.3
Share of all employment accounted for by CAZ & NLoD trend projection



Source: GLA Economics (2015)

7.1.8 A set of rules are applied to the three legs of the forecast to generate a 'triangulated borough forecast'. The rules are set out in the London Labour Market Projections report.⁶⁹ In summary, if the trend projection is greater than the capacity or accessibility, then these may act to constrain its growth. If the trend is less than the capacity or accessibility projection then the trend may be raised to the lower of the two.

7.1.9 Our objective is to create a borough sector forecast for Islington that is consistent with the GLA's sector forecasts and its borough totals. But the 'Triangulated' borough projections are not yet available. We therefore need to create an interim borough projection that anticipates broadly what might be expected when the final triangulated projections are issued next year.

7.1.10 Figure 7.4 compares the Trend projection for Islington using the 2013 and 2015 GLA borough projections.⁷⁰ For London as a whole, the projected growth over the period 2011-2036 is 79% higher in the 2015 forecast at 1.54 million, compared with 2013 projection of 860,000. For Islington, the Trend projection is also a considerable upward revision although less than for London as a whole. The 2015 Trend growth projection for Islington for the period 2011-2036 is for an increase of 102,000 jobs, which represents a 39% increase on the 2013 projection.

⁶⁹ GLA Economics (2013) *London Labour Market Projections* GLA Economics, April 2013

⁷⁰ GLA Economics (2013) *London Labour Market Projections* GLA Economics, April 2013 and GLA Economics (2015) Working Paper 67. Updated employment projections for London by sector and trend-based projections by borough, July 2015

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Figure 7.4 Comparison of GLA Economics' 2013 and 2015 forecasts

Forecast	2011	2016	2036	2011-36	2016-36
2013 GLA trend forecast					
Islington	196,124	210,493	269,334	73,210	58,841
London	4,896,000	5,057,203	5,756,867	860,867	699,665
Islington % of London	4.0	4.2	4.7	8.5	8.4
2013 GLA triangulated forecast					
Islington	196,124	214,589	249,265	53,141	34,676
London	4,896,000	5,057,203	5,756,867	860,867	699,665
Islington % of London	4.0	4.2	4.3	6.2	5.0
2015 GLA trend forecast					
Islington	197,000	239,000	299,000	102,000	60,000
London	4,878,000	5,595,000	6,418,000	1,540,000	823,000
Islington % of London	4.0	4.3	4.7	6.6	7.3

Source: GLA Economics (2013)/CAG

7.1.11 Most of the upward revision is accounted for by growth that has already occurred. A comparison of the projection for 2016-2036 shows that London's projected jobs growth is just 18% higher whilst for Islington it is only 2% higher.

7.1.12 In the 2013 *London Labour Market Projections*, the Trend level of growth projected for Islington was an increase of 73,000 jobs over the period 2011-2036⁷¹ (8.5% of the total projected growth for London). The final Triangulated projection was 53,000 (6.2% of London's total growth). The Triangulated projection was 43.6% of the trend projection. But it would be incorrect just to apply this as a scaling factor to the new Trend growth projections due to the way the Triangulation methodology works.⁷²

7.1.13 Neither would the 'Trend' projections on their own be the correct projections to use. As can be seen from Figure 7.4 this may diverge significantly from the final Triangulated projection.

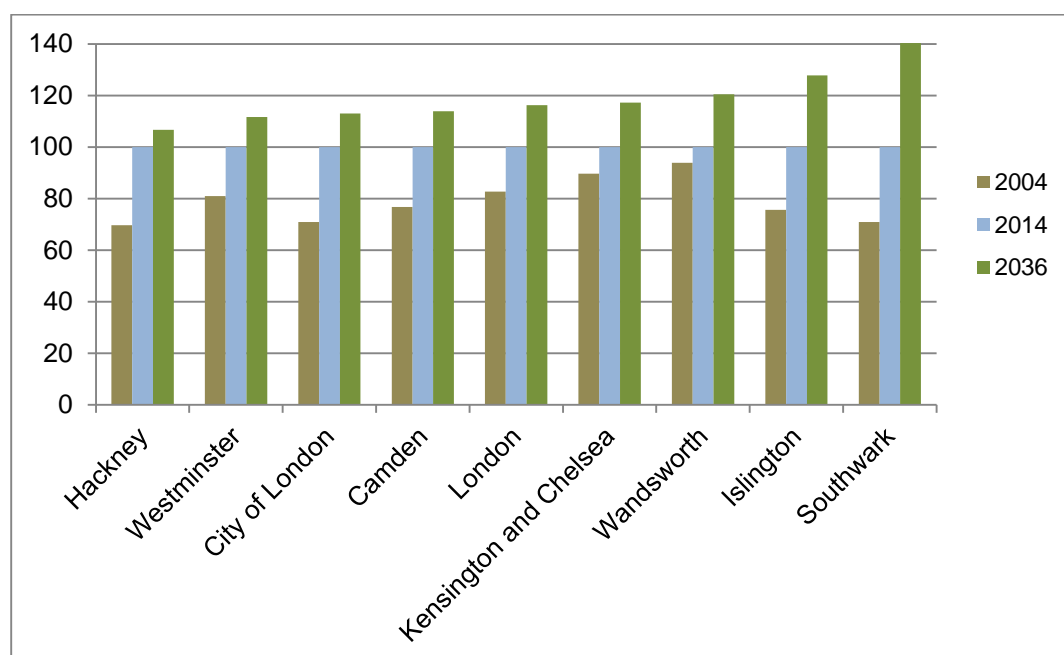
7.1.14 Projected growth rates for central London boroughs are compared in Figure 7.5. On the Trend growth projection, Islington has the second highest forecast of any central London Borough. Its past growth has been above the London average but lower than City, Hackney and Southwark.

⁷¹ After adjusting for self-employment. In 2013 the published version of the borough forecasts are of employees and exclude self-employed.

⁷² We also understand the GLA Economics may be revising this method for the next round of Triangulated projections but these will not be available until 2016.

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Figure 7.5 Past and projected employment change, central London boroughs (index 2014 = 100)



Source: GLA Economics (2015)

7.1.15 Our approach to constructing an interim projection for Islington that takes account of the higher 2015 projections is to initially apply the 2015 London sector growth rates to the Islington employment structure.

7.1.16 Applying this same exercise to the 2013-based projections produces growth of 51,810 compared to 53,141 under the Triangulated projections. We then apply this ratio (53,141/51,810) as a scaling factor to the projected forecast for Islington, based on the London sector growth rates.

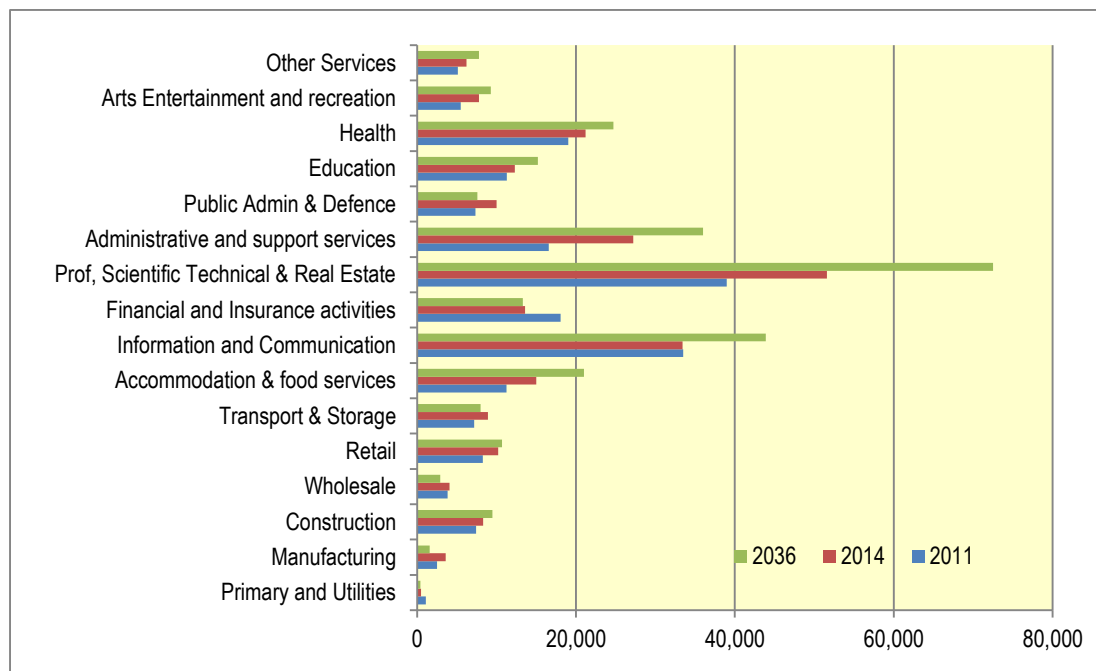
7.1.17 The latest actual employment data in the GLA projections relate to 2014, and we use this as the base data for the projections. The forecast is illustrated, by sector, in Figure 7.6.

7.1.18 For the period 2011-2036, employment in Islington is forecast to increase by 87,500, although 37,000 of this growth is already estimated to have occurred by 2014. While London as a whole grew rapidly over the period 2011-2014 the growth was even faster in Islington due to a number of significant office completions and occupations, including those at King's Cross.

7.1.19 For the period 2014-2036, employment as a whole in Islington is projected to increase by 50,500. Detailed forecasts, by sector and five-year time periods, are set out in Figure 7.7.

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Figure 7.6 Islington employment projections by sector, 2011-2036



Source: GLA Economics (2013)

Figure 7.7 Employment forecasts, Islington, by sector, 2011 to 2036

Islington	2011	2014	2016	2021	2026	2031	2036
Primary and Utilities	1,120	500	500	500	400	400	400
Manufacturing	2,532	3,600	3,300	2,800	2,400	2,000	1,600
Construction	7,425	8,300	8,400	8,700	9,000	9,300	9,500
Wholesale	3,851	4,100	4,000	3,700	3,400	3,200	2,900
Retail	8,278	10,200	10,300	10,400	10,600	10,600	10,700
Transport & Storage	7,170	8,900	8,800	8,600	8,500	8,200	8,000
Accommodation & Food Services	11,251	15,000	15,500	16,800	18,100	19,500	21,000
Information and Communication	33,502	33,400	34,300	36,600	39,000	41,400	43,900
Financial and Insurance Activities	18,049	13,600	13,600	13,600	13,500	13,400	13,300
Prof, Scientific Technical & Real Estate	38,962	51,600	53,300	57,800	62,400	67,300	72,500
Administrative and Support Services	16,581	27,200	27,900	29,900	31,900	33,900	36,000
Public Admin & Defence	7,330	10,000	9,800	9,200	8,700	8,200	7,600
Education	11,289	12,300	12,600	13,300	13,900	14,600	15,200
Health	19,027	21,200	21,500	22,400	23,200	23,900	24,700
Arts Entertainment and Recreation	5,496	7,800	7,900	8,300	8,600	8,900	9,300
Other Services	5,136	6,200	6,400	6,700	7,100	7,500	7,800
Total	197,000	234,000	238,200	249,200	260,700	272,400	284,500

Source: GLA Economics/CAG

7.2 Employment land and premises

7.2.1 To convert employment forecasts by sector into forecasts of employment floorspace requires two steps.

- Conversion of employment by sector to employment by use type – i.e. office, industrial, warehousing etc.
- Application of employment density ratios.

7.2.2 **Sector to Use Class mapping** Employment by land use is calculated by assigning industrial sector activities to land use categories. The base year borough land use data is collected from BRES at the Standard Industrial Classification (SIC) five digit level.⁷³ We estimate a share of office and industrial jobs for each borough for each of the 16 sectors. This ratio is carried forward to estimate industrial and office forecasts for each borough applied to the 16 sector borough forecasts.

7.2.3 The sectoral definitions used to create this land use mapping are set out in Appendix 4. Whilst such matches will never be perfect it is a best fit based on accumulated studies and experience. It uses the office employment definition used for the *London Office Policy Review 2012* and the industrial definition used for the *London Industrial and Warehousing Demand Study*. This produces a forecast growth in office jobs of 30,200 for Islington over the period 2014-2036, around 60% of the total jobs forecast for Islington over the period.

7.2.4 Applying a similar approach to industrial jobs produces an overall forecast loss of 3,200 in jobs occupying industrial land (Figure 7.8).

7.2.5 **Employment density ratios** The employment projections relate to numbers of jobs. These are converted to floorspace by application of employment density ratios – the average number of sq m per worker. Different types of activity occupy space at different employment densities.

7.2.6 The London Office Floorspace Projections⁷⁴ reviewed the latest research and data on office employment density ratios. It concluded and recommended that, with regard to the demand for new office floorspace, a density figure of 10.9 sq m (NIA) per desk should be adopted to which should be applied a benchmark ratio of 1.2 workers per desk. This produces an overall ratio of 11.3 sq m GIA per worker, equivalent to 9.0 sq m NIA per worker.

7.2.7 Applying the 11.3 sq m GIA ratio to the forecast growth in office employment produces demand for an additional 340,000 sq m GIA of office floorspace over the period 2014-2036. For the period 2011-2036, it forecasts growth in office employment of 45,000 jobs equivalent to 510,000 sq m of office floorspace.

⁷³ The Standard Industrial Classification (SIC) is used for classifying business establishments and other statistical units by the type of economic activity in which they are engaged. The UK SIC is a hierarchical system with five digit sub-classes as the most disaggregate category in this hierarchy).

⁷⁴ Peter Brett Associates (2014) *London Office Floorspace Projections*

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Figure 7.8 Forecast employment change, by sector and land use, 2011-2036

Forecast change 2011-2036	2011-36 Total	2014-36 Total	2014-36 Office	2014-36 Industrial
Primary & Utilities	-700	-100	0	0
Manufacturing	-900	-2,000	0	-2,000
Construction	2,100	1,200	0	400
Wholesale	-1,000	-1,200	0	-1,200
Retail	2,400	500	0	0
Transport & Storage	800	-900	0	-600
Accommodation & Food	9,700	6,000	0	0
Information & Communication	10,400	10,500	7,600	0
Financial & Insurance	-4,700	-300	-400	0
Prof, Scientific Technical & Real Estate	33,500	20,900	19,700	0
Administrative & Support	19,400	8,800	4,000	0
Public Admin & Defence	300	-2,400	-1,800	0
Education	3,900	2,900	0	0
Health	5,700	3,500	0	0
Arts Entertainment and Recreation	3,800	1,500	0	0
Other Services	2,700	1,600	1,100	100
Total	87,500	50,500	30,200	-3,200

Source: GLA Economics/CAG

7.2.8 The projected loss of jobs on industrial land is relatively small and would imply a loss of something like 90,000 sq m of industrial floorspace over the period 2014-36, assuming an employment density ratio of 30 sq m per worker. At a plot ratio of 0.4 this would be equivalent to 22.5ha of land. Whilst a cruder method that does not segment between different types of industrial land use, this figure is broadly compatible with the Borough's current industrial release benchmark figure (5ha over the period 2011-2031) which is based on a loss of around one hectare per annum with Islington as a 'restricted borough'.

7.2.9 **Comparison with past change** The projected growth for Islington of an additional 342,000 sq m GIA of office floorspace over the period 2014-2036 is an average of 15,500 sq m per annum. This compares with an annual average net change in floorspace stock of 15,300 sq m over the period 2000-2012.⁷⁵ Projected future growth in floorspace is broadly in line with past change. Whilst employment growth is projected to be slightly higher than in the past this is offset by higher density ratios (less floorspace per worker).

7.2.10 Inclusion of the period 2011-2014 pushes up growth over the period 2011-2036 to 510,000 sq m, which is above the 433,000 sq m set out as the benchmark in LOPR 12. An exceptional period of growth has occurred in the last five years and it is assumed that London will return to longer term trend rates in the future. However this will need to be carefully monitored to ensure that potential demand is not frustrated by lack of supply.

⁷⁵ VOA Floorspace stock data

7.3 Vacancy rates

7.3.1 One consequence of the recent rapid growth in office employment in London is that vacancy rates are currently low. A vacancy rate of 8% is generally considered to be an optimal one, and the *London Office Policy Review 2012* advises boroughs to factor in this level of vacancy in terms of planning for future supply⁷⁶. This permits the market to function with an appropriate degree of choice or churn without applying significant upward or downward pressure on rents.

7.3.2 Where existing vacancy rates are below 8% then additional supply should be added to the forecast to account for this shortfall. At 2014, the base date for our forecasts, the estimated vacancy rate in the Islington's CAZ area was almost 4% (see para 3.1.9). This area accounts for the majority of the borough's office stock. Elsewhere in the Borough, our visual inspections showed little to minimal vacancy, and it can be concluded that vacancy rates are well below the optimal across the Borough as a whole.

7.3.3 The total Islington office stock is around 1.5 million sq m. An 8% vacancy rate would, therefore, give 120,000 sq m of vacant floorspace, while a 4% vacancy rate only leaves 60,000 sq m of vacant floorspace. This would require an additional 60,000 sq m of floorspace to be added to the forecast total to compensate for current vacancy rates being below their optimal level.

7.3.4 In total this would give a planning target of 400,000 sq m of office floorspace for the period 2014-2036 to meet forecast demand, allowing for an 8% vacancy factor.

Figure 7.9 Projected demand for office floorspace, Islington 2014-36

Floorspace to accommodate projected office employment growth	340,000 sq m
Floorspace required to adjust for below frictional vacancy	60,000 sq m
Total demand	400,000 sq m

Source: CAG

7.3.5 The industrial market is also tightly constrained. As was shown in Figure 4.1, between 2005 and 2015 there has been a net loss of over 126,000 sq m of B2 and B8 stock. The site assessments and discussions with local agents suggest a vacancy rate of around 3-5%. This compares with the SPG's benchmark for 'frictional vacancy' of around 8%. Falling stock and sustained demand is unlikely to see the level of vacancy increase significantly in the foreseeable future.

7.4 Future growth drivers

⁷⁶ "Following discussions at the London Plan EiP it was agreed to add 8% to the LOPR 09 floorspace forecast to account for an optimal vacancy factor." London Office Policy Review (2012) para 7.3.7

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7.4.1 What we have presented above is a projection of demand for employment space based on the current structure of employment in the Borough, growth forecasts driven by past trends and application of standard employment density and land use assumptions, albeit ones grounded in robust evidence. There are a number of factors that could affect the future demand for B-class employment floorspace in the Borough. We review some of these trends below and set out their likely influence on the demand for floorspace. The purpose is as a qualitative sensitivity check to assess whether there is a significant upside or downside risk to the forecasts set out above.

7.4.2 There are broadly three categories of driver.

- Those that affect overall aggregate demand, with demand for employment space being a derived demand of aggregate demand. In other words because of growth in the economy generally this will produce demand in sectors that occupy employment floorspace.
- Those that affect the spatial distribution of activity. This will relate to the relative attractiveness of Islington as opposed to other locations and may depend on factors such as infrastructure investment and placemaking activity.
- Those that affect the amount of employment space required for any given level of occupier demand. This will include factors such as technological innovation and changes in working practices.

Drivers of aggregate demand

7.4.3 **Population growth** London's population is projected to grow by 1.9 million over the period 2011-2036, from 8.2 million to 10.1 million.⁷⁷ This is a big change with big implications for land use planning. Population growth impacts on the demand for B-space in a number of ways.

- As consumers creating demand for goods and services. This will be primarily for public services such as health and education and for consumer expenditure sectors such as retail and leisure. The Experian retail capacity forecasts for the GLA published in 2014 projected total household expenditure over the period 2011-2036 to rise by £110bn, a rate of 2.6% per annum, and that was from a projected population increase of just 1.7 million compared to the 1.9 million in FALP. This will create jobs and demand for floorspace to accommodate these jobs. These jobs will be primarily in use class other than B-class employment space. There will be some demand generated for storage and logistics to service e-tailing, though this will principally be located outside of Islington.
- It also creates economic activity in the construction sector which will generate some demand for industrial floorspace in construction activities.
- As a labour force creating opportunities for expanded employment growth. It is this access to a large and highly skilled workforce that makes Central

⁷⁷ GLA (2015) *Further Alterations to the London Plan*

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London such an attractive location for businesses. The CAZ can draw on a workforce of over two million workers within a 45-minute travel time⁷⁸ and expanding this workforce will add to the demand for, in particular, office employment space.

- As a competing land-use with demand for residential land usually generating higher land values and hence pushing out other uses. For most parts of London residential values are considerably higher than employment land values and, especially following the introduction of a more permissive planning regime, are likely to displace employment activity.

7.4.4 On balance we believe the projected population growth will have a negative impact on employment floorspace and land by diminishing the supply of premises. While there is some alignment between the GLA's population and employment projections, competing land uses are not explicitly modelled through to 2036.

Spatial distribution of activity

7.4.5 **The growth of CAZ and the spatial distribution of activity** The CAZ has been expanding. In spatial terms there has been the emergence of what the LOPR has identified as a polycentric office market driven by a series of mega schemes within the central area:

These mega schemes established the pattern of 'off-centre' developments which have come to re-define the London office market as a polycentric one. When Broadgate was mooted in 1983, half a mile from the Bank of England, it was revolutionary. Now, building in Waterloo, King's Cross or Paddington is considered mainstream. It is accepted that it is possible to re-engineer the geography of Central London as long as access to the heart of the City and West End by public transport is good, and also that the scheme is large enough to create its own public realm and sense of place.⁷⁹

7.4.6 As London seeks to continue to take advantage of the agglomeration benefits of CAZ, central London economic activity can continue to grow through: densification of the existing CAZ, through expansion of its currently defined boundaries, or through a small number of well-connected satellite locations as with Canary Wharf. Given the scale of forecast growth, expect a combination of all these three movements. All three of these potential expansion areas could have implications for Islington. Densification of the existing CAZ could occur around Farringdon. Expansion of the CAZ could occur along Pentonville Road; while, given its hyper-connectivity, Finsbury Park could be a potential satellite location.

7.4.7 Recent research has pointed to the growing importance of the CAZ fringe in providing accommodation for small businesses that are supporting larger businesses in the core area.⁸⁰ The work included "evidence of new locations being sought out and occupied by small businesses", including "a discernible flow from Shoreditch into Aldgate, a new cluster ... around King's Cross ... an increase in

⁷⁸ Source: TfL

⁷⁹ Ramidus Consulting (2012) *London Office Policy Review* GLA

⁸⁰ Ramidus Consulting (2015) *Small Offices and Mixed Use in CAZ* GLA

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small units at Paddington ... and the South Bank is growing in importance as a recognised destination for small office users”.

7.4.8 Recent research by Ramidus Consulting found strong evidence of the emerging importance of public realm.⁸¹ Discussions with corporate occupiers identified the high “*level of importance now attached to the spaces between workplaces – the public realm. The public realm is considered a top priority for occupiers and investors alike*”. The research goes on to note that technology “*has meant that work activities can now leave the building and the public realm is the place where the blurring of work and leisure happens*”. Creation of place also requires attractive amenities, such as cafes, independent shops, galleries, markets etc.

7.4.9 According to Farebrother Q1 2015 report for Midtown office market area: “*Farringdon, Smithfield & Clerkenwell represent London’s most diverse retail and leisure property market, combining Michelin star restaurants and street food markets. Coinciding with the opening of Crossrail, the retail offer in the area will substantially improve as a number of mixed use developments that comprise elements of retail space complete.*”

7.4.10 **New infrastructure** A report by London First has highlighted the infrastructure needs to support London’s growing economy. “*To underpin London’s ability to attract and retain talent, and to create growth and jobs across more areas of the city, London needs an effective, integrated and affordable system of transportation and housing. The city’s rapid population growth is putting increasing strain on its existing infrastructure. The draft London Infrastructure Plan identifies over £1 trillion of spending that is likely to be required between now and 2050 to support the city’s population and economic growth*”.⁸² Where this infrastructure is delivered will shape London’s future pattern of growth in the way that the Jubilee Line Extension did and in the way the Crossrail is shaping up to do.

7.4.11 Crossrail is due to start operation in 2017 with service running through Central London in 2018. The route will run over 100km from Reading and Heathrow in the west, through new tunnels under central London to Shenfield and Abbey Wood in the east. Crossrail will bring an extra 1.5 million people to within 45 minutes of central London and will link London’s key employment, leisure and business districts – Heathrow, West End, the City, Docklands. There will be 40 Crossrail stations including 10 new stations among which is Farringdon. The Central London locations around Crossrail stations will have a heightened demand for economic development. As the *London Office Policy Review 2012* noted, “*We expect to see significant office development in Central London and the most viable outlying locations – which in practice will mean the most well-connected locations: simply put, the Crossrail Ribbon*”.⁸³ Farringdon will be a key focus for new office development.

7.4.12 Crossrail 2 is the proposed new high-frequency, high-capacity rail line for the South East, running through London and into Surrey and Hertfordshire. It will add

⁸¹ Ramidus Consulting (2015) *Future Workstyles, Future Workplaces* Corporation of London

⁸² London First/London Enterprise Panel (2015) *London 2036: An Agenda for Jobs and Growth*

⁸³ Ramidus Consulting (2012) *London Office Policy Review* GLA

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capacity, connecting the existing national rail networks in Surrey and Hertfordshire with trains running through new twin-bore tunnels beneath central London, between Wimbledon in the southwest and Tottenham Hale and New Southgate in the north. It would connect with existing Underground and national rail stations, providing connections and direct services across the wider South East to destinations around the country. The current objective is to have Crossrail 2 operational by 2030.

7.4.13 It is designed to fill part of the infrastructure deficit that will grow as a result of London's expanding population and economy. According to a recent research report, Crossrail 2 would help support 200,000 new homes and 200,000 new jobs.⁸⁴

7.4.14 One of the specific objectives of Crossrail 2 is to support growth of the CAZ economy due to the uniquely high productivity generated in this part of the UK economy. The route runs south west to north east across London and one of the stations of the safeguarded route is Angel. The increased connectivity boost given by such a project would dramatically enhance the attractiveness of Angel as an office location in the same way that Crossrail is having an impact on locations such as Farringdon.

7.4.15 As Crossrail 2 progresses, the Borough should take steps to ensure the potential benefits at this location are fully captured and it seems the ideal location to accommodate the longer term growth needs of the Islington CAZ.

Utilisation of employment space

7.4.16 **Technological innovation and demand for office space** For offices in particular there is a distinct change in the way in firms occupy their buildings. Fixed seating plans are giving way to more flexible and dynamic working environments. These capitalise on efficiency factors where mobile workers are often not in the office and don't need a personal space. But they also reflect organisational changes with a higher proportion of space being devoted to collaborative working. These changes will have implications both for the amount of space that firms will demand, with less floorspace per worker, and also for the type of space.

7.4.17 Research by Ramidus Consulting highlights the role of agile working⁸⁵ in allowing organisations to both attract the right talent and manage their real estate with increased flexibility and adaptability.⁸⁶ The research identifies that the emerging needs of corporate office occupiers focus on the following issues.

- A shift from fixed, long-term leased space to flexible and on-demand space.
- Less space, used more efficiently, and more effectively.
- Space being a medium for expressing corporate culture and values.
- Design for continuous adaptability and diverse usage patterns.

⁸⁴ KPMG (2015) *Crossrail 2: Regional and National Benefits* September 2015, Mayor of London/Network Rail/TfL

⁸⁵ The Agile Future Forum (2013) describes agile working as a set of practices that allow businesses to establish an optimal workforce and provide the benefits of a greater match between the resources and the demand for services, increased productivity, and improved talent attraction and retention. These practices span four dimensions: Time, Location, Role, Source. – *HR: Getting smart about agile working*, Chartered Institute of Personnel and Development (2014)

⁸⁶ Ramidus Consulting (2015) *Future Workstyles, Future Workplaces* Corporation of London

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- Activity-based workspaces providing for collaboration, concentration, communication, creativity, confidentiality and contemplation.
- Use of shared spaces within offices as a means to facilitate collaboration.
- Provision of amenities and services (food, wellbeing, events etc.).
- Creating and managing memorable experiences to attract talent.

7.4.18 The combination of these factors is likely to drive an increase in demand for office type activity whilst at the same time increasing the efficiency at which space is used. The net effect is likely to be broadly neutral on demand for office floorspace in Islington.

7.4.19 **Working practices** Technology has not only driven changes in organisational working practices but also in those of their workers. The growth of 'future work' will see more work being done remotely and more 'work hubs' specially designed workspaces equipped with the technology to support mobile workers. Instead of being the location where employees gather at fixed times to do concentrated work, the office could become primarily a place for developing and maintaining connections between people.

7.4.20 Chapter 3.0 of this report outlined the growth in micro businesses and the self-employed. These categories of workers will by and large not be occupying traditional, leased office space. Indeed some might not be occupying commercial space at all, or they might be seeking some form of shared space or work hub. Section 6.5 charted the rise of the flexible space market, largely in response to these trends. The sector provides accommodation on flexible terms for small businesses, allowing them to access modern, corporate-style offices, while sharing the costs of centralised services (such as catering and reception).

7.4.21 The serviced office and co-working business models provide an important supplement to the traditional corporate office market, by providing choice and flexibility for growing numbers of small businesses seeking to have a presence in central London, on terms that suit their business models. At the same time they are providing further agility and flexibility for larger corporate organisations. Islington has an important, and probably growing role, in providing such accommodation. We return to this point in the overall recommendations.

7.4.22 **Summary impact** In summary, the overall impact of these key drivers in terms of the demand for business space in Islington is likely to be as follows.

- Population growth has a negative impact on the stock of both office and industrial floorspace through crowding or effects of higher value residential uses.
- The growth of CAZ will have a positive impact on demand for office space.
- Quality of place factors will have a positive impact on the amount of office floorspace but a negative impact on the impact of industrial floorspace.
- Crossrail and Crossrail 2 will have a positive impact on the amount of office floorspace but a negative impact on the amount of industrial floorspace and will add to pressures for higher value development.
- Technology changes are likely in net terms to have a neutral effect on the demand for office space.

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- Changes in working practices are likely in net terms to have a neutral effect on the demand for office space.

7.4.23 The overall net effect of these drivers is that there may be an upside to the office projections if Islington provides the space to capitalise on the growth of CAZ. Whereas there could be a significant downside to the industrial projections if existing land is not protected.

7.5 Sensitivity tests

7.5.1 Forecasts prepared by Oxford Economics (OE) for the City of London Corporation in March 2014 projected a similar level of growth for central London boroughs compared to those prepared by GLA Economics (Figure 7.9). For London as a whole for the period 2013-2023, OE projected a slightly higher level of jobs growth of 677,000 jobs or an average of 1.2% per annum compared with 1.1% per annum projected by GLA Economics.

7.5.2 For central London boroughs, both organisations projected a growth rate of 1.2% per annum and growth of around 300,000 jobs. Both GLA and OE forecast these central London boroughs accounting for just under half (47%) of total London jobs growth.

7.5.3 OE projected Islington to be the third fastest growing central London borough, behind Southwark and just behind Camden. The OE projection is slightly lower at 32,000 or 1.4% per annum compared to 41,000 of 1.7% per annum for the GLA.

7.5.4 This sensitivity test using an alternative forecasts produced by a different organisation using a different method suggests no significant upside or downside risk to the projection adopted for this assessment.

Figure 7.9 Projected change in employment, central London, 2013-2023

Change 2013-2023	GLA	OE	GLA %pa	OE %pa
Greater London	621,000	677,000	1.1%	1.2%
Central London	294,000	319,000	1.2%	1.2%
Camden	34,000	58,000	0.9%	1.5%
City	42,000	50,000	0.9%	1.1%
Islington	41,000	32,000	1.7%	1.4%
Kensington & Chelsea	16,000	19,000	1.1%	1.1%
Lambeth	21,000	8,000	1.2%	0.5%
Southwark	58,000	47,000	2.1%	1.9%
Wandsworth	13,000	14,000	1.0%	1.0%
Westminster	69,000	92,000	0.9%	1.2%

Source: GLA Economics, Oxford Economics

7.6 Supply pipeline and balance

7.6.1 There is planning pipeline to meet this forecast employment demand. Ideally at any moment in time there should be at least two years' worth of gross take-up available in this planning pipeline. Over the period 2005-2014 gross completions of

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office floorspace in Islington averaged around 20,000 sq m per annum, so two years of gross completions would equal 40,000 sq m, which should be available in the planning pipeline at any moment in time.

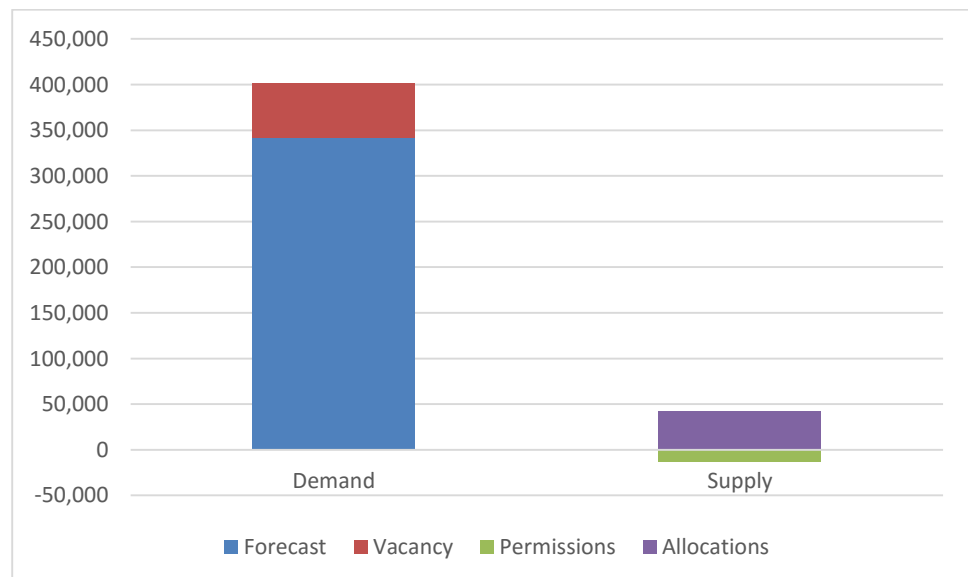
7.6.2 At present the pipeline of permissions would have a negative impact on the supply of office space with net additional B1(a) floorspace from outstanding permissions totalling 12,600 sq m. In terms of the longer term development pipeline LB Islington we have estimated the likely net additional B1(a) floorspace that will come through from existing allocations that do not yet have development consents. This totals some 42,300 sq m. Delivery of the estimated capacity from site allocations is by its nature less certain than that from outstanding permissions.

7.6.3 Islington is forecast to have high levels of employment growth in the types of professional and technical services sectors that generate demand for office space. The *London Office Policy Review 2012* had a guideline figure of 433,000 sq m over the period 2011-2036, and our revised forecasts come out with broadly the same figure.

7.6.4 Figure 7.10 summarises the balance of demand and supply for offices in Islington. The graph illustrates the shortfall in supply that needs to be found.

7.6.5 In terms of the industrial floorspace pipeline, the sum total of B1c, B2 and B8 permissions show a net loss of 26,700 sq m. So more than a quarter of the anticipated loss of the plan period to 2036 is already accounted for. This reinforces the point about not planning for further loss of industrial land as it is already happening too rapidly through attrition.

Figure 7.10 Demand and supply of office floorspace in Islington, 2011-2036



7.7 Other employment land uses

7.7.1 This report is concerned with B-class employment land uses. But it is worth noting that B-class employment only accounts for less than half (48%) of total

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employment.⁸⁷ There are other employment activities that will generate complementary and competing claims for land use in the Borough. This includes activities that support local population and will grow as the population increases. For example, retail, health and education facilities. And it also includes activities that underpin London's national and world city status. Islington is home to two universities, with higher education a rapidly growing sector in London, and Islington also has a national centre of excellence in Moorfields Eye Hospital, which is looking to move to new premises.

7.7.2 Food, drink and accommodation is another important employment sector and as part of this review of employment land LB Islington also commissioned a review of demand for the Hotels sector, which is published as a separate report⁸⁸. The conclusions to this study estimate that in Islington there are currently 49 visitor accommodation establishments, with 3,421 rooms in hotels, guesthouses and B&Bs, plus 361 rooms in apart-hotels and 713 rooms/beds in hostels. Compared to 2006, there are:

- fewer hotels but more hotel rooms;
- fewer B&Bs;
- more apart-hotels, and
- about the same number of guesthouses.

7.7.3 Hotels with over 100 rooms make up 45% of the hotels in Islington. Of those hotels that are graded, the largest categories are branded budget hotels (six) and four star hotels (five). There is one 5-star hotel in Islington. The emergence of apart-hotels as a growing part of the market is apparent in Islington as well as elsewhere in London.

7.7.4 Since April 2001 there have been 53 consents involving hotels or apart-hotels in Islington. These have involved a total of 3,243 hotel rooms and 210 apart-hotel rooms. The scale of past development suggests that there has been some considerable churn in the past, with new stock replacing older visitor accommodation. In addition, the scale of the new stock in the pipeline suggests that a net growth in the Borough's hotel stock will take place over the next few years, in excess of the current GLA's targets for the Borough. The strong viability for hotels suggests that without planning constraints they may be able to outbid office uses in most parts of the Borough" (see separately bound *Hotels in Islington* study).

7.8 Summary

7.8.1 For the period 2014-2036, employment as a whole in Islington is projected to increase by 50,500. Continued high levels of growth are projected for the future. Islington is forecast to have high levels of employment growth in the types of professional and technical services sectors that generate demand for office space. The *London Office Policy Review 2012* had a guideline figure of 433,000 sq m over the period 2011-2036, and our revised forecasts come out with broadly the same figure. Once we have adjusted for the current low vacancy rate our forecasts in total give a planning target of 400,000 sq m of office floorspace for the period 2014-2036 to meet forecast demand and allowance of an 8% vacancy factor.

⁸⁷ CAG calculations using BRES data

⁸⁸ A Review of the Hotels Sector in Islington (bound separately)

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7.8.2 Current permissions coming through the planning system will generate a loss of some 12,000 sq m of office space and at present there is no identified pipeline of new office proposals that will come close to meeting the forecast target.

7.8.3 The spatial growth pattern of London suggests the south part of the Borough is likely to be an attractive location for office occupiers. Most of the likely drivers of demand for office space appear to be positive or have already been factored in to the projections, such as higher occupational density.

7.8.4 The biggest threat to growth is likely to come from restricted supply in particular through lack of land for office development as it is outbid in value terms by residential. If, as set out in the London Plan SPG, the CAZ is to accommodate projected employment growth and remain globally competitive then policy should enable this by retaining land for commercial office development.

7.8.5 For industrial land there is a forecast loss of 90,000 sq m of floorspace which again is in line with the targets set out in the Land for Industry and Transport SPG and Islington's designation as a 'Restrictive loss'. Yet nearly a third of this total is already in the planning system through existing permissions, which means that Islington should strengthen its policies to avoid further loss of its limited industrial land stock. This would suggest at least a moratorium on any planned release in order that industrial land release can be phased evenly over the plan period as recommended by Industrial Land Demand and Release Benchmarks in London study.⁸⁹

⁸⁹ Industrial Land Demand and Release Benchmarks in London (Para 12.32) – Roger Tym & Partners (2011)

8.0 Conclusions and recommendations

8.0.1 This Chapter presents the conclusions arising from the research and our recommendations for planning policy.

8.1 Planning policy and economic profile

8.1.1 **Planning policy** The Local Plan aims to (1) provide for future employment growth; (2) increase the amount of employment space available by affording an appropriate level of protection to existing employment land, and (3) encourage the redevelopment and expansion of existing employment spaces. The policies aim to secure a range of types and sizes of new workspace and encourage flexibility in their design in order to ensure that supply meets local business demand.

8.1.2 The Plan policies designate Town Centres, Employment Growth Areas (in most of the Borough), Employment Priority Areas (in the Finsbury Local Plan area) and the Vale Royal/Brewery Road Locally Significant Industrial Site as suitable locations within which new uses must support these aims.

8.1.3 The majority of designated employment clusters are situated in the CAZ, reflecting the existing concentration of employment uses contributing to the economic function of the area, and the significance of this location for meeting future demand for employment floorspace.

8.1.4 **Economic profile** Islington is an integral part of London's global city role, and has directly shared its economic transformation over recent decades. Islington's CAZ area dominates the Borough's economy and 70% of jobs are concentrated in two wards. The Borough's workforce is well qualified and highly skilled. There is a higher concentration of jobs in Information & Communications than other boroughs, as well as in Real Estate, Professional & Technical Services. The Borough is ranked as the seventh most productive local economy in the UK.

8.1.5 Our analysis here has examined the Borough's functional economic area in terms of its CAZ and non-CAZ components. Our evidence suggests that the functional activity of the CAZ is expanding northwards, where it competes for land not only with industrial activities falling within the *Land for Industry and Transport* SPG's 'central services circle', but also with the residential market.

8.1.6 Islington has witnessed strong population growth in recent years as well as the expansion of the commercial activities of the CAZ. This has led to increased competition between residential and commercial property development activities, with values for the former outbidding the latter. The consequence of this tension is that the Borough has experienced a major loss of employment land to housing over the past decade. This has particularly affected 'industrial' property.

8.1.7 While, until now, the loss of employment floorspace has been counter-balanced by an increase in job numbers through intensification of land use, this cannot be sustained into the future. Employment grew by almost 30,000 between 2005 and 2015. The London Plan forecasts that, by 2036, employment in Islington will grow by 27.1%, from 196,000 to 249,000 jobs.

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8.1.8 Since 2005 there has been substantial growth in London's SME population, and within Islington also it is clear that micro businesses dominate. Moreover micro firms in Information and Communications and Professional, Scientific and Technical firms (i.e. the main growth sectors) are by far the most dominant. This underlines the importance of start-up and micro businesses in the key growth sectors to Islington's economic prospects.

8.2 Development of employment land

8.2.1 In common with most London boroughs, Islington has seen its employment land come under intense pressure for conversion to other uses, in particular to residential. While there has been a widespread loss of B1 space, there have been gains within the CAZ area. But even here it is evident that a small number of large schemes have disguised a wider picture of loss.

8.2.2 In terms of industrial stock, the story is almost exclusively one of loss. The borough's stock of industrial land has fallen from 81 ha in 2001 to 35 ha in 2015. While the amount of land in industrial use within the Vale Royal LSIS has remained relatively stable, outside of the designated industrial area 24.5 ha of industrial land was lost between 2010 and 2015.

8.2.3 **Extension of PDR** Traditionally, change of use, e.g. from offices to residential, had to be approved through the planning application process. However, in May 2013 the Government extended PDR to allow conversion of office space to residential on the basis of a prior approval and some limited tests to cover flooding, transport and the environment. These PDR allowed unfettered change of use from B1(a) to C3, but some geographies, including the CAZ, were exempt, thus mitigating the impact on the stock of premises. More recently, the Government has included B8 space under PDR (up to 500 sq m); announced that the initial rights will become permanent (where they were temporary), and widened to allow office buildings to be demolished.

8.2.4 Islington has been one of the boroughs most affected by the extension to PDR, with prior approvals granted resulting in a total of reduction of 55,000 sq m of office space. Since May 2013, 33 schemes consented through the above mentioned prior approval process were completed. These involved the loss of just under 10,000 sq m of B1(a) space. No other "B" losses were incurred as the PDR extension only related to B1 space during the period under review.

8.2.5 The pipeline shows the continuing impact of conversion via prior approvals. There are nearly six times as many residential units proposed compared to the number delivered by completed prior approvals, and the pipeline of prior approvals will involve the loss of five times as much B1(a) space as was lost in the previous decade. While the planning pipeline shows a net gain in B1 space of 28,808 sq m from schemes consented via the full planning process, this gain will be more than outweighed by losses of 45,531sq m of B1(a) office space from schemes granted prior approval via the PDR right.

8.2.6 When the historical (completed schemes) data are combined with that of the pipeline and projected forward, the result suggest a major loss in B1 space over time. Our analysis suggests an on-going annual net loss of 1.3% of B1 space. Bearing in mind the multiple forces affecting development activities, it would seem to

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be realistic to suggest that B1 space would be lost within a range of between 1% and 1.5% per annum.

8.3 Property market and employment sites

8.3.1 Property market The central London commercial property market has recovered strongly from the Financial Crisis and Islington's CAZ area has shared in this with strong take-up and, latterly, growing developer interest. The growing number of corporate in-movers illustrates the attractiveness of the area. The area is also accommodating growing numbers of start-ups and businesses operating in the creative and digital sectors. Clerkenwell is particularly attractive to these firms.

8.3.2 The priorities of occupiers continue to evolve: changing workstyles are driving new approaches to space use, and traditional locational ties are being increasingly challenged. Growing numbers of occupiers appear to be more footloose than previously; and this applies both to the corporate and SME markets.

8.3.3 These dynamics have encouraged a rapid expansion of the flexible space market. This market provides both traditional office space and 'hybrid' space which combines office, light industrial, studio and production space. The market appeals both to micro and small companies, and to larger corporate organisations, and attracts and retains the kinds of businesses to underpin wider economic growth.

8.3.4 Despite these positive messages, outside of the CAZ the Borough continues to lose B-use space and there has been negligible new supply of space over several years – either industrial or office. The outcome (outside of the CAZ and with the exception of the burgeoning flexible space market), is that the rapidly diminishing stock of B-space is ageing and in danger of becoming obsolete.

8.3.5 Two forms of demand merit further consideration in the context of Islington's changing commercial property market. First, there is an opportunity to benefit from 'overspill' from Tech City and from the creative and digital sectors more widely. Secondly, there is an opportunity to consider how to intensify industrial land use in the Borough with a greater provision of hybrid space.

8.3.6 Employment sites Islington's employment sites need to be seen in two distinct categories: inside the CAZ, and the rest. The CAZ area performs a critical function absorbing growth from the Central London economy. The greatest threat here to commercial space is the impact of office to residential PDR if an A4 Direction is not introduced before the CAZ exemption is lifted. From a wider, London economy perspective, it will be important to ensure that CAZ activities are able to expand into the area north of Pentonville Road and north and east of King's Cross/Regents Quarter, and that Tech City activity can expand into the Shoreditch-King's Cross corridor.

8.3.7 Beyond the CAZ, much B-use stock has disappeared to residential development in recent years and, apart from a small number of concentrations, B2 and B8 space is now highly marginalised in the Borough. The marketability of a the remaining stock is being denuded as plots are lost to residential, reducing their critical mass, and making them more isolated and less self-sustaining in market terms. In many cases there is unlikely to be significant developer interest in re-

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provision of employment space, and the challenge will be how to support the re-provision of employment space to accommodate future jobs growth.

8.3.8 The Borough has some important reservoirs of industrial space, most notably at Vale Royal/Brewery Road. The challenge here will be how to encourage re-provision (modernisation) on these sites while preserving the essence of their function. Intensification of use and the introduction of contemporary, hybrid space might be important considerations.

8.3.9 There are a number of good examples of flexible space provision in the Borough, and these buildings are critical to meeting growing demand from smaller occupiers and addressing the emerging importance of creative and digital firms. Almost all flexible space is within older industrial buildings that have been converted.

8.4 Future requirements

8.4.1 As already noted, Islington has grown rapidly in recent years, with employment growing by 30,000 between 2005 and 2015. Continued high levels of growth are projected for the future, and Islington is forecast to have high levels of employment growth in the types of professional and technical services sectors that generate demand for office space. The *London Office Policy Review 2012* had a guideline figure of 433,000 sq m over the period 2011-2036, and our revised forecasts come out with broadly the same figure. Once we have adjusted for the current low vacancy rate our forecasts in total give a planning target of 400,000 sq m of office floorspace for the period 2014-2036 to meet forecast demand and allowance of an 8% vacancy factor.

8.4.2 Current permissions coming through the planning system will generate a loss of some 17,300 of B1 space (including 12,600 sq m of B1(a) space) and at present there is no identified pipeline of new office proposals that will come close to meeting the forecast target.

8.4.3 The spatial growth pattern of London suggests the southern part of the Borough is likely to be an attractive location for office occupiers. The Islington CAZ area will remain a highly attractive location for the professional, scientific and technical services activities which have been expanding rapidly in London, and which are projected to experience further substantial growth over the period to 2036. Most of the likely drivers of demand for office space appear to be positive or have already been factored in to the projections, such as higher occupational density.

8.4.4 The biggest threat to growth is likely to come from restricted supply, in particular through lack of land for office development as it is outbid in value terms by residential and other higher value land uses.

8.4.5 The opening of Crossrail in 2018 will provide opportunities to significantly increase office development at Farringdon and bring additional development pressures to the Clerkenwell area of the Borough. In the longer term the potential of Crossrail 2 provides opportunities for Angel to develop as a more prime and integrated part of CAZ.

8.4.6 What remains of Islington's industrial land is projected to continue to diminish. For industrial land there is a forecast loss of 90,000 sq m of floorspace.

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This is in line with the targets set out in the Land for Industry and Transport SPG and Islington's designation as a 'Restrictive loss'. But any losses should be permitted to occur naturally over time, rather than be hastened by policy pressures. Nearly one-third of the forecast floorspace loss is already in the planning system through existing permissions, which means that Islington should strengthen its policies to avoid further loss of its limited industrial land stock, and seek to maintain an appropriate vacancy rate within industrial premises to allow businesses a level of choice in the market.

8.4.7 While the remaining industrial land should be maintained the nature of activities on this land is likely to continue to evolve. The LSIS will have a role in providing for the emerging market of hybrid/flexible space and providing some of the lower threshold enterprise space which is needed for start-up companies.

8.5 Recommendations: overall

8.5.1 The Borough's CAZ area and the area beyond the CAZ perform very distinct functions in commercial property market terms. While the former is an integral part of London's global city function, the latter performs a support services role. Such are the differences between the two that we have presented recommendations for each in separate sub-sections. The underlying themes of the recommendations for each area are (a) to protect and intensify office activities within the CAZ area and (b) to nurture space appropriate for a diverse base of SMEs in the non-CAZ area.

8.5.2 The Borough has lost significant employment space capacity in recent years. This has been mitigated by an intensification of use in the south of the Borough, which has helped maintain jobs growth. However, if current trends carry on, loss of B-use space is forecast to continue (and speed up), particularly beyond the CAZ, and particularly in industrial property. This contraction of available space contrasts markedly with the forecast growth in office jobs and associated space requirement, and the low vacancy rates evident across the full range of B-use (B1, B2, B8) space. In light of this, planning policy should afford strong protection to all types of business floorspace across the Borough.

8.5.3 While the Borough's commercial property market is subject to considerable pressure for conversion to residential use, and while this looks set to continue for the foreseeable future, the local economy has a vibrant SME sector which should be nurtured by making appropriate built stock available. In light of property market trends (e.g. office to residential conversions), we recommend that the Borough reviews its Employment Land designations with a view to defining what their precise purpose should be in meeting the needs of the Borough's diverse economic base.

8.5.4 Employment Land Studies address commercial property in terms of the traditional office, industrial and warehouse use classifications (or B1, B2 and B8, respectively). This report has highlighted that economic change is leading to new demands on building usage and design. This has led to a strong growth in firms seeking 'hybrid space' which can often straddle traditional B-use classifications – normally older, industrial-style stock that has been refurbished not as Grade A office stock, but as studio/light production space, or low specification office space (non-air conditioned; revealed ceilings, flexible and collaborative). Of course, such space has been particularly attractive to the creative and digital sectors (as exemplified around Old Street). Opportunities should be sought to encourage this type of space.

8.6 Recommendations: within the CAZ

8.6.1 The CAZ area has two specific demand pressures: the push from an expanding City and pressure from the residential market. At the same time there is potential to benefit significantly from the King's Cross 'halo effect' and from a potential westwards expansion of Tech City. We recommend that policy resists residential development in the CAZ area; instead the focus should be firmly on intensifying office use there.

- Unless there are compelling capacity constraints, intensification of office space in the CAZ area should be looked on sympathetically.
- Site assembly for Grade A office space in the CAZ should be a priority in order to maintain and enhance the area's role in supporting London's strategic business role. The arc stretching between Shoreditch and King's Cross, mainly along Pentonville Road/City Road should form the focus for this priority, alongside delivering additional, lower specification office space.
- Competitive tension between "City-looking" and "Tech City-looking" uses can safely be left to the market to resolve. Within this, however, care should be taken to provide for and accommodate SMEs and business services.
- Pressure from residential is likely to remain a problem for the commercial market, and there is a good case for making the whole of the Islington CAZ subject to Article 4 protections in the event that PDR exemptions are ended.
- Farringdon, with its new Crossrail station, is likely to see pressure for intensification of business, which should be accepted. The same is potentially true of Angel if Crossrail 2 comes closer to reality. These two locations should be nurtured in office market terms.
- However, care should be taken not to overwhelm the character of Clerkenwell – it is an important element in its success, especially with creative businesses.
- In the light of recent commercial property market trends, we recommend a review of the status and priorities of Employment Priority Areas (and the Employment Growth Area within the CAZ), with a view to securing a more universal policy supporting offices across the CAZ area.
- This review might also involve a review of the CAZ boundary, in the light of growth pressure from the City economy, and its possible extension in a generally northwards direction [subject to GLA discussion]. The presence of large employers just north of the CAZ illustrates how firms are already extending northwards.

8.7 Recommendations: outside the CAZ

8.7.1 Beyond the CAZ, the emphasis in policy terms should be on encouraging the SME economy and on nurturing space that is appropriate to its diverse needs, including lower specification, affordable space. While there is obviously a level of B-

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use employment outside the CAZ, there are very few concentrations of activity that could be said to constitute 'local markets'. Much critical mass has already been lost.

8.7.2 A critical issue will be how to reconcile the pressures on the industrial property market with the need to provide for the type of space required by start-ups and microbusinesses in the key growth sectors, as well as more established firms that are critical to Islington's economic prospects.

- The Vale Royal/Brewery Road LSIS is a very significant employment resource both within the Borough and as a location for businesses servicing the needs of the central London economy. The site should be both protected and nurtured for a range of business uses. We suggest opportunities should be sought for intensification of business uses on the LSIS, particularly through the provision of hybrid space. Other concentrations of 'industrial' activity, such as at Kelvin Road should be protected and nurtured.
- Islington has a burgeoning micro and small business economy and it is clear that many of these businesses are clustered in business centres across the Borough. The locations where these centres are situated should be prioritised for growth and intensification of business uses. Identifying [and protecting] other suitable premises for conversion to this use should also be a priority.
- It is desirable that some flexibility around how specific B-use classes are utilised is permitted – the emerging market for hybrid space is potentially very helpful to the SME sectors and should be encouraged.
- Generally, Finsbury Park is the most viable location for encouraging non-CAZ B-use employment generating development, thanks to its excellent transport links. It also benefits from diverse land uses including a burgeoning arts focus. However, it is vulnerable to residential pressure so positive action is needed. We believe that the location should be examined with a view to determining the potential to provide an office location that takes advantage of its strategic transport links.
- Fonthill Road is an important and widely recognised clothing fashion cluster, which is visibly successful, and this cluster should not be put in jeopardy. There is a case for building on its "brand", and giving it a formal identity.
- Other than Finsbury Park, outside of the CAZ policy should aim to protect town centres as Town Centres with a strong retail and leisure focus alongside providing for a mix of town centre uses.
- To capitalise on the opportunities that may be enabled by new residential-led schemes to provide the right type of space to meet the Borough's growing employment needs, mixed use development should be encouraged. However, we caveat this with the comment that business uses should be appropriately/flexibly designed and not be included as a token gesture.
- In the light of recent commercial property market trends, we recommend a review of the status and priorities of Employment Growth Areas, with a view to reflecting the SME economy, and the diverse demand for premises

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ranging from secondary offices, to studio, to business centres and co-working spaces, across the non-CAZ area.

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Appendices

Appendix 1: Consultations

Employment Land Review workshop
Held: 15th September 2015

Name	Organisation
Gerard Burgess	Greater London Authority
Michael Calderbank	LB Islington
Lewis Claridge	City of London
John Davies	Derwent London
Cem Erkman	LB Camden
Katy Fattuhi	Creative Islington
Katie Glasgow	LB Hackney
Sakiba Gurda	LB Islington
Wilf Laneridge	LB Islington
John McGill	London Stansted Cambridge Corridor
Karen Montgomerie	LB Islington
Ellen Ryan	LB Islington
John Wachter	LB Islington

Consultations with Local Commercial property agents
Held between September and October, 2015

Organisation
Copping Joyce
Drivers & Norris
Farebrother
Lambert Smith Hampton
Strettons

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Appendix 2: Breakdown of key employment sectors

Division	Description
J. Information & Communication	
58	Publishing activities
59	Motion picture, video and TV programme production, sound recording and music publishing
60	Programming and broadcasting
61	Telecommunications
62	Computer programming, consultancy and related activities
63	Information service activities
K. Financial & Insurance	
64	Financial services, except insurance and pension funding
65	Insurance, reinsurance and pension funding
66	Activities auxiliary to finance and insurance
L. Real Estate	
68	Real estate activities
M. Professional, Scientific & Technical	
69	Legal and accounting
70	Activities of head offices; management consultancy
71	Architectural and engineering activities
72	Scientific research and development
73	Advertising and market research
74	Other professional, scientific and technical activities
75	Veterinary activities
N. Administration & Support Services	
77	Administrative and support services
78	Employment activities
79	Travel agency, tour operators
80	Security and investigation activities
81	Services to buildings and landscape activities
82	Office administrative, office support and other business support
O. Public Administration & Defence	
84	Public administration and defence
P. Education	
85	Education
86	Human health activities
87	Residential care activities
88	Social work

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Appendix 3: Activities in Islington with >1,000 employees

Sector	Activity	Employees	LQ
Transport & Storage	Postal activities under universal service obligation	1000-5000	>1.5
Accommodation and food service activities	Unlicensed restaurants and cafes	1000-5000	1.0-1.5
Accommodation and food service activities	Event catering activities	1000-5000	1.0-1.5
Accommodation and food service activities	Public houses and bars	1000-5000	1.0-1.5
Information and Communication	Book publishing	1000-5000	>1.5
Information and Communication	Publishing of newspapers	1000-5000	>1.5
Information and Communication	Publishing of consumer, business and professional journals and periodicals	1000-5000	>1.5
Information and Communication	Motion picture, video and television programme post-production activities	1000-5000	>1.5
Information and Communication	Other telecommunications activities	>5000	>1.5
Information and Communication	Business and domestic software development	1000-5000	>1.5
Information and Communication	Computer consultancy activities	1000-5000	1.0-1.5
Information and Communication	News agency activities	1000-5000	>1.5
Financial and Insurance activities	Banks	>5000	1.0-1.5
Financial and Insurance activities	Other activities auxiliary to financial services, except insurance and pension funding	1000-5000	1.0-1.5
Professional Scientific Technical and Real Estate	Letting and operating of own or leased real estate (other than Housing Association real estate and conference and exhibition services) n.e.c.	1000-5000	1.0-1.5
Professional Scientific Technical and Real Estate	Solicitors	1000-5000	1.0-1.5
Professional Scientific Technical and Real Estate	Activities of patent and copyright agents; other legal activities (other than those of barristers and solicitors) n.e.c.	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Public relations and communication activities	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Management consultancy activities (other than financial management)	>5000	1.0-1.5
Professional Scientific Technical and Real Estate	Architectural activities	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Other engineering activities (not including engineering design for industrial process and production or engineering related scientific and technical consulting activities)	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Other research and experimental development on natural sciences and engineering	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Advertising agencies	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Market research and public opinion polling	1000-5000	>1.5
Professional Scientific Technical and Real Estate	Specialised design activities	1000-5000	>1.5
Administrative and support service activities	Temporary employment agency activities	>5000	>1.5
Administrative and support service activities	Travel agency activities	1000-5000	>1.5
Administrative and support service activities	Private security activities	1000-5000	1.0-1.5
Administrative and support service activities	Other business support service activities n.e.c.	1000-5000	1.0-1.5
Public Admin & Defence	Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security	1000-5000	>1.5
Public Admin & Defence	Justice and judicial activities	1000-5000	1.0-1.5
Education	First-degree level higher education	1000-5000	1.0-1.5
Health	Other residential care activities	1000-5000	1.0-1.5
Health	Other social work activities without accommodation n.e.c.	>5000	>1.5
Arts Entertainment and recreation	Gambling and betting activities	1000-5000	1.0-1.5
Other Services	Activities of other membership organisations n.e.c.	1000-5000	>1.5

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Appendix 4: Employment forecasts, Islington, by sector and five year time periods

Islington	2011	2014	2016	2021	2026	2031	2036
Primary and Utilities	1,120	500	500	500	400	400	400
Manufacturing	2,532	3,600	3,300	2,800	2,400	2,000	1,600
Construction	7,425	8,300	8,400	8,700	9,000	9,300	9,500
Wholesale	3,851	4,100	4,000	3,700	3,400	3,200	2,900
Retail	8,278	10,200	10,300	10,400	10,600	10,600	10,700
Transport & Storage	7,170	8,900	8,800	8,600	8,500	8,200	8,000
Accommodation & Food Services	11,251	15,000	15,500	16,800	18,100	19,500	21,000
Information and Communication	33,502	33,400	34,300	36,600	39,000	41,400	43,900
Financial and Insurance Activities	18,049	13,600	13,600	13,600	13,500	13,400	13,300
Prof, Scientific Technical & Real Estate	38,962	51,600	53,300	57,800	62,400	67,300	72,500
Administrative and Support Services	16,581	27,200	27,900	29,900	31,900	33,900	36,000
Public Admin & Defence	7,330	10,000	9,800	9,200	8,700	8,200	7,600
Education	11,289	12,300	12,600	13,300	13,900	14,600	15,200
Health	19,027	21,200	21,500	22,400	23,200	23,900	24,700
Arts Entertainment and Recreation	5,496	7,800	7,900	8,300	8,600	8,900	9,300
Other Services	5,136	6,200	6,400	6,700	7,100	7,500	7,800
Total	197,000	234,000	238,200	249,200	260,700	272,400	284,500

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Appendix 5: Sectoral definitions used to create land use mapping

	01000 : DEFRA/Scottish Executive Agricultural Data
	01110 : Growing of cereals (except rice), leguminous crops and oil seeds
	01120 : Growing of rice
	01130 : Growing of vegetables and melons, roots and tubers
	01140 : Growing of sugar cane
	01150 : Growing of tobacco
	01160 : Growing of fibre crops
	01190 : Growing of other non-perennial crops
	01210 : Growing of grapes
	01220 : Growing of tropical and subtropical fruits
	01230 : Growing of citrus fruits
	01240 : Growing of pome fruits and stone fruits
	01250 : Growing of other tree and bush fruits and nuts
	01260 : Growing of oleaginous fruits
	01270 : Growing of beverage crops
	01280 : Growing of spices, aromatic, drug and pharmaceutical crops
	01290 : Growing of other perennial crops
	01300 : Plant propagation
	01410 : Raising of dairy cattle
	01420 : Raising of other cattle and buffaloes
	01430 : Raising of horses and other equines
	01440 : Raising of camels and camelids
	01450 : Raising of sheep and goats
	01460 : Raising of swine pigs
	01470 : Raising of poultry
	01490 : Raising of other animals
	01500 : Mixed farming
	01610 : Support activities for crop production
	01621 : Farm animal boarding and care
	01629 : Support activities for animal production (other than farm animal boarding) nec
	01630 : Post-harvest crop activities
	01640 : Seed processing for propagation
	01700 : Hunting, trapping and related service activities
	02100 : Silviculture and other forestry activities
	02200 : Logging
	02300 : Gathering of wild growing non-wood products
	02400 : Support services to forestry
	03110 : Marine fishing
	03120 : Freshwater fishing
	03210 : Marine aquaculture
	03220 : Freshwater aquaculture
	05101 : Mining of hard coal from deep coal mines (underground mining)
	05102 : Mining of hard coal from open cast coal working (surface mining)
	05200 : Mining of lignite
	06100 : Extraction of crude petroleum
	06200 : Extraction of natural gas
	07100 : Mining of iron ores
	07210 : Mining of uranium and thorium ores
	07290 : Mining of other non-ferrous metal ores
	08110 : Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate
	08120 : Operation of gravel and sand pits; mining of clays and kaolin
	08910 : Mining of chemical and fertiliser minerals
	08920 : Extraction of peat
	08930 : Extraction of salt
	08990 : Other mining and quarrying nec
	09100 : Support activities for petroleum and natural gas extraction
	09900 : Support activities for other mining and quarrying
Industrial	10110 : Processing and preserving of meat

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Industrial	10120 : Processing and preserving of poultry meat
Industrial	10130 : Production of meat and poultry meat products
Industrial	10200 : Processing and preserving of fish, crustaceans and molluscs
Industrial	10310 : Processing and preserving of potatoes
Industrial	10320 : Manufacture of fruit and vegetable juice
Industrial	10390 : Other processing and preserving of fruit and vegetables
Industrial	10410 : Manufacture of oils and fats
Industrial	10420 : Manufacture of margarine and similar edible fats
Industrial	10511 : Liquid milk and cream production
Industrial	10512 : Butter and cheese production
Industrial	10519 : Manufacture of milk products (other than liquid milk, cream, butter, cheese) nec
Industrial	10520 : Manufacture of ice cream
Industrial	10611 : Grain milling
Industrial	10612 : Manufacture of breakfast cereals and cereals-based foods
Industrial	10620 : Manufacture of starches and starch products
Industrial	10710 : Manufacture of bread; manufacture of fresh pastry goods and cakes
Industrial	10720 : Manufacture of rusks and biscuits; and of preserved pastry goods and cakes
Industrial	10730 : Manufacture of macaroni, noodles, couscous and similar farinaceous products
Industrial	10810 : Manufacture of sugar
Industrial	10821 : Manufacture of cocoa, and chocolate confectionery
Industrial	10822 : Manufacture of sugar confectionery
Industrial	10831 : Tea processing
Industrial	10832 : Production of coffee and coffee substitutes
Industrial	10840 : Manufacture of condiments and seasonings
Industrial	10850 : Manufacture of prepared meals and dishes
Industrial	10860 : Manufacture of homogenised food preparations and dietetic food
Industrial	10890 : Manufacture of other food products nec
Industrial	10910 : Manufacture of prepared feeds for farm animals
Industrial	10920 : Manufacture of prepared pet foods
Industrial	11010 : Distilling, rectifying and blending of spirits
Industrial	11020 : Manufacture of wine from grape
Industrial	11030 : Manufacture of cider and other fruit wines
Industrial	11040 : Manufacture of other non-distilled fermented beverages
Industrial	11050 : Manufacture of beer
Industrial	11060 : Manufacture of malt
Industrial	11070 : Manufacture of soft drinks; production of mineral waters and other bottled waters
Industrial	12000 : Manufacture of tobacco products
Industrial	13100 : Preparation and spinning of textile fibres
Industrial	13200 : Weaving of textiles
Industrial	13300 : Finishing of textiles
Industrial	13910 : Manufacture of knitted and crocheted fabrics
Industrial	13921 : Manufacture of soft furnishings
Industrial	13922 : Manufacture of canvas goods, sacks etc
Industrial	13923 : Manufacture of household textiles (other than soft furnishings of 13921)
Industrial	13931 : Manufacture of woven or tufted carpets and rugs
Industrial	13939 : Manufacture of carpets and rugs (other than woven or tufted) nec
Industrial	13940 : Manufacture of cordage, rope, twine and netting
Industrial	13950 : Manufacture of non-wovens and articles made from non-wovens, except apparel
Industrial	13960 : Manufacture of other technical and industrial textiles
Industrial	13990 : Manufacture of other textiles nec
Industrial	14110 : Manufacture of leather clothes
Industrial	14120 : Manufacture of workwear
Industrial	14131 : Manufacture of men's outerwear, other than leather clothes and workwear
Industrial	14132 : Manufacture of women's outerwear, other than leather clothes and workwear
Industrial	14141 : Manufacture of men's underwear
Industrial	14142 : Manufacture of women's underwear
Industrial	14190 : Manufacture of other wearing apparel and accessories
Industrial	14200 : Manufacture of articles of fur
Industrial	14310 : Manufacture of knitted and crocheted hosiery
Industrial	14390 : Manufacture of other knitted and crocheted apparel

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Industrial	15110 : Tanning and dressing of leather; dressing and dyeing of fur
Industrial	15120 : Manufacture of luggage, handbags and the like, saddlery and harness
Industrial	15200 : Manufacture of footwear
Industrial	16100 : Sawmilling and planing of wood
Industrial	16210 : Manufacture of veneer sheets and wood-based panels
Industrial	16220 : Manufacture of assembled parquet floors
Industrial	16230 : Manufacture of other builders' carpentry and joinery
Industrial	16240 : Manufacture of wooden containers
Industrial	16290 : Manufacture of other wood products and of cork, straw and plaiting materials
Industrial	17110 : Manufacture of pulp
Industrial	17120 : Manufacture of paper and paperboard
Industrial	17211 : Manufacture of corrugated paper and paperboard; and of paper sacks and bags
Industrial	17219 : Manufacture of paper and paperboard containers other than sacks and bags
Industrial	17220 : Manufacture of household and sanitary goods and of toilet requisites
Industrial	17230 : Manufacture of paper stationery
Industrial	17240 : Manufacture of wallpaper
Industrial	17290 : Manufacture of other articles of paper and paperboard
Industrial	18110 : Printing of newspapers
Industrial	18121 : Manufacture of printed labels
Industrial	18129 : Printing (other than printing of newspapers and printing on labels and tags) nec
Industrial	18130 : Pre-press and pre-media services
Industrial	18140 : Binding and related services
Industrial	18201 : Reproduction of sound recording
Industrial	18202 : Reproduction of video recording
Industrial	18203 : Reproduction of computer media
Industrial	19100 : Manufacture of coke oven products
Industrial	19201 : Mineral oil refining
Industrial	19209 : Other treatment of petroleum products (excl oil refining petrochem manufacture)
Industrial	20110 : Manufacture of industrial gases
Industrial	20120 : Manufacture of dyes and pigments
Industrial	20130 : Manufacture of other inorganic basic chemicals
Industrial	20140 : Manufacture of other organic basic chemicals
Industrial	20150 : Manufacture of fertilisers and nitrogen compounds
Industrial	20160 : Manufacture of plastics in primary forms
Industrial	20170 : Manufacture of synthetic rubber in primary forms
Industrial	20200 : Manufacture of pesticides and other agrochemical products
Industrial	20301 : Manufacture of paints, varnishes and similar coatings, mastics and sealants
Industrial	20302 : Manufacture of printing ink
Industrial	20411 : Manufacture of soap and detergents
Industrial	20412 : Manufacture of cleaning and polishing preparations
Industrial	20420 : Manufacture of perfumes and toilet preparations
Industrial	20510 : Manufacture of explosives
Industrial	20520 : Manufacture of glues
Industrial	20530 : Manufacture of essential oils
Industrial	20590 : Manufacture of other chemical products nec
Industrial	20600 : Manufacture of man-made fibres
Industrial	21100 : Manufacture of basic pharmaceutical products
Industrial	21200 : Manufacture of pharmaceutical preparations
Industrial	22110 : Manufacture of rubber tyres and tubes; re-treading and rebuilding of rubber tyres
Industrial	22190 : Manufacture of other rubber products
Industrial	22210 : Manufacture of plastic plates, sheets, tubes and profiles
Industrial	22220 : Manufacture of plastic packing goods
Industrial	22230 : Manufacture of builders plastic
Industrial	22290 : Manufacture of other plastic products
Industrial	23110 : Manufacture of flat glass
Industrial	23120 : Shaping and processing of flat glass
Industrial	23130 : Manufacture of hollow glass
Industrial	23140 : Manufacture of glass fibres
Industrial	23190 : Manufacture and processing of other glass, including technical glassware
Industrial	23200 : Manufacture of refractory products

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Industrial	23310 : Manufacture of ceramic tiles and flags
Industrial	23320 : Manufacture of bricks, tiles and construction products, in baked clay
Industrial	23410 : Manufacture of ceramic household and ornamental articles
Industrial	23420 : Manufacture of ceramic sanitary fixtures
Industrial	23430 : Manufacture of ceramic insulators and insulating fittings
Industrial	23440 : Manufacture of other technical ceramic products
Industrial	23490 : Manufacture of other ceramic products
Industrial	23510 : Manufacture of cement
Industrial	23520 : Manufacture of lime and plaster
Industrial	23610 : Manufacture of concrete products for construction purposes
Industrial	23620 : Manufacture of plaster products for construction purposes
Industrial	23630 : Manufacture of ready-mixed concrete
Industrial	23640 : Manufacture of mortars
Industrial	23650 : Manufacture of fibre cement
Industrial	23690 : Manufacture of other articles of concrete, plaster and cement
Industrial	23700 : Cutting, shaping and finishing of stone
Industrial	23910 : Production of abrasive products
Industrial	23990 : Manufacture of other non-metallic mineral products nec
Industrial	24100 : Manufacture of basic iron and steel and of ferro-alloys
Industrial	24200 : Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
Industrial	24310 : Cold drawing of bars
Industrial	24320 : Cold rolling of narrow strip
Industrial	24330 : Cold forming or folding
Industrial	24340 : Cold drawing of wire
Industrial	24410 : Precious metals production
Industrial	24420 : Aluminium production
Industrial	24430 : Lead, zinc and tin production
Industrial	24440 : Copper production
Industrial	24450 : Other non-ferrous metal production
Industrial	24460 : Processing of nuclear fuel
Industrial	24510 : Casting of iron
Industrial	24520 : Casting of steel
Industrial	24530 : Casting of light metals
Industrial	24540 : Casting of other non-ferrous metals
Industrial	25110 : Manufacture of metal structures and parts of structures
Industrial	25120 : Manufacture of doors and windows of metal
Industrial	25210 : Manufacture of central heating radiators and boilers
Industrial	25290 : Manufacture of other tanks, reservoirs and containers of metal
Industrial	25300 : Manufacture of steam generators, except central heating hot water boilers
Industrial	25400 : Manufacture of weapons and ammunition
Industrial	25500 : Forging, pressing, stamping and roll-forming of metal; powder metallurgy
Industrial	25610 : Treatment and coating of metals
Industrial	25620 : Machining
Industrial	25710 : Manufacture of cutlery
Industrial	25720 : Manufacture of locks and hinges
Industrial	25730 : Manufacture of tools
Industrial	25910 : Manufacture of steel drums and similar containers
Industrial	25920 : Manufacture of light metal packaging
Industrial	25930 : Manufacture of wire products, chain and springs
Industrial	25940 : Manufacture of fasteners and screw machine products
Industrial	25990 : Manufacture of other fabricated metal products nec
Industrial	26110 : Manufacture of electronic components
Industrial	26120 : Manufacture of loaded electronic boards
Industrial	26200 : Manufacture of computers and peripheral equipment
Industrial	26301 : Manufacture of telegraph and telephone apparatus and equipment
Industrial	26309 : Manufacture of communication equipment (other than telegraph and telephone)
Industrial	26400 : Manufacture of consumer electronics
Industrial	26511 : Manufacture of electronic instruments and appliances for measuring, testing, and navigation, except industrial process control equipment
Industrial	26512 : Manufacture of electronic industrial process control equipment

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Industrial	26513 : Manufacture of non-electronic instruments and appliances for measuring, testing and navigation, except industrial process control equipment
Industrial	26514 : Manufacture of non-electronic industrial process control equipment
Industrial	26520 : Manufacture of watches and clocks
Industrial	26600 : Manufacture of irradiation, electro-medical and electrotherapeutic equipment
Industrial	26701 : Manufacture of optical precision instruments
Industrial	26702 : Manufacture of photographic and cinematographic equipment
Industrial	26800 : Manufacture of magnetic and optical media
Industrial	27110 : Manufacture of electric motors, generators and transformers
Industrial	27120 : Manufacture of electricity distribution and control apparatus
Industrial	27200 : Manufacture of batteries and accumulators
Industrial	27310 : Manufacture of fibre optic cables
Industrial	27320 : Manufacture of other electronic and electric wires and cables
Industrial	27330 : Manufacture of wiring devices
Industrial	27400 : Manufacture of electric lighting equipment
Industrial	27510 : Manufacture of electric domestic appliances
Industrial	27520 : Manufacture of non-electric domestic appliances
Industrial	27900 : Manufacture of other electrical equipment
Industrial	28110 : Manufacture of engines and turbines, except aircraft, vehicle and cycle engines
Industrial	28120 : Manufacture of fluid power equipment
Industrial	28131 : Manufacture of pumps
Industrial	28132 : Manufacture of compressors
Industrial	28140 : Manufacture of other taps and valves
Industrial	28150 : Manufacture of bearings, gears, gearing and driving elements
Industrial	28210 : Manufacture of ovens, furnaces and furnace burners
Industrial	28220 : Manufacture of lifting and handling equipment
Industrial	28230 : Manufacture of office machinery and equipment (excl computers and peripherals)
Industrial	28240 : Manufacture of power-driven hand tools
Industrial	28250 : Manufacture of non-domestic cooling and ventilation equipment
Industrial	28290 : Manufacture of other general-purpose machinery nec
Industrial	28301 : Manufacture of agricultural tractors
Industrial	28302 : Manufacture of agricultural and forestry machinery (other than agricultural tractors)
Industrial	28410 : Manufacture of metal forming machinery
Industrial	28490 : Manufacture of other machine tools
Industrial	28910 : Manufacture of machinery for metallurgy
Industrial	28921 : Manufacture of machinery for mining
Industrial	28922 : Manufacture of earthmoving equipment
Industrial	28923 : Manufacture of equipment for concrete crushing and screening roadworks
Industrial	28930 : Manufacture of machinery for food, beverage and tobacco processing
Industrial	28940 : Manufacture of machinery for textile, apparel and leather production
Industrial	28950 : Manufacture of machinery for paper and paperboard production
Industrial	28960 : Manufacture of plastics and rubber machinery
Industrial	28990 : Manufacture of other special-purpose machinery nec
Industrial	29100 : Manufacture of motor vehicles
Industrial	29201 : Manufacture of bodies (coachwork) for motor vehicles (except caravans)
Industrial	29202 : Manufacture of trailers and semi-trailers
Industrial	29203 : Manufacture of caravans
Industrial	29310 : Manufacture of electrical and electronic equipment for motor vehicles
Industrial	29320 : Manufacture of other parts and accessories for motor vehicles
Industrial	30110 : Building of ships and floating structures
Industrial	30120 : Building of pleasure and sporting boats
Industrial	30200 : Manufacture of railway locomotives and rolling stock
Industrial	30300 : Manufacture of air and spacecraft and related machinery
Industrial	30400 : Manufacture of military fighting vehicles
Industrial	30910 : Manufacture of motorcycles
Industrial	30920 : Manufacture of bicycles and invalid carriages
Industrial	30990 : Manufacture of other transport equipment nec
Industrial	31010 : Manufacture of office and shop furniture
Industrial	31020 : Manufacture of kitchen furniture
Industrial	31030 : Manufacture of mattresses

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Industrial	31090 : Manufacture of other furniture
Industrial	32110 : Striking of coins
Industrial	32120 : Manufacture of jewellery and related articles
Industrial	32130 : Manufacture of imitation jewellery and related articles
Industrial	32200 : Manufacture of musical instruments
Industrial	32300 : Manufacture of sports goods
Industrial	32401 : Manufacture of professional and arcade games and toys
Industrial	32409 : Manufacture of games and toys (other than professional and arcade) nec
Industrial	32500 : Manufacture of medical and dental instruments and supplies
Industrial	32910 : Manufacture of brooms and brushes
Industrial	32990 : Other manufacturing nec
Industrial	33110 : Repair of fabricated metal products
Industrial	33120 : Repair of machinery
Industrial	33130 : Repair of electronic and optical equipment
Industrial	33140 : Repair of electrical equipment
Industrial	33150 : Repair and maintenance of ships and boats
Industrial	33160 : Repair and maintenance of aircraft and spacecraft
Industrial	33170 : Repair and maintenance of other transport equipment
Industrial	33190 : Repair of other equipment
Industrial	33200 : Installation of industrial machinery and equipment
	35110 : Production of electricity
	35120 : Transmission of electricity
	35130 : Distribution of electricity
	35140 : Trade of electricity
	35210 : Manufacture of gas
	35220 : Distribution of gaseous fuels through mains
	35230 : Trade of gas through mains
	35300 : Steam and air conditioning supply
	36000 : Water collection, treatment and supply
Industrial	37000 : Sewerage
Industrial	38110 : Collection of non-hazardous waste
Industrial	38120 : Collection of hazardous waste
Industrial	38210 : Treatment and disposal of non-hazardous waste
Industrial	38220 : Treatment and disposal of hazardous waste
Industrial	38310 : Dismantling of wrecks
Industrial	38320 : Recovery of sorted materials
	39000 : Remediation activities and other waste management services
	41100 : Development of building projects
	41201 : Construction of commercial buildings
	41202 : Construction of domestic buildings
	42110 : Construction of roads and motorways
	42120 : Construction of railways and underground railways
	42130 : Construction of bridges and tunnels
	42210 : Construction of utility projects for fluids
	42220 : Construction of utility projects for electricity and telecommunications
	42910 : Construction of water projects
	42990 : Construction of other civil engineering projects nec
	43110 : Demolition
	43120 : Site preparation
	43130 : Test drilling and boring
Industrial	43210 : Electrical installation
Industrial	43220 : Plumbing, heat and air-conditioning installation
Industrial	43290 : Other construction installation
Industrial	43310 : Plastering
Industrial	43320 : Joinery installation
Industrial	43330 : Floor and wall covering
Industrial	43341 : Painting
Industrial	43342 : Glazing
Industrial	43390 : Other building completion and finishing
Industrial	43910 : Roofing activities

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Industrial	43991 : Scaffold erection
Industrial	43999 : Specialised construction activities (other than scaffold erection) nec
	45111 : Sale of new cars and light motor vehicles
	45112 : Sale of used cars and light motor vehicles
	45190 : Sale of other motor vehicles
Industrial	45200 : Maintenance and repair of motor vehicles
	45310 : Wholesale trade of motor vehicle parts and accessories
	45320 : Retail trade of motor vehicle parts and accessories
Industrial	45400 : Sale, maintenance and repair of motorcycles and related parts and accessories
Industrial	46110 : Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
Industrial	46120 : Agents involved in the sale of fuels, ores, metals and industrial chemicals
Industrial	46130 : Agents involved in the sale of timber and building materials
Industrial	46140 : Agents involved in the sale of machinery, industrial equipment, ships and aircraft
Industrial	46150 : Agents for the sale of furniture, household goods, hardware and ironmongery
Industrial	46160 : Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
Industrial	46170 : Agents involved in the sale of food, beverages and tobacco
Industrial	46180 : Agents specialised in the sale of other particular products
Industrial	46190 : Agents involved in the sale of a variety of goods
Industrial	46210 : Wholesale of grain, unmanufactured tobacco, seeds and animal feeds
Industrial	46220 : Wholesale of flowers and plants
Industrial	46230 : Wholesale of live animals
Industrial	46240 : Wholesale of hides, skins and leather
Industrial	46310 : Wholesale of fruit and vegetables
Industrial	46320 : Wholesale of meat and meat products
Industrial	46330 : Wholesale of dairy products, eggs and edible oils and fats
Industrial	46341 : Wholesale of fruit and vegetable juices, mineral waters and soft drinks
Industrial	46342 : Wholesale of wine, beer, spirits and other alcoholic beverages
Industrial	46350 : Wholesale of tobacco products
Industrial	46360 : Wholesale of sugar and chocolate and sugar confectionery
Industrial	46370 : Wholesale of coffee, tea, cocoa and spices
Industrial	46380 : Wholesale of other food, including fish, crustaceans and molluscs
Industrial	46390 : Non-specialised wholesale of food, beverages and tobacco
Industrial	46410 : Wholesale of textiles
Industrial	46420 : Wholesale of clothing and footwear
Industrial	46431 : Wholesale of gramophone records, audio tapes, compact discs and video tapes and of the equipment on which these are played
Industrial	46439 : Wholesale of radio and television goods and of electrical household appliances (other than of gramophone records, audio tapes, compact discs and video tapes and the equipment on which these are played) nec
Industrial	46440 : Wholesale of china and glassware and cleaning materials
Industrial	46450 : Wholesale of perfume and cosmetics
Industrial	46460 : Wholesale of pharmaceutical goods
Industrial	46470 : Wholesale of furniture, carpets and lighting equipment
Industrial	46480 : Wholesale of watches and jewellery
Industrial	46491 : Wholesale of musical instruments
Industrial	46499 : Wholesale of household goods (other than musical instruments) nec
Industrial	46510 : Wholesale of computers, computer peripheral equipment and software
Industrial	46520 : Wholesale of electronic and telecommunications equipment and parts
Industrial	46610 : Wholesale of agricultural machinery, equipment and supplies
Industrial	46620 : Wholesale of machine tools
Industrial	46630 : Wholesale of mining, construction and civil engineering machinery
Industrial	46640 : Wholesale of machinery for textile industry and of sewing and knitting machines
Industrial	46650 : Wholesale of office furniture
Industrial	46660 : Wholesale of other office machinery and equipment
Industrial	46690 : Wholesale of other machinery and equipment
Industrial	46711 : Wholesale of petroleum and petroleum products
Industrial	46719 : Wholesale of fuels and related products (other than petroleum and petroleum)
Industrial	46720 : Wholesale of metals and metal ores
Industrial	46730 : Wholesale of wood, construction materials and sanitary equipment
Industrial	46740 : Wholesale of hardware, plumbing and heating equipment and supplies

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Industrial	46750 : Wholesale of chemical products
Industrial	46760 : Wholesale of other intermediate products
Industrial	46770 : Wholesale of waste and scrap
Industrial	46900 : Non-specialised wholesale trade
	47110 : Retail sale in non-specialised stores with food, beverages or tobacco predominating
	47190 : Other retail sale in non-specialised stores
	47210 : Retail sale of fruit and vegetables in specialised stores
	47220 : Retail sale of meat and meat products in specialised stores
	47230 : Retail sale of fish, crustaceans and molluscs in specialised stores
	47240 : Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores
	47250 : Retail sale of beverages in specialised stores
	47260 : Retail sale of tobacco products in specialised stores
	47290 : Other retail sale of food in specialised stores
	47300 : Retail sale of automotive fuel in specialised stores
	47410 : Retail sale of computers, peripheral units and software in specialised stores
	47421 : Retail sale of mobile telephones in specialised stores
	47429 : Retail sale of telecommunications equipment (other than mobile telephones) nec, in specialised stores
	47430 : Retail sale of audio and video equipment in specialised stores
	47510 : Retail sale of textiles in specialised stores
	47520 : Retail sale of hardware, paints and glass in specialised stores
	47530 : Retail sale of carpets, rugs, wall and floor coverings in specialised stores
	47540 : Retail sale of electrical household appliances in specialised stores
	47591 : Retail sale of musical instruments and scores in specialised stores
	47599 : Retail sale of furniture, lighting equipment and other household articles (other than musical instruments) nec
	47610 : Retail sale of books in specialised stores
	47620 : Retail sale of newspapers and stationery in specialised stores
	47630 : Retail sale of music and video recordings in specialised stores
	47640 : Retail sale of sporting equipment in specialised stores
	47650 : Retail sale of games and toys in specialised stores
	47710 : Retail sale of clothing in specialised stores
	47721 : Retail sale of footwear in specialised stores
	47722 : Retail sale of leather goods in specialised stores
	47730 : Dispensing chemist in specialised stores
	47741 : Retail sale of hearing aids in specialised stores
	47749 : Retail sale of medical and orthopaedic goods (other than hearing aids) nec, in specialised stores
	47750 : Retail sale of cosmetic and toilet articles in specialised stores
	47760 : Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores
	47770 : Retail sale of watches and jewellery in specialised stores
	47781 : Retail sale in commercial art galleries
	47782 : Retail sale by opticians
	47789 : Other retail sale of new goods in specialised stores (other than by opticians or commercial art galleries), nec
	47791 : Retail sale of antiques including antique books, in stores
	47799 : Retail sale of second-hand goods (other than antiques/antique books) in stores
	47810 : Retail sale via stalls and markets of food, beverages and tobacco products
	47820 : Retail sale via stalls and markets of textiles, clothing and footwear
	47890 : Retail sale via stalls and markets of other goods
	47910 : Retail sale via mail order houses or via Internet
	47990 : Other retail sale not in stores, stalls or markets
	49100 : Passenger rail transport, interurban
	49200 : Freight rail transport
	49311 : Urban, suburban or metropolitan area passenger railway transportation by underground, metro and similar systems
	49319 : Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

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	49320 : Taxi operation
	49390 : Other passenger land transport nec
Industrial	49410 : Freight transport by road
Industrial	49420 : Removal services
	49500 : Transport via pipeline
	50100 : Sea and coastal passenger water transport
	50200 : Sea and coastal freight water transport
	50300 : Inland passenger water transport
	50400 : Inland freight water transport
	51101 : Scheduled passenger air transport
	51102 : Non-scheduled passenger air transport
	51210 : Freight air transport
	51220 : Space transport
Industrial	52101 : Operation of warehousing/storage facilities for water transport activities of Div 50
Industrial	52102 : Operation of warehousing/storage facilities for air transport activities of Div 51
Industrial	52103 : Operation of warehousing/storage facilities for land transport activities of Div 49
Industrial	52211 : Operation of rail freight terminals
Industrial	52212 : Operation of rail passenger facilities at railway stations
Industrial	52213 : Operation of bus and coach passenger facilities at bus and coach stations
	52219 : Other service activities incidental to land transportation, nec (not including operation of rail freight terminals, passenger facilities at railway stations or passenger facilities at bus and coach stations)
	52220 : Service activities incidental to water transportation
	52230 : Service activities incidental to air transportation
Industrial	52241 : Cargo handling for water transport activities of division 50
Industrial	52242 : Cargo handling for air transport activities of division 51
Industrial	52243 : Cargo handling for land transport activities of division 49
	52290 : Other transportation support activities
Industrial	53100 : Postal activities under universal service obligation
Industrial	53201 : Licensed Carriers
	53202 : Unlicensed Carriers
	55100 : Hotels and similar accommodation
	55201 : Holiday centres and villages
	55202 : Youth hostels
	55209 : Other holiday and other short-stay accommodation (not including holiday centres and villages or youth hostels) nec
	55300 : Camping grounds, recreational vehicle parks and trailer parks
	55900 : Other accommodation
	56101 : Licensed restaurants
	56102 : Unlicensed restaurants and cafes
	56103 : Take away food shops and mobile food stands
	56210 : Event catering activities
	56290 : Other food service activities
	56301 : Licensed clubs
	56302 : Public houses and bars
Office	58110 : Book publishing
Office	58120 : Publishing of directories and mailing lists
Office	58130 : Publishing of newspapers
Office	58141 : Publishing of learned journals
Office	58142 : Publishing of consumer, business and professional journals and periodicals
Office	58190 : Other publishing activities
	58210 : Publishing of computer games
	58290 : Other software publishing
Office	59111 : Motion picture production activities
Office	59112 : Video production activities
Office	59113 : Television programme production activities
Office	59120 : Motion picture, video and television programme post-production activities
Office	59131 : Motion picture distribution activities
Office	59132 : Video distribution activities
Office	59133 : Television programme distribution activities

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	59140 : Motion picture projection activities
Office	59200 : Sound recording and music publishing activities
Office	60100 : Radio broadcasting
Office	60200 : Television programming and broadcasting activities
	61100 : Wired telecommunications activities
	61200 : Wireless telecommunications activities
	61300 : Satellite telecommunications activities
	61900 : Other telecommunications activities
Office	62011 : Ready-made interactive leisure and entertainment software development
Office	62012 : Business and domestic software development
Office	62020 : Computer consultancy activities
Office	62030 : Computer facilities management activities
Office	62090 : Other information technology and computer service activities
Office	63110 : Data processing, hosting and related activities
Office	63120 : Web portals
Office	63910 : News agency activities
Office	63990 : Other information service activities nec
Office	64110 : Central banking
Office	64191 : Banks
Office	64192 : Building societies
Office	64201 : Activities of agricultural holding companies
Office	64202 : Activities of production holding companies
Office	64203 : Activities of construction holding companies
Office	64204 : Activities of distribution holding companies
Office	64205 : Activities of financial services holding companies
Office	64209 : Activities of other holding companies (not including agricultural, production, construction, distribution and financial services holding companies) nec
Office	64301 : Activities of investment trusts
Office	64302 : Activities of unit trusts
Office	64303 : Activities of venture and development capital companies
Office	64304 : Activities of open-ended investment companies
Office	64305 : Activities of property unit trusts
Office	64306 : Activities of real estate investment trusts
Office	64910 : Financial leasing
Office	64921 : Credit granting by non-deposit taking finance houses and other specialist consumer credit grantors
Office	64922 : Activities of mortgage finance companies
Office	64929 : Other credit granting (not including credit granting by non-deposit taking finance houses and other specialist consumer credit grantors and activities of mortgage finance companies) nec.
Office	64991 : Security dealing on own account
Office	64992 : Factoring
Office	64999 : Other financial service activities, except insurance and pension funding, (not including security dealing on own account and factoring) nec
Office	65110 : Life insurance
Office	65120 : Non-life insurance
Office	65201 : Life reinsurance
Office	65202 : Non-life reinsurance
Office	65300 : Pension funding
Office	66110 : Administration of financial markets
Office	66120 : Security and commodity contracts brokerage
Office	66190 : Other activities auxiliary to financial services, excl insurance and pension funding
Office	66210 : Risk and damage evaluation
Office	66220 : Activities of insurance agents and brokers
Office	66290 : Other activities auxiliary to insurance and pension funding
Office	66300 : Fund management activities
Office	68100 : Buying and selling of own real estate
Office	68201 : Renting and operating of Housing Association real estate
Office	68202 : Letting and operating of conference and exhibition centres
Office	68209 : Letting and operating of own or leased real estate (other than Housing Association real estate and conference and exhibition services) nec.

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CAZ Office	68310 : Real estate agencies
Office	68320 : Management of real estate on a fee or contract basis
Office	69101 : Barristers at law
Office	69102 : Solicitors
Office	69109 : Activities of patent and copyright agents; other legal activities (other than those of barristers and solicitors) nec
Office	69201 : Accounting, and auditing activities
Office	69202 : Bookkeeping activities
Office	69203 : Tax consultancy
Office	70100 : Activities of head offices
Office	70210 : Public relations and communication activities
Office	70221 : Financial management
Office	70229 : Management consultancy activities (other than financial management)
Office	71111 : Architectural activities
Office	71112 : Urban planning and landscape architectural activities
Office	71121 : Engineering design activities for industrial process and production
Office	71122 : Engineering related scientific and technical consulting activities
Office	71129 : Other engineering activities (not including engineering design for industrial process and production or engineering related scientific and technical consulting activities)
Office	71200 : Technical testing and analysis
CAZ Office	72110 : Research/experimental development on biotechnology
CAZ Office	72190 : Other research/experimental development on natural sciences and engineering
Office	72200 : Research/experimental development on social sciences and humanities
Office	73110 : Advertising agencies
Office	73120 : Media representation
Office	73200 : Market research and public opinion polling
	74100 : Specialised design activities
	74201 : Portrait photographic activities
	74202 : Other specialist photography (not including portrait photography)
	74203 : Film processing
	74209 : Other photographic activities (not including portrait and other specialist photography and film processing) nec
Office	74300 : Translation and interpretation activities
Office	74901 : Environmental consulting activities
Office	74902 : Quantity surveying activities
Office	74909 : Other professional, scientific and technical activities (not including environmental consultancy or quantity surveying)
	75000 : Veterinary activities
	77110 : Renting and leasing of cars and light motor vehicles
	77120 : Renting and leasing of trucks
	77210 : Renting and leasing of recreational and sports goods
	77220 : Renting of video tapes and disks
	77291 : Renting and leasing of media entertainment equipment
	77299 : Renting and leasing of other personal and household goods (other than media entertainment equipment)
	77310 : Renting and leasing of agricultural machinery and equipment
	77320 : Renting and leasing of construction/civil engineering machinery and equipment
	77330 : Renting and leasing of office machinery and equipment (including computers)
	77341 : Renting and leasing of passenger water transport equipment
	77342 : Renting and leasing of freight water transport equipment
	77351 : Renting and leasing of passenger air transport equipment
	77352 : Renting and leasing of freight air transport equipment
	77390 : Renting and leasing of other machinery, equipment and tangible goods nec
Office	77400 : Leasing of intellectual property and similar products, except copyrighted works
Office	78101 : Motion picture, television and other theatrical casting
Office	78109 : Activities of employment placement agencies (other than motion picture, television and other theatrical casting) nec
Office	78200 : Temporary employment agency activities
Office	78300 : Other human resources provision
	79110 : Travel agency activities
	79120 : Tour operator activities

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	79901 : Activities of tourist guides
	79909 : Other reservation service activities (not including activities of tourist guides)
	80100 : Private security activities
	80200 : Security systems service activities
	80300 : Investigation activities
	81100 : Combined facilities support activities
	81210 : General cleaning of buildings
	81221 : Window cleaning services
	81222 : Specialised cleaning services
	81223 : Furnace and chimney cleaning services
	81229 : Building and industrial cleaning activities (other than window cleaning, specialised cleaning and furnace and cleaning services) nec.
	81291 : Disinfecting and extermination services
	81299 : Cleaning services (other than disinfecting and extermination services) nec
	81300 : Landscape service activities
Office	82110 : Combined office administrative service activities
CAZ Office	82190 : Photocopying, document preparation and other specialised office support activities
Office	82200 : Activities of call centres
Office	82301 : Activities of exhibition and fair organizers
Office	82302 : Activities of conference organizers
Office	82911 : Activities of collection agencies
Office	82912 : Activities of credit bureaus
Industrial	82920 : Packaging activities
Office	82990 : Other business support service activities nec
Office	84110 : General public administration activities
Office	84120 : Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security
Office	84130 : Regulation of and contribution to more efficient operation of businesses
Office	84210 : Foreign affairs
	84220 : Defence activities
	84230 : Justice and judicial activities
	84240 : Public order and safety activities
	84250 : Fire service activities
Office	84300 : Compulsory social security activities
	85100 : Pre-primary education
	85200 : Primary education
	85310 : General secondary education
	85320 : Technical and vocational secondary education
	85410 : Post-secondary non-tertiary education
	85421 : First-degree level higher education
	85422 : Post-graduate level higher education
	85510 : Sports and recreation education
	85520 : Cultural education
	85530 : Driving school activities
	85590 : Other education nec
	85600 : Educational support activities
	86101 : Hospital activities
	86102 : Medical nursing home activities
	86210 : General medical practice activities
	86220 : Specialist medical practice activities
	86230 : Dental practice activities
	86900 : Other human health activities
	87100 : Residential nursing care activities
	87200 : Residential care activities for learning disabilities, mental health/substance abuse
	87300 : Residential care activities for the elderly and disabled
	87900 : Other residential care activities
	88100 : Social work activities without accommodation for the elderly and disabled
	88910 : Child day-care activities
	88990 : Other social work activities without accommodation nec
	90010 : Performing arts

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	90020 : Support activities to performing arts
	90030 : Artistic creation
	90040 : Operation of arts facilities
	91011 : Library activities
	91012 : Archive activities
	91020 : Museum activities
	91030 : Operation of historical sites and buildings and similar visitor attractions
	91040 : Botanical and zoological gardens and nature reserve activities
	92000 : Gambling and betting activities
	93110 : Operation of sports facilities
	93120 : Activities of sport clubs
	93130 : Fitness facilities
	93191 : Activities of racehorse owners
	93199 : Other sports activities (not including activities of racehorse owners) nec
	93210 : Activities of amusement parks and theme parks
	93290 : Other amusement and recreation activities
Office	94110 : Activities of business and employers membership organisations
Office	94120 : Activities of professional membership organisations
Office	94200 : Activities of trade unions
Office	94910 : Activities of religious organisations
Office	94920 : Activities of political organisations
Office	94990 : Activities of other membership organisations nec
Industrial	95110 : Repair of computers and peripheral equipment
Industrial	95120 : Repair of communication equipment
Industrial	95210 : Repair of consumer electronics
Industrial	95220 : Repair of household appliances and home and garden equipment
Industrial	95230 : Repair of footwear and leather goods
Industrial	95240 : Repair of furniture and home furnishings
Industrial	95250 : Repair of watches, clocks and jewellery
Industrial	95290 : Repair of other personal and household goods
	96010 : Washing and (dry-)cleaning of textile and fur products
	96020 : Hairdressing and other beauty treatment
	96030 : Funeral and related activities
	96040 : Physical well-being activities
	96090 : Other personal service activities nec
	97000 : Activities of households as employers of domestic personnel
	98100 : Undifferentiated goods-producing activities of private households for own use
	98200 : Undifferentiated service-producing activities of private households for own use
	99000 : Activities of extraterritorial organisations and bodies