Hackney Employment Growth Options Study

Executive Summary

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EXECUTIVE SUMMARY

BACKGROUND

Atkins was commissioned by the London Borough of Hackney to undertake an employment growth options study. The primary purpose of the study is to inform the Borough's emerging Local Development Framework (LDF). The key aims of the study were to:

- provide baseline information on employment levels and examine trends in employment development and accommodation in the industrial and business sectors up to 2016;
- determine the likely demand for available employment and business land and premises within the Borough up to the end of the forthcoming LDF period;
- establish the appropriate property mix required in order to meet the needs of existing businesses and potential occupiers where possible; and
- examine key issues relating to workspace affordability.

POLICY CONTEXT

National Policy

National policy guidance through PPG3 and in particular paragraph 42a requires local authorities to undertake an assessment of existing and allocated employment land sites. The aim of the assessments is to promote positive planning, ensure that existing and allocated sites are suitable for employment use, and where not suitable, to highlight options for transfer to other uses with a particular focus on housing or mixed use developments.

In December 2004, the ODPM issued Employment Land Review Guidance Notes. This sets out a three step process for local authorities in respect of assessing the demand for, and supply of, land for employment. The approach taken in this study is consistent with that recommended by the Guidance Notes.

Regional Policy

The London Plan and the draft SPG on Industrial Capacity in London (GLA, 2003) highlight that London Boroughs should provide a range of premises of different types, sizes and costs to meet the needs of different sectors of the economy. Strategic Employment Locations (SELs) are identified in the London Plan as major areas for accommodating industrial activities and should be safeguarded by Boroughs for such uses in their UDPs / LDFs. For Hackney, the London Plan identifies an area in Hackney Wick as an SEL: its designation as a Preferred Industrial Location (PIL) reflects the role of the location in serving the needs of firms which generally do not place a high premium on environmental quality. These usually fall within the B1 (c), B2 and B8 Use Classes.

The London Plan complements the Mayor's Economic Development Strategy, supporting the use of the planning system to secure suitable and affordable premises for local businesses.

Policy 3B.2 of the London Plan seeks to renew and renovate existing office stock and to provide a variety of premises in terms of type, size and cost to meet the needs of all sectors.

Much of Hackney is designated in the London Plan as an Area for Regeneration. Policy 2A.4 prioritises these areas for action and renewal including the provision of jobs.

In the city fringe area of Hackney, the Plan highlights the potential role of the creative industries in diversifying the local economy and creating new job opportunities. The provision of low cost workspace is identified as an important factor in facilitating the growth of creative industries.

The London Plan and the draft SPG together highlight that local authorities should adopt a criteria-based approach in order to identify 'locally important industrial sites'. The draft SPG states that UDPs should:

'…protect locally important, viable industrial sites which lie outside the SEL Framework after testing them in the light of evidence of local and strategic demand and against the criteria [set out in the draft SPG]…'

In addition to ensuring a sufficient supply of appropriate industrial land to meet business needs, the draft SPG (and the London Plan) encourage Boroughs to 'plan, monitor and manage' and release '*genuinely surplus*' industrial land to alternative uses. The employment land review process is central to establishing the extent to which the existing stock of sites and premises in the Borough are surplus to requirements and/or unsuitable for employment use. It is important to highlight that this employment land review includes all employment / B class uses whilst the draft SPG relates only to 'industrial' land (industry and warehousing).

The draft SPG identifies three categories of protection against the transfer of industrial land to alternative uses. Hackney is grouped with two other boroughs in East London (Lewisham and Tower Hamlets) for 'limited transfer': this is the intermediate category between 'restrictive transfer' (more protective / less transfer) and 'managed transfer' (less protective / more transfer). This implies that Hackney should consider an approach whereby proactive policies should be in place to protect a significant amount of existing employment land assets. Such an approach may be complemented by appropriate designations which provide for a limited amount of identified employment land to be developed for alternative uses. This employment growth options study provides important research and evidence to assist in the development of policies which are appropriate for Hackney in the period up to 2016.

Research undertaken on behalf of the GLA indicates that industrial land and floorspace vacancy rates in Hackney are low compared to the East London sub-region and London as a whole. The low level of vacant industrial land reflects, in part, significant land releases to other uses in recent years and indicates that the market for land (and premises) is reasonably tight with demand being at least in balance with supply.

The London Office Policy Review (LOPR) indicates that existing planning commitments[1] for major offices in Hackney are sufficient to meet projected demand in the period up to 2016. However, given that the majority of commitments are for large office schemes in locations close to Central London, this 'invisible supply' conceals the mismatch of potential supply relative to local demand. In particular, these commitments are unlikely to be suitable for small businesses in the Borough which have a wide variety of needs in terms of size, location, type and affordability. Furthermore, given that the majority of commitments have not been implemented, it is important to highlight that the potential supply of offices identified by the LOPR may not materialise.

Local Policy

The Hackney Unitary Development Plan (UDP), Community Strategy, Cultural Strategy and South Shoreditch Supplementary Planning Document all support the development of the cultural and creative industries in the Borough to encourage economic diversification and job creation.

With regard to existing employment land and premises policies, the adopted UDP identifies Defined Employment Areas (DEAs) where protection of existing and new employment generating development is encouraged. Policy E2 seeks to safeguard land in the form of DEAs for employment use and states that the introduction of residential uses into employment areas would undermine employment objectives. In addition, Policies E5 and E6 highlight that the Council will normally resist proposals which result in a reduction of site area or floorspace used for employment generating uses. However, in recent years, a significant amount of employment land and premises have been lost to alternative uses, particularly housing. Consequently, an important role for this study was to assess the effectiveness and appropriateness of existing policies with a view to providing recommendations for the LDF.

The UDP supports office development in South Shoreditch, and the town centres of Dalston, Stoke Newington and Mare Street.

In July 2004, Hackney Council adopted an Area Action Plan (with SPG status) for Hackney Wick[2]. Providing a vision for the Hackney Wick area, the AAP promotes employment generating development in the north-east, south-east and south-west zones of the area. Provision of strategic transport infrastructure is identified as a key priority to realising the vision for Hackney Wick.

The South Shoreditch Supplementary Planning Document provides a 10 year vision for this dynamic part of the Borough. It promotes:

- employment-led mixed use, with residential and other secondary uses in South Shoreditch
- provision of new and/or refurbishment of existing premises for office / commercial development (including well-designed tall buildings) west and north of Liverpool Street and Broadgate (Edge of City);

[1] Comprises schemes with planning permission and those under construction.
[2] The AAP was originally intended to form part of a wider Lower Lea Valley Joint Area Action Plan in association with GLA, LDA and the London Boroughs of Tower Hamlets, Newham and Waltham Forest. This work is now being progressed as an Opportunity Area Planning Framework (OAPF) for the Lower Lea Valley under the London Plan. The Hackney Wick AAP will inform the OAPF.

- a wide range of business units to serve cultural and service industries in the sub-district focused on Leonard Circus. The redevelopment of some commercial buildings for high density mixed use is also encouraged; and
- Shoreditch Triangle as a hub for specialist retail and evening uses.

In developing the Framework for Regional Employment and Skills Action (FRESA), a number of priority sectors are highlighted as being critical to improving and maintaining the capital's competitive position within the UK, EU and global economy. The priority sectors are as follows:

- Biotechnology and Life Sciences;
- Construction;
- Cultural and Creative Industries;
- Finance and Business Services;
- Green Economy;
- Information Communications Technology;
- Manufacturing;
- Public Services, including Government, Education, Health and Social Care;
- Retail;
- Tourism and Allied Industries;
- Transport and Logistics; and
- Voluntary and Community.

Hackney's Economic Development Unit (Hackney Economic Exploratory) has adopted the priority sectors identified in the FRESA and works to ensure that Hackney is able to take advantage of growth in these sectors when this occurs. The development of a more diverse and competitive local economy in Hackney should be encouraged in light of strategic drivers of growth including: the East London Line extension; the London 2012 Olympics; and the spin-off effects of growth in the Thames Gateway and the London-Stansted-Cambridge Corridor.

KEY FINDINGS OF THE STUDY

Economic and Property Profile

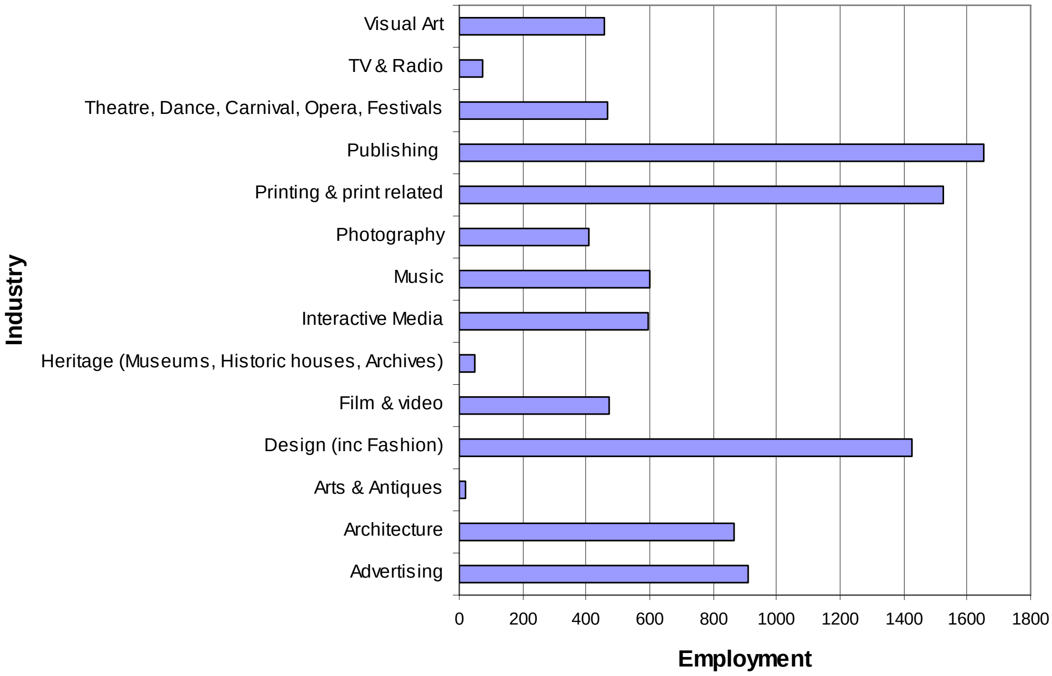
Employment

Workplace employment has grown significantly in Hackney over the last five years, rising to around 90,662 jobs in 2002. The rate of growth since 1996 (at 29%) has been substantially higher than that recorded in the East London sub-region, Greater London and Great Britain.

A large proportion of the growth has taken place in financial, business and professional services which partly reflects the role of the Borough in the Central London service economy. Demonstrating the strong position of Hackney as a location for creative industries, significant growth has taken place in the IT, cultural and sport and recreation sectors over the last five years. Key activities in Hackney's creative sector include publishing, print, new media, computing, advertising, architecture, fashion, music and the visual performing arts, and film. The creative and cultural industries provide over 9,500 jobs in 1,500 enterprises in the Borough. This represents approximately 10% of all employment and 13% of all businesses in the Borough. A significant proportion of this employment is concentrated in the

Hoxton / Shoreditch area. Figure S1 illustrates a breakdown of employment in the creative sector by type of industry.

Figure S1 – Employment in the Hackney Creative Sector



Source: BOP / LB Hackney

Following the trend in Greater London, manufacturing employment in Hackney contracted by 40% between 1991 and 2002. This rate of decline was 2.5 times the national average which indicates a rapid period of industrial restructuring. The sector now accounts for just over 7% of total employment in Hackney (2002). Despite the fall in manufacturing and other forms of industrial employment, Hackney has experienced significant growth in warehousing relating employment. Indeed, between 1991 and 2002, the warehousing sector increased by 54% to nearly 6,000 jobs. Largely accounted for by expansion of wholesale, storage and freight activities, the warehousing sector now accounts for 6.5% of total employment in Hackney. It is critical that future land-use policies have regard to these important trends in the industrial and warehousing sectors.

Total employment within B use-class occupying businesses was approximately 61,300 in 2002, representing 68% of total employment (excluding self-employment). A high proportion of this employment is concentrated in financial, business and professional service activities and transport and communications (55%).

Business

In 2002, the number of businesses employing up to 10 people accounted for 88% of all businesses in the Borough (compared to 86% in London) and up from 83.1% in 1996. The rapid expansion of small businesses in the Borough reflects wider regional and national economic trends and will be an important factor in developing new land-use planning policies in the forthcoming LDF. In contrast, compared to Greater London and the national economy, Hackney is less well represented by medium and large sized businesses. This reinforces the need for planning policies to have particular regard to demand arising from small and micro-sized businesses.

The Borough has considerable capacity for new enterprise activity which is reflected by a relatively high rate of self-employment and new business start up activity. Whilst this is a positive factor for business and employment growth in the Borough, it is essential that proactive measures are taken to support the survival and development of new and young businesses. In addition to the provision of low cost, affordable and flexible workspace this includes business and financial advice and other services which reduce exposure to risk.

Deprivation

Hackney is ranked as the most deprived of the 33 boroughs in London. At the local level, nearly all communities in Hackney fall within the top 45% most deprived SOAs[3] in London. The scale and distribution of deprivation in the Borough raises important issues for the existing and potential role of employment sites. Given that access to jobs and a reasonable income are two significant factors in determining deprivation, the existing employment sites in the Borough have an important role to play in increasing job opportunities for local people, especially those currently excluded from work. Moreover, the employment sites are critical in providing a variety of job opportunities which are readily accessible to the most deprived residential communities.

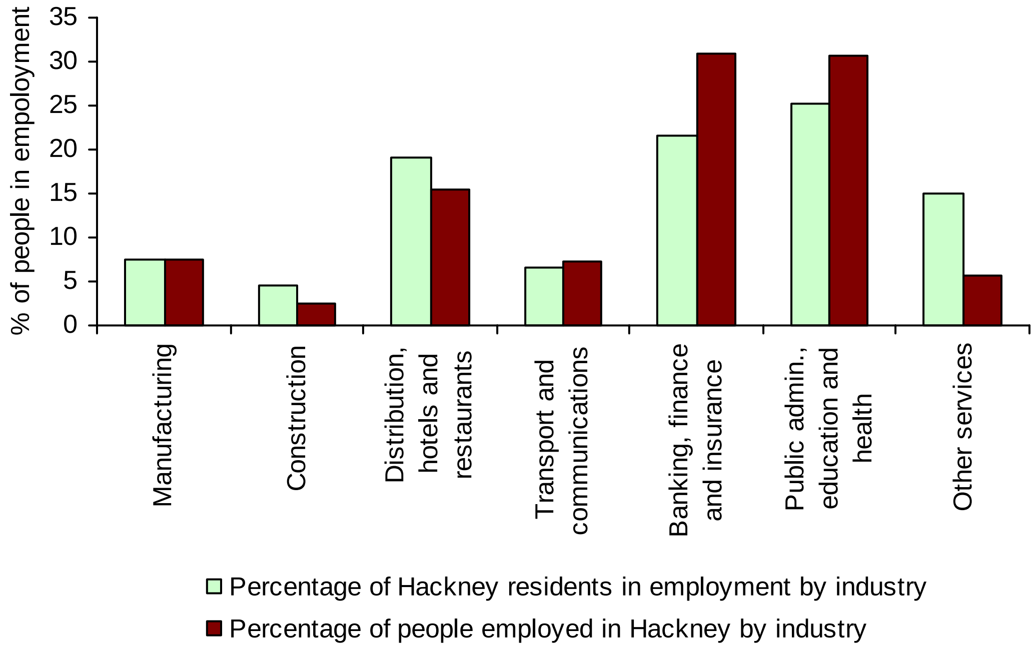
Labour Market Balance

In planning for the future employment needs of Hackney residents, it is important to compare the type of jobs available locally with the type of jobs which employ local people. Figure S2 shows that there is a mismatch in key sectors such as high value service activities where the proportion of jobs in Hackney is significantly greater than that taken by local residents. This indicates that these activities attract a significant amount of in-commuting and that the skills profile of local residents is insufficient to meet the requirements of such jobs. Sectors in which local residents are more greatly represented compared to the local job market include relatively low paid activities such as other services and distribution, hotels and restaurants (including retail). For the manufacturing sector, there is a close correlation between the proportion / number of jobs and workers. This suggests that a high proportion of local manufacturing jobs are taken by Hackney residents.

The LDF and related economic development initiatives should include measures to improve the match between the skills and opportunities of local residents with that of locally available job opportunities. The Council also has a role to play in facilitating entry into higher value markets by supporting and encouraging local enterprise activity. This should include the provision of locally available affordable and flexible workspace.

[3] SOA: Super Output Areas identified by the 2001 Census for local area analysis.

Figure S2 - Structure of Employment by Workplace and Residence 2003 (%)



Affordable Workspace

It was highlighted earlier that there is a significant mismatch between potential floorspace supply (as demonstrated by planning commitments) and demand from local businesses. A comprehensive survey of 500 established businesses in Hackney formed an important part of this study. This indicated that high rental levels and the lack of suitable premises are the main factors in driving businesses out of the Borough and pushing existing firms to consider relocation. Indeed, a high proportion of small businesses are seeking workspace at rents which are significantly lower that the majority of premises being marketed in Hackney. Moreover, the size of premises typically being marketed tends to be significantly larger than that required by many small enterprises. These views were reinforced by discussions with local workspace providers and by the results of other recent business surveys conducted in the Borough. For example, the City Fringe Partnership has shown that in 2003, 60% of workspace demand reflected businesses seeking premises in the bracket below £15/sq.ft. At this time, only 8% of supply was available at this price. Table S1 shows that the average rents being sought for premises in EC1 and N1 are well in excess of the 'affordable' rents anticipated by many small businesses.

Table S1 also shows that the average size of premises which are vacant or being marketed for occupation is significantly larger than that typically required by small businesses. Interviews with workspace providers and local enterprise agencies indicate that small, cost-sensitive firms generally require less than 2,500 sq.ft. This view was confirmed by the findings of our empirical business survey.

Table S1 - Market Indicators in EC1 and N1

Indicator	Measure
Average rent of occupied premises	£21.25 / sq.ft.
Average asking rent of marketed premises	£17.77 / sq.ft.
Average rental area of existing office occupiers	9,636 sq.ft.
Average rental area of marketed premises	20,385 sq.ft.
Average size of vacant premises	14,262 sq.ft

Source: EGi, 2004

Future Demand for Employment Floorspace

Our assessment of demand has been based on an analysis of existing economic conditions, outputs of the economic forecasting scenarios and results of the empirical survey of established business in Hackney.

Adopting a range of forecasting scenarios, we estimate that:

(i) total employment in the Borough will increase by approximately 26,000 between 2001-2016;

(ii) B use-class employment will increase by approximately 15,000 between 2001-2016; and

(iii) future gross demand for employment floorspace in Hackney will amount to between **200,000 sqm and 300,000 sqm** for the period 2001 to 2016 (includes all B Use Class except public administration). The potential sources of supply within the Borough to meet this estimation of future demand is set out in Table S4 below.

Future estimates of demand for floorspace derived from our economic forecasts are supported by findings of the empirical business survey.

Our forecasts provide estimates of future gross demand for B use class floorspace between 2001 and 2016. This assumes that a significant proportion of demand may be accommodated through the re-use of vacant floorspace and intensification and redevelopment of existing sites and vacant sites allocated for employment use (the potential sources of supply to meet this demand are discussed below). The critical issue for Hackney will not be to add significant volumes of employment floorspace to the existing stock of premises but to rejuvenate the qualitative offer of latent capacity within the Borough. As part of this 'rejuvenation process' will be the need to address the mismatch between supply and demand. Of particular importance will be the need to address the needs of small and medium sized businesses located throughout the Borough. This should include provision of small, affordable workspace for new and young companies.

Reflecting the findings of empirical business survey in respect of future property needs, Figures S3 and S4 provide an indication of the distribution of future demand for floorspace by use class and by unit size showing the lower and upper level forecasts.

Figure S3 – Indicative Gross Floorspace Demand by Use Class 2001-2016

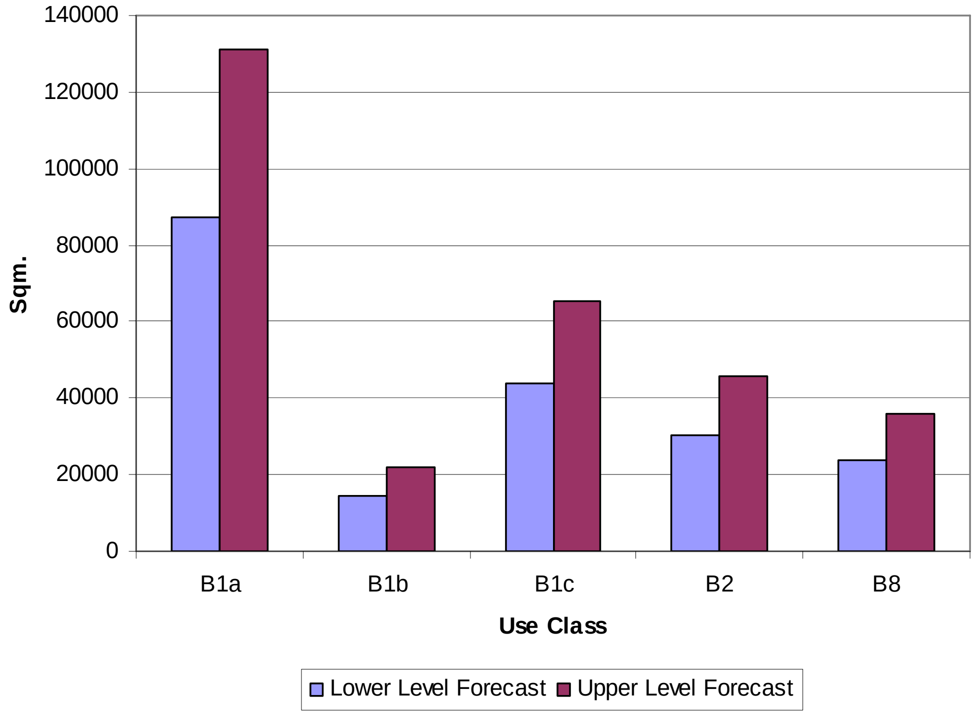
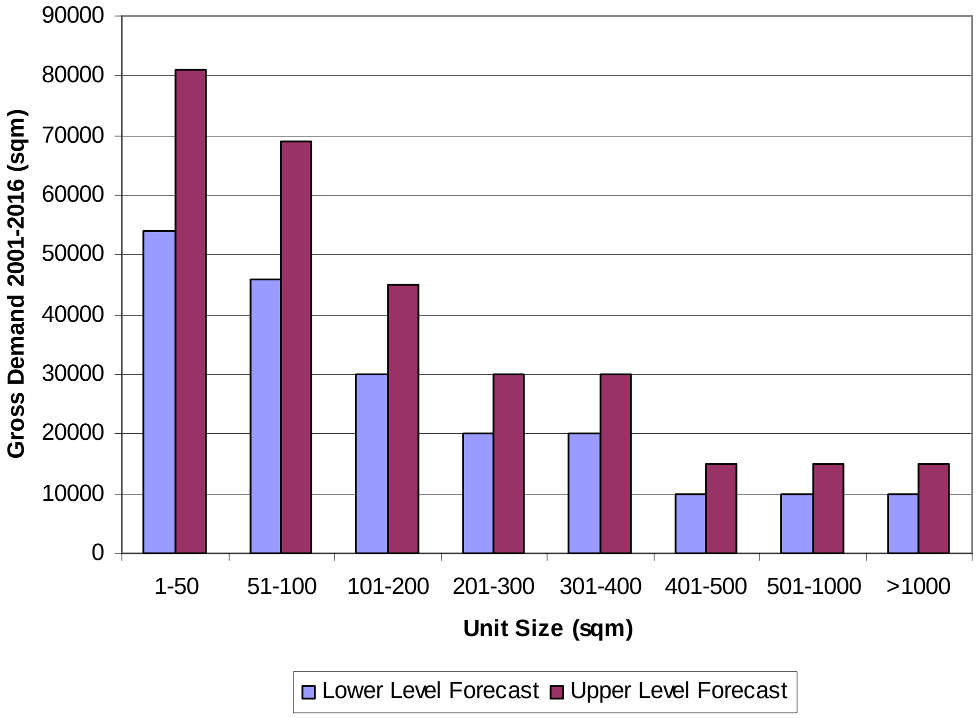


Figure S4 – Indicative Gross Floorspace Demand by Unit Size



Assessment of Supply

Appraisal of Employment Clusters

Our assessment of the existing supply of employment sites in Hackney commenced with the identification of 107 'clusters'[4] of employment land and premises. A comprehensive site-by-site appraisal was undertaken using a range of criteria which assessed the following key attributes of each cluster:

- Location and site type;
- Size of site, and any vacant employment land;
- Total number and type of premises;
- Occupied and vacant premises and floorspace by use class;
- The site typology, economic role and the balance of premises at each site;
- The condition of premises and percentage of premises developed in the last five years;
- Appraisal of access and transport issues including external and internal access and parking arrangements;
- Environmental condition and quality including provision of amenities;
- Assessment of potential for future use and opportunities for change; and
- Market attractiveness and other issues affecting the marketing and management of the site from an occupier perspective.

Map 1 identifies the location of each of the employment clusters. Section 5 and Appendices C and D of the main report provide a detailed account of the land and premises appraisal findings.

Table S2 shows that the majority of clusters were located within the existing UDP designated Defined Employment Areas or areas designated for 'New Employment Development'.

Table S2 – Cluster Location Type by Hackney UDP Designation

Site Type	Number of Sites	% of Total Sites
New Employment Development	27	25.2
Defined Employment Area	52	48.6
Town Centre and Main Shopping area	10	9.3
New Town Centre Development	9	8.4
Local Shopping Centre	11	10.3
Other	35	32.7

Based on a total of 107 employment clusters (some clusters contained more than one UDP designation)

Employment Land and Premises

Collectively, the total amount of employment land identified within the clusters surveyed amounted to 238 ha. Of this, approximately 14ha (5.9%) was identified as vacant land. A high proportion of the vacant land was concentrated in a relatively small number of clusters / sites. Those clusters which accounted for the majority of vacant land at time of survey were as follows (Cluster ID number in brackets):

[4] Clusters were defined by major agglomerations of businesses in the B Use Class, including all existing DEAs identified in the UDP, town centres and local centres and other significant concentrations.

- Waterden Road North (059): 7.2 ha vacant land;
- Commercial Street (014): 1.6 ha;
- Worship Street East (011): 1.1 ha;
- Dalston Lane (041): 0.7 ha;
- Shoreditch High Street (009): 0.7ha:
- Eagle Wharf (031): 0.6ha;
- Westland Place (029): 0.5ha;
- New Inn Yard (016): 0.3ha:
- Leonard Street (007): 0.3ha;
- Willow Street (020): 0.3ha

All parcels of vacant land at the time of survey are identified in Figures 5.11A-C.
With regard to site utilisation, an average plot ratio of 84% was recorded for all surveyed sites. This represents a relatively high development density as would be expected in an Inner London Borough.

Within the 107 clusters, a total of 2095 premises were identified[5]. Of these, approximately 12% of premises contained one or more vacant floors.

The total amount of floorspace recorded in the clusters amounted to 2.26 million sqm, of which 1.9 million sqm was identified as employment floorspace[6] (including vacant employment space). The majority of employment floorspace is concentrated in the south of the Borough towards Shoreditch with significant pockets located along Kingsland High Road, Stoke Newington High Street, Mare Street and in Hackney Wick and Homerton.

Table S3 summarises the type of floorspace identified within the clusters. It shows that approximately 15% of employment floorspace was recorded as vacant (292,984 sqm). Nearly 50% of all employment floorspace is office space with 16% providing warehousing accommodation.

[5] Note – the number of premises referred to here is not directly comparable with the number of B Class business establishments in the Borough.
[6] Employment floorspace refers to floorspace in use for B Class uses and includes Sui Generis.

Table S3 - Summary of employment floorspace

Use	Floorspace (sq.m)	% of Employment Floorspace	% of Total Floorspace
B1 (a) Offices	927969	48.6	41.0
B1 (b) Research and Development	5640	0.3	0.2
Total Office floorspace	933609	48.9	41.3
B1 (c) Light Industrial	131775	6.9	5.8
B2 General Industry	60005	3.1	2.7
B8 Storage and Distribution	310096	16.2	13.7
Sui Generis	180688	9.5	8.0
Total non-office floorspace	682563	35.8	30.2
Total occupied employment floorspace	1616171	84.7	71.5
Vacant Employment	292984	15.3	13.0
Total Employment floorspace	**1909155**	**100.0**	**84.4**
Total other floorspace	351853	N/A	15.6
Total Floorspace	**2261008**	**N/A**	**100.0**

All floorspace was measured by digitising building footprints and recording number of storeys (by use) on site. Non employment floorspace related to uses other than that classified in the B Use Class (including pubs, retail, hotels, education facilities etc)

Condition, Age and Role

The majority of buildings (69%) surveyed were estimated to be over 50 years old. Conversely, 11% of the building stock in the Borough was identified as being in ‘very good’ condition.

Approximately 15% of clusters were assessed as containing at least one building which was considered to be in a very poor state of repair (4% of the overall building stock). A further 7% of assessed building stock was assessed as being of ‘poor’ condition. In total, 10 employment clusters comprised buildings which were all in fair, poor or very poor condition.

The site appraisals included the identification of the existing economic role of each of the employment clusters. The findings of the appraisal indicated that approximately 21 clusters were identified as having a marginal employment role. This reflected the existing mix of uses at each cluster as well as the existing buildings’ ‘fitness for purpose’. Table C2 in Appendix C identifies the existing employment role of each cluster.

These findings highlight the importance of pursuing initiatives to facilitate the rejuvenation of the existing stock of employment premises.

Potential Future Role

As part of the appraisal process, the site assessments considered the future potential role each cluster could perform given their supply-side characteristics (including location, accessibility, environmental conditions, existing mix of uses and occupiers, site utilisation and vacancy levels). Potential options for the future role of clusters were developed to inform the scope for physical change whilst taking the findings of the demand analysis into consideration. Appendix D and Figures 5.11A-C in the main report provide a summary of the potential role and scope for change at each cluster. The options considered the following categories of change:

- No change within all or part of cluster;
- Potential for renewed employment through intensification and/or redevelopment;
- Potential for employment-led mixed use; and
- Potential for alternative use.

The assessment also considered the possible constraints which may affect the choice and type of change options. Identified in Appendix D, these included factors such as the need for: land assembly; access improvements; relocation of displaced activities; improved parking provision; environmental improvements; infrastructure improvements; addressing specific physical constraints.

Meeting the Needs

In assessing the potential options for meeting our estimates of future gross demand for employment floorspace, we assessed the potential supply capacity of the existing employment land and premises portfolio in Hackney. Taking into consideration the potential future role of each cluster identified as part of the site appraisal process, we estimated potential future supply from the following sources:

- Re-occupation of suitable vacant floorspace for employment;
- Re-use of floorspace for employment through intensification and/or redevelopment;
- Redevelopment of floorspace for employment-led mixed use; and
- Development of vacant employment land for employment and employment-led mixed use.

The study identified capacity to generate approximately 390,000 sqm of employment floorspace (see Table S4). This estimate was derived from the following sources:

- Some 189,359 sq.m of existing vacant floorspace has the potential to be immediately re-occupied. The majority of this floorspace is located at sites within designated DEAs;
- Some 70,810 sq.m of existing vacant and partly occupied employment floorspace has the potential to meet a component of future need (41,535 sq.m. for 100% employment use and 29,275 sq.m for employment-led mixed use). However, the quality of this stock does not match the requirements of prospective occupiers in terms of the size, type or quality of premises. There would be a need to upgrade premises through a process of:
  (i) intensification of the employment use through extension, subdivision/modification or conversion of the existing floorspace;
  (ii) re-provision of employment floorspace through site re-modelling, demolition, and redevelopment of the existing building stock; and
  (iii) redevelopment for employment led mixed use where there is a need to upgrade premises but where it is necessary for an enabling non-employment component to the development to maximise the contribution of the site to meeting economic and employment needs within the Borough.
- Approximately 129,957 sqm of new employment floorspace potential could be provided through the development of premises on vacant opportunity land. Given the physical and viability constraints associated with much of this land, it is likely that a significant proportion of future employment floorspace being supplied by this source will take place as part of mixed-use schemes.
- Together Shoreditch and Hackney Wick provide the main potential source of future supply in terms of floorspace quantity.

The sites where the key components of potential future supply have been identified are shown on Figures 5.11A-C in the main report.

Table S4 – Potential Sources of Supply to Meet Future Floorspace Need (sqm)

Location (by former DEA)	Vacant floorspace suitable for re-occupation	Premises suitable for intensification / redevelopment (for 100% employment use)	Premises suitable for redevelopment for employment-led mixed use (employment component)	Floorspace yield from vacant opportunity land (employment component)	TOTAL
Shoreditch	91,432	17,252	5,740	44,089	158,513
City Road	10,480	1,612	9,929	4,311	26,332
Canal Side	30,992	0	1,202	5,282	37,476
Kingsland	6,475	9,363	542	0	16,380
Dalston	7,463	540	1,734	6,336	16,073
Mare Street	7,082	3,184	6,062	2,220	18,548
Homerton	2,278	436	0	0	2,714
Hackney Wick	17,623	2,696	0	66,822	87,141
Other former DEAs	2,959	4,711	2,150	0	9,820
Sub Total	**176,784**	**39,794**	**27,357**	**129,060**	**372,994**
Dalston TC	2,332	1,741	828	0	4,901
Hackney TC	340	0	0	0	340
Stoke Newington TC	344	0	0	0	344
Sub Total (Town Centres)	**3,016**	**1,741**	**828**	**0**	**5,585**
Total for Other Clusters	**9,559**	**0**	**1,090**	**897**	**11,546**
Total (former DEAs & Town Centres)	**179,800**	**41,535**	**28,185**	**129,060**	**378,579**
GRAND TOTAL	**189,359**	**41,535**	**29,275**	**129,957**	**390,125**

Source: Consultants estimate based on site appraisals. All floorspace capacity figures relate to employment use only. Yield from mixed-use and opportunity sites have been discounted to provide estimates of employment component only.

Employment-led mixed use floorspace: assumes yield of 50% for wholly employment uses. Column includes some existing floorspace which is occupied.

Vacant opportunity land: assumes 50% of land dedicated to wholly employment uses, developed at plot ratio of 185%.

Former DEAs (cluster IDs in brackets): Shoreditcth (1-25 & 100); City Road (26, 27, 29, 98); Canalside (30, 31); Kingsland (33-37); Dalston (41, 81, 104, 110); Mare Street (45-48); Homerton (51, 54, 108); Hackney Wick (57, 58south, 59north); Other (55, 56, 60, 63, 65, 69, 71, 73, 83, 84, 87, 97, 101, 107). Town Centres: Dalston (39, 40, 42, 43); Hackney (49, 50, 61south); Stoke Newington (67, 68).

In theoretical terms, the potential capacity of existing employment land and premises is sufficient to fully meet our estimates of future gross employment floorspace demand (200,000 – 300,000 sqm). However, there is limited scope for employment land and premises to be lost except in the circumstances where an enabling element of mixed-use is required to facilitate development (employment-led mixed-use and vacant opportunity land). Consequently, we consider that:

(i) The sites and premises which comprise the capacity identified in Table S4 are treated as a minimum requirement for meeting future needs. This reflects the risk that unknown constraints may prevent a component of supply being made available to the market. Moreover, for the market to function effectively there is a need for a reasonable element of flexibility and choice in the supply of land and premises. The capacity identified in Table S4 incorporates only a limited amount of flexibility and choice in relation to our estimates of future demand.

(ii) It is essential that a proactive policy approach is taken to protect the existing employment land and premises portfolio whilst allowing some flexibility for mixed-use development under carefully controlled circumstances. In particular, LDF policies should identify sites where viability constraints will significantly limit opportunities to redevelop sites for 100% employment but where a mixed use component would improve deliverability prospects and the quality of employment floorspace provided as part of potential developments. These recommendations are developed further below.

RECOMMENDATIONS

LDF Strategy

In general terms, the study has established the foundations for developing the employment policies for the LDF. This includes advice and recommendations which comprise the following key elements:

(i) Identification of the key local and strategic economic priorities to support the strategic, Borough-wide employment policies in the Plan;

(ii) Ensuring a locational emphasis supports Borough-wide employment policies to encourage appropriate forms and types of development which can facilitate sustainable economic growth and diversification whilst addressing local priorities for regeneration and economic opportunity;

(iii) The definition of a new typology of employment sites and premises which reflects the current and future economic roles of Hackney as well as local regeneration and economic development priorities;

(iv) Establishment of a robust set of criteria for defining and justifying the employment allocations contained within the typologies;

(v) Introduction of a site-specific allocation type which promotes employment-led mixed use development (i.e. development that has a higher concentration of employment uses, yet may require a non-B-class component in order to facilitate the development);

(vi) Identification of the potential for developing specific policies which make provision for affordable workspace, small businesses and key sectors;

(vii) Identification of key mechanisms for implementing the plan;

(viii) Highlighting the need to set out guidelines for reviewing the criteria (including marketing) which establish the only circumstances were non-employment development will be considered on employment sites; and

(ix) Highlighting the need to set up a comprehensive monitoring system in order to evaluate the impact of policies and to inform the review of policies.

Key Policy Considerations

We recommend that the LDF employment strategy be guided by the following key policy considerations:

(i) Whilst there is no current quantitative need to identify 'new' employment sites to provide for future employment demand, it is critical that the existing portfolio of employment land is safeguarded for on-going employment use. Consequently, the underlying principle of the employment land strategy should be one of 'no-net loss'.

(ii) The transfer of industrial sites to alternative uses should be carefully managed and strongly restricted. Transfer to other uses should to be limited to circumstances where specific sites have been identified for employment-led mixed-use (including opportunity areas). This is supported by our assessment of future demand measured against the capacity of existing employment land and premises assets. Moreover, vacancy rates for employment land and premises in Hackney are relatively low which indicates that the market is not displaying a genuine surplus of capacity. Our assessment of existing sites using the criteria-based approach advocated by the ODPM and the Mayor has demonstrated that they all remain suitable for employment purposes.

(iii) The LDF should facilitate the provision of employment land and premises which encourages the diversification of the local economy and reflects the true nature of demand in the Borough. It should aim to address the mismatch between current supply (in terms of planning commitments) and existing and future demand. This should include balancing the provision for major, high value office occupiers with that for key sectors of local importance and the small business base including start-ups and cost-sensitive activities.

(iv) As part of the restructuring and diversification process, the Council should take a strongly proactive approach to facilitating the qualitative improvement in the supply of employment land and premises in the Borough. This may involve: the intensification of some existing employment sites; the redevelopment and/or refurbishment of existing sites and premises; and promoting a new approach to creating employment-led mixed use developments in appropriate locations. The latter can be achieved through the redevelopment of identified premises and the development of vacant land located within opportunity sites.

Criteria-Based Policy Designations

In developing appropriate policies for the LDF, we recommend that the employment designations be updated to take account of changes to the strategic policy framework and to ensure that they reflect the varied employment role of different locations and sites within the Borough. Described in Table 6.6 of the main report, we recommend the following designations / typologies:

Proposed Designation	Summary Description
Major Office Locations	Locations to be safeguarded for the provision of large offices buildings (over 2,500 sqm)
Strategic Employment Locations (SELs)	Preferred Industrial Locations and Industrial Business Parks to be safeguarded as designated in the London Plan (industry and warehousing only)
Priority Employment Areas (PEAs)	Locally significant employment sites safeguarded for a diverse range of business, industrial and warehousing activities
Town Centre and Main Shopping Areas	Locally significant employment sites in the main shopping to be safeguarded for B1a and some B1c activities
Local Centre	Small employment sites with potential to support viable B1a and some B1c activities
Other Employment Locations	Small employment sties with potential to support viable B use class activities. Comprise all existing employment sites in the Borough which do not fall within one of the above designations.
Opportunity Sites	Parcels of land largely within PEAs or SELs where an element of non-employment facilitating development may be introduced to ensure the provision of good quality employment floorspace as part of the same development proposal

Map 1 illustrates our recommendations for each cluster / employment allocation according to the above typology (with the exception of Other Employment Locations).

Marketing Tests

For Other Employment Locations only, we recommend that the LDF includes specific criteria regarding the marketing of vacant employment land and premises. This should aim to ensure that developers provide sufficient evidence regarding the viability of sites for continued employment use. The presumption is that these sites and premises should be protected unless it can be demonstrated that they inherently unsuitable or unviable for continued employment use. Benchmarks to assist in assessing viability assumptions should be established having regard to variations in location, size, type/quality of premises (fit for purpose); lease length and conditions; business sector and affordability.

Implementation

We recommend that, in circumstances where employment policy is not met in terms of securing sufficient employment floorspace on-site of an appropriate quality, planning contributions should be utilised (pooled) to secure capital funding for the provision of new employment accommodation (including managed workspace and affordable employment workspace), refurbishing existing employment accommodation or for providing environmental improvements etc in other parts of the Borough.